AAA Auto Group N.V.

Annual Report

2012

Contents:

Directors' Report

Performance Highlights

Unit of measure / year *(EUR million)*	**2012**	**2011**
Total revenues	335.9	276.3
Revenues from sale of cars	272.8	230.0
Operating profit (EBITDA)	29.6	22.0
Profit / (loss) after tax	22.3	10.3
Number of cars sold (units)	51,364	44,828

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 Association 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 of the Company for the 2012 calendar year, which will be presented and subject to approval of the Annual General Meeting scheduled in the second quarter 2013. At the same time, we advise herein of all important events and activities of the AAA Auto Group N.V.

During the performance of duties of the Supervisory Board, the Non-Executive Members of the Management Board were periodically informed about the financial situation, implementation of the business plan and the trade policy in the AAA Auto Group N.V. as well as in the subsidiary companies within the consolidated group.

The Non-Executive Members of the Management Board performed all their duties of the Supervisory Board within the one-tier corporate governance structure implemented. They regularly supervised the performance and decision-making of the executive management of the AAA Auto Group N.V. and its subsidiaries based on written reports and verbal commentaries by the executive management.

The Non-Executive Members of the Management Board discussed the financial results and the annual accounts for 2012 and proposed them for the Annual General Meeting's approval.

Major decisions of the Annual and Extraordinary General Meetings in 2012 were as follows:

The Annual General Meeting held on 22 June 2012 discussed the Company's financial results for the year 2011 and adopted the Company's annual accounts of 2011 prepared and audited in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). Furthermore, the General Meeting of shareholders authorised the Management Board to repurchase Company shares up to ten percent of the Company's outstanding capital through the stock exchange, if needed. The authorisation for the share buy-back was granted in compliance with Dutch law for a period of 18 months i.e. until 22 December 2013. The minimum repurchase price shall be the nominal value of the shares, while the maximum repurchase price shall be EUR 4 per share.

The Extraordinary General Meeting of Shareholders of AAA Auto Group N.V. was held on 21 September 2012. Due to my resignation from the post of the Chief Executive Officer and Executive Management Board Member of the Company, the General Meeting of Shareholders adopted the decision to appoint Ms. Karolína Topolová the Executive Management Board Member from the list of nominees drawn up by Non-Executive Board Members. Ms. Karolína Topolová as the Executive Management Board Member was also granted the title of Chief Executive Officer ("CEO").

Furthermore, following the resignation of Mr. Vratislav Válek as the Non-Executive Management Board Member of the Company, I was appointed as a Non-Executive Management Board Member and granted the title of Chairman of the Management Board by the resolution of the Extraordinary General Meeting of Shareholders.

I believe that my leaving from the executive was well-timed because the Company reported record results and more than 50 thousand cars sold in that year. I hope that Karolína Topolová will put many new ideas to practise and will ensure a further expansion of our Company despite the persistent stagnation in the automotive market.

Anthony James Denny
Chairman and Non-Executive Member of the Management Board

Letter of the CEO to Shareholders

Dear Shareholders,

Again in 2012, the AAA AUTO Group showed its strength and high performance. We continued to implement a consistent growth strategy, introduced by the Company first in 2010, immediately after symptoms of the main wave of the global financial crisis faded away. We set ambitious 2012 targets for growth in the number of cars sold, profit growth and regional expansion, which we managed to meet despite the persistent recession in the automotive industry. We opened new branches in Jihlava, Liberec, Sokolov, Nové Zámky and Michalovce in 2012. We grew faster than all the respective markets we operate in, exceeded the number of 50,000 vehicles sold in 2012 and reached the highest net profit of the Group to date.

In 2012, we focused on further optimization of all business processes and increase in their efficiency. We continued to modernize the IT infrastructure and develop software solutions that help us to further improve our customer relationships and better control the performance of key business processes. We noted growing demand for almost new cars in excellent condition with low mileage and so we revived the traditional Mototechna brand in September 2012, to take advantage of this opportunity. Mototechna has begun selling newish cars with manufacturer's warranty, providing repair services, selling spare parts and providing customers with financial and insurance products related to the purchase of cars. The services provided by Mototechna will be gradualy offered at all branches of the AAA AUTO Group in the Czech Republic and Slovakia.

After my appointment as CEO, I revealed my strategic vision for further development of the Company in the next five years. Its main pillars are sustainability of further Company development, strengthening our position in the current markets and a gradual expansion to other markets in Eastern Europe. In order to implement this strategy, we are focussing on further improvement in performance and efficiency of our business and management processes and on meeting the increasing requirements for expertise and proficiency of our employees at all levels from operational to managerial ones. Our long-term goal is a continuous improvement in the services we provide to our customers. In order to foster our customers' satisfaction, we opened a new Contact Centre in October 2012. Its main mission is to maintain long-term contact with customers, increase customer loyalty and improve customer retention. The Contact Centre also co-operates closely with the ombudsman of the AAA AUTO Group. The position of the ombudsman was established to provide our customers with an opportunity to assess their problems independently and to facilitate finding a satisfactory solution.

The cornerstone of the implementation of our long-term development strategy is consistent monitoring of market development in the target countries. We only saw a short-term recovery in the first months of 2012 and then we observed a period of persistent stagnation followed by a significant decrease in demand in the last weeks of the year. This market weakening continued at the beginning of 2013 and this situation is not likely to improve until the beginning of the main motoring season. It means that competition in the market will continue to grow. Therefore, or despite it, we have set ambitious targets for 2013 again. We are going to work intensively on further improvement in efficiency and effectiveness of our business processes, on providing our services more professionally and on the attractiveness of our Company to employees. We would like to open three to five new branches in the Czech Republic and Slovakia this year too, but we are ready to adjust particular steps of the expansion plan implementation according to the current market situation.

Sincerely,

Karolína Topolová
Chief Executive Officer and Executive Member of the Management Board

Profile of the Company

The AAA AUTO Group (hereinafter referred to as "AAA AUTO" or only as the "Company") has been active in 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 purchase the most popular models for instant cash on the local market. The high demand for used cars in the 1990s contributed to the fast development of this business. The increasing impact of AAA AUTO on the whole sector has helped cultivate the used car business environment. Many competitors followed AAA AUTO in its customer-oriented approach and introduced the principles of purchasing cars for instant cash, straightforward contracts, car registration free of charge and a wide range of supplementary services.

The Company operated 30 branches in the Czech Republic, Slovakia and Russia[1] at the end of 2012. The AAA AUTO Group has continued to implement its business model focused on trading the 10-15 most popular models of cars, high stock turnover and maintaining an optimal amount of cars in stock enabling the Company to meet the market demand flexibly.

The Company is considered a pioneer in providing premium services to customers. In addition to the largest portfolio of cars in stock, the AAA AUTO Group offers a life-long guarantee on legal origin, an option to exchange the car for another one within 7 days after the car purchase and car registration free of charge. The Company also represents a number of well-established insurance and financing partners and so offers loans and other forms of credit, leasing, third party motor liability insurance, insurance for the event of insolvency, insurance covering mechanical defects, credit cards, road assistance services and many others. To meet an increasing demand for newish cars with a low mileage and guarantee of origin, the AAA AUTO Group revived the Mototechna brand in September 2012. The subsidiaries of the Mototechna group incorporated in the AAA AUTO Group provide all services common among dealers of new cars, such as trade-in, credit financial products, insurance, car service and selling of spare parts.

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 12).

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 of 31 December 2012; the remaining 26.21% shares are free floated shares on the Prague and Budapest Stock Exchanges; of these shares, 3.77% was as at 31 December 2012 held by Anthony James Denny, AAA Auto Group N.V. Non-Executive Board Member and Chairman of the Management Board. 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

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[1] Number of branches including 1 branch of AUTO DISKONT s.r.o.

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 has research and development activities only in IT area (see “Report on Business Activity”, note: c,iii)

v. Trading company

The largest trading 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.

Important moments of 2012 and 2013

2012 1st quarter

- AAA AUTO opened new branches in Jihlava and Nové Zámky

2nd quarter

- AAA AUTO opened a new branch in Liberec
- Karolína Topolová became a new Deputy CEO
- The Annual General Meeting of shareholders authorised the Management Board to repurchase Company shares for a period of 18 months, i.e. until 22 December 2013.
- AAA AUTO Group launched its first recharging station for electric cars in Prague

3rd quarter

- Mr. Anthony James Denny announced his long-term intention to sell the majority stake in AAA AUTO
- Total revenues for the first half of 2012 grew year on year by 26.5% to EUR 164.5 million
- AAA AUTO launched a development of the new CRM (Customer Relations Management) and specialized automotive business information systems
- The Extraordinary General Meeting of shareholders adopted the decision to appoint Ms. Karolína Topolová as the Executive Management Board Member and granted her the title CEO, Mr. Anthony James Denny was appointed as a Non-Executive Management Board Member and Chairman of the Management Board. At the same time Mr. Vratislav Válek resigned as the Non-Executive Management Board Member and Mr. Vratislav Kulhánek resigned as the Chairman of the Management Board.
- AAA AUTO opened new branches in Sokolov and Michalovce
- AAA AUTO introduced MOTOTECHNA brand in Prague

4th quarter

- AAA AUTO annual sales exceeded 50,000 cars.

2013

- First MOTOTECHNA branch opened in Slovakia
- The majority shareholder AUTOMOTIVE INDUSTRIES S.à.r.l. submitted a proposal on delisting of all 67,757,875 ordinary shares issued by the Company from trading on the Prague and Budapest Stock Exchanges
- Resolution of the Extraordinary General Meeting of shareholders on delisting of all 67,757,875 ordinary shares issued by the Company from trading on the Prague and Budapest Stock Exchanges and authorisation of the Management Board to take all steps which are necessary or required including the procedure related to the exercise of the rights of the Company's shareholders and to buy-out shares of the Company.

Key milestones in the history of the Company

1992	Establishment of Auto USA in order to import cars from the United States;
1994	Opening of the Prague centre;
1995	The Company changed its trade name to AAA AUTO Praha, s.r.o.;
1998	Launch of a call centre project in Prague;
1998–2001	Expansion of business activities to ten locations in the Czech Republic;
2000–2004	Five new branches opened in the Czech Republic;
	Major extension within portfolio of financial, insurance and assistance services;
	The website of AAA AUTO Group became the most visited automotive website in the Czech Republic;
2003	Establishment of GENERAL AUTOMOBIL a.s. subsidiary;
2004	Group entered Slovak market and opened its first branch in Košice;
	The Company ranked 68th position in the CZECH TOP 100 Companies chart;
	More than 40,000 cars sold;
2005	Group's headcount reached 2,000 employees;
	Group entered Romanian market and opened its first branch in Bucharest;
	Two new branches opened in the Czech Republic and three in Slovakia;
	More than 50,000 cars sold;
2006	Group entered Hungarian and Polish market and opened branches in Budapest and Warsaw;
	Major customer service enhancements (car exchange within 24 hours, insurance services provision);
	Group´s expansion reached 25 branches in total;
	Group´s headcount reached 2,880 employees;
	More than 60,000 cars sold;
2007	Auto Diskont became a subsidiary of AAA AUTO;
	AAA AUTO received the prestigious Superbrands award;
	Group´s expansion resulted in the opening of additional 20 new branches, so the total number of branches by the year's-end reached 45;
	Nearly 80,000 cars sold;
	Group´s headcount exceeded 3,800 employees;

	The Netherlands-based parent Company AAA Auto Group N.V. lists its shares on the Prague (PSE) and Budapest (BSE) Stock Exchanges;
	Vratislav Kulhánek became a Non-Executive Member and Chairman of the Management Board;
2008	The Company launched a restructuring programme with the aim to be profitable;
	AAA AUTO opened its 10th Slovakian branch in Prievidza;
	AAA AUTO´s Carlife insurance provided to more than 160,000 clients;
	The Management Board resolved to sell the subsidiaries GENERAL AUTOMOBIL, a.s. and HK Partner, s.r.o.;
	The share capital of AAA AUTO a.s. grew up from CZK 150 million to CZK 300 million;
	According to research made by Ernst & Young, the AAA AUTO Group ranked among the TOP TEN largest car distributors in Europe;
	AAA AUTO opened its new premium showroom in Pilsen;
	AAA PREMIUM AUTO brand launched in Prague and Brno;
	The Company ranked as 54th in the CZECH TOP 100 chart;
	The Management Board resolved to close down the Polish division;
	David Thorley became the new Chief Financial Officer;
	AAA AUTO launched a new website;
	New branch in Hradec Králové opened;
	The AAA AUTO call centre celebrated its 10th year anniversary;
	The AAA AUTO Group closed down branches in Pécs and Szeged;
	AAA AUTO sold its 450,000th car;
	The Management Board approved a transfer of tax domicile from the Netherlands to the Czech Republic;
2009	AAA AUTO launched a new service of selling cars from the comfort of the customer's home;
	The AAA AUTO Group started a joint-venture with SIXT New Kopel in Romania;
	The AAA AUTO Group resolved to terminate its business activities in Hungary as part of the restructuring and optimizations programme;
	AAA AUTO introduced scrap incentives for the Czech and Slovak market;
	The AAA AUTO Group made profit again within its key markets in the Czech Republic and Slovakia;

AAA AUTO increased the time limit for exchanging a car for another one from 3 to 7 days;

AAA AUTO extended the unique Carlife insurance cover for used cars up to 12 months;

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

The website www.aaaauto.cz won the Web Top 100 in the automotive category;

AAA AUTO won the independent consumer test of used car dealerships published in Mladá Fronta DNES;

AAA AUTO introduced a new fleet optimization for small and medium enterprises;

The AAA AUTO Group reduced the number of branches 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 became the new CFO;

AAA AUTO sold its 500,000th car;

The number of visitors to the Company's website grew by 40% year on year;

The AGM prolonged a mandate for the Management Board to continue with the share buyback and to appoint an auditor;

AAA AUTO entered into official partnership with KIA MOTORS;

AAA AUTO was nominated for the prestigious European Business Awards;

Together with SOVA, Association for the Protection of Car Owners, AAA AUTO officially presented its proposal to make mileage fraud a criminal offence before the House of Parliament;

Group Sales Director David Keller left the Company;

Redesign of the AAA AUTO website and the launch of a mobile application;

2011 AAA AUTO entered into partnership with the Dagmar and Václav Havel Foundation VIZE 97;

Daniel Harant became the new Group Sales Director;

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;

AAA AUTO acquired the Insurance Agent and Broker Licenses from the Czech National Bank;

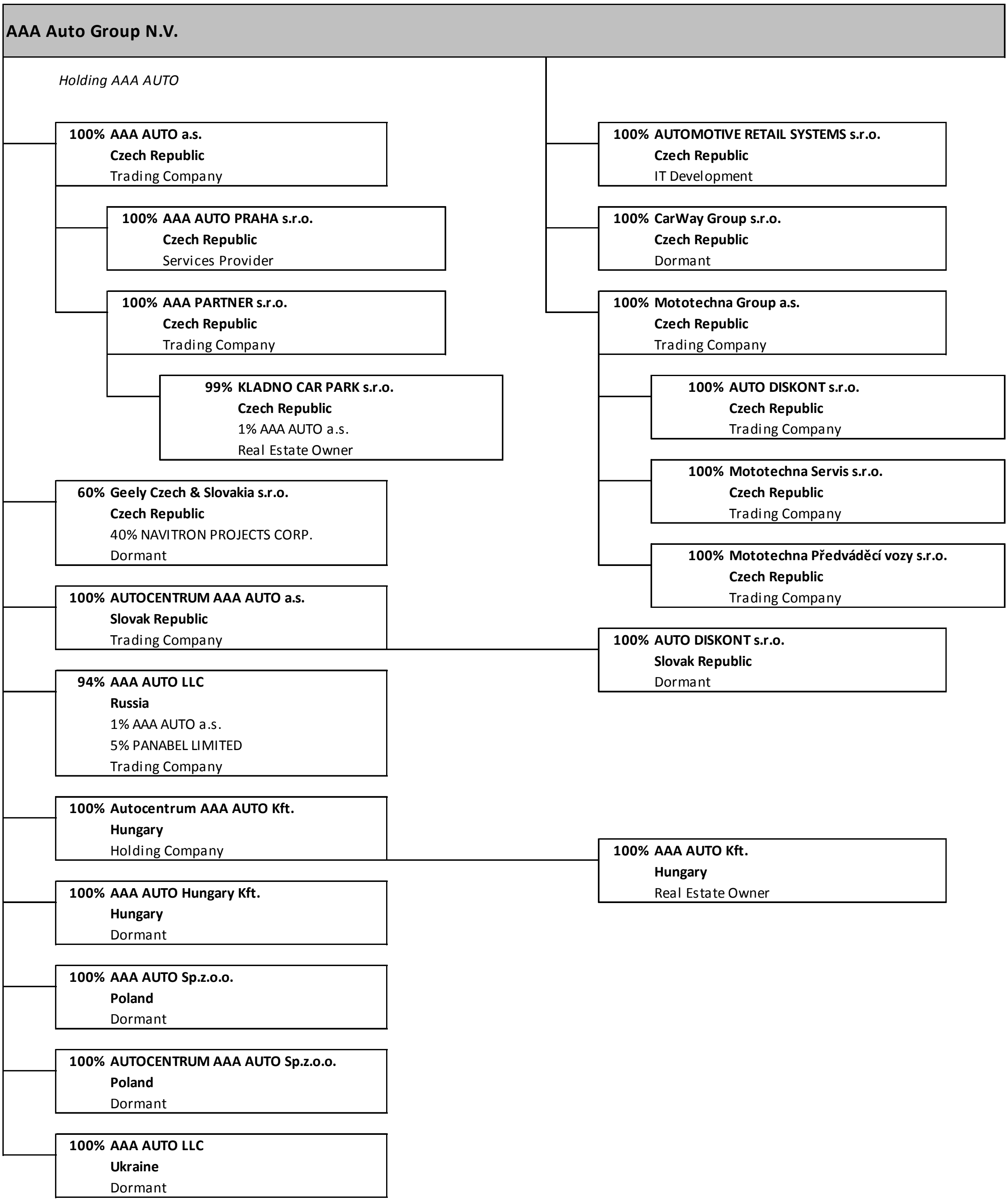
AAA AUTO opened a new branch in Opava;

AAA AUTO Mobilita programme launched;

AAA AUTO opened its first Russian branch in Podolsk near Moscow.

