Annual Report 2005

Sixt Aktiengesellschaft

Growth through competence

The name Sixt has been synonymous with mobility since 1912. From a small family business in Munich, it has evolved into an internationally active service provider operating in the business areas of vehicle rental and leasing. Our success is based on our competence: we provide automotive mobility. For more than 90 years.

Sixt Group's organisational structure

Mobility

VEHICLE RENTAL	LEASING
Rental (Cars / Trucks / Holiday Cars)	Finance & Full Service Leasing
SIXTI	Fleet Management
Sixt Limousine Service & Chauffeur Drive	Fleet Consulting
Used Vehicle Sales	Used Vehicle Sales

ONLINE PLATFORM WWW.SIXT.COM
Distribution of Vehicle Rental and Leasing offers
New and Used Vehicle Sales
Travel Management
Insurance
Travel

The Sixt Group in figures

in EUR million	2005 IFRS	2004 IFRS	Change 2005 on 2004 in %	2003 HGB
Revenue	1,336	1,170	+ 14.2	2,227 [1]
thereof in Germany	1,141	1,003	+ 13.7	1,860 [1]
thereof abroad	195	167	+ 16.9	367 [1]
thereof operational [2]	1,076	927	+ 16.0	892
Profit from operating activities (EBIT)	123.6	94.8	+ 30.4	80.5
Profit before taxes (EBT)	90.9	42.6	+ 113.1	42.5
Consolidated profit for the period [3]	55.9	24.3	+ 129.9	18.5
Net income per share (basic)				
per ordinary share (EUR)	2.47	1.07	+ 130.8	0,82
per preference share (EUR)	2.51	1.11	+ 126.1	0,84
Total assets	1,317	1,255	+ 4.9	998
Lease assets	523	511	+ 2.3	457
Rental vehicles	463	398	+ 16.4	214
Equity	266	222	+ 19.5	217
Equity ratio (%)	20.2	17.7	+ 2.5 points	21.7
Non-current financial liabilities	477	285	+ 67.6	270
Current financial liabilities	148	284	- 48.0	190
Dividend per share				
per ordinary share (EUR)	0.80	0.60	+ 33.3	0.50
per preference share (EUR)	0.82	0.62	+ 32.3	0.52
Total dividend, net	18.2	13.6	+ 33.8	11.3
Number of employees [4]	1,923	1,765	+ 9.0	1,881
thereof in Germany	1,397	1,260	+ 10.9	1,254
thereof abroad	526	505	+ 4.2	627
Number of locations worldwide (31 Dec.) [5]	1,443	1,395	+ 3.4	1,304
thereof in Germany [6]	447	402	+ 11.2	370

[1] including revenue from the sale of used rental vehicles
[2] revenue from rental and leasing business, excluding revenue from the sale of used vehicles
[3] after minority interests
[4] annual average
[5] including franchisees
[6] excluding SIXTI

Sixt Aktiengesellschaft is an international provider of high-quality mobility solutions. The Company has achieved a unique market position thanks to its broad product offering and the quality of its services. For many years, Sixt has been the largest car rental company in Germany and Austria, and is also one of Germany's leading vendor-neutral, non-bank full-service leasing providers. Sixt offers business and private customers a wide range of mobility options for rental, leasing, purchase and travel via its Internet platform, www.sixt.com. The Company's positioning as a mobility services provider is coupled with a systematic focus on strong earnings and increasing enterprise value.

Letter to Shareholders

Dear Shareholders,

In 2005, Sixt recorded the best year in the firm's history. We succeeded not only in increasing the prior year's result significantly but also in surpassing our previous record profits achieved in 1998.

More than that: in the past year, Sixt continued and accelerated its operational growth in both of its business units, Vehicle Rental and Leasing. We grew more dynamically than our industry environment as a whole and thus improved our position as a mobility service provider in our core markets.

What are the causes of this successful development?

- At the beginning of this decade we reacted to the far-reaching changes in our markets and reorganised the Group correspondingly. The primary aim of this reorganisation was to give fundamental priority to increasing earnings and profitability over volume growth. We consistently stuck to the principle of "earnings before revenue" and in doing so deliberately avoided business offering insufficient margins.

- At the same time in recent years we increased operational effectiveness and have thus steered the Group onto a course of sustained growth. Innovative, customer-oriented products and solutions, for which the name Sixt has stood for decades, and the reorganisation of our sales structures went hand in hand.

- Based on the fact that our customers need cross-border mobility solutions, Sixt has pursued a consistent strategy of internationalisation since 1998 by expanding into European core markets and by creating an ever-greater worldwide network of franchise partners. As a result, the Sixt brand name now stands for high-quality mobility service solutions in more than 75 countries.

- We have subjected ourselves to strict discipline with regard to costs. This applies first and foremost to fleet costs; we manage what is by far the largest cost factor in vehicle rental with an internally developed IT system for needs-based vehicle purchasing and efficient fleet management. This so called yield management system is a competitive advantage in our industry as regards fleet efficiency. In addition, we have our general administration costs firmly under control. We also consider lean management and reducing bureaucracy to a minimum to be decisive competitive strengths.

- Last but not least, we have created the capital and financing conditions for future growth. These included the issue of profit participation certificates with a volume of EUR 100 million in 2004 and the issue of a EUR 225 million bond in the past financial year. Due to these and other financing measures, the Sixt Group has a well-balanced long-term financial basis, an equity position that is well above the industry average and thus further room for manoeuvre to make future growth possible. At the same time we have reduced our dependency on pure loan financing.

The effectiveness of these strategic measures is reflected in the highlights of the 2005 financial year. We have prepared the consolidated financial statements for the first time in accordance with International Financial Reporting Standards (IFRSs).

- Operating revenue from the rental and leasing business increased in 2005 by 16.0% to EUR 1.08 billion. In the prior year, operating growth amounted to 4.8%. This welcome development shows the impact of the sales offensive launched in 2004, which was accompanied by a fundamental reorganisation of the sales structures in both business units and a strengthening of sales team man power. Moreover a slight increase in demand in the vehicle rental market was noticeable in the past year for the first time for a long while. This applied in particular to Sixt's main target group of corporate and business customers.

