Half Year 2009 Report

AAA Auto Group N.V.

27. August 2009

AAA Auto Group N.V.

Half Year Report 2009

(as of June 30th, 2009)

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1. General Information

Company name: **AAA Auto Group N.V.,** a publicly traded company with the registered office: Amsterdam, Netherlands, address of the executive office: Dopraváků 723, Praha 8, incorporated in the Commercial Register in Amsterdam, the Netherlands, under reg. number 34199203. It is the holding and the controlling Company of the AAA AUTO Group and controls the individual corporate entities including subsidiaries in individual countries.

Company Owners: The majority owner of the AAA Auto Group N.V. is a Luxembourg-based Company, Automotive Industries S.a.ŕ.l., which owns, as per 30th June, 2009, 73.79% of shares; the remaining 26.21% of shares are free floated shares on the Prague and Budapest Stock Exchanges. The ultimate owner of the shares of Automotive Industries S.a.ŕ.l. is Mr. Anthony James Denny, CEO of the Group and member of the Management Board of the Company. Mr. Denny holds, along with the share of Automotive Industries S.a.ŕ.l., joint control of 73.98% of the total capital and voting rights of the Company.

Legal form: a public limited liability company

Subject of Business:
• to incorporate, to participate in any form whatsoever, to manage, and to supervise businesses and companies;
• to finance businesses and companies;
• to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned activities;
• to render advice and services to business and companies with which the company forms a group and to third parties;
• to grant guarantees, to bind the company and to pledge its assets for the obligations of businesses and companies with which it forms a group and on behalf of third parties;
• to acquire, alienate, manage, and exploit registered property and items of property in general;
• to trade in currencies, securities, and items of property in general;
• to develop and trade in patents, trademarks, licenses, know-how, and other industrial property rights;
• to perform any and all activities of an industrial, financial, or commercial nature; and
• to do all that is connected therewith or may be conducive thereto;
all to be interpreted in the broadest sense.

AAA AUTO does not perform research and development activities.

2. AAA AUTO Group Structure as of 30th June, 2009

AAA Auto Group N.V.

HOLDING AAA AUTO

- **100%** **MEDIA ACTION s.r.o.**, **Czech Republic**, Marketing Services
- **100%** **AAA AUTO a.s.**, **Czech Republic**, Trading company
  - **100%** **AAA AUTO PRAHA s.r.o.**, **Czech Republic**, Dormant
  - **100%** **Autocentrum AAA AUTO s.r.o.**, **Czech Republic**, Dormant
  - **100%** **HK PARTNER, s.r.o.**, **Czech Republic**, Dormant
    - **100%** **HK PARTNER KLADNO, s.r.o.**, **Czech Republic**, Dormant
- **100%** **AUTOCENTRUM AAA AUTO a.s.**, **Slovakia**, Trading company
  - **100%** **AUTO DISKONT s.r.o.**, **Slovakia**, Trading company
- **100%** **Autocentrum AAA AUTO Kft.**, **Hungary**, Holding Company
  - **100%** **AAA AUTO Kft.**, **Hungary**, Trading Company

NEW CARS GROUPS HOLDING

- **100%** **GENERAL AUTOMOBIL, a.s.**, **Czech Republic**, Trading Company
- **100%** **GENERAL AUTOMOBIL Kft.**, **Hungary**, Dormant
- **100%** **GENERAL AUTOMOBIL S.R.L.**, **Romania**, Dormant

B BRAND GROUP

- **100%** **KAPITÁL AUTOMOTIVE a.s.**, **Czech Republic**, Holding Company
  - **100%** **AUTO DISKONT s.r.o.**, **Czech Republic**, Trading Company

100% **AAA AUTO Kft.**
Hungary
Trading Company

100% **AAA AUTO Sp. z o.o.**
Poland
Holding Company

100% **AUTOCENTRUM AAA AUTO Sp. z o.o.**
Poland
Dormant

100% **AAA AUTO EOOD.**
Bulgaria
Dormant

100% **AAA AUTO a.d. Beograd**
Serbia
Dormant

100% **AAA AUTO LLC.**
Ukraine
Dormant

99% **AAA AUTO LLC.**
Russia
Dormant

1% AAA AUTO a.s.

3. Report on the Business Activities of AAA AUTO Group in the First Half of 2009

In the first half of 2009, the AAA AUTO Group finalized the optimalization measures and the consolidation of all of its activities, including the extensive restructuring, in-depth analysis, and auditing of all itemized costs and performance indicators. As a result of the global financial crisis and the economic recession affecting the majority of countries with appreciable negative effects on the automobile markets as well as used vehicle retail, Company Management had terminated its activities on the Polish market in 2008. The AAA AUTO Group had minimized its activities in Romania in 1Q 2009, and as of March 31st, terminated its trading activity in Hungary, which was hit the hardest in Central Europe by the financial crisis.

Thanks to the radical cost-cutting measures and attention to profit despite weaker sales, the group had succeeded in generating a net profit in the second quarter.

3.1. Optimalization and Restructuring Program

The restructuring yielded positive results in the first half of 2009. The Group had closed loss-making branches and reduced the number of branches on 30.6.2009 to 28 from 35 at the end of 2008. The number of employees was swiftly reduced as per 30.6.2009 by 30% to 1,003, and strict measures were introduced to control costs. The Company had thus succeeded, as early as in the first quarter of 2009, to return to profit in the markets of the Czech Republic and Slovakia, this despite reduced retail volumes, and in the second quarter of 2009, the Company achieved a net profit on par with the entire Group. The gross sales margin of vehicles in the 2nd quarter of 2009 attained an unprecedented 24.7% and, as such, is the highest on the Group's record. The Czech Republic and Slovakia had incidentally also reported the highest productivity in the group throughout 2008, both in terms of sales and overall economic results. A contributing factor was the adjustment of the AAA AUTO sales model that focused on the 15 most frequently sold models of cars that afforded a significant reduction in car inventories and consequently costs.

At the Company General Meeting, arranged in Amsterdam on 19th June, 2009, the Management Board informed the shareholders that, as a result of the optimalization and restructuring measures, this year's primary goal is to return to a net consolidated profit in 2009. This goal is based solely on the primary activity of the company, does not include or account for potential profits from sales of non-liquid assets, and assumes that no exceptional influences occur in either of the two markets, including unpredictable fluctuations in the EUR currency exchange rate with respect to the domestic currencies.