Structure of the AAA AUTO Group

Structure of the AAA AUTO Group as of 31 December 2012



AAA AUTO Group Structure as of 31 March 2013

The structure remains the same as the one of 31 December 2012

Statutory Bodies of the Company

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

Executive Member

Executive Member is appointed by the General Meeting of Shareholders from a list of nominees, containing the names of at least two persons for each vacancy, drawn up by the Non-Executive Members of the Management Board. 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 Member is responsible for the day-to-day running of the business of the Company. The business address of the Executive Member of the Management Board of the Company was in 2012: 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 was in 2012: AAA Auto Group N.V., Dopraváků 723, 184 00 Prague 8, Czech Republic.

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

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 2012

- Executive Member of the Management Board and Chief Executive Officer: Anthony James Denny (from 29 December 2006 until 21 September 2012)
- Executive Member of the Management Board and Chief Executive Officer: Karolína Topolová (from 21 September 2012; appointed for a tenure of four years)
- Non-Executive Member: Vratislav Kulhánek (from 1 November 2011; appointed for a tenure of two years)
- Non-Executive Member and Chairman of the Management Board: Anthony James Denny (from 21 September 2012; appointed for a tenure of four years)
- Non-Executive Member: Vratislav Válek (from 25 April 2008 until 21 September 2012)

Anthony James Denny

- Executive Member of the Management Board and Chief Executive Officer from 29 December 2006 until 21 September 2012;
- Non-Executive Member and Chairman of the Management Board from 21 September 2012; appointed for a tenure of four years;
- gender: male;
- year of birth: 1962;
- nationality: Australian;
- profession: expert in automotive trading;
- principal position: Non-Executive Member and Chairman of the Management Board

He graduated from the Ryde College of Horticulture, Sydney, Australia. He acquired over twenty years of experience in the used car business in the Australian, European and United States markets. He has been living in the Czech Republic since 1992, where he started his business with used cars and developed the international car centre network of AAA AUTO.

Karolína Topolová

- Executive Member of the Management Board and Chief Executive Officer from 21 September 2012; appointed for a tenure of four years;
- gender: female;
- year of birth: 1976;
- nationality: Czech;
- profession: executive manager;
- principal position: Chief Executive 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 program 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 speaks Czech and English.

Vratislav Kulhánek

- principal position: Non-Executive Member and Chairman of the Management Board from 1 November 2007 until 21 September 2012;
- present mandate: Non-Executive Member of the Management Board; appointed until 1 November 2013;
- gender: male
- year of birth: 1943;
- nationality: Czech;
- profession: professional with extensive experience in the automotive industry.

He graduated from the University of Economics and the European Business School in Prague. He was the director of Robert Bosch from 1992 to 1997. In April 1997, he was elected to the position of the Chairman of the Board of Directors of Škoda Auto, and then became the Chairman of its Supervisory Board from October 2004 to 2007. From 1997 to 2007, he was the President of the Association of the Automotive Industry of the Czech Republic and Vice President of the Union of Industry and Transport in the Czech Republic. He also was a member of the World Executive Committee of the International Chamber of Commerce in Paris, president of the Czech Institute of Directors, member of the Supervisory Board of Kooperativa pojišťovna, member of the Scientific Council of the University of Economics, member of the Management Board of Charles University, of the Executive Committee of the Czech Olympic Committee and 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 from 25 April 2008 until 21 September 2012;
- gender: male
- year of birth: 1945;
- nationality: Czech;
- profession: consultant in the field of finance and economics (specialist in the automotive sector).

After his graduation from the University of Economics in Prague, Mr. Válek worked at the Finance Research Institute and at the Ministry of Finance until 1992. He established the Czechoslovak Leasing Association (later Czech Leasing Association) in 1991 and worked there as the president until 2007 and then as the deputy president. In 1992, he joined Škofin - Volkswagen Captive Leasing company as Managing Director. In 1999, he moved to Essox– a universal independent leasing company as the President of their Supervisory Board. 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 was a regular speaker at the World Leasing Convention, Leaseurope Congresses, Euromoney Seminars and wrote several books and articles concerning the topic of leasing.

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

Remuneration policy

In compliance with the Articles of Association, the General Meeting of Shareholders adopted the remuneration policy regarding 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 corporate governance principles.

The main objective is to gain, keep and motivate Board Members who embody character qualities, skills and backgrounds suitable for successful leadership and management of the Company. The remuneration policy reflects a context of the Company business operations in international and highly competitive markets of Central Europe and is benchmarked to well-established international corporations.

The Management Board comprised of Anthony James Denny, Karolína Topolová, Vratislav Kulhánek and Vratislav Válek in 2012 were paid board membership fees, salary and bonus (including social and health insurance) in a total amount of EUR 2,182,000.

The Board of AAA Auto Group N.V. approved the extraordinary bonus to the Board of Directors of AAA AUTO a.s. (Czech Republic) due to the excellent economic results achieved in 2012 and the fact that the Group under the Group under the leadership survived the crisis resulting in stable growth from the year 2010. See also Note 14 – REMUNERATION OF THE MANAGEMENT BOARD in the Company Financial Statements of the parent company AAA Auto Group N.V.

Bonuses were paid out as employment income and the Company does not pay any pension or other similar contributions on behalf of the Management Board members. As at the end of 2012, the Management Board members jointly held 260,000 share options.

b. Executive management of AAA AUTO Group

The executive management of the AAA AUTO Group N.V. was in 2012 as follows:

Anthony James Denny

Chief Executive Officer until 21 September 2012

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

Karolína Topolová

Chief Operations Officer until 21 September 2012

Chief Executive Officer from 21 September 2012

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

Petr Koutský

Executive Director

Petr Koutský graduated from The Military Aviation University in Košice, The Silesian University in Opava and The Nottingham Trent University in the UK. He began his managerial career at Agrobanka Praha and later Banka Haná as a 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 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

Jiří Trnka graduated from the University of Economics in Prague, in Finance and Accounting. He began his career working for Continental Teves (brake systems) as a financial analyst, where he gained hands-on experience in controlling and accounting. He then moved to work for Škoda Auto where he gained more professional experience in management of finance projects. In the second half of 2004, he joined AAA AUTO as Internal Audit Manager, and he was in charge of establishing and later managing the unit of Internal Audit. One year later, he was appointed the Chief Financial Manager of the Company and managed treasury and controlling operations. In 2007, as Deputy to CEO, he was involved in preparation of the Company's listing on the Prague and Budapest stock exchanges. In 2008-2009, he supervised the cost-cutting and financial restructuring of the AAA AUTO Group. He has worked as CFO since 2010. He speaks Czech, English and German.

Petr Vaněček

Group Buying Director

Petr Vaněček graduated from the School of Economics in Prague, Faculty of Finance and Accounting. He continued his studies at Jan Amos Komenský College of Higher Education, where he graduated in European Economy and Governance in 2009. He joined AAA AUTO in 1999 and worked in several job positions. Since 2006 he has participated in business strategy implementation as Group Buying Director.

Daniel Harant

Group Sales Director

Daniel Harant graduated from the Czech Technical University in Prague, Faculty of Engineering. He continued his studies at the Technical University in Brno where he graduated in Business Administration. He began his career in 2001 at CAC Leasing, where he was responsible for the brands Peugeot and Citroën. In 2003, he co-founded BMW FS in the Czech Republic. He was responsible for a dealer network at BMW in 2004-2006. In 2006 he became the Sales Director at BMW Czech Republic. He joined AAA AUTO in March 2011.

Václava Jersáková

Group HR Director

Václava Jersáková had worked for PwC since 1993. She built and managed a team of professionals in the area of personal income tax, employee compensation and international mobility. Alongside that, she managed a team of consultants on Human Resources Management at PwC in the period of 2003-2006. Her client portfolio comprised of more than 150 top global multinational companies operating in the Czech Republic. From 2006 to 2011, she worked as HR Director at Deloitte Czech Republic and Slovakia. She joint AAA Auto in January 2012. She graduated from the University of Chemical Technologies in Prague and is fluent in English.

Corporate governance

AAA Auto Group N.V. is a public company with limited liability under the law of the Netherlands. The Company was incorporated on 12 December 2003 as Automobile Group B.V. and converted into the 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 Exchanges, the Articles of Association of the Company were amended on 7 September 2007.

The last amendment of the Company Articles of Association, approved by the Annual General Meeting of Shareholders on 17 June 2011, authorized the Executive Members of the Management Board to act severally on behalf of the Company, enabled to issue shares by a decision of the General Meeting or by a decision of the Management Board authorized to it 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 compliance with applicable laws and 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 law 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 on the Company's website, in the 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, should be 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 in the Corporate Governance Statement 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 considers appropriate to implement the Dutch Code. The Company supports the code and will comply with the best practice provisions of the Dutch Code subject to the exceptions detailed below.

Management Board (Part II of the Dutch Code)

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

The current Executive Members have been appointed in compliance with this provision.

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

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 disclosures 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 the Best Practice Provision II.1.7, the Management Board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational or 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 be reported anonymously to the Chairman of the Supervisory Board (Non-Executive Member and Chairman of the Management Board) and to the Head of the Internal Audit Department. A report can be submitted using an application on the company's internal website or it can be sent to a dedicated email address.

According to the 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 to 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 the 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.

Since the Company does not have more than four Non-Executive Management Board Members, there is no legal requirement to establish the Audit, Remuneration and Nomination Committee according to the Best Practice Provision III.8.3. and under the principles of the Best Practice Provision III.5. Therefore, the Management Board resolved on the abolition of above committees on September 5, 2012. In compliance with the Best Practice Provision III.8,, the proper and independent supervision is assured by two Non-Executive Management Board Members who have the necessary professional experience and personal integrity and they are also responsible for the remuneration policy.

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

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

According to the 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 the Best Practice Provision IV.1.1, the General Meeting of Shareholders of a company not having statutory two-tier status (in Dutch "structuurregime") may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

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

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

The Company complies with this provision with respect to meetings for more analysts or investors. The cost of compliance with this provision, 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 the Best Practice Provision V.3.1, the External Auditor and the Audit Committee shall be involved in drawing up the work schedule of the Internal Auditor. They shall also take cognizance of the findings of the Internal Auditor.

Since the Company does not have more than four Non-Executive Management Board Members, there is no legal requirement to establish the Audit, Remuneration and Nomination Committee according to the Best Practice Provision III.8.3. and under the principles of the Best Practice Provision III.5. Therefore, the Management Board resolved on the abolition of the above committees on September 5, 2012. In compliance with the Best Practice Provision III.8, the proper and independent supervision is assured and the duties of the respective committees are performed by two Non-Executive Management Board Members who have the necessary professional experience and personal integrity and they are also involved in drawing up the work schedule of the Internal Auditor and taking cognizance of the findings of the Internal Auditor.

During 2012, the Internal Audit Department performed its duties diligently. The results were regularly reviewed by the Chairman of the Management Board. There were also meetings 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 2012

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 2012, 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.

With reference to the legislative Act on management and supervision (the "Management and Supervision Act" or „Wet bestuur en toezicht in naamloze en besloten vennootschappen") which entered into force on 1 January 2013, the Company notes that in its Management Board, which is a one-tier structure consisting of one executive and two non-executive director, currently one post (exceeding 30%) is held by a woman (the post of Executive Board Member and the Chief Executive Officer of the Company). The Company is therefore in compliance with the Management and Supervision Act.

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 the 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 in charge of 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 for 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 worked. The committees were the following: Audit Committee, Remuneration Committee, Nomination Committee.

Since the Company does not have more than four Non-Executive Management Board Members, there is no legal requirement to establish the Audit, Remuneration and Nomination Committee according to the Best Practice Provision III.8.3. and under the principles of the Best Practice Provision III.5. Therefore, the Management Board resolved on the abolition of above committees on September 5, 2012.

In compliance with the Best Practice Provision III.8, the proper and independent supervision is assured and the duties of the respective committees are performed by two Non-Executive Management Board Members who have the necessary professional experience and personal integrity and responsibility for the remuneration and nomination policies and internal audit processes.

Information about meetings and their agendas held by the Audit, Nomination and Remuneration committees and Non-executive members.

Audit committee agenda

30 January 2012

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

- discussion on results of planned audits No 3/2011, 4/2011
- discussion on results of the periodic risk analysis
- discussion on results of the 2011 annual inventory count
- assessment of the Internal Audit Plan 2011 fulfilment
- inspection of the Annual Report 2011 drafting

22 February 2012

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

- discussion on the 2011 Annual Report on internal audit results
- discussion on preliminary result of the consolidated 2011 annual accounts on the base of information from CFO

15 March 2012

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák, Petr Koutský, Jan Hubáček

- discussion on information about the ongoing 2011 statutory audit
- assessment of results of the internal audit inspection at the Prague branch

16 April 2012

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / Anthony J. Denny, PwC - statutory auditor representatives

- discussion on results of the AAA AUTO Group statutory audit (Consolidated financial statements as included in the 2011 Annual Report)

30 May 2012

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

- discussion on the 2011 Management Board Report and adoption of recommendations
- discussion on results of the buying process inspection
- discussion on results of the internal inspections at branches

Internal audit meeting

22 November 2012

Present: Anthony James Denny, Vratislav Kulhánek / Karolína Topolová, Jiří Trnka, PwC - statutory auditor representatives

- discussion of the audit strategy and the audit plan for 2012

3 December 2012

Present: Anthony James Denny, Vratislav Kulhánek / Rene Horák, Petr Koutský

- discussion on results of the buying process inspection
- discussion on results of the internal inspections at branches
- discussion on results of ad hoc internal audit inspections
- assessment of the Risk Analysis Update
- approval of the 2013 annual plan of the Internal Audit

Nomination and Remuneration committees

The committees met on 14 August 2012. The members took note of the resignation of Mr. Anthony James Denny as the Chief Executive Officer and Executive Management Board Member delivered to the Company.

The Nomination committee drew up and internally approved a list of nominees for the CEO position as referred to in Article 13.2 of the Articles of Association of the Company, consisting of:

Ms. Karolína Topolová, born in Prague, Czech Republic on 11 May 1976,

Mr. Jiří Trnka, born in Prague, Czech Republic on 21 January 1976.

This list of nominees was submitted to the shareholders at the Extraordinary General Meeting.

Fulfilment duties of the Management Board Members

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 2012 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 and, since 5 September 2012, have fully taken over responsibilities of these committees.

In compliance with the Best Practice Provisions III.3.1. of the Dutch Code, Non-Executive Members of the Management Board prepared the 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. We assume that the current Non-Executive Members comply with such profile as both Mr. Anthony J. Denny and Mr. Kulhánek are long-standing automotive business experts.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders of the AAA Auto Group N.V. was held on 22 June 2012.

The General Meeting of Shareholders approved:

a) audited Annual Accounts of the Company for the year 2011;

b) report on the discharge of duties of Executive and Non-Executive Members of the Management Board in the fiscal year 2011;

c) mandate for the Management Board to repurchase Company shares;

d) mandate for the Management Board to appoint an external auditor for the fiscal year 2012.

The Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of Shareholders of AAA Auto Group N.V. was held on 21 September 2012.

Due to the resignation of Mr. Anthony James Denny as the Chief Executive Officer and Executive Management Board Member of the Company, the General Meeting of Shareholders decided to appoint Ms. Karolína Topolová the Executive Management Board Member from the list of nominees drawn up by non-executive Board Members. Ms. Karolína Topolová was also granted the title of Chief Executive Officer ("CEO").

Furthermore, following the resignation of Mr. Vratislav Válek as the Non-Executive Management Board Member of the Company, the General Meeting of Shareholders appointed Mr. Anthony James Denny as a Non-Executive Management Board Member. The shareholders also decided that Mr. Anthony James Denny would be granted the title of Chairman of the Management Board instead of the previous Mr. Vratislav Kulhánek.

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) business development outlook for the next five years

b) financial and operational targets for 2013

c) strategy to achieve both long-term and annual goals

d) key performance indicators (KPIs) for a measurement of efficiency of core business processes

The Company's main goal for 2012 was to further increase the Group's sales compared to 2011 as well as to attain an increase in the Group's consolidated net income. Both aforementioned goals have been achieved and the Company's current target is to continue on this course in the following period. The Company introduced its five-year outlook in October 2012. Meeting relevant goals is nevertheless dependent also on the current automotive market development. The market stagnation we saw in the second half of 2012 turned into recession again at the end of the year and that situation remained throughout January and February this year. The Company monitors the market situation carefully and is ready to revise its plans accordingly. However, the main goals to increase the Group's sales year-on-year and to improve the Company's performance remain.

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 the AAA Auto Group N.V. is aware of its responsibility for implementation of a risk management system and internal audit processes as well as for their effectiveness. Risk management is an integral part of the Company's strategy and the Management Board of the AAA Auto Group N.V. considers risk management as one of the principal instruments of an efficient company management and essential for sustainable development of the Company. The risk management model is uniform for all companies in the AAA AUTO Group and fully conforms to the best international practices in the field of corporate governance. The Company has implemented risk monitoring processes and a system of regular audit inspections in all relevant areas where significant risk factors possibly hindering the Company from achieving its goals have been identified.

The Company managers monitor 24 risk areas identified within the annually updated Risk Analysis. Following the results of the Risk Analysis the respective managers implemented measures aiming to mitigate or eliminate risks identified and the Internal Audit Department has drawn up a plan of audits to diminish an exposure to the risks and likelihood of their appearance.

In accordance with the Best Practice Provision II.1.4 of the Dutch corporate governance code the Management Board of the AAA Auto Group N.V. has assessed the design and operational effectiveness of the Company's internal risk management and control system. Based on the activities performed during 2012, and in accordance with the 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 2012, and provide reasonable assurance that the 2012 financial statements do not contain any errors of material importance.

e. Risk factors

In 2012, the AAA AUTO Group carried out its business operations in the Czech Republic, Slovakia and Russia. The Company thoroughly monitored and managed risks that may negatively impact its business activities and performance and, by extension, the Company's financial results.