- Consolidated profit before taxes (EBT) reached EUR 90.9 million and thus lay 113.1% above the previous year's figure. In addition to the extraordinarily good operating development, significant changes in net finance costs must be taken into account in this increase in earnings.

- The consolidated profit after minority interests was more than double the previous year's figure and rose by 129.9% to EUR 55.9 million.

- Foreign business continued to pick up in 2005. In the core European countries we achieved two-figure revenue growth in almost all cases. For the first time, foreign companies all in all generated a positive result.

- With revenue growth of 19.2% in vehicle rentals in Germany, Sixt performed distinctly better than the market and thus improved its market leadership in the domestic market.

- We continued to develop our leasing business successfully. The good response of customers to innovative products such as, for example, our Sixt FAirbag and Sixt Accident Management (S.A.M.) coupled with the growth in the number of contracts in Europe by nearly 11 % to 56,400 as at the end of December 2005, reinforce Sixt Leasing AG's position as one of the leading German vendor-neutral and non-bank providers of full-service leasing solutions.

Sixt AG has pursued a performance-related and shareholder-friendly dividend policy for many years. Our success in 2005 makes it easy for us to recommend an increase in the dividend to EUR 0.80 per ordinary share and to EUR 0.82 per preference share to you at the Annual General Meeting on 1 June 2006. This dividend lift must be seen against the background of the extremely favourable performance by Sixt's shares in 2005. The stock developed significantly better than the relevant benchmark indices and achieved price advances of 61.7% (ordinary shares) and 60.0% (preference shares). We are very pleased that the capital market is increasingly recognising the Sixt Group's soundness and growth potential. This is demonstrated by the increasing interest on the part of investors and analysts, but also by the positive response to our road-show on the occasion of the bond placement in early 2005.

The vehicle rental industry is going through a period of profound upheaval worldwide. This is not only marked by the process of concentration which has been happening for many years at the expense of smaller, regional providers but also increasingly by a re-positioning of industry leaders. Rising mobility requirements on the part of corporate and business customers, changes in the ownership structures of large car rental companies and the influence of international investment capital are the drivers of these changes, which are also taking place in a similar form in the leasing sector.

Sixt is well-equipped for these changes. In the past years we have worked to put ourselves in a position of strategic, operative and financial strength that enables us to actively shape the changes in our industry. In doing so, we shall not lose sight of our overriding strategic goal of becoming the leading provider of comprehensive car-related mobility services in Europe in the medium term. This goal is realistic if we always keep those principles in mind on which Sixt's success story is founded:

- Innovative mobility solutions at attractive prices

- First-class service and uncompromising customer orientation

- Lean structures and strict cost discipline

- Cooperation with a large number of partners in the transport, travel and trade sectors
- Independence from banks and automobile manufacturers

We are confident that we shall succeed in 2006, too, in maintaining our growth course of recent years on the basis of increasing demand for high-quality mobility services and the further internationalisation of our business. This should be accompanied by a further improvement in our earnings position.

Pullach, March 2006

Sincerely,
The Managing Board

ERICH SIXT

KARSTEN ODEMANN

DETLEV PÄTSCH

HANS-NORBERT TOPP

Members of the Managing Board of Sixt AG

Erich Sixt
(born 1944), joined the Company in 1969 and is Chairman of the Managing Board.

Karsten Odemann
(born 1961), has been with Sixt since 2004 and is responsible for finance and controlling.

Detlev Pätsch
(born 1951), joined Sixt in 1986 and is responsible for operations.

Hans-Norbert Topp
(born 1961), Chief Sales & Distribution Officer, has been with Sixt AG since 2004.

Report of the Supervisory Board of Sixt Aktiengesellschaft for the 2005 financial year

The Supervisory Board reviewed the management of the Company and advised the Managing Board during the course of the year under review in four meetings, which were held within the legally prescribed periods and in which all members of the committee took part. The Managing Board kept the Supervisory Board regularly informed in written and verbal form concerning the course of business as well as all key questions relating to the further development of the Company, strategic planning and risk management. Deviations from the plans and targets laid down in earlier reporting periods were explained by the Managing Board and reviewed by the Supervisory Board. The Supervisory Board expressed its opinion on the Managing Board's reports and proposed resolutions after examination and discussion of them. In this manner, the Supervisory Board was involved in all material decisions. The Chairman of the Supervisory Board was also kept informed about current business developments by regular contact with the Managing Board outside the Supervisory Board meetings. The provisions of the Corporate Governance Code and section 90 (2) AktG relating to communication between the Managing and Supervisory Boards were observed. No committees were formed within the three-member Supervisory Board of Sixt Aktiengesellschaft.

During the year under review, the Supervisory Board concerned itself in depth with the financial position, net assets and results of operations of Sixt Aktiengesellschaft and of the individual operating companies material to the position of the Group.

With respect to rental activities, the Supervisory Board concentrated its review on the Company's foreign business and ascertained, on the basis of its examination of figures provided by the Managing Board, that all foreign companies achieved positive earnings in 2005. This was due to the consistent discontinuation of low-margin revenues – above all in the United Kingdom – and the accompanying clear improvement in earnings ratios. The Supervisory Board further noted with approval the measures taken by the Managing Board to fill management positions in the foreign companies and to open up new sales channels. Within Germany, the Supervisory Board examined the quarterly figures provided by the Managing Board and found confirmation that the strategy of giving precedence to earnings over revenues that was adopted in earlier years and continued to date has proved its worth. The increase in rental revenues of nearly 20% was accompanied by an improvement in earnings before taxes of distinctly more than the forecast 25%. In the area of operating expenses, the Managing Board demonstrated to the Supervisory Board that fleet costs had fallen and other expense items had increased at a slower rate. Capacity utilisation of the rental fleet is at a high level.

The Supervisory Board found confirmation that the prior years' positive development in leasing business was continuing, with a constant increase in revenues (+10%) and in the number of contracts (+11%).