3.2. Meeting Consolidation Goals

- I. Reducing costs across the group
- II. Optimizing the AAA AUTO Group
- III. Maximizing revenues and optimizing profit margins of the AAA AUTO Group

The main purpose of the measures was to enable the Company to generate profit in the face of decreasing sales volumes. The profit margin from sales had successfully increased as early as 1Q and thereafter also in 2Q of 2009 thanks to the newly implemented measures despite continuous market weakness and decreased AAA AUTO Group sales -- the gross sales margin increased in the first half of 2009 by 3.0 percent to 23.1% compared to the first half of 2008. The first half of 2009 was further marked by a distinct 51% reduction in operating expenses and last, but not least, by a return to net profit in the first half of 2009 on par with the AAA AUTO Group in the amount of EUR 693 thousand compared to a net loss of EUR 7.8 million in the first half of 2008.

I. Reducing costs

The ongoing control of expenses at every level of each individual expense category at every branch with an emphasis on regular weekly controls, have manifested in a reduction of staff expenses in the consolidated financial statements in the first half of 2009 in the ongoing operations by 60.5%; marketing expenses in the first half of 2009 decreased by 52.7%, their amount as such has not exceeded the designated goal of 2% of total revenues. The remaining operating expenses, in the first six months of 2009, have decreased by 34.8%. Total operating expenses (OPEX) of the AAA AUTO Group have decreased in the evaluated period by 51%. The comprehensive saving measures have, as such, in 2009 resulted in the revival of operating profit EBITDA in the amount of EUR 3.6 million, whilst this key indicator has increased in 2Q of 2009 compared to 1Q by 383%. Compared to the operating loss for the 1st half of 2008, the EBITDA has improved year-on-year by 3,624.5%.

The cost-cutting measures have also significantly influenced the operating indicators of the Company. The number of employees was reduced from 2,696 at the end of June 2008 to 1,003 by the end of the first half of 2009, which represents a reduction of 62.8%. This reduction was primarily achieved by the termination of activities in Romania and Hungary. The Company wishes to maintain this state in the third quarter of 2009 until the end of the year. Depending on the sales' needs, it may moderately increase employment at certain branches.

Focusing on the 15 best retailed models of used automobiles and the subsequent reduction in inventories from 7,220 vehicles as per 30.6.2008 to 4,446 cars as per 30.6.2009 (38.4% decrease) and the increased turnover of sold cars, i.e. reducing the period between the automobile's buy-out and its sale to a new customer from 43 to 40 days on average, has led to an improvement in key financial indicators. Reducing inventory levels freed up a significant amount of fixed capital and alleviated the need for debt financing of working capital at high interest rates.

Operating expenses (in thousands of EUR):**

	1st half of 2009	**1st half of 2008**	**% change 09/08**
Employee expenses*	7,555	19,149	- 60.5
Marketing Expenses	1,519	3,213	- 52.7
Miscellaneous operating expenses	8,171	11,575	34.8
Net operating expenses	**16,620**	**33,937**	**- 51.0**

* Reported net amount, a portion of the salaries was capitalized in the value of inventories
** Only includes date for ongoing operations, does not include the terminated activities in Poland, Hungary, and Romania.

II. Optimizing the AAA AUTO Group

In the process of restoring profitability of the AAA AUTO, the network of branches, assets, entire structure and organization of the Group was optimized. Within the second half of 2008 already, a Group division was closed in Poland as a response to the loss-bearing operations and continuing unfavourable and highly aberrant market conditions resulting from mass individual imports of sub-standard used vehicles from the West, following which, at the end of February, the presence of AAA AUTO on the Romanian market was reduced to a minimum. AAA AUTO retained a five percent share in the newly founded company NEW KOPEL CAR SALES with the option of increasing (its share) in the event of positive market development. After limiting the activities in Hungary throughout 2008, the Company decided on 31ST March, 2009, to suspend all of its activities on the Hungarian market. AAA AUTO is prepared to return to both markets after the fundamental economic parameters improve of both countries strongly afflicted by the financial crisis and the subsequent economic recession.
The optimization of assets also included the sale of unnecessary property and subsidiary companies that were not engaged in the principle field of the business. At the end of June 2009, were sold companies General Automobil a.s., engaged in the Czech Republic in the sale of new vehicles, furthermore their two subsidiary compaines Asko, spol. S.r.o. and General Automobil Czech s.r.o. Further were sold companies AAA AUTO S.A. (Romania), General Automobil SpZoo (Poland), and Ascord Slezko (Poland). The company HK Partners terminated thus its activities upon year's end and is currently dormant.

An additional goal of the plan was to achieve a more advantageous structure of non-liquid assets in the company's ownership and the realization of proceeds from the sale of real estate, in which the company invested in the prior years. Nevertheless, in light of the economic recession, the Company decided to wait to attain more beneficial price terms and will not liquidate property below the actual market price.

A significant element in implementing the cost-cutting measures was the streamlining and optimization of all Company processes. The goal for streamlining and downsizing of individual branches was attained, through which the revision of individual processes and consolidation of labour positions should lead to equal branch productivity in the process of a marked reduction in the number of employees and decreased operating expenses. Optimization of the labour position structure had manifested at the end of the first half of 2009, among others, through selective, quality recruitment of new employees for prior designated positions.

III. Maximizing revenues

The remedial measures led contemporaneously to a continuing pressure on maximizing individual branch sales and a optimizing of profit margins of individual Group products. The primary component of the strategy to optimize profit margins and to produce profit in the face of decreased sales volumes resulting from the downturn in markets is the revision of the business model. It is based on the downsized version of the auto centre that is cost-geared to produce a profit even during decreased sales volumes. AAA AUTO Centres are open in the Czech cities of: Prague – Dolní Chabry (head office), Prague-Řepy, Brno, Ostrava, České Budějovice, Hradec Králové, Chomutov, Kladno, Kolín, Liberec, Most, Olomouc, Otrokovice, Pardubice, Pilsen, Teplice, and Ústí nad Labem; in Slovakia then in the cities of Bratislava, Bánská Bystrica, Košice, Lučenec, Nitra, Poprad, Prešov, Trenčín, and Žilina. The subsidiary brand of low-budget used vehicles, Auto Diskont, is available in Prague and in Brno. AAA PREMIUM AUTO Premium brand, offering practically new vehicles, provides its services in Prague and Brno (ČR) and in Bratislava (Slovakia). Customers have at their disposal, both a specialized web page with browser, as well as a specific customer assistance line. The AAA PREMIUM AUTO customer services include at least a one year guarantee, the option of favourable financing, quality servicing, a wide array of attractive accessories and equipment, and last but not least, delivery of the vehicle according to the specific wishes of the customer.