The risk management system of the AAA AUTO Group recognises risks in four categories: 1. Strategic risks, 2. Financial risks, 3. Operating risks and 4. Compliance risks.

i. Strategic risks

The management of the AAA AUTO Group manages all important risks that may impact significantly on revenues and costs of the Company and therefore the Company's overall financial performance. The most significant risk factors in this category are as follows:

- seasonality of the automotive retail business
- increase in individual imports of cars
- declining prices of new cars
- obtaining a desirable 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

Significant 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 the Group Treasury department and all treasury operations are part of the formal control system. The Management Board approved regulations and directives in the area of the 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 the Notes to the Consolidated Financial Statements.

iii. Operating risks

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

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

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 significant 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 monitoring and mitigation of all identified risks.

f. Internal Audit in 2012

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

With regard to this fact, the Internal Audit department was founded with the aim to assess the internal control environment of the AAA AUTO Group, to test its efficiency and to improve it continuously. The activities of the Internal Audit department are also aimed at assisting members of the executive and line management in meeting their principal duties with respect to the internal control system implemented. As a body for supervision and methodological assistance, the Internal Audit department may not substitute those managers in performance of their respective duties.

The Internal Audit department is kept strictly independent on business operations and on the book keeping of the AAA AUTO Group. In order to maintain a high level of autonomy, the audit processes and a performance of the Internal Audit department are supervised by the Non-executive Members of the Management Board. The Internal Audit department reports to those Non-executive Members of the Management Board regularly on results of the inspections carried out and on efficiency of the corrective measures implemented by the respective managers.

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

During 2012, internal audit activities were focused on the quality of the control environment, setting internal processes and on compliance with established procedures and policies across the branch network, especially in the Czech Republic and Slovakia.

Internal auditors focused on the regularity and quality of particular activities and on the effectiveness of the internal control mechanisms in processes considered as crucial. The auditors also regularly and thoroughly inspected main daily business operations at branches. During 2012, the Internal Audit Department submitted 184 recommendations and corrective measures that were subsequently implemented by the respective managers.

In 2013, the Internal Audit Department continues in its effort to identify, measure and minimize all significant risks to ensure sustainability of the Company's business and focuses on the internal control system optimization and prevention against human failure, irregularities and symptoms of risk factors in a reasonable extent.

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 III.6.4 of the Dutch Code regarding transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company (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. are traded in the Czech Republic on the Prague Stock Exchange (PSE) and in Hungary on the Budapest Stock Exchange (BSE) as of 26 September 2007. Shares are also traded in RM-system, Česká burza cenných papírů, a.s., which has in the meantime become another CNB-regulated stock exchange.

The overall number of issued shares amounts to 67,757,875 with the nominal value of EUR 0.10 per share of which 50,000,000 shares (73.79%) were as at 31 December 2012 held by AUTOMOTIVE INDUSTRIES S.à.r.l. holding which is owned by Mr. Anthony James Denny, Non-Executive Member and Chairman of the Management Board of AAA AUTO Group N.V. The remaining 17,757,875 shares (26.21%) are available for trading on the stock exchanges in Prague and Budapest. The ISIN of the shares is NL0006033375.

Key Highlights about AAA Shares	2010	2011	2012
Market capitalization in millions of euro as at 31 December	59 349	46 958	67 920
No. of common shares as at 31 December	67 757 875	67 757 875	67 757 875
Share price as at 31 December 1)	0,88 EUR	0,69 EUR	1,00 EUR
Dividends	0	0	0
EPS	0,08 EUR	0,15 EUR	0.33 EUR
P/E	11,0	4,6	3,0
P/EBITDA	4,5	2,1	2,3

1) *The original share price was recorded in CZK. The price was converted into EUR using the CNB's official exchange rate as at 31 December.*

Based on a proposal submitted by the majority shareholder AUTOMOTIVE INDUSTRIES S.à.r.l., the Extraordinary General Meeting of shareholders adopted the resolution on delisting of all 67,757,875 ordinary shares issued by the Company from trading on the Prague and Budapest Stock Exchanges and authorized the Management Board to take all steps necessary or required, including the procedure related to the exercise of the rights of the Company's shareholders, and to buy-out shares of the Company. All related documents on delisting and the resolution of the Extraordinary General Meeting can be found at the Company's website www.aaaauto.nl in the section 'About Us / Investors'.

ii. Shareholder structure

On 3 April 2009, Anthony Denny, Non-Executive Member and Chairman of the Management Board, announced his intention to acquire around 5% of the Company shares. As at 31 December 2012 Anthony Denny held a total of 3.77% of the Company shares. Together with his company AUTOMOTIVE INDUSTRIES S.à.r.l. his overall holding thus reached 77.56% of the outstanding capital and voting rights of AAA Auto Group N.V. as at 31 March 2013.

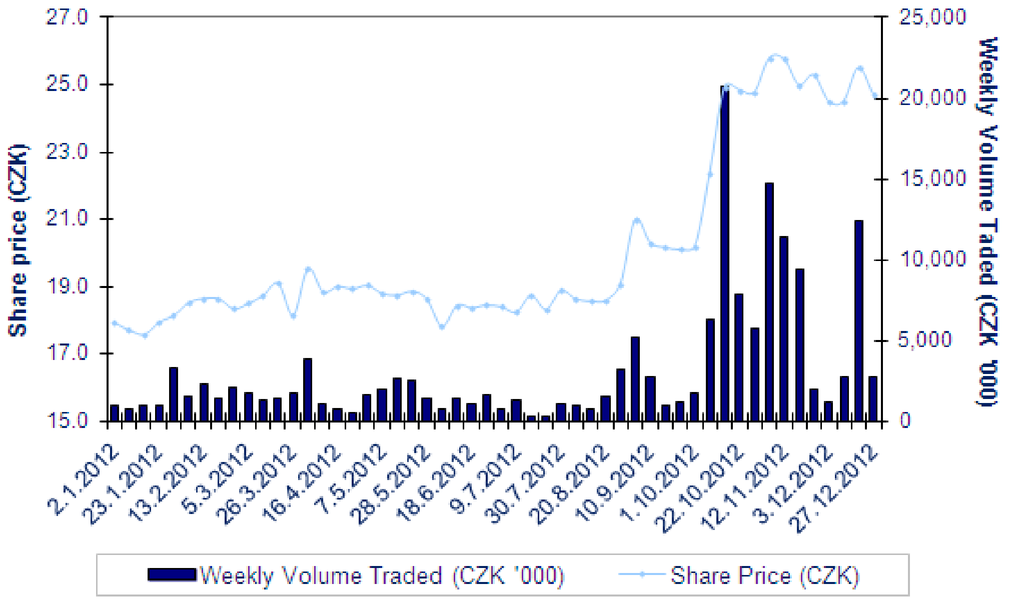
As at 31 December 2012	As at 31 March 2013
AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%	AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%
Anthony James Denny 3.77%	Anthony James Denny 3.77%
Other investors 22.44%	Other investors 22.44%

iii. Share price development

The Company´s share price in the first half of 2012 reflected the general mood of the whole capital market despite the publication of very positive growth data, both of sales and financial figures. The European debt crisis together with the slowing down of the world (especially the Chinese) economy, followed by the threat of the U.S. fiscal cliff at the end of the year and political events such as election in Greece, France and U.S., got significant attention from investors in 2012. In reaction to these events, the central banks such as ECB and FED were forced to make interventions in order to calm down the situation on the capital markets.

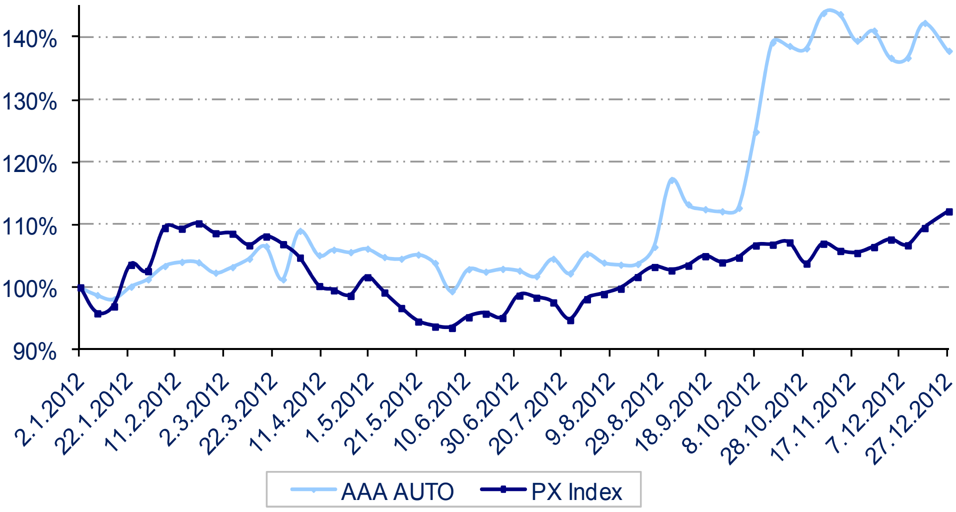
Despite the uncertain situation on the capital markets in 2012, the AAA AUTO´s shares have performed better than PX index. The market responded positively to gradually improving results of the AAA AUTO Group published during the year. The AAA AUTO Group share price at the end of the first half of 2012 reached a value of CZK 18.40 per share. The AAA AUTO Group shares strengthened in reaction to the announcement on the intention of Anthony James Denny to sell his majority stake published in the third quarter 2012 and to the expansion plan introduced by new CEO Karolína Topolová later on. The most noticeable increase in the Company´s share price was recorded in November when the share price exceeded the value of CZK 25.00. The AAA AUTO Group shares closed the year 2012 at a price level of CZK 25.20 which represents an increase by 40.8% in comparison to the CZK 17.92 per share at the beginning of 2012.

Development of AAA AUTO Share Price and Volume Traded on the PSE in 2012



Source: The Prague Stock Exchange

Relative Performance of AAA AUTO Shares and the PX Index in 2012

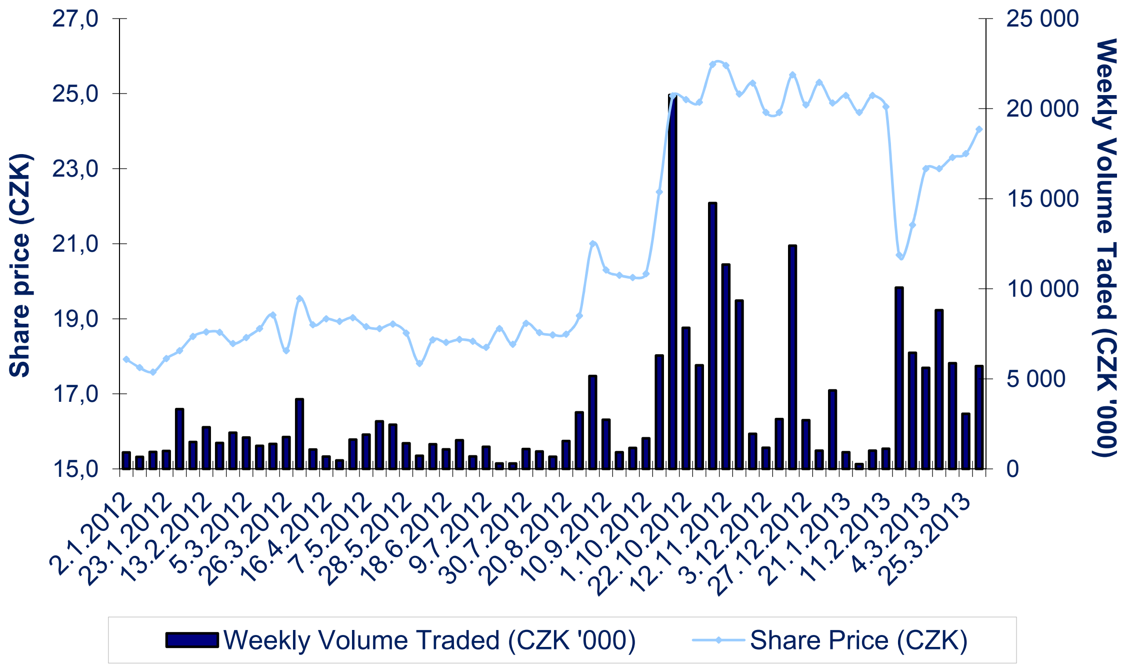


Source: The Prague Stock Exchange

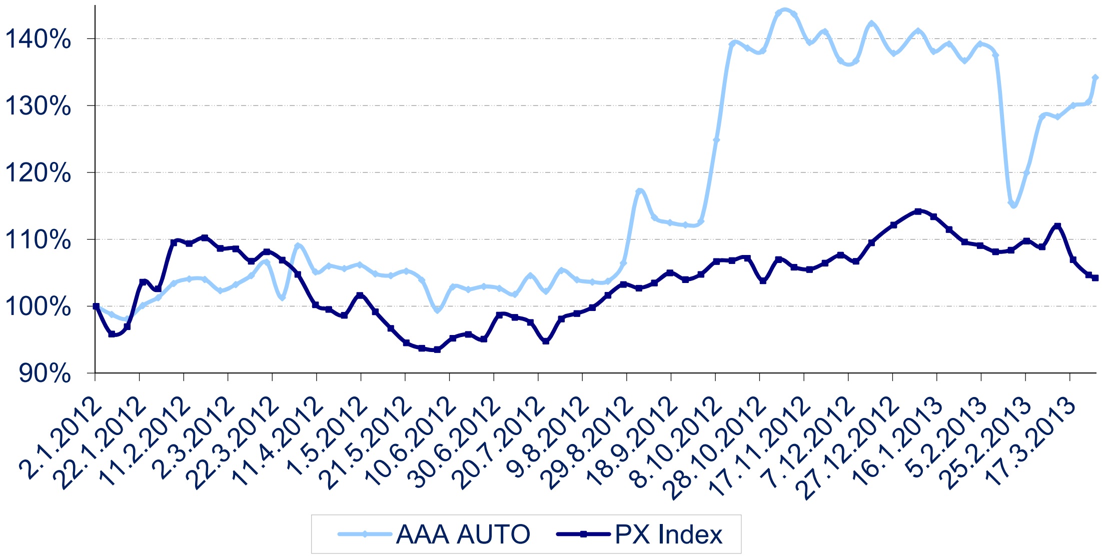
Comments on a share price development after the announcement on delisting

The AAA AUTO Group´s share price dropped from CZK 24.65 to CZK 20.70 immediately after publication of the Company´s intend to delist all 67,757,875 ordinary shares from trading on the Prague and Budapest Stock Exchanges. During February and March 2013 the AAA AUTO Group´s share price has stabilized at a price level about CZK 23.00.

Development of AAA AUTO Share Price and Volume Traded on the PSE in 2012/2013



Relative Performance of AAA AUTO Shares and the PX Index in 2012



iv. Dividend Policy

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 is 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 2013	
Preliminary financial results for 2012*	28 Mar 2013
Audited consolidated financial results for 2012	30 Apr 2013
Annual Report 2012	30 Apr 2013
Consolidated financial results for the first three months of 2013*	31 May 2013
Annual General Meeting	June 2013
Consolidated financial results for the first six months of 2013*	30 Aug 2013
Half Year 2013 Report *	30 Aug 2013
Consolidated financial results for the first nine months of 2013*	18 Nov 2013

** Unaudited Results*

c. Shareholder Rights

For details on the listing and share performance, see section ‘Report to Shareholders / a. Shares’.

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 and its subsidiaries may acquire fully paid-in Shares or depositary receipts thereof, with due observance of the limitations prescribed by law.

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

Reduction of the issued capital

The General Meeting of Shareholders may resolve to reduce the 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 equivalent 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 by the Management Board, whenever the interests of the Company so require. Shareholders representing alone or in aggregate at least one tenth of the outstanding 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 authorized 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 as to 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 in accordance 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 accordance 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 30 September 2021. The exercise of the share option is not contingent on any performance-related conditions.

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.

Report on the Business Activity

a. Mission, Objectives and Vision

The mission of the AAA AUTO Group, as defined at its launch, is to meet customer needs via efficient and reliable trade and to simultaneously create value for shareholders.

The principles of AAA AUTO's successful business model are based on buying of the most popular used cars models, 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 technical defects insurance. For this purpose we continue with our programme of an odometer reading verification 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 confidence in the used car market and increase the trust of customers in the resellers or used car centres.

The immediate goal of the Company, in the current uncertain and highly competitive automotive market, is to increase a market share in the Czech Republic and Slovakia and to keep the level of profitability in accordance with the plan. In 2013 the Company plans to open another new car centres in the Czech Republic and Slovakia. The new car centres are expected to contribute to the sales growth of the whole Group in 2013. We intend to gradually deliver on the sales and overall targets set for the newly entered Russian market in 2011. Based on the market development in Hungary and Poland, the Company plans to re-launch its operations there and also to start its business activities in the Ukraine in the next few years. The Company's principal objective in the long term perspective is to generate value for shareholders.

The AAA AUTO Group's vision is to offer customers a suitable solution for their mobility needs in the markets of Central and Eastern Europe through a broad range of used cars with a 100% guarantee of legal origin, verified technical condition and a wide range of financial, insurance, car repair and other up-sale services and products. AAA AUTO will continue building its good reputation, which customers associate with quality of service and thanks to which the Company continues to be perceived as the leader on the used car market.

b. Corporate Social Responsibility

The priority of the AAA AUTO Group is to implement its strategy to accomplish business and profitability targets in respect to different economic and legal environment in countries where the Company operates while ensuring simultaneous compliance with European Union law.

In accordance with the principles of corporate governance, the AAA AUTO Group has to act in cooperation with capital markets regulators and stock exchanges in countries where the Group listed its shares (the Czech Republic and Hungary) and where its headquarters is registered (The Netherlands) and follow related regulations of these countries.

The AAA AUTO Group as a well-established company trading in used cars in Central and Eastern Europe decided to adopt principles of corporate social responsibility. The Company has implemented these principles to its business strategy, environmental responsibility, customer relationship and social engagement.