In examining the risk situation and the Managing Board's risk management, the main focus was on used vehicle sales. The Supervisory Board satisfied itself that the Company, which resells about 90% of its vehicles to manufacturers and dealers under buy back agreements, has a level of risk typical for Sixt Aktiengesellschaft's business activities in the rental area, and that this risk was again completely under control in the year under review. An examination of risk management outside the area of used vehicles established that the Management receives all necessary information concerning business operations

Dr. Karl Josef Neukirchen

Chairman of the Supervisory Board of Sixt Aktiengesellschaft thanks to an information system which extends down to the level of the individual rental offices and that, in the financing area, it is informed in a timely fashion with regard to interest rate risks, in particular. Future interest rate risks are covered by interest rate derivatives. Risk provisioning in the leasing business takes the form of a detailed system of credit checks and conservative calculation of residual values.

The Managing Board's report on Corporate Governance in the Annual Report of Sixt Aktiengesellschaft is also submitted on behalf of the Supervisory Board. The Managing and Supervisory Boards issued a declaration of conformity pursuant to section 161 AktG and also made this available to shareholders on the Company's website. Sixt Aktiengesellschaft complies – with a few exceptions assented to by the Supervisory Board – with the recommendations of the Government Commission on the German Corporate Governance Code.

The Managing Board prepared the 2005 annual financial statements of Sixt AG according to the requirements of the HGB and the consolidated financial statements in accordance with IFRSs, together with the management report of the Company and the Group management report. The annual financial statements of Sixt Aktiengesellschaft and the consolidated financial statements were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft in Munich. The audit took place on the basis of the engagement by the Supervisory Board in compliance with the resolution of the Annual General Meeting on 14 July 2005. The auditor has given the annual financial statements of Sixt Aktiengesellschaft and the consolidated financial statements, including the Company's management report and the Group management report, an unqualified audit opinion. The report hereon, further audit reports and documents relating to the financial statements were furnished to the Supervisory Board in good time. They were the subject of discussion and examination at the Supervisory Board meeting on 30 March 2006. The auditors took part in the discussion on the annual financial statements and the consolidated financial statements by the Supervisory Board. They reported on the material findings of their activities and gave the Supervisory Board all required information, the examination of which did not lead to any objections. The auditors also explained their audit of the risk position and the Company's risk management in detail and confirmed that there are no risks in Sixt Aktiengesellschaft and Group companies that are not mentioned in the reports.

Having concluded its examination, the Supervisory Board did not raise any objections and approved the annual financial statements and the consolidated financial statements of Sixt Aktiengesellschaft prepared by the Managing Board. The annual financial statements have therefore been formally adopted in accordance with the provisions of the Aktiengesetz (AktG – German Public Companies Act). The Supervisory Board concurs with the proposal made by the Managing Board for the appropriation of the net retained profit.

In addition, the Supervisory Board examined the dependent company report of the Managing Board covering the relationship between Sixt Aktiengesellschaft and affiliated companies. It ascertained that the exchange of goods and services and other measures between Sixt Aktiengesellschaft and its affiliated companies took place at appropriate conditions. The auditor included in his audit the dependent company report of the Managing Board covering the relationship between Sixt Aktiengesellschaft and its affiliated companies, and submitted this report to the Supervisory Board. The Supervisory Board has established that the auditor performed his duties to the extent laid down by section 313 (1) nos. 1 - 3 of the AktG, and that he gave the report of the Managing Board the following audit opinion:

“On completion of our review and assessment in accordance with professional standards, we confirm that

1. the actual disclosures contained in the Report are accurate,
2. that the consideration paid by the Company for the transactions listed in the report was not inappropriately high,
3. in the case of the measures described in the Report, there are no circumstances that would indicate a materially different assessment than that of the Managing Board.”

The Supervisory Board endorses the auditor's findings. Following the completion of its examination, the Supervisory Board has no objections to the Managing Board's dependent company report.

There were no personnel changes in either the Managing Board or the Supervisory Board in 2005.

The 2005 financial year was one of the most successful in the decades-long history of Sixt Aktiengesellschaft and the companies from which it emerged. The Company succeeded not only in clearly beating the previous years' strong performance but also its own revenue and earnings forecasts. This deserves the highest credit in view of the difficult environment in which the Company is operating. The Supervisory Board would like to thank the Managing Board and all employees for their commitment and successful work.

DR. KARL JOSEF NEUKIRCHEN	**DR. DIETRICH BERNSTORFF**	**THIERRY ANTINORI**
Chairman	Deputy Chairman	Member


the spirit of mobility

Growth through innovation

Standing still means losing ground. Only if you are always striving to get better you will succeed in the long term. That is why Sixt is always on the search for innovation, and has set standards in the mobility industry on the way. Whether it's the timesaving mobile phone service and the electronic rental vehicle return, or the end-to-end electronic processing of leasing transactions: all innovations have one aim in view – improving convenience, flexibility and transparency for our customers.

Sixt Shares and Profit Participation Certificates

- Clear rise in value of Sixt shares in 2005: ordinary +61.7%, preference +60.0%
- Shares perform better than benchmark indices in friendly stock market
- Sixt once again offers attractive dividend and yield

Capital market friendly in 2005

European exchanges in particular showed a clear upward trend in 2005, with distinctly more momentum than the previous year. Against a background of worldwide growth, rising company profits and low interest rates, nearly all important indices rose by double-digit percentage rates. The German share index DAX closed the year at 5,408 points, an increase of 27.1% (2004: +7.3%). The EuroStoxx 50 rose by 21.2% to 3,577 points. The MDAX (+36.0%) and the SDAX (35.2%), which includes Sixt AG ordinary shares, recorded higher growth rates.

Sixt shares outperform the market

Sixt's shares continued the previous year's positive performance with a sharp rise in 2005.
The ordinary shares moved sideways until the end of April, having recorded their low for the year of EUR 12.91 on 4 January. A distinct upward movement then set in; on 11 July the ordinary shares reached their high for the year of EUR 25.33 (+90.5% over the 2004 year-end price). Following this, the price moved within the EUR 20 to 24 range. The year-end price was EUR 21.50 – an increase of 61.7% over the year. The ordinary shares thus significantly outperformed the SDAX, their benchmark index.