In this fashion, the Company has operated a total of 28 branches as of 30th June 2009: of those, 19 in the Czech Republic and 9 in Slovakia that reported profitable results even in the preceding years.

A significant component of the strategy to maximize sales and attain profit is also the key focus on optimizing profit margins, both in terms of retailed car margins ("metal margins"), then so too the increased sales of financial services and up-sale products, which from the relative viewpoint of revenues and expenses is highly profitable.

In light of the need to stabilize the Company as well as the pervading recession on the markets, the plans for further possible expansion including Russia have been set aside for review until 2010.

3.3. Human Resources, IT, and the Call Centre

With regard to market demands, the AAA AUTO Group also restructured its field of Human Resources and further streamlined the activity of the Information Technology department and the Call Centre, which it considers to be one of its principal competitive advantages. The toll-free customer service line 800 110 880 (ČR) and 0800 100 100 (Slovakia) and the net gateway in national variations with effective, intuitive searching of desired automobiles plays an increasing role in performed transactions. This area has been developing for over 10 years now and is headed by the Vice-President of the AAA AUTO Group, Karolína Topolová.

The field of Human Resources

One of the most significant instruments in reducing expenses of the AAA AUTO Group was the optimization of the headcount in relation to the fundamental reduction in the number of AAA AUTO Group divisions and branches.
As of June 30th, 2009, the Group employed a total of 1,003 (excluding those on maternity leave), which, compared to the same period last year (2,696 employees), represents a reduction of 62.8 percent.

In the present first half of 2009, the field of Human Resources focused on creating a more favourable atmosphere and team cooperation after last year's painful headcount reduction. Various teambuilding events were organized for this purpose for one or several departments combined.

Further advancements continued in the development of employees and their acquisition of necessary skills in the frame of so-called "multi-skilling". We can monitor the level of acquired skills through the coaching of employees. The Group has also concentrated more on manager development in Czech and Slovak branches that acquire managerial skills not online through courses, but also through weekly educational stays in Prague. The Company benefit that appealed the most to employees was the discount towards a car purchase based on the number of years served.

AAA AUTO is now concentrating its efforts on hiring top quality employees, aided by new recruiting instruments, for managerial positions an assessment centre and so-called Human Resources' open-door events, by means of which new employees were recruited into the Call Centre, and for the sale and purchase of vehicles.

Information Technology Services

The first half of 2009 was connected with the optimisation of the IT infrastructure to the new company business model. Together with this, new projects were launched that focused on reducing costs both in the field of telecommunication and standard ICT fields such as hardware optimisation.

Similarly to other departments of the Group, the IT department was optimised and restructured to align itself with the new company business model. The IT expenditures decreased year-on-year by 34 percent as a result.

Call Centre

The Call Centre answered over 262,000 phone calls in the first half of 2009. This is approximately 40,000 more phone calls than in the first half of 2008. This dramatic increase resulted in the personal "scrap subsidy" event of AAA AUTO both in Slovakia and in the Czech Republic. The Slovakian number of incoming calls during the introductory period of the "scrap subsidy" shot up two-fold compared to its standard number.

The Call Centre completed its optimisation of labour positions in association with the new company group model. Due to these measures, the Call Centre expenses had declined year-over-year by approximately 40% while maintaining the level and operation of the Call Centre.

4. Financial Results for the First Half of 2009 – Highlights[1]

Selected economic indicators[1]

Unit/year	2nd quarter 2009	1st half of 2009	2nd quarter 2008	1st half of 2008
Total revenues (millions of EUR)	47.3	86.0	83.2	166.0
Revenues from vehicle sales (millions of EUR)	41.3	75.0	72.0	145.3
Gross sales' profit	11.7	19.9	17.4	33.4
Gross profit margin	*24.7%*	*23.1%*	*19.5%*	*20.1%*
Operating profit (EBITDA; millions of EUR)	2.9	3.6	1.1	(0.1)
Result from operating activities after taxes (millions of EUR)	1.6	0.7	(2.5)	-7.8
Number of retailed cars (units)	10,950	19,874	16,582	35,371
Number of car centres	28	28	41	41

* includes discontinued foreign operations
Source: Company data

4.1. Commentary on the Financial Results for the First Half of 2009

The AAA AUTO Group achieved total revenues of EUR 86.0 million in the first half of 2009 (EUR 88.5 million including closed operations) with a net operating result of EUR 693 thousand. Total revenues decreased year-on-year by 48.2% in line with Company's strategy to concentrate on optimizing margins and operating effectiveness in place of increasing market share and retail volume.

Gross sales' profit and gross profit margins attained in the second quarter of 2009 indicate a fundamental return to Company profitability. The total consolidated gross profit was EUR11.7 million, which is nearly 42% more than in the first quarter of this year.

The gross profit margin increased to 24.7%, which is the highest attained sales margin in the Company's history and represents an increase of more than five percentage points compared to the second quarter of 2008. In the first half of 2009, the gross profit indicator reached EUR 19.9 million, which is 40.5% less than in the same period last year. The gross margin in the first half of 2009 increased by 3 percent to 23.1%

The increased gross profit margin was achieved primarily by optimizing the profit margin from car sales, for despite the diminishing average sales price per vehicle, the company succeeded in maintaining its absolute margin. The achieved level of gross profit margin in the

[1] Shown business results in this part include remaining operations and branches, excluding business results after taxation, which is cum closed operations.

second quarter of 2009 is exceptional in the sector, and in the long-term horizon, we expect the gross profit margin to hover around 20 percent. The current success in the used car sales sector is attributed to a decreased interest in new vehicles in the period of economic crisis, which leads to a temporary shift in consumer preferences towards used vehicles.