The concept of social responsibility has been constantly developed and has become an important aspect of the Company business conduct and decision-making on its way to becoming modern, successful, professional and responsible. To follow those principles adopted, the Company, together with SOVA (Czech Association for the Protection of Car Owners), decided to submit a bill to consider rewinding of odometers (mileage fraud) in used cars a crime. The representatives of the AAA AUTO Group presented 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 a used car market and the AAA AUTO Group is fighting against it with all available means – for example by authentication of odometer readings.

Although the proposal has not been adopted yet, the Deputies of the Parliament finally discussed a new Road Traffic Act (No. 56 / 2001) at the end of 2012. According to the new Act, which is likely to be effective since summer 2013, both individual and legal entities should be penalized for odometer tampering.

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

i. Business environment and professional associations
ii. Customer care and consumer rights protection
iii. Environmental protection
iv. Social area and sponsorship

i. Business environment and professional associations

In 2006, the European Commission introduced a measure to abolish the limits for imports of used cars, which resulted in a massive growth of uncontrolled imports of vehicles, non-compliant in terms of technical condition, safety and environmental protection, to the Czech Republic. Those uncontrolled imports affected not only environment but also domestic automobile industry and road safety.

Under public pressure and in the light of alarming amount 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 emission class ranking has become obsolete, an Act amendment imposing taxes also on cars meeting the Euro 3 emission class, has been already discussed in the Parliament.

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 the regions where the Group operates, it has joined or is currently negotiating on joining the respective industry chambers and professional associations. The cooperation with these bodies not only contributes to the further development of business activities of the Company, but it also promotes a society-wide discussion on entrepreneurial environment in the respective countries.

Due to the fact that the Company has been ranked according to the rules of the European Union in the category of large enterprises, 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 to the new Code of Conduct of the Chamber of Commerce of the Czech Republic, which, besides other things, bounds its members to resolve potential disputes with customers in a conciliatory manner, out-of-court. This project was implemented in partnership with 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 also a member of the International Chamber of Commerce, Paris and the Slovak-Czech Chamber of Commerce. Given that AAA AUTO entered the Russian market in 2011, the Company also decided to join the Chamber for Commercial Relations with the Confederation of Independent States.

ii. Customer care and consumer rights protection

In order to improve communication and customers' satisfaction, the company launched a new Contact Centre in the second half of 2012. The Contact Centre provides a complex communication service and customer care from customers' very first contact with the Company, through the sale or purchase of a car up to after-sales service and so ensures the higher level of customers' loyalty and retention.

The Contact Centre cooperates closely with the Ombudsman of the AAA AUTO Group. The position of the ombudsman was established to provide our customers with an opportunity to assess their problems independently and to facilitate finding a satisfactory solution. Milan Smutný, the respected communication professional and the former spokesperson of the car manufacturer Škoda Auto, has been appointed the new Ombudsman since October 2012.

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

SOS is a regular partner of the Company which has been contacted by AAA AUTO Group while consulting matters such as the wording of car purchase contracts and sales contracts and their compliance with consumer protection law, as well as in individual cases of dissatisfied consumer complaints. In 2012 the Company cooperated with the association on consumer audit of General business conditions (SAOP) and received the SAOP certificate confirming that its General business conditions are in compliance with the valid law and therefore consumer friendly.

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

SOVA is the only consumer organisation which focuses exclusively on buying, selling and operating of used cars in the Czech Republic. The Company consults on regular basis with SOVA current consumer disputes within the used car market. SOVA draws company´s attention to potential risks associated with buying of used cars, especially as new car fraud trends emerge. The Company also held several meetings with the SOVA representatives in 2012, which focused on possibilities of service improvements and response on customer inputs received by SOVA. The Company also distributes SOVA consumer brochures on safe used car buying at all its branches within the Czech and Slovak Republic.

iii. Environmental protection

The AAA AUTO Group strives to protect the environment in its branches and divisions in the various countries 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.

Based on the agreement which has been signed with ČEZ in 2011, AAA AUTO launched its first recharging station for electric cars in Prague in June 2012. A second one is under preparation in Brno and additional suitable branches will follow.

iv. Social area and sponsorship

In addition to its business, the AAA AUTO Group is also involved in corporate sponsorship and support of non-profit organizations.

For several years, the AAA AUTO Group has helped orphaned children and children who have suffered permanent damage to health as a result of road accidents through sponsorship and active participation in activities of the Children's Road Safety Foundation. The Company donated CZK 840.000 to the Foundation and helped 55 such children in 2012.

In 2012, the Company cooperated with 'Klub dívek a žen postižených Turnerovým syndromem', which is aimed at the community of women and girls suffering from Turner´s syndrome. Besides other things, this non-profit organization arranges cultural events which reflect the needs of members of this society.

The AAA AUTO Group became also sponsor of HC Sparta Praha and HC Kometa Brno, the ice hockey teams, which play in the highest Czech ice hockey league.

In October 2012, the Company became a partner of more than ten junior football teams. The AAA AUTO Group supported youth sport activities by donating branded jerseys. The aim is to provoke in children an interest in sports, their innate effort to compete and help them to avoid drugs abuse, criminality and other adverse activities.

The AAA AUTO Group supported the non-profit organization Centrum Sluníčko in organizing charity bazaars to raise money for abused and mistreated children in December 2012. The Company provided Centrum Sluníčko with vouchers for car purchase discounts, GPS navigations and car wash services.

Last but not least in 2012, the AAA AUTO Group also cooperated with the educational agency EuroEdu, whose mission is to avoid injuries caused by improper driving in emergency traffic situations. The AAA AUTO Group provided the EuroEdu agency with a specially equipped car in order to show how to drive and act in emergency situations within a special event dedicated to safe driving.

c. Public Relations, Marketing, Information Technology

i. Communication and public relations

The objective of the communication strategy is to create a positive image of the AAA AUTO Group in media and, by extension, in the eyes of public. It should lead to a positive perception of the Company by both the existing and prospective clients, which should have also a positive impact on the Company's profitability.

The Company takes advantage of using a wide 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 2012, the Company focused on its presentation as an expert 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. With regard to the changes in management board, extensive publicity was devoted to the new CEO Karolína Topolová, who was perceived by all media in a very positive way.

Call centre

The AAA AUTO Group Call Centre continued in trend of year-on-year increase in calls processed. The Call Centre dealt with 515,174 incoming calls, representing a 25% annual increase. The number of outgoing calls was 45% higher than in 2011. In addition to the increase in main markets in the Czech Republic and Slovakia there was a significant influence of business operations launched in Russia where the new Call centre department staffed with native speakers processed 134,408 incoming calls and 265,288 outgoing calls.

Website

The websites of the AAA AUTO Group were significantly upgraded in 2012, consisting of a complete graphics redesign and a transition from the original yellow-blue colouration to blue and white colours, consistent with the corporate identity.

In 2012, the web team focused especially on the general simplification of the on-line car selection process, creation of new tools to make the whole process much easier and more user-friendly to the customers and on the improvement of the website´s mobile version in response to the increasing number of the visitors using mobile devices to access our website. The Czech mobile website itself recorded 683,023 visitors annually, which is a year-on-year increase of 460.4%.

The recorded website traffic grew in all target countries during 2012. Namely the Russian version of the Company website recorded 1,451,394 visitors, which is an annual increase of 217.2%, the Slovak one registered 10,291,284 visitors representing an increase of 73.8% and the main Czech website recorded 23,219,159 visitors, an annual increase of 19.9% in 2012. The aforementioned figures confirm the positive trend in the Company web positioning as well as a good return on investments into on-line platforms made within the past few years. Web communication tools together with the Call centre services have become Company strategic means essential for further business development.

ii. Marketing

In 2012, the Company continued in its marketing activities and the marketing budgets reflected the current market situation. The most effective tools in the marketing mix were strengthened and optimised.

Our marketing campaigns targeted two key goals. Namely to address potential car buyers visiting the most important car servers with our greatest market choice of 6,000 cars, and to present the AAA AUTO Group as the undisputed market leader in general public oriented media – TV, commercial radio stations and most popular print titles.

The channel mix contained well-balanced three key sources of customer-centric communication – online, PPC and offline communication, including intense TV advertising. Our media investments were equally split among those 3 key sources of customer acquisition. All integrated marketing campaigns contributed to continuously increasing numbers of potential customers visiting our website and communicating with our Contact centre.

We extended our cooperation with the well-known decathlete and Olympic Champion Roman Šebrle as the media face of the AAA AUTO Group, embodying a connection between the world of sports and the automotive industry.

In 2012, we also launched our new brand Mototechna, which started to successfully capitalize on the existing market trend towards an increasing interest in almost new cars – up to 2 years old and below 30,000 km. The launch of this brand also allowed us to bring new services under a well-known and traditional Czech brand, rejuvenation of which triggered vast media and general public interest, contributing to an improved market position in 2012.

iii. Information technology

In 2012, the main areas of focus were security and performance enhancements together with an internal software development.

From a security perspective, a complete software audit of all installed applications used within the Company was carried out. It allowed us to make sure that the use of the software is in compliance with effective legislation. There were also defined thresholds and key performance indicators based on which the infrastructure security is measured. An integral part of the security enhancement project was a complete redesign and upgrade of backup environment. Thanks to this project we have got a full and fast backup and recovery solution, which can restore the company data basically regardless of the size of the disaster which might occur, so full DRP/BCP criteria are met.

Performance enhancement was achieved mainly through the virtualization of servers. The company's complete infrastructure was migrated to a virtual environment. This project contributed to significant savings, performance improvement, better load balancing and therefore to higher utilization of the servers and faster response to business needs to deploy new servers. This performance boost has been gained through the finished ERP Navision upgrade to a newer version and the optimization of its functionality, which is intended to support increasing demand of a steadily growing business.

The internal software development has focused on 3 main areas – upgrade of the new version of the in-house CRM solution which is a core application for customer relations management, a unique database for storing our business history and essential tools for our customer retention project. The second pillar is a development of an automated tool for the car buying department which is supposed to minimize human input, to automate pricing of purchased cars and to provide detailed reporting on on-going business. The third and brand new part of a software development was bringing an in-house programming competency for our ERP system Navision which dramatically reduced our dependency on an external provider, not to mention the consequent significant savings.

d. Employees

The AAA AUTO Group, the largest retailer in used cars in Central Europe, is a major employer in the Czech Republic and Slovakia and from 2011 has extended its activities into the Russian labour market. The system of corporate values is based on a strong corporate culture of a friendly, casual and dynamic environment which emphasises flexibility, teamwork and outstanding work performance. As a young and dynamic company, The AAA AUTO Group has adopted modern HR management principles and policies.

The year 2012 has been driven by further organic growth and expansion of the Company. Compared to 2011, the number of employees in the Czech Republic, Slovakia and Russia increased from 1,536 to 1,757[2]. This increase of 14,4% in total headcount was achieved mainly thanks to opening of 3 new branches in the Czech Republic and 2 new branches in Slovakia, while the number of employees in the Russian branch has significantly increased as well. At the same time the overall annual employee turnover dropped by 6%. The main role in this positive development was played by the placement of vacant positions preferably from internal resources, consistent work with references as an important part of the recruitment process, a correctly implemented and controlled adaptation process and pro-active communication and cooperation of HR professionals and line managers.

The activities of HR Division comprising 25 professionals were focused on all resources available to support achievement of the following priorities agreed for 2012 by the company management:

- Strengthening the managerial potential of line managers,
- Ensure high quality and sufficient volume of human resources in relation to planned further expansion in current and new territories;
- Higher efficiency of HR processes and personnel work in general;
- Stabilization of key employees.

Recruitment

Recruitment activities successfully covered the company's organic growth in 2012, replacement of employees leaving the core business and hiring experienced specialists for the support functions. Despite the labour market situation, the Company coped well 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 current employees, which was incentivised by rewards for a recommendation of a successful candidate. The ongoing trend of former experienced 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 experienced executives.

Education and development

With regard to the increasing number of new employees, training and adaptation in the form of a three-month programme gained a lot of attention in previous years. The performance and attitude of new colleagues were closely monitored and they received regular feedback.

[2] The number of employees as at 31 December 2012 includes employees on maternity leave (100 at the end of 2012, namely: 84 in CZ, 13 in SK, 3 in HU).

Support from experienced colleagues and mentors, in conjunction with the in-house trainers, played a major role in the process.

The Company continued to support professional and career growth of its people, especially those working in business positions (call centre management, car buying, car sales and car financing and insurance). 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. New training on project management received a high satisfaction rating from participants. Selected employees of the Service division could apply for a unique professional certificate for servicing a specific global car brand, which significantly improved the professional growth and development in key employees.

As the key project for our training team, the Development Centres for site managers were launched during the year to test their technical and managerial competencies, identify their strengths and weaknesses, followed by individual action plans. The new training plan has been drafted based on the findings from the Development Centres in order to deliver the tailor-made learning experience to our employees.

Attention was also paid to the personal development and training of managers, especially middle level and lower level managers. Development centres, extension courses and workshops helped to identify specific training needs.

Social programme and employee benefits

The Company introduced new benefits in all key areas preferred by our employees in 2012. Specifically, the Employee benefit programme was further extended in the area of health and fitness, health and beauty, cultural events, food and beverages, cars and car accessories.
As in the previous year, the Company focused on sports and leisure activities for its employees. It organised several teambuilding outings for its departments and a very popular football tournament. The best-performing salespersons were, as part of their motivation programme, regularly recognised and rewarded in the so-called Premier League.

e. Report on the AAA AUTO GROUP´s Business Activity in 2012

i. The Group in 2012

The AAA AUTO Group achieved its highest ever sales figures thanks to the implementation of the consistent growth strategy. Despite persistent stagnation in the automotive market, the Group successfully sold 51,364 used cars in total, representing an increase of 14.6% year-on-year. The Company has opened five new branches in the Czech Republic and Slovakia. Currently, the AAA AUTO Group operates 30 branches[3], 19 of them in the Czech Republic, 10 in Slovakia and one in Russia.

In 2012 AAA AUTO Group also made several important business decisions:

- Karolína Topolová was appointed the CEO
- AAA AUTO´s first recharging station for electric car was launched in Prague
- MOTOTECHNA brand was launched in Prague and Bratislava in September 2012, resp. January 2013.

The traditional MOTOTECHNA brand was revived with regards to the customer preferences for cars with low mileage bought from the first or second owner, with transparent service history and better equipment. The subsidiaries of the Mototechna group incorporated in the AAA AUTO Group provides all common services of dealership, such as trade-in, credit financial products, insurance, car service and selling of spare parts.

The main competitive advantage of the AAA AUTO Group is its ability to serve more demanding and more sophisticated customers thanks to the following:

- the widest range of used cars offered in the market;
- cars offered by the AAA AUTO Group are thoroughly tested;
- guarantee of origin and hidden technical defects insurance;
- high standard of services provided, customer care comparable to new car dealerships;
- nationwide branch network in the Czech Republic and Slovakia;
- unmatched strong position on the market for credit financing of used cars;
- wide range of up-sale products (GPS, security systems, car cosmetics etc.).

ii. Sales results of the AAA AUTO Group in 2012

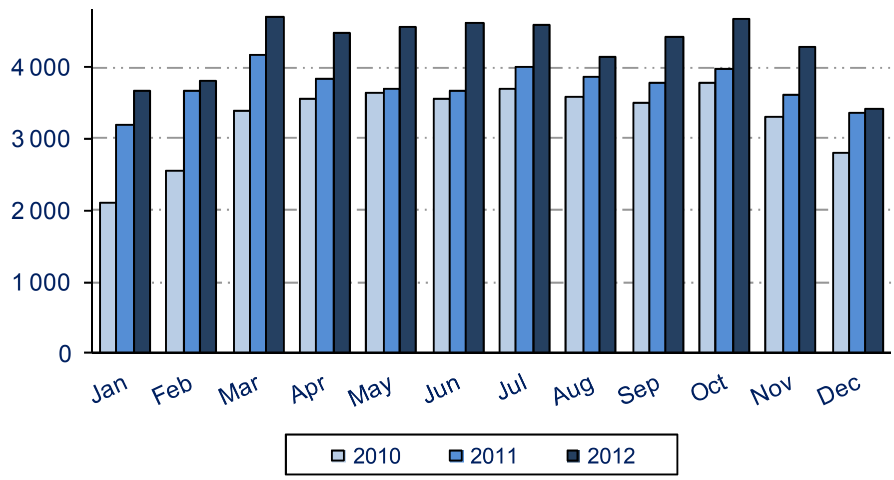
We continued to implement a consistent growth strategy, first introduced by the Company in 2010, immediately after symptoms of the main wave of the global financial crisis faded away. We have set ambitious 2012 targets for growth in the number of cars sold, profit growth and regional expansion, that we managed to meet despite the persistent recession in the automotive industry. We grew faster than all the respective markets and the Group successfully sold 51,364 used cars in total, which represents an increase of 14.6% year-on-year.

The sales figures, especially in the second quarter of 2012, outperformed the same figures of the last year. They reached their peak in March, when the company sold 4,695 cars, representing the

[3] Number of branches including 1 branch of AUTO DISKONT s.r.o.

strongest monthly sales results since August 2008. For the rest of 2012, monthly unit sales remained above the level reached in 2011.

Monthly Sales Development of AAA AUTO Group in 2010, 2011 and 2012



Sales figures by countries were as follows: 35,062 cars sold in the Czech Republic (+6.5% year-on-year), 14,211 vehicles in Slovakia (+22,6%) and 2,091 cars in Russia (+597%). The main contributors to the growth were car centres in the North and Eastern Bohemia, namely in Liberec, Teplice, Hradec Králové and then in Slovakia, especially the car centres in Bratislava, Košice, Nitra, Poprad and Bánská Bystrica.