The preference shares gained in value from the beginning of the year and reached their high for the year of EUR 19.55 on 11 July. This was an increase over the 2004 year-end price of 82.9%. In the following months, the share traded primarily in the EUR 16.50 to EUR 18.50 range. The 2005 year-end price was EUR 17.10 – a value increase of 60.0% as against the previous reporting date. Thus the preference shares also outperformed the SDAX.

Share price up around 60%

Sixt ordinary and preference shares from 1 January to 31 December 2005

Source: BayernLB

Sixt shares overtake SDAX

Sixt ordinary and preference shares from 1 January to 31 December 2005

Source: BayernLB

Sixt share information [1]	
Classes of share	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference bearer shares (WKN: 723133, ISIN: DE0007231334)
Stock exchanges	Frankfurt (floor trading and XETRA), Munich, Stuttgart, Hanover, Düsseldorf, Hamburg, Berlin-Bremen
Major indices	SDAX (weighting of ordinary shares: 1.38%) CDAX (weighting of ordinary shares: 0.018%, weighting of preference shares: 0.013%) Prime All Share (weighting of ordinary shares: 0.018%, weighting of preference shares: 0.013%)
Trading segment	Prime Standard
Designated Sponsors	HypoVereinsbank AG BayernLB

[1] all prices refer to floor trading in Frankfurt

Stable shareholder structure

In 2005, Sixt AG received no disclosures regarding voting rights pursuant to the provisions of the German Securities Trading Act (WpHG). Thus there were no material changes to the shareholder structure to the knowledge of the Company. Erich Sixt Vermögensverwaltung GmbH, of which Erich Sixt is the sole owner, held an unchanged 56.8% of the ordinary voting shares in Sixt Aktiengesellschaft. No further disclosures of blocks of voting rights have been received. 43.2% of the ordinary shares and 100% of the non-voting preference shares were therefore in free float (as defined by Deutsche Börse) in the hands of private and institutional investors at the balance sheet date, 31 December 2005.

Another attractive dividend

Sixt AG has always been a company that permits its shareholders to share appropriately in its economic success. The

	2005	2004
Earnings per share (basic in EUR)		
Per ordinary share	2.47	1.07
Per preference share	2.51	1.11
Dividend (EUR)		
Per ordinary share	0.80 [2]	0.60
Per preference share	0.82 [2]	0.62
Number of shares (as at 31 December)	22,584,500	22,504,300
Ordinary share	16,472,200	16,472,200
Preference share	6,112,300	6,032,100
High (EUR)		
Ordinary share	25.33	16.75
Preference share	19.55	11.40
Low (EUR)		
Ordinary share	12.91	10.70
Preference share	10.80	8.70
Year-end price (EUR)		
Ordinary share	21.50	13.30
Preference share	17.10	10.69
Dividend yield [3] (%)		
Ordinary share	3.7	4.5
Preference share	4.8	5.8
Market capitalisation [4] (EUR million)		
as at 31 December	459	284

[2] proposal by the management
[3] based on year-end prices
[4] based on ordinary and preference shares

Managing and Supervisory Boards' proposal to raise the dividend for the 2004 financial year by EUR 0.10 each to EUR 0.60 per ordinary share and EUR 0.62 per preference share was adopted by a considerable majority at the Annual General Meeting on 14 July 2005. This led to the distribution of EUR 13.6 million, 20.5% more than in the previous year.

For the 2005 financial year, the Managing and Supervisory Boards are proposing to the Annual General Meeting on 1 June 2006 a dividend of EUR 0.80 per ordinary share and EUR 0.82 per preference share, corresponding to a total dividend of EUR 18.2 million. This proposal takes the favourable development of earnings in the Sixt Group into account, as well as further strengthening the equity base.

Capital market communication

As a large publicly held corporation whose shares are also listed in Deutsche Börse's Prime Standard segment, Sixt feels committed to the principles of an open and timely information policy towards the capital market, individual shareholders and the media.

In order to do justice to this commitment and to the public's increasing need for information, the Managing Board once again conducted a large number of one-on-one discussions with analysts and investors, explaining the Sixt Group's business development and its strategic orientation.
The Managing Board's European roadshow for the bond placed in May 2005 met with considerable interest, with discussions being held in Frankfurt, Düsseldorf, Hamburg, Munich, London, Vienna and Zurich. In November and December a further roadshow took place for investors in Frankfurt, Düsseldorf, Cologne, Munich, Edinburgh and London.

The Managing Board answered questions from the media in telephone conferences on the occasion of the announcement of the preliminary business figures for 2004 and of the second- and third-quarter figures for 2005. These conferences are a good opportunity to report on the Company's development and the sectors relevant to Sixt in addition to the regular events such as the annual earnings press conference and the Annual General Meeting.

Sixt meanwhile has a firm stable of research houses that track the Group attentively and prepare reports at regular intervals. These include:

- BayernLB
- HypoVereinsbank AG
- Dresdner Kleinwort Wasserstein
- Sal. Oppenheim
- WestLB AG
- M.M. Warburg & Co

The Managing Board aims to extend coverage of Sixt further.

Profit participation certificates 2004/2011

The price of the profit participation certificates (aggregate principal amount EUR 100 million) issued by Sixt AG in the autumn of 2004 continued to perform well in the 2005 financial year. The unbroken upward trend recorded since their initial quotation on 14 October 2004 continued in the year under review, with prices reaching more than 128% of the nominal value. The high for the year was 130.50%, while the low was 124.00%.

The conversion to reporting according to IFRSs for the first time in the 2005 annual financial statements led, as indicated in advance, to the reclassification of the profit participation certificates from equity to liabilities. However, in the Annual Financial Statements of Sixt AG, which are prepared according to German commercial law, equity is given a long-term boost by the profit participation certificates.