The EBITDA of the Group achieved a second quarter 2009 value of EUR 2.9 million, in contrast to a negative EBITDA in the amount of EUR -1.14 million in the second quarter of 2008. In the first half of 2009, the EBITDA was EUR 3.6 million compared to a loss of EUR 0.1 million in the same period last year.

Depreciation & amortization in the second half of 2009 decreased by 38.2% as a result of the elimination of a number of current branches and through the operations of sales and retroactive leasing of selected real estate in the frame of company cost-cutting measures. We expect a further reduction in depreciation & amortization in the future until such time as renewed investment into new branches occurs.

The EBIT (Earnings Before Interest and Tax) increased in 2Q 2009 to EUR 2.3 million compared with a loss of EUR 2.7 million within the same period last year. In the first half of 2009, the EBIT reached EUR2.3 million, compared to a loss of EUR 2.1 million for the same period last year.

The Company’s financing costs were EUR 0.9 million in the first half of 2009, which is a 41.3% reduction year-on-year. The total consolidated financing costs including the discontinued foreign operations were EUR1.2 million, 59.2% less than in the same period last year. Other financial expenses and revenues comprising foremost exchange rate fluctuations stemming from the overestimation of balance sheet items in the first half of 2009 were EUR 88 thousand in continuing operations and EUR 13 thousand for the entire Group including foreign discontinued operations.

In the second quarter of 2009, the Company's finance costs amounted to EUR 0.4 million, which is a year-on-year decrease of 45.4%. The total consolidation finance costs including discontinued foreign operations in the second quarter of 2009 amounted equally to EUR 0.4 million, or 76.8% less than in the same period last year. Other financial expenses and revenues principally comprising exchange rate fluctuations resulting from the overestimation of balance sheet items amounted to EUR 1.2 million in 2Q 2009 in continuing operations and only EUR 57 thousand for the entire Group including foreign discontinued operations, resulting from securing exchange rate fluctuations of outstanding debt denominated in HUF through diluted operations of the Dutch holding company.

Due to the generation of positive profit in the first half of 2009, a Company income tax originated in the amount of EUR 0.5 million, based primarily on income tax for 2Q 2009 in the amount of EUR 0.4 million.

In contrast to the loss of EUR 2.5 million in the second quarter of 2008, the Group ended the second quarter of 2009 with a total consolidated net profit of EUR 1.6 million, which includes the operating results from terminated operations irrespective of amended accounting items. Overall, in the first half of 2009, the group generated a total consolidated profit in the amount of EUR 0.7 million compared to a loss of EUR 7.8 million generated in the first half of 2008.

Geographical distribution of the Group's revenues

Following the termination of foreign branch operations, not including Slovakia, the Czech Republic is clearly the leader in the Group's revenues when it comes to geographical distribution. Revenues from the Czech Republic represented 73% of the total revenue share in the first half of 2009, a 1.3 percentage points year-on-year decrease.. The Czech Republic's proportion of gross profit in the first half of 2009 increased to 78.7%, which represents a year-on-year increase of 6.2 percentage points. It is primarily the result of the new sales strategy focusing on increasing profitability and effectivness of the Company. The profitability of Slovakia measured proportionally to gross profit has in contrast decreased from 33.5% last year to 21.3% in the first half of this year.

The proportion of individual countries on gross profit of the Group:

Country	1st half of 2009	1st half of 2008
Czech Republic	78.7 %	72.6%
Slovakia	21.3 %	33.5%

Segmentation of revenues byo products

The development of the revenue segmentation and profitability of the individual product lines reflects the Group's focus on profitability of its principle field of operations, i.e. vehicle sales. The proportion of car sale revenues in the first half of 2009 moderately decreased year-on-year by 0.3 percent to 87.2%, and in the second quarter of 2009 in fact moderately increased by 0.8 percent to 87.4% compared to the same period last year. Revenues from the sale of financial services have, in contrast, decreased year-on-year in the first half of 2009 and in 2Q 2009 by 1.0 percentage points and 1.7 percentage points respectively, due to deteriorating terms offered by financial institutions during the economic crisis. The proportion of other revenues on total revenues has increased year-on-year.

The increased sales profitability has also reflected in the contribution of gross profit from automobile sales to the total gross profit. The proportion of gross profits from car sales in the first half of 2009 moderately increased year-on-year by 18.1 percentage points to 47%, and in the second quarter of 2009 actually moderately grew by 34.2 percentage points to 50.6%.

CAPEX

The CAPEX Group generated EUR 2.0 million in the first half of 2009, which is a year-on-year decrease of 74.3% The primary share of capital investments were investments into a company owned vehicle and maintenance costs. The total CAPEX was EUR 0.7 million in the second quarter of 2009, a year-on-year decrease of 81.8%.

Cash and Indebtedness

The external debt of the Group was to EUR 45.2 million as of 30.6.2009, which is 19.3% less than it was on 31.12.2008 and within the frame of the strategy to reduce bank and other external debt. The amount of the net Company debt was EUR 40.3 million as of 30.6.2009, which represents a 19% decrease from the end of 2008 levels.

5. Sales Results

Sales results, stemming from vehicle sales, are influenced by the year-on-year decline in the overall market for new and used vehicles, whilst the AAA AUTO Group maintains a high margin level of car sales and continues to maintain a strong share of financial and supplementary services on the achieved financial results.

5.1. Automotive Market Overview

The AAA AUTO Group sales in the first half of the year 2009 was strongly affected by the continuing global financial crisis and the deepening economic recession in all developed countries, which has manifested itself not only on the sales of new, but also used vehicles. A total of 12 countries in the European Union in 2009 have introduced a special bonus in various amounts to support new vehicle sales by trading in the old vehicle for scrapping. The purpose was to prevent the excessive collapse of the new vehicle market, which in part succeeded, among others, in Slovakia, whereas the only market increase which actually occurred was in Germany, undoubtedly due to the enormous subsidies of the German government in the amount of EUR 5 billion.