AAA AUTO Group Year on Year Sales Development by country in 2012

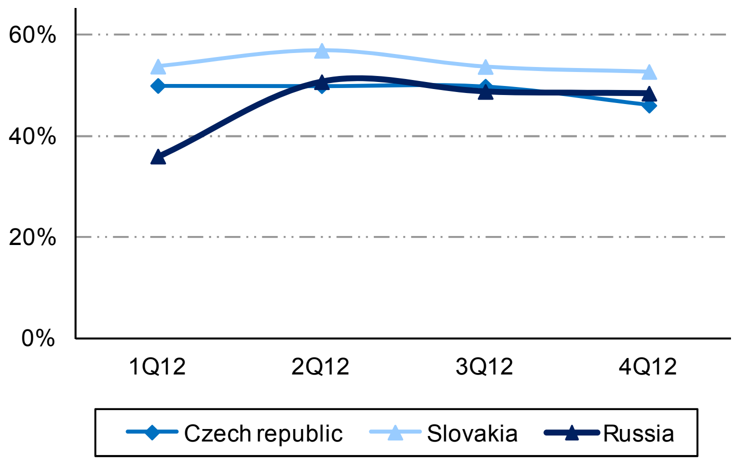
	YTD 2011	YTD 2012	*yoy*	4Q 2011	4Q 2012	*yoy*
Czech Republic	32,936	35,062	*6.5%*	7,891	8,191	*3.8%*
Slovakia	11,592	14,211	*22.6%*	2,756	3,662	*32.9%*
Russia	300	2,091	*597.0%*	300	511	*70.3%*
Group	44,828	51,364	***14.6%***	10,947	12,364	***12.9%***

Source: Company data

Financial Services Penetration

The Company's position in the field of used cars credit financing also improved in 2012. The increasing number of cars sold on credit or leasing provided by the AAA AUTO Group significantly supported the growth in total sales. Especially during the second quarter of the year, the Company indicated a greater willingness of consumers to take advantage of credit while buying more expensive cars with better equipment. The overall average level of penetration (share of cars sold on credit or leasing) reached 49% in the Czech Republic, 54% in Slovakia and 46% in Russia in 2012. The number of the Company´s partners amongst banks and other financial institutions remained the same as in 2011. So the Company is currently offering the services of 5 financial partners in the Czech Republic and 3 in Slovakia. The financial services in Russia are offered by an external broker. Apart from standard credit and leasing products for car financing, the new credit card MOTOTECHNA has been offered to customers from September 2012. This card offers a 55-day interest-free period as of the date of payment and the customer can refill his car with a discount of 4,5% at all petrol stations in the Czech Republic. The AAA AUTO Group further strengthened its unparalleled market position in the Czech Republic and Slovakia both in the area of credit financing products and in the quality of services provided to customers.

Quarterly penetration of financial services in 2012



Source: Company data

iii. Market development

Despite the fact that no official statistics on the secondary consumer market in used cars exist, the Company monitors imports of used cars and sales of new cars as two important indicators of trends in the automotive market.

As per Automotive Industry Association in Slovakia (ZAP), in most countries of the European Union except Estonia and Hungary, a decrease in a number of new cars registrations has been recorded in 2012. Besides the effect of the market slow-down there were also other secondary reasons affecting the number of registrations, such as technical problems in The Central Vehicle Register in the Czech Republic and car registration fees implemented in Slovakia in the last quarter of 2012.

According to SDA (Association of Car Importers of the Czech Republic) data, the number of imported used cars in the category of passenger cars and light utility vehicles decreased by 5.9% in the Czech Republic in 2012. The number of cars imported in 2011 dropped from 138,993 to 130,727 in 2012[4].

The total number of registrations of new passenger cars and light utility vehicles also slightly decreased by 0.39% in the Czech Republic last year (to a total of 185,830 cars), of which the number of registered new passenger cars increased by 0.42% (to a total of 174,009 cars). The registrations of new passenger cars in Slovakia slightly increased by 0.58% to a total of 74,371 cars, while registrations in the category of light utility vehicles decreased by 11.02% (to a total of 5,103 cars).

In comparison to the above mentioned statistics, the Group sales performed significantly better in the markets where the Company currently operates. With regard to the above mentioned facts, we can say that while the automotive markets in the Czech Republic and Slovakia stagnated throughout the year, the AAA AUTO Group recorded an increase in demand for its cars which contributed ultimately to the strengthening of the AAA AUTO Group's market position in 2012.

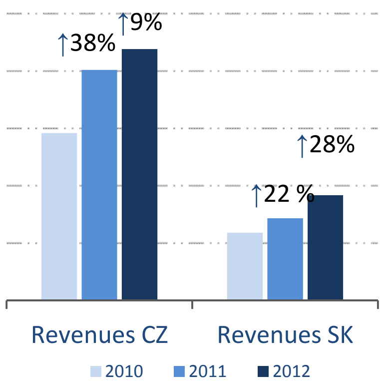
[4] Data from ZAP (Automotive Industry Association Slovakia) showing a number of registered used cars were not available at the date of this Annual Report.

iv. Financial Results of the AAA AUTO Group in 2012

The consolidated financial results that AAA Auto Group N.V. recorded in 2012 show a stable growth in the Group´s financial performance compared to the same period last year.

AAA AUTO Group´s **total revenues** grew by 21,6% to EUR 335,9 million compared to 2011, while the revenues of cars sold grew by 18,6% to EUR 272,8 million and the remaining EUR 63,1 million represents revenues from financial services and up-sale products.

Development of Revenues



Source: Company data

Revenues on the Group's main market in the Czech Republic slightly grew by 9%, while in Slovakia the Company recorded growth by 28% year-on-year.

The revenues grew also on an increase in the average price of a car sold which grew by 3.5% to EUR 5,310 and on the above mentioned increase in revenues from financial services and up-sale products.

The **gross profit margin,** which measures the profitability of the Company's sales, grew to 27.6% in 2012 compared to 25.9% in 2011. The main factor that leveraged up the Group´s gross profit on sales was the Company´s introduction of a strict control system of its sales and purchasing processes with the aim to maximize the total gross profit per car sold (the combined gross profit on sold cars, financial services and up-sale products).

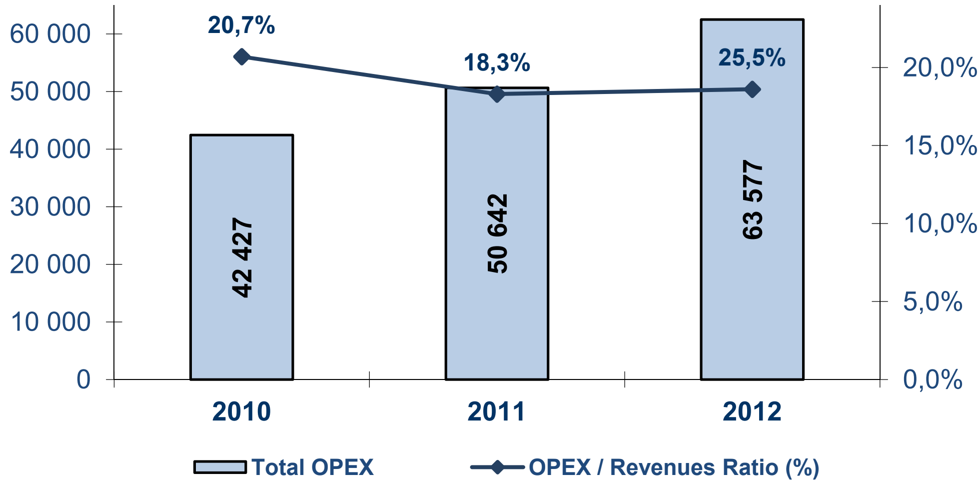
The total **gross profit on sales** grew by 29.6% to EUR 92.7 million

Together with the sales growth registered in 2012, the total **operating expenses** (OPEX) grew by 25.5% year-on-year reaching EUR 63.6 million, of which:

- personnel expenses - representing the largest OPEX category, accounting for 58.5% of the total OPEX - increased by 40.3% year-on-year to EUR 37.2 million. The increase is caused by increase in number of employees 14.4% and bonuses paid to key management (see note 24)
- the second largest OPEX category, the other selling, administrative and general expenses – which represents 28.2% of total OPEX – decreased by 0.5% year-on-year to EUR 17.9 million.

- the third OPEX category, the marketing costs – which represent only 13.3% of total OPEX - constituted the increase of 38.5% year-on-year to EUR 8.4 million[5] as the Company aimed to further foster its sales growth in 2012.

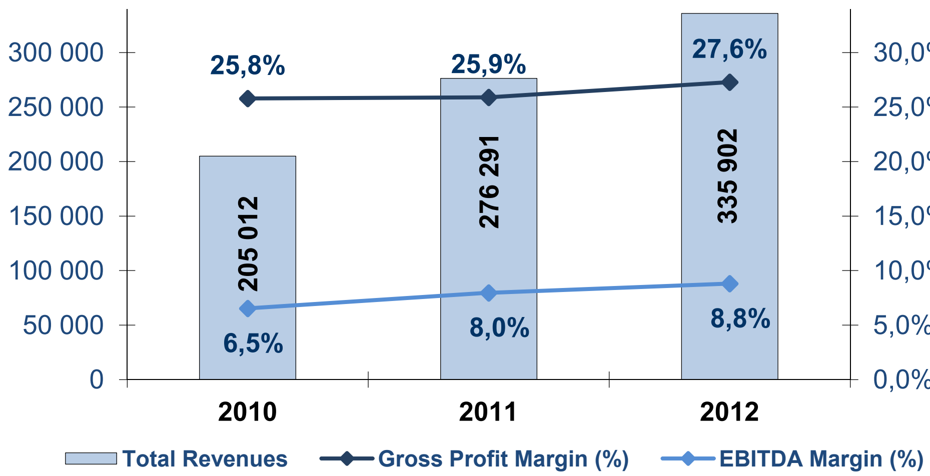
Development of Operating Expenses



Source: Company data

The outstanding improvement in the operating performance was reflected by a 34.5% increase in the **operating profit** (EBITDA) to the amount of EUR 29.6 million compared to EUR 22,0 million realised in 2011. The operating profitability, measured as a gross profit margin and EBITDA margin, increased to their so far highest levels of 27.6% and 8.8%, respectively.

Development of Revenues, Gross Profit Margin & EBITDA Margin



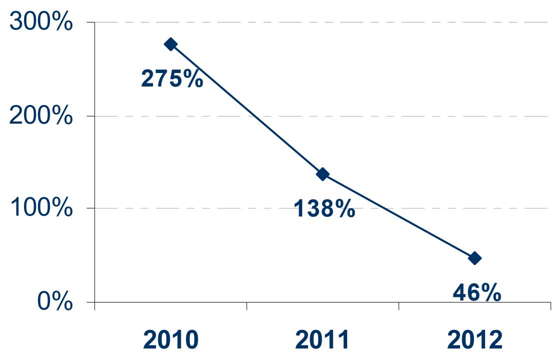
Source: Company data

[5] 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

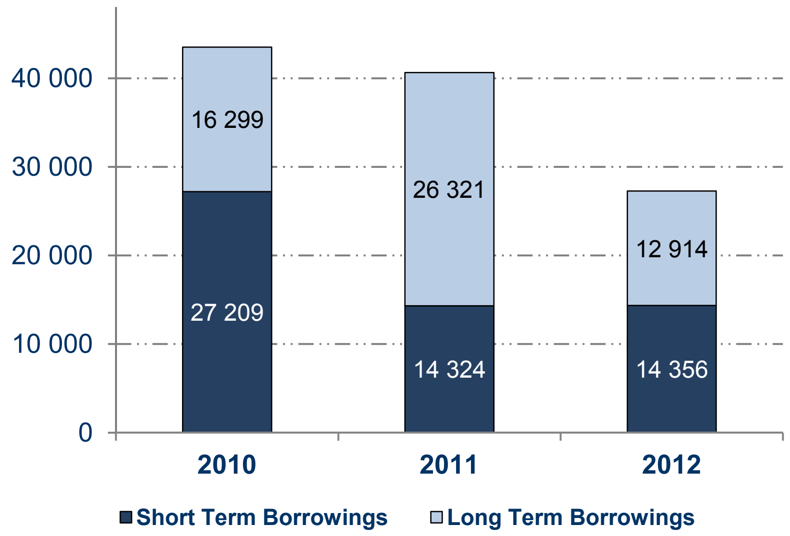
In the second half of 2012, one investment loan and overdraft facilty in the Czech Republic were replaced by a new investment loan and increased limit of overdraft facility. The new investment loan is amounting to EUR 4.8 million with quarterly installment payments and five-year maturity while the original investment loan was due in 31 December 2013. The overdraft facilty increased from EUR 1.2 million to EUR 2.4 million with one-year maturity.

At the level of financial income, the **interest expense** decreased by 33.4% year-on-year to EUR 1.2 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[6] was reduced from 138% as at the end of 2011 to 46% as at the end of 2012.

Net Debt to Equity Ratio



Debt Structure



Source: Company data

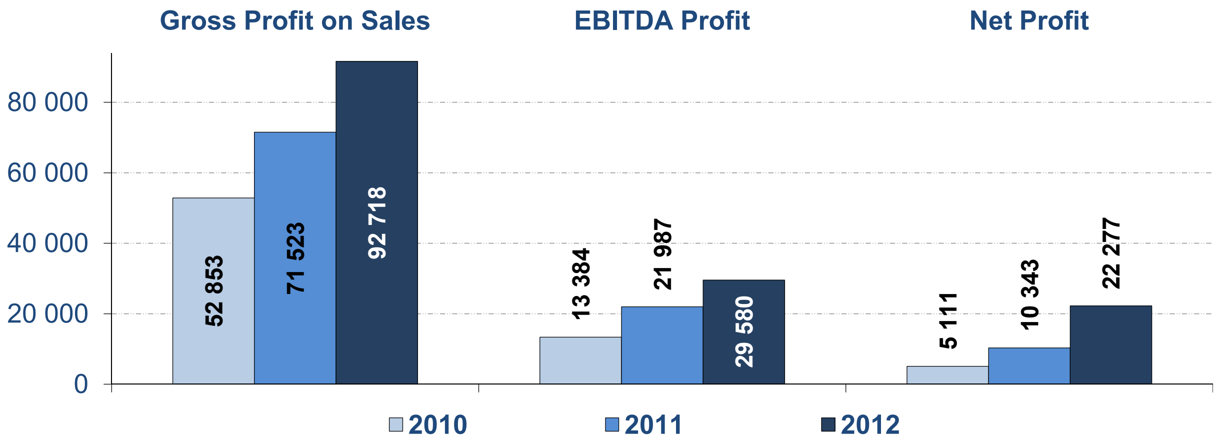
The Company also recorded **foreign exchange gains** at the amount of EUR 2.0 million primarily on the back of the appreciation of HUF and CZK. However, the majority of the gains unrealised and non-cash stemming from local accounting books' translation into HUF.

The **profit before tax** grew by 96.4% year-on-year to EUR 27.5 million.

The AAA AUTO Group concluded the year 2012 with a consolidated net profit of EUR 22.3 million which is 115.4% more than in 2011.

[6] 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

Development of Gross Profit on Sales, EBITDA and Net Profit



Source: Company data

Among the main influences on the 2012 financial results of AAA AUTO Group were:

- ✓ Year-end bonuses earned from providers of financial services (EUR 5.4 million)
- ✓ Strong improvement in the Company´s penetration of financial services and the Company´s strict control system implemented in 2011 to optimize the total gross profit per car sold
- ✓ GM increase as result of increasing sales volumes
- ✓ Increase in personnel expenses by EUR 10.7 million, stemming primarily from the growing sales volumes and continuing expansion
- ✓ Foreign exchange gains (EUR 2.0 million), the majority was however unrealised and non-cash
- ✓ Continuing expansion and opening new branches in the Czech Republic and Slovakia
- ✓ Launch of the Mototechna brand

f. Operating and Financial Highlights

Operating Highlights	2010	2011	2012
Number of cars sold (pcs)	39,530	44,828	51,364
Average price per car sold (EUR)	4,412	5,131	5,310
Number of cars on stock (pcs)	4,973	5,520	7,476
Number of car centres [7]	23	25	29
Number of employees	1,272	1,536	1,757

Financial Highlights	2010	2011	2012
Total Revenues	205,012	276,291	335,902
Revenues from cars	174,454	230,031	272,755
Revenues from financial services and up-sale products	30,558	46,260	63,147
Gross Profit on Sales	52,853	71,523	92,718
Gross Profit Margin	25.8%	25.9%	27.6%
Other Operating Income	2,958	1,106	439
Operating Expenses	(42,427)	(50,642)	(63,577)
Personnel expenses	(21,286)	(26,513)	(37,188)
Marketing expenses	(4,426)	(6,101)	(8,449)
Other selling, administrative and general expenses	(16,715)	(18,028)	(17,940)
EBITDA	13,384	21,987	29,580
EBITDA Margin	6.5%	8.0%	8.8%
Depreciation and amortisation expense	(2,064)	(2,347)	(2,318)
Impairment of property plant and equipment	(1,892)	(1,070)	(66)
EBIT	9,428	18,570	27,196
Interest expense	(1,857)	(1,757)	(1,171)
Forex gains / (losses)	(510)	(2,668)	2,009
Other financial net income / (expense)	(195)	(129)	(500)
Profit before Tax	6,866	14,016	27,534
Income tax	(1,755)	(3,673)	(5,257)
Net Income from Continuing Operations	5,111	10,343	22,277
Profit/(loss) from discontinued operations	0	0	0
Net Profit for the period	5,111	10,343	22,277

Non-current Assets	37,730	39,667	41,749
Current Assets	42,963	44,503	53,620
Equity	14,464	25,805	46,868
Short term borrowings	27,209	14,324	14,356
Long term borrowings	16,299	26,321	12,914
Net debt / equity ratio	275%	138%	46%

Cash flow from operating activities	1,211	6,719	16,586
Cash position at the end of the period	3,665	5,152	5,534
Total CAPEX	3,614	6,667	6,346

[7] Number of branches doesn´t include branches of AUTO DISKONT s.r.o.

g. Outlook for 2013

The AAA AUTO Group has set ambitious targets for 2013. We would like to strengthen our position in current markets and to again open three to five new branches in the Czech Republic and Slovakia this year. We are going to work intensively on further improvement in efficiency and effectiveness of our business processes, on providing our services more professionally and on the attractiveness of our Company for employees. Despite the persistent market stagnation which is likely to improve until the beginning of the main motoring season, we are aiming to achieve an increase in sales by 5% year on year. Our long-term goal is a further expansion to other Eastern European countries in the upcoming years. So we monitor the market development very carefully and we are ready to adjust particular steps of the expansion plan implementation according to the current situation.