The following overview provides a run-down of the key data relating to the profit participation certificates:

Sixt profit participation certificate information	
Aggregate principal amount	EUR 100 million
Denomination	1 million bearer certificates of EUR 100 each
ISIN	DE 000 A0D JZP 8
Listing	Official market, Frankfurt Stock Exchange
Profit distribution	9.05% p.a.
Distribution date	First bank working day following the Annual General Meeting at which the Annual Financial Statements for the relevant financial year are presented
Term	50% of the principal amount with a term until 31 December 2009, 50% until 31 December 2011

Corporate Governance Report

Sixt Aktiengesellschaft considers good and responsible business management and supervision (corporate governance) to be an important means of ensuring and extending the confidence of the capital market in the Company.
Sixt therefore subscribes to the principles of the German Corporate Governance Code in the 2 June 2005 version. Under section 161 of the Aktiengesetz (AktG – German Public Companies Act), listed companies are obliged to declare the extent to which they conform with the recommendations of the "Government Commission on the German Corporate Governance Code".

The most recent declaration by the Managing and Supervisory Boards of Sixt Aktiengesellschaft was published in December 2005 and reads as follows:

Declaration of conformity in accordance with section 161 of the AktG
The Managing Board and the Supervisory Board of Sixt Aktiengesellschaft declare that:

The recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 02 June 2005 announced by the Federal Ministry of Justice in the official section of the electronic Bundesanzeiger (Federal Gazette) have been and will be complied with, with the following exceptions:

- To the extent that Sixt Aktiengesellschaft's existing D&O policy provides insurance cover, there is no deductible for members of the Managing Board or the Supervisory Board (section 3.8 of the Code).

- Exceptions from the Code's recommendations are not explicated in the Annual Report (section 3.10 of the Code).

- The key features of the remuneration system for members of the Managing Board and the concrete stock option plan are explained in more detail in the Annual Report. The compensation of the Managing Board and members of management is disclosed in the Notes to the Consolidated Financial Statements and is divided into a fixed salary, performance-related components and long-term incentives (sections 4.2.3 and 4.2.4 of the Code). No individualised breakdown of the disclosures is given.

- The Supervisory Board specifies age limits on a case-by-case basis when appointing members of the Managing Board (section 5.1.2 of the Code).

- Since, in accordance with the Articles of Association, the Supervisory Board of Sixt Aktiengesellschaft consists of three members, no committees are provided for (sections 5.3.1 - 5.3.4 of the Code).

- The compensation of members of the Supervisory Board comprises fixed components only. The aggregate amount is disclosed in the Consolidated Financial Statements. The compensation paid to members of the Supervisory Board for personal services rendered is disclosed in the Consolidated Financial Statements as required by law, and is not individualised (section 5.4.7 of the Code).

- Sixt Aktiengesellschaft will disclose all price-sensitive information to analysts and all shareholders (section 6.3 of the code).

- The Consolidated Financial Statements are published as required by law. Interim reports are published within the periods stipulated by stock exchange law (section 7.1.2 of the Code).

Pullach, December 2005

For the Supervisory Board of Sixt AG
SIGNED DR. KARL JOSEF NEUKIRCHEN
(Chairman)

For the Managing Board of Sixt AG
SIGNED ERICH SIXT
(Chairman)

The declaration of conformity is available on Sixt Aktiengesellschaft's website (www.sixt.com).

Stock option programmes

The Annual General Meeting on 30 August 1999 resolved to authorise the Managing Board to issue, with the consent of the Supervisory Board, interest-bearing convertible bonds with a maximum term of 5 years and in an aggregate principal amount of up to EUR 3,072,000 on one or several occasions until 29 August 2004, to senior executives. The convertible bonds entitle the beneficiaries to acquire new preference shares of Sixt Aktiengesellschaft according to the detailed terms and conditions of the bonds. For this purpose, the share capital has been contingently increased by up to EUR 3,072,000, composed of up to 1,200,000 preference bearer shares (Contingent Capital II).

The Annual General Meeting on 13 August 2003 furthermore resolved to authorise the Managing Board to issue, with the consent of the Supervisory Board, interest-bearing convertible bonds on one or more occasions until 12 August 2008 in an aggregate principal amount of up to EUR 2,657,920, with a maximum term of 5 years. The bonds may be issued to members of the Managing Board, members of the management of domestic and foreign companies that are affiliated with the Company within the meaning of sections 15 ff of the AktG and also to employees who may be included on the basis of their exceptional performance. The beneficiaries are entitled, subject to the detailed terms and conditions of the bonds, to purchase new preference shares of Sixt Aktiengesellschaft whose interest in the distribution of profits and the Company's assets ranks equally with the preference shares previously issued. For this purpose, the share capital has been contingently increased by up to EUR 2,657,920, composed of up to 1,038,250 preference bearer shares (Contingent Capital III).

The beneficiaries and the relevant nominal amounts of the bonds are determined by the Managing Board and, to the extent that members of the Managing Board are included among the beneficiaries, by the Supervisory Board. As at 31 December 2005, conversion rights for up to 430,000 preference shares were still outstanding from the convertible bonds issued in the years 2003, 2004 and 2005 on the basis of the above-mentioned authorisation.

The conversion rights granted cannot be transferred by the beneficiaries. The conversion right can only be exercised as long as the bearer of the convertible bonds is in the employment of a Sixt Group company and no notice of termination has been given. In certain cases special arrangements can be provided. On exercise of the conversion right, one preference share is issued for every EUR 2.56 of the nominal amount of the convertible bonds.

The conversion price for the acquisition of a new preference share corresponds to the official cash market price of the Sixt preference shares on the Frankfurt Stock Exchange on the first trading day following the Annual General Meeting of the Company in the third financial year subsequent to the issue of the convertible bond concerned, in relation to the performance.

The official cash market price is understood as the price in the 1 p.m. auction in the Frankfurt Stock Exchange's electronic trading system (XETRA). The performance is determined by comparing the development of the price of Sixt's preference shares with the performance of Deutsche Börse AG's SDAX share index (hereafter “SDAX”), based on two reference periods.