According to the data provided by the Automobile Industry Association (AutoSAP), the **Czech Republic** experienced a decrease in initial registrations of new vehicles by 12.39% in the first six months of 2009 compared to the same period in 2008 (as summarized in cat. M1 + N1). Initial registrations first amounted to 92,100 personal vehicles (M1) and light commercial vehicles (N1). In 2008 the number was 105,126 vehicles.

The import and registration of used cars fell starkly by 40.3% to 75,510 cars. A positive moment occurred in the evaluated period of the reduced proportion of personal automobiles older than 15 years by 1.47% (by 69,106 vehicles) and the moderate decrease in the average age of personal automobile car fleets to 13.68 years. A definite positive influence on the specified development in the first half of 2009 was the use of several car fleet renovation elements, which motivated citizens to discard their obsolete vehicles in connection with the effective application of binding legislative norms. It was through these means that the Czech Office of Insurers led the campaign (§ 24c, Act No. 168/1999 Coll., for vehicle liability insurance) and the surcharges for the initial registration or registration transfer were based on the fulfilment of emission level limits (§ 37e Surcharges for supporting the repository of, the processing of, the use and disposal of selected auto-wrecks of Act No. 185/2001 Coll., the Waste Management Act). Thanks primarily to these measures, 150 110 personal automobiles (from this number, approximately 7,000 were exported from the CR.) were discarded from use in the first half of 2009. As far as the introduction of the scrap subsidy in the Czech Republic is concerned, politicians have yet to reach a consensus. It naturally follows that the measures would be implemented no sooner than the beginning of 2010.

The positive influence of the "scrap subsidy" appeared in Slovakia after its introduction this spring, on the basis of which, in the first half of 2009, an equal number of vehicles was sold and registered as that of the previous year (48,187 vehicles, a year-on-year decrease of 0.04%). According to the data provided by the Automobile Industry Association of Slovakia, the number of new registrations of personal and small commercial vehicles in June 2009 under 3.5 tonnes (M1 and N1) increased by 28.11% compared to June 2008 to 11,509 vehicles. The scrap subsidy has at least helped to avoid the collapse of the overall market, which in the first quarter of 2009, reached 25.58% year-on-year.

Because the AAA AUTO Group realizes that the majority of Czech and Slovak customers cannot afford the purchase of a new vehicle even with a government subsidy, in the spring until the summer months, it introduced its own sales event under the label “scrap subsidy”, in which it incentivized the buy-out of an old vehicle towards a virtually new vehicle and while taking advantage of the financial services. As a result of this sales marketing initiative, roughly 2,000 used vehicles were sold in both countries.

Nevertheless, considering the overall unfavourable general economic development, the target Group customers of AAA AUTO Group remain very reserved. This negatively affected the sales of used vehicles in AAA AUTO Centres in the Czech Republic and also in Slovakia, whereas a significant factor contributing to the downturn in the first quarter was the factual termination of activities in Romania and Hungary following the Group's cessation of Polish activities in the summer of 2008.

Consolidated sales of the AAA AUTO Group in the 1st half of 2009

Sales/vehicles	**1st half of 2009 (units)**	**1st half of 2008 (units)**	**Year-on-year difference %**
Czech Republic	14,643	19,409	-24.6
Slovakia	4,883	8,853	-44.8
Hungary*	279	4,296	-93.5
Romania*	69	845	-91.8
Poland**	0	1,968	-100
Group	**19,874**	**35,371**	**-43.8**

* Activities in Hungary and Romania were terminated as of 31.3.2009 and 26.2.2009 respectively.
** The Polish division was closed on 30.6.2008

The number of automobiles sold by the AAA AUTO Group in the first six months of 2009 was, as a result of the above indicated facts associated with the economic recession by the closure of the divisions in Poland, Romania, and Hungary, 43.8% lower when compared to the same period last year. Notwithstanding that fact, sales in the Czech Republic in the second quarter compared to the 1st quarter of 2009 increased by 20.4% to 7,998 vehicles, in Slovakia as much as 52.9% to 2,952 used automobiles. Overall, the Czech Republic contributes 73% and Slovakia 27% to the Group’s revenues from sales of used vehicles.

On the backdrop of an economic recession and market downturn, a price war continued even in the first half of the year between new car manufacturers, which led to a decrease in vehicle prices to historically low levels. Small and mid-class vehicles had thus approached price levels of high class quality used cars and additional event incentives persuaded this otherwise oriented target Group of used vehicle customers to purchase a new automobile. Such generated pressure on used vehicle prices, present from the second half of 2008, also continued throughout 2009. As of 30.6.2009, average used car prices sold by the AAA AUTO Group decreased year-on-year by 32.1% to EUR 3,773.

5.2. The Importance of Financial Services

In spite of the continuing unfavourable trends in the market, the Company managed to attain higher profit margins in the presence of lower sales volumes by maintaining a relatively high level of penetration of financial services and retailed up-sale products for sold cars.

Nevertheless, as a result of the tough crisis of the financial sector affected by the high level of toxic assets of a majority of Western banks, financial institutions in the Czech Republic and Slovakia owned by those Western banks reacted by tightening financing conditions and terms, which by far prevail in the financing of used vehicle sales. Consequently, in the first half of the year 2009, access to financial services for used vehicle sales in the Czech Republic decreased by one fifth to 38%, and in Slovakia by 14 percentage points to 51%.

Vehicle sales contributed 47% to the Group's total gross revenues (a year-on-year increase of 7.2 percentage points, financial services by 42.3 (year-on-year decrease of 11.1 percentage points), and revenues from the sales of up-sale products and services by 10.7% (rise of 3.9 percentage points).

The AAA AUTO Group reacted to market developments from the beginning of the year by adopting a strategy, which enabled the achievement of profit even while experiencing lower sales volumes. Consequently, the Group focuses primarily on the 15 most liquid vehicle models in the purchase and sale of used vehicles. It has been possible, through these means, to attain higher gross profit margins per vehicle sold, which in 2Q2009 amounted to 24.7%, the highest level reached ever in the 17-year history of AAA AUTO's activities.