Regional expansion in the Czech Republic and Slovakia

In 2012, the Company opened 3 new branches in the Czech Republic: in Jihlava, Liberec and Sokolov and the 2 new branches in Slovakia: in Nové Zámky and Michalovce. As per ambitious plan, which has been presented to public in October 2012, the Company intends to open another three to five branches in 2013 and in total 10 branches in the Czech Republic and 7 in Slovakia in the period of 2013 – 2017.

We launched our new brand Mototechna in September 2012 and started to successfully capitalize on existing market trend towards increasing interest in almost new cars – up to 2 years age and below 30,000 km mileage. The launch of this brand also allowed us to bring new services under a well-known and traditional Czech brand, rejuvenation of which triggered vast media and general public interest, contributing to an improved market position in 2012. The subsidiaries of the Mototechna group incorporated in the AAA AUTO Group provide all common services of dealership, such as trade-in, credit financial products, insurance, car repair service and selling of spare parts. The Mototechna brand was also introduced in Bratislava, Slovakia in January 2013 and our aim is to make the Mototechna services gradually available at all branches of the AAA AUTO Group in the Czech Republic and Slovakia.

Russia

The sales results for 2012 confirm that the Company´s decision to enter the Russian market in 2011 was worthwhile. In 2012 there were 2,091 used cars sold in Russia, which is by 597% more than in the previous year. The potential size of the Russian market offers the Company a promising outlook for its future expansion. The goal for 2013 there is to sell above the break-even amount and to successively open other up to 6 new branches in the period of 2013 – 2017.

Hungary, Poland

Based on the current situation in the used car market and further economic development, the Company intends to re-open its first Hungarian branch in Hungary in 2014[8] and then to gradually open another six ones in the period 2013 – 2017. The AAA AUTO Group perceives the used car market in Hungary as strategically important and having long-term viability and as high a potential as the

[8] The Company left Hungarian and Polish market in 2009, resp. 2008 due to the financial crisis.

Russian one. Similarly to Hungary, the Company also intends to re-enter market in Poland, where the first branch is expected to be open in 2015, followed by another one in 2016. We are going to implement all these steps according to the current market situation.

Ukraine

Entering the Ukrainian market is for the time being the last part of the Company´s ambitious plan. We expect that the first branches in Ukraine may open in 2016 and 2017. As in Hungary and Poland, the Company will decide whether and when to enter Ukrainian market dependent on economic development of the country and on a detailed analysis of the Ukrainian automotive market.

Long-term sales growth prospects

The Company assumes sales volumes of the current branches to be similar to the level of that we saw in 2012. The expected future growth in sales is particularly built on the opening of new branches in the long-term period of 2013 – 2017. We also believe in a future success of the MOTOTECHNA brand in meeting needs of more demanding customers. Last but not least, the Company sees an increasing potential in the field of used electric cars and so intends to benefit also from this opportunity. The main effort, however, will continue to be directed at increasing customer satisfaction and retention rate.

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.

Management Board of AAA Auto Group N.V.:

Anthony James Denny

Chairman and Non-Executive Member of the Management Board

Karolína Topolová

Chief Executive Officer and Executive Member of the Management Board

Vratislav Kulhánek

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 2012 (EUR '000)

ASSETS	Note	31/12/2012	31/12/2011
Non-current assets			
Intangible assets	12	667	150
Property, plant and equipment	13	40,663	39,249
Other financial assets	19	295	206
Deferred tax assets	17	124	62
Total non-current assets		***41,749***	***39,667***
Current assets			
Inventories	14	38,265	28,974
Trade and other receivables	15, 19	8,176	8,008
Current tax asset	9	3	54
Other non-financial assets	15	1,642	2,315
Cash and cash equivalents	19	5,534	5,152
Total current assets		***53,620***	***44,503***
TOTAL ASSETS		**95,369**	**84,170**

EQUITY AND LIABILITIES	Note	31/12/2012	31/12/2011
Equity			
Issued capital	22	38,185	38,185
Reserves		7,686	8,353
Retained earnings		997	(20,733)
Equity attributable to equity holders of the company		***46,868***	***25,805***
Total equity		**46,868**	**25,805**
Non-current liabilities			
Bank and other borrowings	16, 19	12,914	26,321
Deferred tax liabilities	17	58	62
Total non-current liabilities		***12,972***	***26,383***
Current liabilities			
Trade and other payables	18, 19	7,435	8,260
Current tax liabilities	9	2,481	2,192
Bank overdrafts and borrowings	16, 19	14,356	14,324
Provisions	20	3,144	3,043
Other financial liabilities	19	353	761
Other non-financial liabilities	18	7,760	3,402
Total current liabilities		***35,529***	***31,982***
Total liabilities		**48,501**	**58,365**
TOTAL EQUITY AND LIABILITIES		**95,369**	**84,170**

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 2012 (EUR '000)

	Note	2012	2011
Continuing operations			
Revenue	4, 5	**335,902**	**276,291**
Other income		439	1,106
Changes in inventories	7	5,057	3,227
Car inventory sold		(248,241)	(207,995)
Advertising expenses		(8,449)	(6,101)
Employee benefit expenses	7	(37,188)	(26,513)
Depreciation and amortisation expense	12,13,5	(2,318)	(2,347)
Impairment of property plant and equipment	13, 5	(66)	(1,070)
Other expenses	6	(17,940)	(18,028)
Finance income/(cost)	8, 5	338	(4,554)
Profit before tax		**27,534**	**14,016**
Income tax expense	5, 9	(5,257)	(3,673)
Profit for the period		**22,277**	**10,343**
Other comprehensive income			
Foreign currency translation differences		(1,298)	1,570
Other comprehensive income for the period, net of income tax		**(1,298)**	**1,570**
Total comprehensive income for the period		**20,979**	**11,913**
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	**32.88**	**15.26**
Diluted earnings per share	10	**32.05**	**14.76**

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 December2012 (EUR '000)

	Notes	Share capital	Share premium	Equity/ legal reserve **	Share option reserve	Foreign currency translation reserve **	Retained earnings	Total equity
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	25	-	-	-	162	-	-	162
Balance at 31/12/11		**6,776**	**31,409**	**456**	**580**	**7,317**	**(20,733)**	**25,805**
Balance at 01/01/12		**6,776**	**31,409**	**456**	**580**	**7,317**	**(20,733)**	**25,805**
Profit for the year		-	-	-	-	-	22,277	22,277
Other comprehensive income								
Foreign currency translation differences		-	-	-	-	(1,298)	-	(1,298)
Total comprehensive income		-	-	-	-	(1,298)	22,277	20,979
Transactions with owners								
Equity legal reserve		-	-	547	-	-	(547)	-
Share options	25	-	-	-	84	-	-	84
Balance at 31/12/12		**6,776**	**31,409**	**1,003**	**664**	**6,019**	**997**	**46,868**

(*) Reference is made to note 24 section c

(**) legally restricted for distribution

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 2012 (EUR '000)

	Notes	2012	2011
Cash flows from operating activities			
Profit for the year		22,277	10,343
Adjustments for:			
Income tax expense	9	5,257	3,673
Depreciation and impairment of fixed assets	12, 13	2,384	3,417
Provisions	20	662	(2,038)
(Gain) / loss on disposal of fixed assets		(55)	97
Interest income		(35)	(47)
Interest expense	8	1,206	1,803
Share options	7, 25	84	162
Foreign exchange (gain)/loss	8	(2,009)	2,667
(Increase) in inventories	14	(9,803)	(4,379)
Decrease in receivables and other assets		365	2,534
Increase/(decrease) in payables and other liabilities		1,849	(7,075)
Interest paid		(650)	(991)
Interest received		35	47
Income tax paid		(4,981)	(3,494)
Net cash provided by operating activities		16,586	6,719
Cash flows from investing activities			
Purchase of property, plant and equipment*	13	(3,276)	(3,785)
Proceeds from disposals of property, plant and equipment		509	864
Net cash used in investing activities		(2,767)	(2,921)
Cash flows from financing activities			
Proceeds from third party loans	16	6,269	11,171
Repayment of third party loans	16	(19,609)	(13,375)
Payment of finance lease liabilities	16	(35)	(37)
Net cash from financing activities		(13,375)	(2,241)
Net increase in cash and cash equivalents		444	1,557
Net foreign exchange difference		(62)	(70)
Cash and cash equivalents at the beginning of the year		5,152	3,665
Cash and cash equivalents at the end of the year		5,534	5,152

*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 3.77% of the shares directly (remaining 22.44% 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 serves as an intermediary (agent) providing its customers with third party financing, insurance, leasing or roadside assistance. For such services the Group is eligible for agreed commission fee based on long – term contracts.

These consolidated financial statements were authorized for issue by the Board of Directors on 25 April 2013

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 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as at 31 December 2012.

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 2012

There are no new standards, amendments, interpretations and improvements to existing standards mandatory for accounting periods beginning on or after 1 January 2012, which are applied by the Group and had material impact on the Group's financial statements as at 31 December 2012.

* The effective dates express the dates effective for the Group

New standards, amendments, interpretations and improvements to existing standards mandatory for 2012, which are not applied by the Group as they are not relevant to the Group's operations:

IFRS	Standard / Interpretation	Effective	Description
IFRS 1	Amendment to IFRS 1, on hyperinflation and fixed dates	1 July 2011*	The first amendment replaces references to a fixed date of "1 January 2004" with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when an entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
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.
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.

2.1.2 New standards, amendments and interpretations to existing standards published not yet effective for accounting periods beginning on or after 1 January 2012

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.

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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	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 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.
Amendment to IFRS 10,11 and 12	Amendment on transition guidance	1 January 2013 (in EU 1 January 2014)	These amendments provide additional transition relief to IFRs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
Amendment to IFRS 1	Amendment to IFRS 1 – First time adoption on government loans	1 January 2013	This amendment addresses how a first – time adopter would account for a government loan with a below market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first – time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

	Annual improvements 2011	1 January 2013	These annual improvements, address six issues in the 2009 – 2011 reporting cycle. It includes changes to: IFRS1 – First time adoption IAS 1 – Financial statements presentation IAS 16- Property, plant and equipment IAS 32- Financial instruments: presentation IAS 34 – Interim financial reporting

New standards, amendments and interpretations disclosed in Note 2.1.2 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 2012 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 or its branch operates ("the functional currency"). The consolidated financial statements are presented in euro (EUR).

(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.

Foreign exchange gains and losses are presented in profit or loss within "finance income and cost" as they result from financing activities.

(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.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible asset when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliable measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

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.

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.

Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from discounted cash flow models. All derivatives are presented in other financial assets or other financial liabilities when their fair value is positive or negative, respectively. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

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.

<u>Current income tax</u>

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.

<u>Deferred tax</u>

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, amortization and residual values

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.

Note 4 – REVENUE

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

Revenues	2012 EUR '000	2011 EUR '000
Revenue from the sale of goods		
Cars	272,755	230,031
Spare parts	1,298	49
Total revenue from the sale of goods	**274,053**	**230,080**
Revenue from the rendering of services		
Commissions revenue (leasing, insurance, other)	57,008	41,806
Services (car repairs, maintenance, other)	4,841	4,405
Total revenue from the services	**61,849**	**46,211**
Total	**335,902**	**276,291**

Note 5 - SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief decision makers that are used to make strategic decisions.

The chief decision makers consider the business from a geographic perspective in the Czech Republic, Slovak Republic and Russia. 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 chief decision makers assess 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 the chief decision makers.

The segment information provided to the chief decision makers for the reportable segments for the year ended 31 December 2012 is as follows:

2012	Czech Republic EUR '000	Slovak Republic EUR '000	Russia EUR '000	Total EUR '000
Total segment revenue	235,647	92,406	25,076	353,129
Inter-segment revenues	(16,509)	(718)	-	(17,227)
Revenues from external customers	**219,138**	**91,688**	**25,076**	**335,902**
Operating result (EBITDA) reported to the chief decision makers	20,359	10,089	(1,038)	29,410

The segment information provided to the chief decision makers 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 sales	(8,050)	(454)	-	(8,504)
Revenues from external customers	**200,984**	**71,696**	**3,611**	**276,291**
Operating result (EBITDA) reported to the chief decision makers	15,791	6,333	(754)	21,370

A reconciliation of the segment result reported to the chief decision makers to profit for the period for the continuing operations is provided as follows:

	2012 EUR '000	2011 EUR '000
Operating result (EBITDA) reported to the chief decision makers	**29,410**	**21,370**
Depreciation and amortization	(2,318)	(2,347)
Impairment of property plant and equipment	(66)	(1,070)
Finance cost	338	(4,554)
Income tax expense	(5,257)	(3,673)
Other	170	617
Profit for the period from continuing operations	**22,277**	**10,343**

Depreciation and amortisation included in operating result (EBITDA) reported to the the chief decision makers allocated to individual segments is as follows:

	Czech Republic EUR '000	Slovak Republic EUR '000	Russia EUR '000	Other EUR '000	Total EUR '000
2012	1,860	367	40	51	**2,318**
2011	1,575	393	13	366	**2,347**

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 23,895,000 (2011: EUR 20,459,000), the total of these assets located in Slovakia is EUR 10,109,000 (2011: EUR 10,088,000), the total of these assets located in Russia is EUR 229,000 (2011: EUR 212,000) and the total of non-current assets in other countries is EUR 7,391,000 (2011: 8,846,000).

Note 6 - OTHER EXPENSES

Detail of other expenses	2012 EUR '000	2011 EUR '000
Material used	2,242	1,660
Fuel	1,194	942
Energy	820	941
Repairs	138	148
Travel expenses	461	580
Rent	3,087	2,850
Communication expenses	1,293	1,228
Transport services	870	891
Consulting services (business, tax, legal, audit and accounting)	3,371	4,743
Security	239	200
Taxes and fees	257	312
Insurance	552	340
Software services	385	617
Shortages and losses	189	53
Impairment losses (account receivable and other assets)	471	371
Other expenses	2,371	2,152
Total other expenses	**17,940**	**18,028**

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)	2012 EUR '000	2011 EUR '000
Wages and salaries	28,520	19,844
Social security contributions and similar taxes	3,073	2,319
State pension benefit costs (defined contribution plans)	5,286	3,990
Short-term non-monetary benefits	225	197
Share-based payment expense (Note 25)	84	163
Total	**37,188**	**26,513**

Employee benefit expense that is directly attributable to the purchase of inventories in the amount of EUR 5,057,000 (2011: EUR 3,227,000) is capitalized and recognized as a component of the initial measurement of purchased inventories.

The average number of employees employed by the Group amounted to 1,538 for the year ended 31 December 2012 (2011: 1,208 employees).

Note 8 - FINANCE COST / INCOME

	2012 EUR '000	2011 EUR '000
Interest on bank overdrafts and loans	1,145	1,722
Interest on obligations under finance leases	26	35
Total interest expenses	**1,171**	**1,757**
Foreign exchange (gains)/losses	(2,009)	2,668
Other (bank fees, stock exchange and financial supervision expenses)	500	129
Total finance (income) / cost	**(338)**	**4,554**

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

Note 9 – INCOME TAX

	2012 EUR '000	2011 EUR '000
Current tax:		
Current tax on profits for the year	5,323	3,876
Total current tax	**5,323**	**3,876**
Deferred tax (Note 17)		
Deferred tax income	(66)	(203)
Income Tax Total	**5,257**	**3,673**

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:

	2012 EUR '000	2011 EUR '000
Profit before tax	**27,534**	**14,016**
Applicable tax rate	19%	19%
Tax calculated at local tax rate applicable to profit before tax	5,231	2,683
Expense not deductible for tax purposes	500	519
Income not subject to tax	(339)	(293)
Not recognised deferred tax asset	(249)	743
Tax rate adjustment	18	-
Other	96	21
Total income tax expense recognized in profit or loss	**5,257**	**3,673**

The weighted average applicable tax rate was 19% (2011: 19%). The weighted average is based on tax rates applicable in following countries: Czech Republic, Slovakia, Netherlands, Hungaria, Poland and Russia.

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 25).

The individual variables used in the calculation are as follows:

	2012	2011
Profit for the year attributable to equity holders of the parent (equals earnings used in the calculation of total basic earnings per share)	22,277,000	10,343,000
Profit for the year from continuing operations (equals earnings in the calculation of the basic and diluted earnings per share for continuing operations)	22,277,000	10,343,000
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)	1,750,000	2,303,000
Basic earnings per share (EUR/share) (Group)	32.88	15.26
Diluted earnings per share (EUR/share) (Group)	32.05	14.76

Note 11 - CONSOLIDATED ENTITIES

Details of the Company's subsidiaries whose financial statements are consolidated in these financial statements as at 31 December 2012 are as follows:

Company	Percentage of ownership	Country of registration and incorporation	Principal activity
AAA AUTO a.s.	100%	Czech Republic	used car sales
AUTO DISKONT s.r.o. [CZ]	100%	Czech Republic	used car sales
Mototechna Group a.s. (INEX Broker a.s.)	100%	Czech Republic	new car sales
AAA AUTO PRAHA s.r.o.	100%	Czech Republic	providing services
Mototechna Servis s.r.o. (GENERAL AUTOMOBIL CZECH s.r.o.)	100%	Czech Republic	used car service
AAA PARTNER, s.r.o.	100%	Czech Republic	used car sales
KLADNO CAR PARK, s.r.o.	100%	Czech Republic	real estate owner
CarWay Group s.r.o.	100%	Czech Republic	non-active
Mototechna Předváděcí vozy s.r.o. (CarWay Rent CZ s.r.o.)	100%	Czech Republic	car fleet management
AUTOMOTIVE RETAIL SYSTEMS s.r.o. (CarWay Assistance CZ s.r.o.)	100%	Czech Republic	IT development
Geely Czech & Slovakia s.r.o.	60%	Czech Republic	non-active
AUTOCENTRUM AAA AUTO a.s. [SK]	100%	Slovak Republic	used car sales
AUTO DISKONT s.r.o. [SK]	100%	Slovak Republic	non-active
AAA AUTO Hungary Kft.	100%	Hungary	non-active
AAA Auto Kft.	100%	Hungary	real estate owner
Autocentrum AAA AUTO Kft.	100%	Hungary	holding company
AAA AUTO LLC [UKR]	100%	Ukraine	non-active
AAA AUTO LLC [RU]	95%	Russia	used car sales
AAA Auto Sp.z.o.o.	100%	Poland	non-active
Autocentrum AAA Auto Sp.z.o.o.	100%	Poland	real estate owner

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

Note 12 - INTANGIBLE ASSETS

	Software	Trade marks	Intangible assets in the course of acquisition	Other intangible assets	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
COST					
Balance at 1/1/2011	**2,339**	**89**	**318**	**4**	**2,750**
Additions	107	-	-	-	107
Disposals	-	-	(313)	-	(313)
Net foreign currency exchange differences	(82)	(3)	(1)	(1)	(87)
Balance at 31/12/2011	**2,364**	**86**	**4**	**3**	**2,457**
Additions	72	7	549	1	629
Disposals	-	-	(11)	-	(11)
Net foreign currency exchange differences	67	2	-	-	69
Balance at 31/12/2012	**2,503**	**95**	**542**	**4**	**3,144**

ACCUMULATED AMORTISATION and IMPAIRMENT					
Balance at 1/1/2011	**(2,236)**	**(48)**	**(314)**	**(4)**	**(2,602)**
Amortisation expense	(85)	(15)	-	-	(100)
Eliminated on disposals	-	-	313	-	313
Net foreign currency exchange differences	78	2	1	1	82
Balance at 31/12/2011	**(2,243)**	**(61)**	**-**	**(3)**	**(2,307)**
Charge for the year	(88)	(15)	-	(1)	(104)
Eliminated on disposals	-	-	-	-	-
Net foreign currency exchange differences	(63)	(3)	-	-	(66)
Balance at 31/12/2012	**(2,394)**	**(79)**	**-**	**(4)**	**(2,477)**
Carrying amount					
As at 31 December 2011	121	25	4	-	150
As at 31 December 2012	109	16	542	-	667

In the year 2012 the Group incurred EUR 542,000 of development costs (included in the category Intangible assets in the course of acquisition) relating to capitalised development of internally created softwares called CRM Project and Project eBook, which are under development as at 31 December 2012. The Group did not incur any research and development expenses in the period 2011.