The first reference period comprises in each case the first twenty trading days after the beginning of the term of a convertible bond, while the second reference period comprises in each case the period from the twenty-fifth to the sixtieth

trading day before the Annual General Meeting of Sixt Aktiengesellschaft in the financial year in which the term of the convertible bond ends.
As the market price of the Sixt preference share may be influenced in the period between the beginning of the first reference period and the end of the second reference period by payments of dividends and by the granting of pre-emptive rights, dividends paid during this period and the average stock market price for the pre-emptive rights must be added to the mean value of the second period when calculating the price movement.

Furthermore, the terms and conditions of the bonds provide for adjustment of the performance discount especially in the case of a capital increase out of retained earnings, a capital reduction, and the purchase of own shares.

Disclosures relating to the ownership of shares and financial instruments on those shares

Erich Sixt Vermögensverwaltung GmbH, of which Erich Sixt is the sole shareholder, held 56.8% (9,355,911 shares) of the ordinary shares in Sixt Aktiengesellschaft as at 31 December 2005.
Members of the Supervisory Board held 2,000 preference shares in Sixt Aktiengesellschaft as at 31 December 2005.

Under the existing stock option plans, convertible bonds were issued in 2003, 2004 and 2005 to members of the Managing Board which grant the right to subscribe to a total of 132,000 preference shares in Sixt Aktiengesellschaft, insofar as the price performance of the preference shares in relation to two reference periods defined in the relevant terms and conditions of the bond exceeds that of Deutsche Börse AG's stock exchange index SDAX. No financial instruments relating to the purchase or sale of Sixt Aktiengesellschaft shares were issued to members of the Supervisory Board.

Directors' dealings in accordance with section 15a WpHG

Detlev Pätsch, the member of the Managing Board of Sixt Aktiengesellschaft responsible for operations, has informed the Company that on 19 July 2005 he sold 10,000 non-par value preference shares in Sixt Aktiengesellschaft (ISIN DE0007231334), which he had previously acquired by exercising the conversion right attached to the convertible bond issued in 2002 to executives and eligible employees, at a price of EUR 17.78 per preference share, in an off-the-floor commission transaction. Sixt Aktiengesellschaft has received no other disclosures regarding the acquisition or sale of Company shares by members of the Managing or Supervisory Boards.

Human Resources

- **Development of managers further intensified**
- **Number of vocational trainees doubled**
- **Number of employees up 9 percent worldwide**

Human resources work strategically important

Apart from attractive products and prices, Sixt's success is based in particular on the high quality of its services and consistent customer orientation. Sixt's highly skilled and committed employees are the guarantors of this success. That is why human resources policy measures – and above all further training and continuing professional development – are of fundamental strategic importance for the Company. Sixt considers its staff's know-how, motivation and creativity to be a decisive competitive advantage in view of ever-increasing customer and market requirements. The aim of Sixt's future-oriented human resources work is to retain this advantage.

Attractive career opportunities with Sixt

Sixt has been investing systematically in the human resources area for years. The most important goals include ensuring employees' long-term commitment to the Company and providing attractive career opportunities within the Group to managers with potential. Sixt's corporate culture is characterised by factors such as expertise (i.e. comprehensive knowledge of mobility issues), flexibility and self-management, international teamwork, flat hierarchies and a high degree of customer and service orientation. In this environment, many internal careers run straight and swift.

Professional commitment paid off for Sixt employees in 2005, too. Due to the combination of a wide variety of personnel development programmes with individual career planning, it was possible to fill numerous management positions in all areas of the Company internally, including at foreign subsidiaries. The priority given to the internal recruitment of managerial staff will remain our human resources policy guideline in future, too. Sixt can offer attractive opportunities for promotion in Germany and abroad to junior managers with the relevant professional and personal skills.

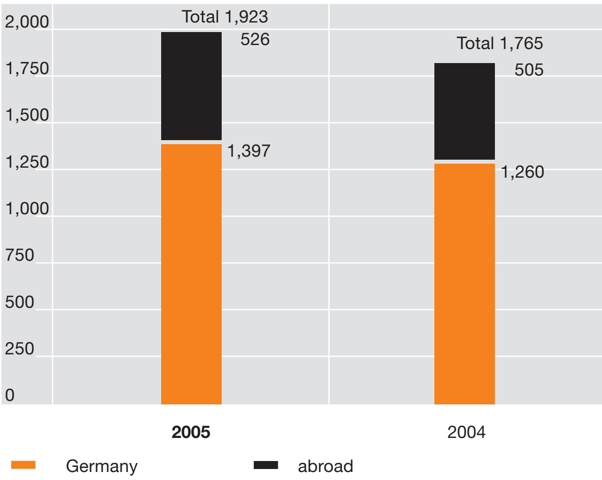
Human resources development unit restructured

During the year under review, the human resources development unit within the central human resources department was restructured, enlarged and made more effective. Group human resources development is now responsible for the intensive support of the vocational trainees in the various training professions offered by Sixt, for Berufsakademie (University of Cooperative Education) students (in cooperation with the Berufsakademie Mannheim), university and applied technology university graduates and for a variety of further education programmes. Internal training sessions for junior managers in 2005 included – in addition to the communication of specialist knowledge – seminars on personal development and management styles and also the topics of customer orientation and service optimisation.

The search for talent and the support for junior managers were also intensified in the past financial year with tangible success. Nearly 40 trainees with a university degree or an applied technology education were offered permanent employment following a compact six-months' training in the Company's various functional areas.

Nine percent more employees

Average number of employees



The training programme will be further optimised in 2006, especially in the branch office area, and will be oriented even more strongly towards practical considerations. Through this, Sixt is aiming for another rise in the ratio of management trainees being trained and subsequently employed.