The penetration of loan and lease financing of vehicles sold by country:

Country	**1st half of 2009 (%)**	**1st half of 2008 (%)**	**Difference (% points)**
Czech Republic	38	49	-11
Slovakia	51	58.5	-8
Hungary	45	67.1	-22
Romania	16	25.9	-10
Poland	n/a	33	n/a
Group total	**41**	**52**	**-11**

Up-sale products

The sale of up-sale products decreased by 10.5% in the first half of 2009 compared to the same period last year, but its contribution to overall revenues grew by 1.3 percent to a gross margin of 3.9 points. It thus retains its substantial importance in the retail process of the AAA AUTO Group in terms of supplying a comprehensive assortment of services and products. The retail of up-sale products is a significant component of AAA AUTO Group's sales activities, for it improves customer convenience associated with the purchase and operation of a motor vehicle. The Group introduces new up-sale products on all of its markets, principally then in the CR and in Slovakia. This most often includes the sales of assistance services, the sale of mechanical and satellite vehicle security devices, warranty paint protection and other accessories of direct benefit to the customer, e.g. GARD-X vehicle paint protection (CR and Slovakia), the satellite locator Car Lock (CR), GPS, air pressure monitoring, cast wheels, and other accessories or auto-cosmetics.

Revenues from up-sale products (in thousands of EUR):

Consolidated revenues	1st half of 2009*	1. half of 2008*	% change 09/08
Other revenues	2,569	2,871	-10.5

6. Personel changes in the Company's Top Management

On June 30th, 2009, David Thorley, the Company's Chief Financial Officer, concluded his yearly contractual work.

On the finalization date of this report, the Management Board of the AAA AUTO Group N.V. comprised the following members

Anthony James Denny, Executive Board Member and CEO of AAA AUTO

Anthonius Mattheus Kemp, Non-Executive Board Member

Vratislav Kulhánek, Non-Executive Board Member and its Chairman

Vratislav Válek, Non-Executive Board Member

Audit Committee:
V. Kulhánek (chairman)
A. M. Kemp
V. Válek

Remuneration Committee:
V. Kulhánek (chairman)
A.M. Kemp
V. Válek

Nomination Committee:
V. Válek (chairman)
V. Kulhánek
A.M. Kemp

7. Report for Shareholders

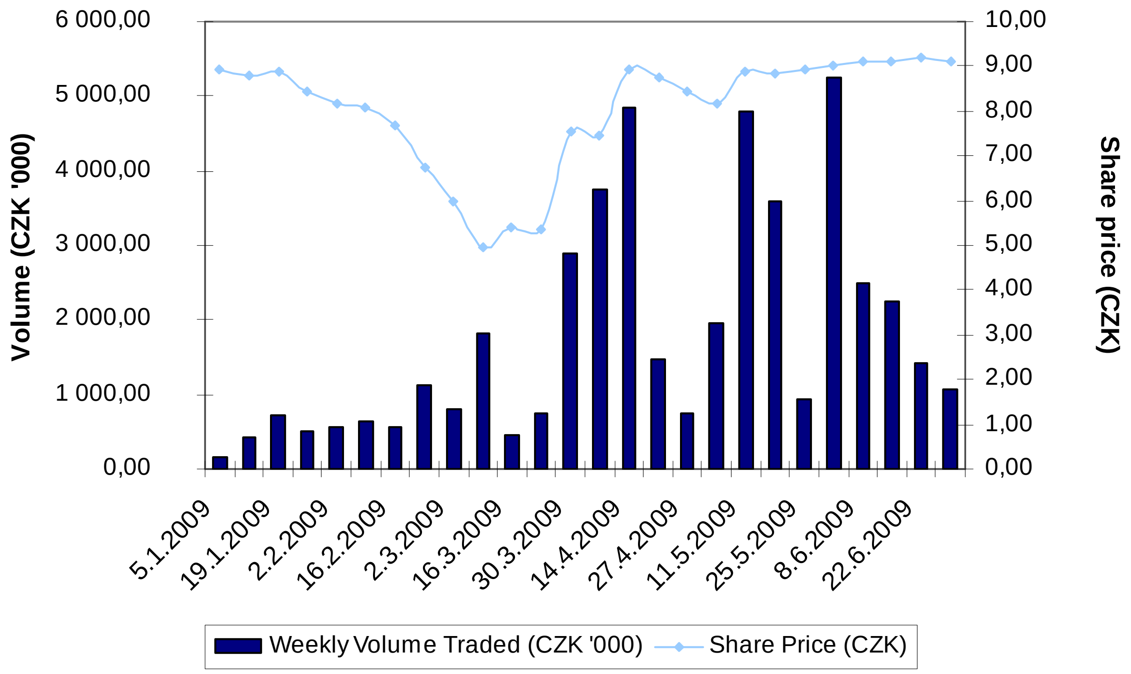
Shareholder structure as of 30. 6. 2009:

Automotive Industries S.à.r.l.	73.79 %
Other investors	26.21 %

Source: Company data

In the period between 27th March, 2009 until 30st June, 2009, Mr. Anthony James Denny, CEO of the AAA AUTO Group and Member of the Management Board of the AAA AUTO Group N.V., purchased 126,584 shares of the Company, which represents a 0.19% stake of the total capital and voting rights of the Company. Together with the share owned by Automotive Industrie S.à.r.l., Anthony James Denny controlled a 73.98 percent stake of the total capital and voting rights. This purchase of shares by Mr. Denny conforms to the Company filing on 3rd April, 2009 informing of his intent to purchase shares in the approximate amount of a 5% stake in the total capital within the following 12 months.

Development of the AAA AUTO Share Price and Volume Traded in the first half of 2009



Source: PSE

8. General Meeting of Shareholders

The Annual General Meeting of Shareholders of the AAA AUTO Group N.V. took place on June 19th, 2009 in Amsterdam.

Among the main points of discussion at the General Meeting of Shareholders were the company earnings and the approval of the financial statement for 2008, compiled and audited in accordance with International Financial Reporting Standards (IFRS). The shareholders also approved an amendment to the Articles of Association, which in the future will allow the Management Board to conduct its meetings also in the Czech Republic.