As at 31 December 2012, 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	Company cars	Fixtures and equipment	PPE in the course of construction	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
COST					
Balance at 1/1/2011	**39,612**	**3,132**	**7,908**	**356**	**51,008**
Additions	1,948	3,195	554	970	6,667
Transfer from assets held for sale	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**
Additions	976	4,530	830	10	6,346
Disposals	(52)	(366)	(901)	(460)	(1,779)
Transfer to inventory	-	(3,699)	-	-	(3,699)
Net foreign currency exchange differences	1,441	77	153	14	1,685
Balance at 31/12/2012	**46,028**	**3,815**	**8,248**	**534**	**58,625**
ACCUMULATED DEPRECIATION and IMPAIRMENT					
Balance at 1/1/2011	**(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 held for sale	(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)**
Depreciation expense	(824)	(779)	(611)	-	(2,214)
Impairment losses charged to profit or loss	(66)	-	-	-	(66)
Disposals	17	38	880	-	935
Transfer to inventory	-	806	-	-	806
Net foreign currency exchange differences	(465)	(14)	(121)	-	(600)
Balance at 31/12/2012	**(10,645)**	**(773)**	**(6,544)**	**-**	**(17,962)**
Carrying amount					
As at 1 January 2011	33,032	2,344	1,582	356	37,314
As at 31 December 2011	34,356	2,449	1,474	970	39,249
As at 31 December 2012	35,383	3,042	1,704	534	40,663

Impairment charge of EUR 66,000 for 2012 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 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.

The Group has pledged land and buildings at carrying amount of amount EUR 29,5 million (2011: EUR 27 million) to secure banking facilities granted to the Group.

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

	31.12.2012	31.12.2011
	EUR '000	EUR '000
Cost – capitalised finance leases	299	586
Accumulated depreciation	(175)	(405)
Net book value	**124**	**181**

Note 14 – INVENTORIES

	31.12.2012	31.12.2011
	EUR '000	EUR '000
Raw materials (spare parts and consumables)	949	801
Merchandise (cars and accessories)	38,876	29,220
Total	**39,825**	**30,021**
Inventory provision	(1,560)	(1,047)
Net value	**38,265**	**28,974**

As at 31 December 2012 the Group had 7,476 cars on stock compared to 5,520 cars as at 31 December 2011.

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 243,184,000 (2011: EUR 204,768,000).

Inventories of EUR 4,786,485 as at 31 December 2012 (31 December 2011: EUR 8,120,000) are pledged as security for bank and other corporate borrowings that the Group uses for financing of inventories.

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

Trade and other financial receivables	**31.12.2012**	**31.12.2011**
	EUR '000	EUR '000
Trade receivables	7,972	8,263
Allowances for doubtful debts	(759)	(994)
Trade receivables, net	**7,213**	**7,269**
Accrued revenue	272	600
Other receivables	691	139
Total	**8,176**	**8,008**

Trade and other financial receivables included balances due from related party in the amount of EUR 205,000 as at 31 December 2012 (31 December 2011: EUR 1,015,000). Detail of these balances is described in Note 24.

Other non-financial assets	**31.12.2012**	**31.12.2011**
	EUR '000	EUR '000
Prepayments	1,281	1,398
Employees receivables	67	342
VAT receivables	294	575
Total	**1,642**	**2,315**

Employee receivables are shown net of allowance for doubtfull debts in amount of EUR 284,000 (2011: EUR 0).

Note 16 - BANK AND OTHER BORROWINGS

	31.12.2012	**31.12.2011**
	EUR '000	EUR '000
Bank overdraft	967	1,084
Bank and corporate loans	19,767	31,177
Company cars financing	2,434	1,635
Obligation under finance lease	124	141
Inventory financing	3,978	6,608
Total	**27,270**	**40,645**
The borrowings are repayable as follows:		
- On demand or within one year	14,356	14,324
- In the second to fifth year inclusive	12,914	26,321
Total	**27,270**	**40,645**

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.

	31/12/2012		31/12/2011	
	currency amount	EUR '000	currency amount	EUR '000
CZK	384,410	15,290	502,504	19,476
EUR	11,980	11,980	21,169	21,169
Total		**27,270**		**40,645**

Weighted average interest rates	2012	2011
Bank overdrafts	1.82%	2.47%
Bank and other loans	3.63%	4.70%
Inventory financing	0.72%	2.00%
Total weighted average interest rate	**3.09%**	**3.97%**

The average interest rate for company cars financing was 3,02% p.a. for the year 2012 (2011: 3,9% p.a.).

Bank overdrafts are repayable on demand. The overdrafts of EUR 967,000 (31 December 2011: EUR 1,084,000) were secured by a pledgement over the Group's assets.

The item "Bank and corporate loans" of EUR 19,767,000 as at 31 December 2012 (31 December 2011: 31,177,000) includes a related party loan from shareholder AUTOMOTIVE INDUSTRIES S.á.r.l. totaling EUR 2,574,962 (31 December 2011: EUR 12,576,199) and investment loan totaling EUR 17,039,895 (31 December 2011: EUR 18,064,076).

Loans re-financing

In the Czech Republic, one investment loan and overdraft facilty were replaced by a new investment loan and increased limit of overdraft facility. The new investment loan is amounting to EUR 4,773,270 with quarterly installment payments and five-year maturity while the original investment loan was due in 31 December 2013. The overdraft facilty increased from EUR 1,193,317 to EUR 2,386,635 with one-year maturity.

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

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Finance lease liabilities	EUR '000	EUR '000	EUR '000	EUR '000
not later than 1 year	62	60	54	47
later than 1 year and not later than 5 years	62	121	52	94
later than 5 years	-	-	-	-
TOTAL	**124**	**181**	**106**	**141**
Less future finance charges	(18)	(40)	-	-
Present value of minimum lease payments	106	141	106	141

Note 17 – DEFERRED TAX

The offset amounts are as follows:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Deferred tax assets not offset	50	60
Deferred tax assets	**50**	**60**
Deferred tax libilities not offset	(58)	(62)
Deferred tax liabilities	**(58)**	**(62)**
Deferred tax assets	768	462
Deferred tax liabilities	(694)	(460)
Deferred tax assets / (liabilities) offset	**74**	**2**

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

	31.12.2012 EUR '000	31.12.2011 EUR '000
Deferred tax liabilities:		
- Deferred tax liabilities to be settled after more than 12 months	(574)	(522)
- Deferred tax liabilities to be settled within 12 months	(178)	-
	(752)	**(522)**
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	579	85
- Deferred tax asset to be recovered within 12 months	239	437
	818	**522**
Net deferred tax liabilities	**66**	**-**

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	Payables EUR '000	Total EUR '000
At 01/01/2011	**(503)**	**-**	**(503)**
Credited /(charged) to profit or loss	(19)	-	(19)
At 31/12/2011	**(522)**	**-**	**(522)**
Credited /(charged) to profit or loss	(52)	(178)	(230)
At 31/12/2012	**(574)**	**(178)**	**(752)**

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 01/01/2011	**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**
Credited /(charged) to profit or loss	91	(13)	(34)	207	45	296
At 31/12/2012	**239**	**59**	**183**	**266**	**71**	**818**

Unrecognized deferred tax asset from tax losses as at 31 December 2012

Tax loss	Not recognised deferred tax asset from the tax loss	Expiry date of the tax loss
EUR '000	EUR '000	
2,902	555	2013
1,003	191	2014
-	-	2015
63	12	2016
440	87	2017
12,486	1,347	No expiration
16,894	**2,192**	

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

Tax loss	Not recognised deferred tax asset from the tax loss	Expiry date of the tax loss
EUR '000	EUR '000	
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**	

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 2012 was EUR 249,000 (2011: EUR 714,000).

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

Trade and other financial liabilities	31.12.2012	31.12.2011
	EUR '000	EUR '000
Trade payables	4,738	4,624
Accrued expenses	2,582	2,468
Other payables	115	1,168
Total	**7,435**	**8,260**

Other non-financial liabilities	31.12.2012	31.12.2011
	EUR '000	EUR '000
Amounts due to employees	4,960	1,688
Tax payables and social security	2,277	1,212
Other payables	523	502
Total	**7,760**	**3,402**

Trade and other financial liabilities included related party balances in the amount of EUR 343,000 as at 31 December 2012 (31 December 2011: EUR 999,000). 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.

Categories of financial instruments

31 December 2012	Loans and receivables	Liabilities at amortised cost
	EUR '000	EUR '000
Other financial assets (long term)	295	-
Trade and other financial receivables	8,176	-
Cash and cash equivalents	5,534	-
Bank and other borrowings	-	12,914
Trade and other financial liabilities	-	7,435
Bank overdrafts and borrowings	-	14,356
Other financial liabilities	-	353

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

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

2012	Not due	Less than 3 months	3-6 months	6-12 months	Over 12 months	Total EUR '000
Trade and other financial receivables	5,959	1,762	132	321	2	**8,176**
Other financial assets (long term)	10	42	24	19	200	**295**

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**

Impaired financial assets

2012	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)	-	-	-	-	-	**-**

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**

Based on the impairment review performed the Group created EUR 759,000 (in 2011: 994,000) allowances for doubtful trade and other financial receivables.

As at 31 December 2012 and 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:

2012	**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	-	-	-	12,295	557	**12,852**
Trade and other financial liabilities	6,526	907	-	2	-	**7,435**
Bank overdrafts and borrowings	752	11,278	2,516	152	11	**14,709**
Other financial liabilities	298	-	-	55	-	**353**

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**

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.

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.

2012 (EUR '000)			
	Appreciation by 5% of :	CZK	HUF
Profit or Loss		645	7
	Depreciation by 5% of :	CZK	HUF
Profit or Loss		(645)	(7)

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)

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.

2012 Trade and other receivables		CZK	EUR	HUF	Other	Total
-	Eurozone	37	2,943	-	10	**2,990**
-	Czech Republic	4,670	2	-	23	**4,695**
-	Hungary	-	-	28	-	**28**
-	Other	-	-	-	463	**463**
Total		**4,707**	**2,945**	**28**	**496**	**8,176**

2012 Cash and cash equivalents		CZK	EUR	HUF	Other	Total
-	Eurozone	4	1,253	-	328	**1,585**
-	Czech Republic	1,932	903	-	63	**2,898**
-	Hungary	-	-	107	-	**107**
-	Other	-	-	-	944	**944**
Total		**1,936**	**2,156**	**107**	**1,335**	**5,534**

2011 Trade and other receivables		CZK	EUR	HUF	Other	Total
-	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 Cash and cash equivalents		CZK	EUR	HUF	Other	Total
-	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**

2012 Bank and other borrowings (long term)	CZK	EUR	HUF	Other	Total
- Eurozone	-	(2,575)	-	-	**(2,575)**
- Czech Republic	(6,029)	-	-	-	**(6,029)**
- Hungary	-	(4,310)	-	-	**(4,310)**
- Other	-	-	-	-	**-**
Total	**(6,029)**	**(6,885)**	**-**	**-**	**(12,914)**

2012 Bank overdrafts and borrowings	CZK	EUR	HUF	Other	Total
- Eurozone	-	(3,982)	-	-	**(3,982)**
- Czech Republic	(9,263)	-	-	-	**(9,263)**
- Hungary	-	(1,111)	-	-	**(1,111)**
Total	**(9,263)**	**(5,093)**	**-**	**-**	**(14,356)**

2012 Trade and other payables	CZK	EUR	HUF	Other	Total
- Eurozone	(404)	(2,256)	-	(2)	**(2,662)**
- Czech Republic	(3,854)	(57)	(12)	(35)	**(3,958)**
- Hungary	(4)	-	(83)	-	**(87)**
- Other	-	-	-	(728)	**(728)**
Total	**(4,262)**	**(2,313)**	**(95)**	**(765)**	**(7,435)**

2011 Bank and other borrowings (long term)	CZK	EUR	HUF	Other	Total
- 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 Bank overdrafts and borrowings	CZK	EUR	HUF	Other	Total
- Eurozone	-	2,041	-	-	**2,041**
- Czech Republic	11,286	-	-	-	**11,286**
- Hungary	-	994	3	-	**997**
Total	**11,286**	**3,035**	**3**	**-**	**14,324**

2011 Trade and other payables	CZK	EUR	HUF	Other	Total
- 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**

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. The objective of the Group's interest rate management policy is to reduce the volatility of the interest charge. The Group is reducing partially the interest charge volatility by interest rate swaps.

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 2012 and 50bp for the year 2011.

2012 **Profit or Loss**	Interest rate increased by 50 bp	Interest rate decreased by 50 bp
Financial liabilities	77	(77)

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

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 31/12/2011	**1,356**	**1,687**	**3,043**
Amounts used	(256)	(602)	(858)
Additional provisions recognized	348	652	1,000
Unused amounts reversed	(164)	(12)	(176)
Exchange differences	135	-	135
Balance at 31/12/2012	**1,419**	**1,725**	**3,144**

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 961,000 out of that EUR 939,000 relates to tax disputes (other than income tax) with financial authorities, EUR 21,790 relates to labor suit. Rest of the balance in EUR 179,000 relates to law suit in Czech Republic, EUR 104,000 to law suit in Slovak Republic and EUR 175,000 relates to law suit in Poland. Generally the Group created the provision for obligation where there is a probability of losing the case.

Provision for other risks includes mainly provision for untaken holiday EUR 307,000 and provision for various compliance and tax matters EUR 729,000.

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 commitment

As at 31 December 2012 and 2011, Group has outstanding commitments under operating leases, which fall due as follows:

Future minimum lease payments	**2012** EUR '000	**2011** EUR '000
Not later than 1 year	1,805	1,627
Later than 1 year and not later than 5 years	5,588	5,182
Later than 5 years	1,396	2,590
Total	**8,789**	**9,399**

Lease payments under operating leases recognized as an expense in 2012 amounted to EUR 3,047,000 (2011: EUR 2,850,000).

Group as a lessor

Lease agreements classified as operating leases as at 31 December 2012 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 2012 and 2011, 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	2012 EUR '000	2011 EUR '000
Not later than 1 year	2	2
Later than 1 year and not later than 5 years	-	-
Total	**2**	**2**

Lease payments under operating leases recognized as an income in 2012 amounted to EUR 9,000 (2011: EUR 110,000).

Note 22 - ISSUED CAPITAL

Issued capital	Share capital EUR '000	Share premium EUR '000	Issued capital EUR '000	Number of shares
Balance at 31/12/2012	**6,776**	**31,409**	**38,185**	**67,757,875**
Balance at 31/12/2011	**6,776**	**31,409**	**38,185**	**67,757,875**

During 2012 and 2011 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 266,000 (2011: EUR 242,000).

- Other proceedings over unpaid amounts due from non-customers cases, estimated financial impact is EUR 237,000 (2011: EUR 253,000).

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.

2012	**Revenue**	**Expenses**	**Receivables**	**Payables**	**Loan from**
Companies controlled by the ultimate parent	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
AUTOMOTIVE INDUSTRIES S.à.r.l.	-	564	-	152	2,575
CAPITAL INVESTMENT s.r.o.	1	56	1	16	-
CENTRAL INVESTMENT s.r.o.	61	92	13	2	-
CREDIT INVESTMENT s.r.o.		-	1	-	-
PRIORITY INVESTMENT s.r.o.		5	3		-
International Auto Workers Pensioen Fund B.V.	-	-	-	-	-
CarWay Holding B.V. (renamed from Global Automotive Holding B.V.)	9	9		117	-
CarWay Service CZ s.r.o.	235	253	61	1	-
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	-	12	-	-	-
GLOBAL CAR RENTAL s.r.o., organizačná zložka Bratislava	118	-	113	-	-
GLOBAL DIRECT s.r.o.	7	1	2	55	-
GLOBAL INSURANCE s.r.o.	-	-	-	-	-
GLOBAL CAR RENTAL s.r.o.	1,235	227	12	-	-
Global Assistance Sp.z.o.o. (PL)	-	-	-	-	-
Global Direct Assistance Kft. (HU)	-	-	-	-	-
Total	**1,666**	**1,219**	**205**	**343**	**2,575**

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

2011	Revenue	Expenses	Receivables	Payables	Loan from
Companies controlled by the ultimate parent	EUR '000	EUR '000	EUR '000	EUR '000	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.