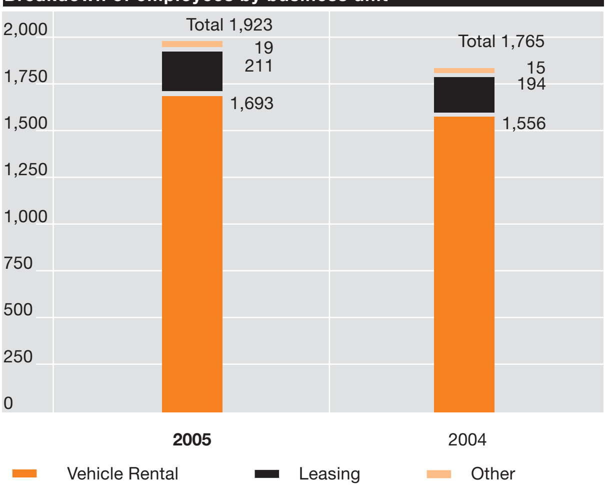
In 2005, the entry programme was also launched at Sixt's subsidiaries in France and the United Kingdom. In this way, Sixt is reacting to its continuing expansion outside Germany and strengthening international management from both the quantitative and the qualitative perspective.

Excellence in training

In 2005, Sixt doubled the number of vocational trainee positions for car sales staff, office communication specialists and office specialists compared to the previous year. At the end of 2005, the Company employed 55 vocational trainees throughout Germany. The vocational trainee positions created at the Company's administrative headquarters in Pullach and in other metropolitan areas in Germany offer young people an excellent foundation for starting their working life.

Strengthening both business units

Breakdown of employees by business unit



Performance pays off

For some time now, Sixt has had considerable success with its approach of rewarding employee performance with a remuneration system offering specific financial incentives. The vast majority of employees enjoy a salary package that includes extra variable components in addition to their fixed pay. These bonus agreements enable Sixt to reward above-average commitment appropriately and to share the results of its business success in part with high-performers. Performance-orientated remuneration will remain an essential part of Sixt's human resources policy.

Number of employees rises

Owing to the exceptionally strong business development, the average number of employees in the Sixt Group rose in 2005 by 9% or 158 persons year-on-year to 1,923 employees. The increase is especially attributable to new jobs involving direct customer contact, above all in the communications centre in Rostock as well as in the rental office network. At the Rostock location alone, an average of 269 persons were employed in 2005. Sixt is thus making a contribution to strengthening the economic structure in a region marked by high unemployment. Overall, the average number of employees in Germany rose by 137 to 1,397 (+11%). Abroad, Sixt employed on average 526 persons in 2005. This corresponds to an increase of 21 employees over 2004 (+4%). Sixt increased its staff in particular in France, the Netherlands and Switzerland.


Growth through efficiency
the spirit of mobility

We don't believe in bureaucracy. The greatest possible efficiency is one of the reasons for Sixt's many years of success. To us, inward efficiency means lean structures, flat hierarchies and short decision-making paths, while outward efficiency means, for example, the best possible deployment of our vehicle rental fleet due to high-performance IT systems – for the benefit of our customers.

Vehicle Rental Business Unit

- Sales strength boosted substantially
- Significant rise in key accounts and new customers
- International expansion makes progress
- Profit before net finance costs and taxes up 50% to EUR 92.4 million

Sixt is growing faster than the market

The Vehicle Rental business unit developed extremely satisfactorily in the 2005 financial year. The unit succeeded in growing distinctly more strongly than the market, as well as in expanding its position as by far the largest car rental company in Germany and clearly improving the results of operations again.
In a 2004 study, the Datamonitor market research institute forecast average annual growth of 3.4% for the vehicle rental market in Europe between 2003 and 2008. In the opinion of the experts, the rental market will continue to be marked by fierce competition and a continuing trend towards consolidation.

In this market environment, Sixt increased its rental revenue in 2005 by 17.8% in all and thus grew considerably more dynamically than the market as a whole. Its vigorous optimisation of internal structures and processes, above all in sales, had the same positive effect as the consistent positioning of Sixt within Germany and abroad as a customer-oriented provider of premium products at attractive prices.

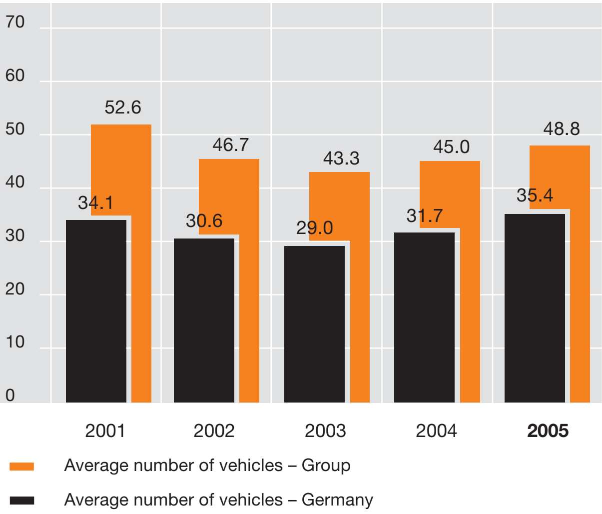
Sales function successfully restructured

In Germany, the year under review was marked by the restructuring of the sales function. The goals formulated were a sustained rise in the number of customers and rental revenue, an increase in profitability and thus the extension of the Company's leading position in the market. As a result, Sixt's sales efficiency has improved significantly.

In Germany, the sales organisation was divided into the Key Account and New Customer areas. The central task of Key Account sales is to intensify business with existing customers. One of the special characteristics of this area is the joint development together with the customer of individual mobility solutions that meet the specific requirements of the customer concerned. To do this, Sixt has put together an experienced sales team that maintains close contact with major customers.

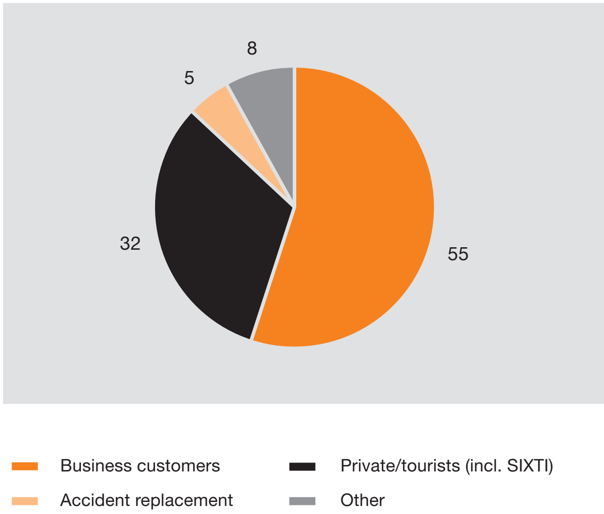
Rental fleet enlarged due to strong demand

Rental fleet development in thousands of vehicles



Main target group business customers

Vehicle rental revenue 2005 – by customer group in %



In the New Customer area, the focus is on intensive market development activities. For this, Sixt relies on a young, motivated and committed sales team. The local rental offices will in future serve as an additional, third sales level. Rental office staff independently deepen contacts with local customers and make use of their local network to gain new customers for Sixt.