The General Assembly conferred on the Management Board the right to repurchase shares of the Company on the Stock Market Exchange up to 10% of the share equity, should it be necessary. The minimum price of repurchased shares shall be equal to their nominal value, whilst the maximum price shall be equal to EUR 4 per share. In accordance with Dutch regulations, the Management Board's right to repurchase shares was approved for a period of 18 months. Any previous right to repurchase shares, approved at the General Meeting of Shareholders in 2008 and applicable until 25th September, 2009 was hereby extended until 19th December, 2010.

In light of the fact that no resolution was reached concerning the final main point of the program, the Management Board is thus authorized to nominate the Company auditor for fiscal year 2009 for the purpose of verifying the financial summary and financial statements for 2009 and to issue an auditor's report.

After the official program ended, the Management Board informed the shareholders of the restructuring program results, which occur in 2008 and 2009. The effects of the restructuring on the Company's operating and financial earnings results are visible already, since the Company, in its principal markets of the Czech Republic and in Slovakia, has already returned to profitability in the first quarter of 2009. The Management Board also informed its shareholders of its principal goal for this year, which is to return to a consolidated net profit in 2009 while experiencing lower sales volumes compared to 2008, resulting from the fact that the company now focuses exclusively on these two principal markets. This goal is based solely on the company's principal business activity and does not include any revenues from the sale of real estate and assumes that no exceptional circumstances take place on either of the two markets.

Further details regarding the General Meeting of Shareholders, i.e. record from the General Meeting, financial statement, and auditor's summary statement for 2008, as well as the semi-annual financial statement and additional investor information are available at: http://www.aaaauto.cz/cz/informace-pro-investory/text.html?id=313

9. Risk Factors

A number of key risk factors which the AAA AUTO Group is exposed to stemming from the basis of its business were already listed in the Prospectus published in connection with the company's initial public offering and in the 2008 financial report. The majority of risk factors are still applicable. The aforementioned documents are available on the company's website (www.aaaauto.nl), in the section titled "Investors."

The AAA AUTO Group had operations in several countries of Central Europe in 2008 (at the end of June 2009, the Group limited its operations to the Czech Republic and Slovakia) and as such is exposed to a number of external and internal risks which may negatively impact the performance and sale - and, by extension - the company's bottom line. There are many risks related to the business of the group, including the risks associated with the following factors:

1. Industry and market risks
   - seasonality of the automobile retail business;
   - increased competition, including the import of low-end Chinese automobiles and the reduction in new automobile prices;
   - obtaining a desirable assortment of popular used vehicles;
   - changing consumer trends;
   - increased fuel prices and other costs associated with car ownership;
   - development of specialised online sales platforms offering low quality used vehicles for low prices;
   - negative public opinion

2. Operating risks
   - centralized management of the Group;
   - Implementation and execution of the Company's strategic initiatives across all car centres;
   - purchase or lease of suitable real estate to accommodate the Company's further expansion;
   -
   - risks in the field of human resources associated closely with the expansion and recruitment of suitable personnel for domestic and foreign branches;

3. Financial risks
   - exchange rate risk associated with the group's operations in more than one country of Central and Eastern Europe; and
   - obligations arising from various loan and other debt facilities having the potential to limit the operating and financial flexibility of the Company.

Other important risks include those relating to the economic, political, social, legal, regulatory, and tax environment in the CEE countries in which the group operates. The occurrence of any of these risks could materially, adversely affect business, the financial condition and/or the operating results of the Company.

The availability of timely and accurate information on the group's management is an important factor in risk management. The outlined risks along with many others are monitored by executive and production line managers who propose, in collaboration with controlling departments, measures aimed at the mitigation of all identified risks, which they subsequently monitor and evaluate.

10. Outlook for 2009

The AAA AUTO Group executes thorough measures to achieve consolidation and return to profitability by increasing the efficiency of all branches and the entire group. Unprofitable branches, including the entire group's division of car centres in Poland, Romania, and Hungary were closed. All reporting and planning processes, along with organizational changes, are improving in a fashion conducive to the Company's renewal of profitability. The Company contemporaneously underwent a planned workforce reduction to a level which, along with additional measures, will generate profitability in all branches and is actually preparing to moderately increase it as the market recovers.

The Company has seen positive trend in sales figures continuing further towards 3rd quarter of 2009. Usually, there is a seasonal drop in sales during the summer months (July, August) but this year the number of cars AAA AUTO customers purchased remained stable since the beginning of the quarter and has been even increasing since the second half of August.

The Group, in its automobile trade, is concentrating on the sales of its most promising markets in the Czech Republic and Slovakia. The positive impact of the restructuring on the Company's operating and financial earnings is visible already, since the Company, in its principal market of the Czech Republic and in Slovakia, has already returned to profit in the first and second quarters of 2009. The Company is successfully advancing towards its principal yearly goal, which is to return the company to a net consolidated profit in 2009 while experiencing lower sales volumes, provided that no unexpected, negative market influences arise.

While the emphasis lies on the consolidation and streamlining of all activities, the AAA AUTO Group continuously assesses additional business opportunities and is prepared to return to the markets of Central Europe as soon as the conditions there improve. The perspective market of the Russian Federation remains on the outlook; however, its automobile market is now undergoing significant year-on-year losses.

11. Consolidated Financial Statements for the six months ended June 30th, 2009 and 2008

AAA AUTO GROUP N.V.

Interim financial information (unaudited)
30st June, 2009

AAA Auto Group N.V.
CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2009 AND 2008 (EUR'000)

	6 months ended 30 June	
	1H 2009	**1H 2008**
Continuing operations		
Revenue	**85,961**	**166,027**
Other income	322	440
Gain on acquisition of subsidiaries	0	0
Gain on fair value adjustment	0	0
Work performed by the entity and capitalised	1,456	4,863
Cost of goods sold	(67,542)	(137,497)
Advertising expenses	(1,519)	(3,213)
Employee benefit expenses	(7,555)	(19,149)
Depreciation and amortisation expense	(1,239)	(2,005)
Other expenses	(7,546)	(11,575)
Finance cost	(790)	864
Profit/(loss) before tax	**1,548**	**(1,245)**
Income tax expense	(470)	110
Profit/(loss) for the period from continuing operations	**1,078**	**(1,135)**
Discontinued operations		
Profit/(loss) from discontinued operations	(385)	(6,676)
Profit/(loss) for the period	**693**	**(7,811)**
Attributable to:		
Equity holders of the parent	693	(7,807)
Minority interest	0	(4)
Earnings per share		
Basic/Diluted (EUR/share) continuing operation	0.010	(0.115)