Transactions:
a) Revenue

Revenue	2012	2011
	EUR '000	EUR '000
Parent company	**-**	**-**
Interest income	-	-
Other Related	**1,666**	**736**
Sales of cars	1,274	632
Sales of services:		
advisory and administration services	368	66
insurance commissions	14	1
Interest income	10	37
Total	**1,666**	**736**

b) Purchase of services

Expenses	2012	2011
	EUR '000	EUR '000
Parent company	**564**	**934**
Interest expense	564	934
Other Related	**655**	**209**
Cost cars	204	27
Purchase of services:		
advisory and administration services	346	103
rent of cars	95	62
Interest expense	10	17
Total	**1,219**	**1,143**

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 734,000 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 734,000. 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.

No such transaction took place in 2012.

d) Other

CAPITAL INVESTMENT s.r.o., CENTRAL INVESTMENT s.r.o. provided guarantees to secure bank loans taken by AAA AUTO a.s. The Company recharged administrative expenses.

Detail of ownerships

Company	**Ownership Majority**	**Share**	**Note**
AUTOMOTIVE INDUSTRIES S.à.r.l.	Mr. Anthony James Denny	100%	
CAPITAL INVESTMENT s.r.o.	Jiří Trnka	100%	
CENTRAL INVESTMENTS s.r.o.	Mr. Anthony James Denny	100%	
CREDIT INVESTMENTS s.r.o.	Mr. Anthony James Denny	90%	
(GLOBAL CAR RENTAL s.r.o.) 11 Nejlepší autopůjčka s.r.o	CarWay Holding B.V.	100%	
PRIORITY INVESTMENTS s.r.o.	Mr. Anthony Denny	100%	
Global Direct Assistance Kft. (HU) in liquidation	CarWay Holding B.V.	65%	*)
(Carway Service CZ s.r.o.) TRUE TRAC s.r.o.	CarWay Holding B.V.	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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
AUTOMOTIVE INDUSTRIES S.à.r.l.	-	-	2,575	12,567
Carway Holding B.V.	-	-	-	495
Total	-	**-**	**2,575**	**13,062**

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 2012 at Pribor +2.5% for loan in CZK and Euribor + 6% for loan in EUR.*
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:

	2012	2011
Key management compensation	EUR '000	EUR '000
Salaries and other short-term employee benefits	4,433	1,684
Post-employment benefits	102	109
Share-based payments	17	48
Total	**4,552**	**1,841**

Certain members of the key management were awarded with an extraordinary bonus to reflect the stable growth since 2010.

The key management compensation outstanding as at 31 December 2012 was EUR 3,930,000 (2011: EUR 146,000).

Note 25 – 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.

	2012		**2011**	
	Number of share options	**Exercise price EUR**	**Number of share options**	**Exercise price EUR**
Outstanding at beginning of 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
Granted during the period	-	1.0 EUR	10,000	1.0 EUR
Forfeited during the period	(553,000)	0.5 EUR	(50,000)	0.5 EUR
Exercised during the period	NIL	-	NIL	-
Expired during the period	NIL	-	NIL	-
Outstanding at the end of the period	1,750,000	0.5 EUR for 1,740,000 share options; 1.0 EUR for 10,000 share options	2,303,000	0.5 EUR for 2,293,000 share options; 1.0 EUR for 10,000 share options
Exercisable at the end of the period	NIL	-	NIL	-

On 1 November 2011, the Group granted 10,000 new share options to the Chairman of the Management Board. The options are exercisable at the price of EUR 1.00 per share. 100% of the share options are exercisable on or after 1 November 2014. There are no perfomance conditions.

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 26 - EVENTS AFTER THE BALANCE SHEET DATE

On 14 February 2013 the Company announced the intention of delisting from public trading markets.

The extraordinary general meeting held on 29 March 2013 approved the intention to delist all issued and outstanding ordinary shares in registered form, with a nominal value of EUR 0.10 each, from trading on the Prime Market organised by Burza cenných papírů Praha a.s. and on the Budapesti Ertektozsde Zrt. and to make an offer to the shareholders of the Company to buy their shares in exchange for a consideration in cash.

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

BALANCE SHEET
As at 31 December 2012 and 2011 (EUR ´000)
(before appropriation of result)

ASSETS	Notes	31/12/12	31/12/11
Non-current assets			
Property, plant and equipment		133	-
Investments in subsidiaries	3	47,176	45,062
Loans receivable from group companies	4	6,371	4,155
Total non-current assets		53,680	49,217
Current assets			
Loans/advances receivable from subsidiaries		211	-
Interest receivable from group companies	4	240	-
Receivables	5	4,428	416
Cash and cash equivalents		369	1,146
Total current assets		5,248	1,562
TOTAL ASSETS		**58,928**	**50,779**

SHAREHOLDERS' EQUITY AND LIABILITIES		31/12/12	31/12/11
Shareholders' Equity	2		
Share capital		6,776	6,776
Share premium		31,409	31,409
Cumulative foreign currency translation reserve		6,019	7,317
Accumulated losses		(21,280)	(31,076)
Share option reserve		664	580
Legal Reserves		1,003	456
Net profit /(loss) for the year		22,277	10,343
Total shareholders' equity		**46,868**	**25,805**
Provisions			
Other provision		390	280
Subsidiaries	3	1,679	3,145
Total provision		2,069	3,425
Non-current liabilities			
Loans payable to related parties (shareholder)	8	2,575	12,567
Interest payable to group and related companies	10	164	771
Loans payable to group companies	9	3,434	7,159
Total non-current liabilities		6,173	20,497
Current liabilities			
Advances payable to group companies and related party	7	427	891
Creditors and accruals	6	3,391	161
Total current liabilities		3,818	1,052
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**58,928**	**50,779**

INCOME STATEMENT
For the Years Ended 31 December 2012 and 2011 (EUR ´000)

	Notes	12 months ended 31 December 2012	12 months ended 31 December 2011
Other net income after taxes		1,264	(1,421)
Share of profit of investments after tax	3	21,013	11,764
Net profit for the year	**2**	**22,277**	**10,343**

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

Note 1 – General

General information regarding AAA Auto N.V., its activities and group structure are included in the consolidated financial statements. The parent company acts mainly as a holding company for the Group and from April 2012 also provides the subsidiaries with strategic management and centralised back office operations provided by share service centrum based on Prague.

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 are as at the year ended 31 December 2011. There have been no changes to the accounting policies of the Company.

As at 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 Netherelands 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 conjuction with the consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union with exceptions of the following accounting policy on the valuations of the investments in subsidiaries which is allowed by part 9, Book 2 of the Netherland 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 2012.

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. This reserve is legally restricted for distribution. The company recognises legal reserves for the legal reserves of its consolidated subsidiaries.

Movements in the shareholders' equity during the year 2012 and 2011

	Share capital	Share premium	Legal reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Net profit/(loss) for the year	Total
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
Profit 2010 distribution						3,181	(3,181)	
foreign currency translation differences	-	-	-	-	1, 570	-	-	1,570
deduction of share option reserve	-	-	-	162	-	-	-	162
Distribution to owner	-	-	-	-	-	(734)	-	(734)
movement in legal reserves	-	-	176	-	-	(176)	-	-
Total equity as of 31/12/11	**6,776**	**31,409**	**456**	**580**	**7,317**	**(31,076)**	**10,343**	**25,805**
net profit for the year	-	-	-	-	-	-	22,277	22,277
Profit 2011 distribution						10,343	(10,343)	-
foreign currency translation differences	-	-	-	-	(1,298)	-	-	(1,298)
deduction of share option reserve	-	-	-	84	-	-	-	84
movements in legal reserves	-	-	547	-	-	(547)	-	-
Total equity as of 31/12/12	**6,776**	**31,409**	**1,003**	**664**	**6,019**	**(21,280)**	**22,277**	**46,868**

Note 3 – INVESTMENTS IN SUBSIDIARIES AT NET ASSET VALUE

	31/12/12	31/12/11
Subsidiaries at net assets value	47,176	45,062
Provisions for subsidiaries	(1,679)	(3,145)
	45,497	**41,917**

Overview of the movements in investments in subsidiaries:

01/01/2012	**41,917**
New investments	-
Result from participations	21,013
Dividends received	(19,601)
Foreign exchange differences	(1,298)
Sale of subsidiary	(214)
Change in the provision for loan and related interest receivable from subsidiaries	3,680
31/12/2012	**45,497**

The dividend was distributed by AAA AUTO a.s. (Czech Republic) in the amount of CZK 400,000,000 (EUR 15,601,000) and by AUTOCENTRUM AAA AUTO a.s. (Slovakia) in the amount of EUR 4,000,000.

Overview of the subsidiaries:

Company	Country of registration and incorporation	Principal activity	Proportion of ownership interest (%)
Continuing Operations			
AAA AUTO a.s.	Czech Republic	used car sales	100.0%
Mototechna Group a.s. (renamed from INEX Broker a.s.)	Czech Republic	Holding Company	100.0%
Mototechna Service s.r.o. (renamed from 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 .	Hungary	non-active	100.0%
Autocentrum AAA AUTO Kft.	Hungary	Holding Company	100.0%
Automotive Retail Systems s.r.o. (renamed from Carway Assistance CZ s.r.o.)	Czech Republic	Active	100.0%
Carway Group s.r.o.	Czech Republic	non-active	100.0%
Mototechna Předvaděcí Vozy s.r.o. (renamed from Carway Rent CZ s.r.o.)	Czech Republic	Active	100.0%
AAA Auto LLC	Ukraine	non-active	100.0%
Geely Czech & Slovakia s.r.o.	Czech Republic	non-active	60.0%
AAA Auto LLC	Russia	Used car sales	94.0%

Note 4 – LOANS RECEIVABLE FROM GROUP COMPANIES

31/12/11	**4,155**
Increase	4,881
Decrease	(76)
Unrealized FX	1,091
Change In Provision	(3,680)
31/12/12	**6,371**

The increase in the loans consist of increase in loan provided to AAA AUTO LLC (Russia) of EUR 2,478,573 and to Autocentrum AAA Auto kft (Hungary) of EUR 2,400,412.

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 if 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 Hungarian subsidiaries:

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

Interest receivables from group companies:

31/12/11	**0**
Increase	169
Decrease	(1)
Unrealized FX	72
31/12/12	**240**

Note 5 – RECEIVABLES FROM GROUP AND OTHER COMPANIES

The balance of EUR 4,428,000 (2011: 416,000) consist mainly of the receivables from Group companies, where the significant amounts relates to AAA AUTO a.s. of EUR 1,674,217 (2011: EUR 302,000), to AUTOCENTRUM AAA AUTO a.s. of EUR 1,654,572 (2010: EUR 92,000) and to AAA AUTO LLC of EUR 857,122. The balance from non group companies amounts to EUR 25,591.

Note 6 – CREDITORS AND ACCRUALS

The balance of EUR 3,391,000 (2011:160,000) consist mainly of the payables to employees (due wages and related social and health insurance) of EUR 1,437,208 and trade payables to group companies of EUR 879,782. The remaining balance consists of EUR 440,138 of trade payables to third parties, EUR 404,000 of accrued expenses and EUR 230,095 of VAT and other taxes payable.

Note 7 – ADVANCES PAYABLE TO GROUP COMPANIES AND RELATED PARTY

31/12/11	**891**
Increase	-
Decrease	(463)
Unrealized FX	(1)
31/12/12	**427**

From the balance as at 31 December 2011 of EUR 891,000 the part of EUR 438,000 is provided by related party. The balance of EUR 427,000 as at 31 December 2012 is fully provided by Group companies.

Note 8 – LOANS PAYABLE TO RELATED PARTIES

31/12/11	**12,567**
Increase	0
Decrease	(10,015)
Unrealized FX	23
31/12/12	**2,575**

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%.

Decrease of EUR 10,015,000 was mainly caused by settlement in the form of re-assignments of receivables from related parties to AUTOMOTIVE INDUSTRIES S.à.r.l.

The repayment dates of the loans are in 2014.

Note 9 – LOANS PAYABLE TO GROUP COMPANIES

31/12/11	**7,159**
Increase	0
Decrease	(3,637)
Unrealized FX	(88)
31/12/12	**3,434**

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.

The decrease in the loan was caused by partial repayments.

Note 10 – INTEREST PAYABLE TO RELATED PARTIES AND GROUP COMPANIES

31/12/11	**771**
Increase	85
Decrease	(690)
Unrealized FX	(2)
31/12/12	**164**

Note 11 - TAX POSITION AND DEFERRED TAX

The Company has cumulative tax losses, accordingly no income tax expense/income has been recorded in 2012 and 2011.

Company recognised net deffered tax assets in the amount of EUR 39,482 which mainly consists of deffered tax assets recognised from cumulative tax losses which Company expects to use in future in the amount of EUR 1,144,652 and of deffered tax liability resulting from temporary differences mainly on loans provided and loans received (unrealised foreign exchange differences) in the amount of EUR 938,111. The deffered tax was calculated applying the expected tax rate of 19% in the Czech Republic.

The Company did not recognise deffered tax asset from the cumulative tax losses in the amount of EUR 1,144,652 which expires in the year 2013 and the Company do not expect its usage.

Note 12 – EMPLOYEES

The Company had no employees during the year 2011, there were only Management Board remunerated. Since April 2012 the Company started with providing holding services to group companies via its permanent establishment in Prague, Czech Republic. During the year 2012 the Company had 438 employees on average.

Note 13 – AUDITOR'S REMUNERATION

	2012
Audit fees for the statutory audit (statutory auditors PricewaterhouseCoopers Accountants N.V.)	30
Audit fees for the statutory audit (PwC Network)	148
Non audit services fees (PwC Network)	104
Total fees	**282**

	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 services fees (PwC Network)	35
Total fees	**168**

Note 14 – REMUNERATION OF THE MANAGEMENT BOARD

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

Management Board Remuneration

	Board membership fees	Gross salary	Bonus	**Total short term employee benefits**	Post employment benefits	Long term incentive plan	**Total remune-ration**
2012							
Vratislav Kulhanek	59	-	-	**59**	-	-	**59**
Vratislav Valek	15	-	-	**15**	-	-	**15**
Anthony James Denny	36	-	1,790	**1,826**	-	-	**1,826**
Karolina Topolova	-	140	99	**239**			**239**
Total	**110**	**140**	**1,889**	**2,139**	**-**	**-**	**2,139**
2011							
Vratislav Kulhanek	60	-	-	**60**	-	-	**60**
Vratislav Valek	25	-	-	**25**	-	-	**25**
Anthony James Denny	-	-	-	**-**	-	-	**-**
Total	**85**	**-**	**-**	**85**	**-**	**-**	**85**

The Board of AAA Auto Group N.V. approved the extraordinary bonus to the Board of Directors of AAA AUTO a.s. (Czech Republic) due to the excellent economic results achieved in 2012. The volume of bonus approved to be paid to Anthony James Denny also reflected the fact that he was not paid any remuneration or bonuses in certain previous years and that the Group under his leadership survived the crisis resulting in stable growth from the year 2010.

As of 21 September 2012, Karolina Topolova was appointed as executive director and Anthony James Denny as non executive director. The mandate of Vratislav Valek ended on 20 September 2012.

Total salary expense for board members including social security premiums in 2012 was EUR 2,182 thousand (2011: EUR 92 thousand). The stock option expense concerning the options of Management Board amounted to EUR 17 thousand (2011: EUR 5 thousand).

Number of Share Options

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

The expenses in 2012 for the Share Options amounted to EUR 84 thousand (2011: EUR 163 thousand).

Number of Share Options	**Granted During the Year 2012 No.**	**Lapsed During the Year 2012 No.**	**Exercised During the Year 2012 No.**	**Outstand-ing as at 31/12/12 No.**	**Exercise Price**	**Vesting date**	**Expiry date**
Vratislav Kulhanek	-	-	-	50,000	0.5 Euro	30/4/13	19/10/19
Vratislav Kulhanek	-	-	-	10,000	1.0 Euro	1/11/14	31/10/21
Vratislav Valek	-	20,000	-	-	-	-	-
Anthony James Denny	-	-	-	-	-	-	-

Karolina Topolova	-	-	-	200,000	0.5 Euro	30/4/13	19/10/19

Share options with exercise price 1.00 Euro are exercisable on or after 1 November 2014 with no perfomance conditions.

Share options with exercise price 0.5 Euro have the following performance criteria – the Company must achieve consolidated net profit (after tax) in years 2010, 2011 and 2012.

Shares held by the Management Board

AAA Auto Group N.V. shares held by the members of the Management Board as per 31 December 2012 were as follows:

Number of Shares	Outstanding as at 31/12/11	Transactions 2012	Outstanding as at 31/12/12	Market value as at 31/12/12
Vratislav Kulhanek	11,200	0	11,200	11,227 Euro
Vratislav Valek	-	-	-	-
Karolina Topolova	9,600	0	9,600	9,623 Euro
Anthony James Denny	2,195,395	361,536	2,556,931	2,563,033 Euro

The AAA Auto Group N.V. Management Board:

25 April 2013

Anthony James Denny

Chairman and Non-Executive Member of the Management Board

Karolína Topolová

Chief Executive Officer and Executive Member of the Management Board

Vratislav Kulhánek

Non-Executive Member of the Management Board

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

Other Information

Appropriation of result as provided for by the Articles of Association

Article 20. Profits and Distributions.

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

Proposal for profit allocation

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

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

Events after the balance sheet date

On 14 February 2013 the Company announced the intention of delisting from public trading markets.

The extraordinary general meeting held on 29 March 2013 approved the intention to delist all issued and outstanding ordinary shares in registered form, with a nominal value of EUR 0.10 each, from trading on the Prime Market organised by Burza cenných papírů Praha a.s. and on the Budapesti Ertektozsde Zrt. and to make an offer to the shareholders of the Company to buy their shares in exchange for a consideration in cash.

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 2012 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 2012, 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 2012, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management Board's responsibility

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board 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 Management Board, 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 2012, 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 2012, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 25 April 2013
PricewaterhouseCoopers Accountants N.V.

Original signed by Alan Good RA