AAA Auto Group N.V.
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009 AND 2008 (EUR'000)

ASSETS	30.6.2009	31.12.2008	30.6.2008
Non-current assets			
Goodwill and other intangible assets	507	745	1,651
Property, plant and equipment	28,370	31,939	65,961
Investment property	0	0	0
Other financial assets	1	1	64
Available for sale financial assets	0	0	0
Long term receivables	24	142	435
Deferred tax assets	42	48	2,037
Total non-current assets	28,947	32,875	70,148
Current assets			
Inventories	17,206	23,245	50,330
Trade and other receivables	19,931	17,542	24,217
Current tax asset	1,192	670	359
Other financial assets	2,047	1,874	1,500
Cash and cash equivalents	2,854	3,622	3,789
Assets classified as held for sale	18,166	17,180	806
Total current assets	61,394	64,133	81,001
TOTAL ASSETS	**90,340**	**97,008**	**151,149**

EQUITY AND LIABILITIES	30.6.2009	31.12.2008	30.6.2008
Equity			
Issued capital	38,185	38,185	38,185
Reserves	4,263	4,901	3,584
Retained earnings	(33,651)	(34,343)	(9,744)
Equity attributable to equity holders of the parent	**8,797**	**8,743**	**32,025**
Minority interest	0	0	0
Total equity	**8,797**	**8,743**	**32,025**
Non-current liabilities			
Bank and other borrowings	24,742	27,133	41,504
Deferred tax liabilities	345	468	421
Obligation under finance lease	64	101	2,314
Other liabilities	0	30	1
Total non-current liabilities	25,151	27,731	44,240
Current liabilities			
Trade and other payables	18,520	13,787	21,512
Current tax liabilities	(151)	96	263
Bank overdrafts and borrowings	19,862	26,184	45,804
Provisions	2,634	2,260	1,413
Obligation under finance lease	513	2,624	3,972
Other liabilities	2,064	2,468	1,920
Liabilites directly associated with assets classified as held for sale	12,950	13,116	0
Total current liabilities	56,392	60,534	74,884
Total liabilities	**81,543**	**88,265**	**119,124**
TOTAL EQUITY AND LIABILITIES	**90,340**	**97,008**	**151,149**

AAA Auto Group N.V.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2009 AND 2008 (EUR'000)

	6 months ended 30 June	
	1H 2009	**1H 2008**
Cash flows from operating activities		
Profit/(loss) for the period	1,077	(1,135)
Adjustments for:		
Income tax expense	480	(746)
Depreciation and amortisation expense	1,239	2,718
Provisions	3,468	1,215
(Gain)/loss on disposal of property, plant and equipment	(64)	500
Interest income	(34)	(15)
Interest expense	879	2,905
Foreign exchange (gain)/loss	(121)	(2,150)
Share options	0	0
Fair value revaluation	0	0
Decrease/(Increase) in inventories	6,039	7,121
Decrease/(Increase) in receivables and other assets	(7,467)	(3,262)
Increase/(Decrease) in payables and other liabilities	6,172	354
Interest paid	(555)	(1,933)
Interest received	34	15
Income tax paid	(380)	432
Net cash provided by operating activities	10,767	(6,019)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	0	0
Payments for property, plant and equipment	(1,965)	(5,736)
Proceeds from disposals of property, plant and equipment	1,544	4,202
Net cash used in investing activities	(421)	(1,534)
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Proceeds from third party borrowings	0	13,337
Repayment of third party borrowings	(6,275)	(18,078)
Payment of finance lease liabilities	(4,752)	(2,725)
Net cash from financing activities	(11,027)	(7,466)
Cash flows from discontinued operations *	(385)	(6,675)
Net increase (decrease) in cash and cash equivalents	**(1,066)**	**(9,654)**
Cash and cash equivalents at the beginning of the year	**3,622**	**5,791**
Effect of exchange rate changes on the balance of cash held in foreign currencies	298	7,652
Cash and cash equivalents at the end of the year	**2,854**	**3,789**

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ('000 €)

	Share capital	Share premium	Equity reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to holders of the parent	Minority interest	Total equity
Balance at 1.1.2008	**6,776**	**31,409**	**124**	**-**	**1,817**	**(1,933)**	**38,193**	**-**	**38,193**
Foreign currency translation differences	-	-	-	-	2,658	-	2,658	-	2,658
Loss for the year	-	-	-	-	-	(32,410)	(32,410)	-	(32,410)
Total recognized income and expense	**-**	**-**	**-**	**-**	**2,658**	**(32,410)**	**(29,752)**	**-**	**(29,752)**
Share options	**-**	**-**	**-**	**302**	**-**	**-**	302	-	302
Balance at 31.12.2008	**6,776**	**31,409**	**124**	**302**	**4,475**	**(34,343)**	**8,743**	**-**	**8,743**
Foreign currency translation differences	-	-	-	-	(674)	-	(674)	-	(674)
Result for the year	-	-	-	-	-	692	692	-	692
Total recognized income and expense	**-**	**-**	**-**	**-**	**(674)**	**692**	**18**	**-**	**18**
Share options	**-**	**-**	**-**	**36**	**-**	**-**	36	-	36
Balance at 30.6.2009	**6,776**	**31,409**	**124**	**338**	**3,801**	**(33,651)**	**8,797**	**-**	**8,797**

12. Company Managers' Declaration

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

1. The half-yearly 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; and
2. 2. The half-yearly directors' report gives a true and fair view of the Company's position as at the balance sheet date, the state of affairs during the six months to which the report relates and of that of the Company's related entities whose financial information has been consolidated in the company's half-yearly financial statements, and the expected course of affairs focusing in particular, where not detrimental to the company's vital interests, on capital expenditures and circumstances affecting revenue developments and profit-earning capacity.

AAA AUTO Group N.V. Management Board

Vratislav Kulhánek
Chairperson of the Management Board

Anthony James Denny
Executive Manager

Vratislav Válek
Non-Executive Manager

Antonius Mattheus Kemp
Non-Executive Manager