Key Account management achieved a double-digit increase in the number of Sixt key accounts in Germany. In many cases this leads at the same time to further growth opportunities abroad: companies operating worldwide are increasingly in search of mobility solutions from a single source for all international locations. Sixt is able to offer its customers individual service packages for this.

The new sales organisation succeeded in winning leading-name companies of various sizes as new customers, among them numerous middle-market companies. In this segment, too, Sixt focuses systematically on individual mobility service offerings.

International growth encouraging

Sixt's international expansion in 2005 was based once again on the principle of encouraging profitable growth and avoiding volume growth without adequate margins. Rental business in Western European countries with our own rental offices developed extremely satisfactorily, with Sixt achieving double-digit growth rates in almost all cases. At the beginning of 2006, we opened a further rental office of our own in Palma de Mallorca as the starting point for the further expansion of our corporate business in Spain. At the same time, the worldwide rental office network was extended via new franchise partners, for example to India, Pakistan, Saudi Arabia, Thailand, Costa Rica and the Dominican Republic. In all, the number of rental offices (including franchise partners) worldwide rose by the end of 2005 to 1,443 (year-end 2004: 1,395). As at the same date there were 447 rental offices (year-end 2004: 402) in Germany.

Sixt now offers car rentals in over 75 countries via its own rental offices or franchise partners. The Company plans to continue its expansion abroad, which is aimed at high-yield growth. The focus here is on further countries in the Asia-Pacific area such as China or Australia, and also in the Americas.

Strict cost control

In order to serve the needs of corporate and business customers, as its main customer group, in the best possible way, Sixt continued in 2005 to concentrate its rental fleet acquisitions primarily on premium vehicles featuring top-of-the-range fittings from the Mercedes, BMW and Audi brands.

In 2005, a number of cost items, for example vehicle transport, experienced cost increases that could only be passed on to customers to a limited extent. Nevertheless, we succeeded in stabilising costs per vehicle and day at a low level by means of improvements in efficiency. Sixt profited from its internally developed Yield Management system, which is highly efficient compared to others in the industry. The system enables needs-based vehicle purchasing and optimisation of rental fleet capacity utilisation. Accordingly, fleet capacity utilisation rose once again in the year under review.

Fleet equipment determined by customer requirements

Sixt systematically focused the composition of its rental fleet on customer requirements in 2005. In accordance with the demands of many business customers, 69% of vehicles in Germany were fitted with highly economical diesel motors (all Sixt Corporate countries: 67%). Moreover, 53% of all vehicles in Germany and 49% of vehicles in all Sixt Corporate countries can now be made available with a navigation system. Since 2005 it has been possible to place a binding reservation for a vehicle with a navigation system from the compact class upwards, in return for a small surcharge.

The proportion of vehicles with tyres suitable for winter conditions was once again significantly increased, continuing the trend in prior years. From the 2005/2006 winter season onwards, more than 80% of all rental vehicles in Germany are fitted with tyres suitable for winter conditions in the core months – a record high for the industry. In this way, Sixt is making a major contribution to road safety.

Sixt Holiday Cars gaining ground

New vehicle rental products have been one of Sixt's strengths for many years. In 2005, our holiday rental car offering Sixt Holiday Cars in particular generated considerable attention in the marketplace. Sixt is now offering this inexpensive vehicle rental package for holidaymakers in more than 65 countries and at a good 4,500 sales points. Sixt Holiday Cars is an all-inclusive product, its lump-sum price includes all kilometres, taxes, charges and insurance. In the year under review, Sixt Holiday Cars notched up a sales increase of roughly 65%. The offering performed especially well at popular Central European holiday destinations, thanks to its good value for money compared to competing offers.

The SIXTI low-cost brand also continued its growth course in 2005. The number of vehicles and sales rose once again. By the end of 2005, SIXTI vehicles could be rented in nine countries across Europe, at 62 rental offices, 26 of them in Germany. SIXTI is aimed primarily at private customers, such, for example, city tourists who are prepared to accept fixed rental conditions in return for an extremely attractive basic rate. Our second brand remains the clear market leader in Germany in the low-cost vehicle rental segment.

Record year in terms of revenues and profits

The distinct growth recorded in revenues and profits reflects the unusually good business year in vehicle rentals. Sixt succeeded in raising revenues in this segment by a total of 17.8% to EUR 770.4 million (previous year: EUR 653.7 million). Demand from corporate and business customers increased above all in Germany, where domestic vehicle rental revenues rose by 19.2% to EUR 605.4 million (2004: EUR 508.0 million). Vehicle rentals also made clear progress abroad. All foreign companies achieved positive results, while international rental revenues climbed 13.3% to EUR 165.0 million (previous year: EUR 145.7 million). Unlike earlier financial years, in 2005 Sixt has not reported the disposal proceeds from used rental vehicles under the segment's revenues, but has included them instead in the item “Fleet expenses and cost of lease assets”. The reason for this is the change in accounting methods from the German HGB standards to the international rules according to IAS/IFRS, which was made for the first time as of the elapsed financial year.
Owing to the sharp pick-up in demand, Sixt expanded its European rental fleet in the past year to an average of around 48,800 vehicles (2004: approximately 45,000 vehicles).
The profits from the Vehicle Rental Business Unit climbed substantially in the past year. Profit before net finance costs and taxes (EBIT) rose by 50.3% to EUR 92.4 million (previous year: EUR 61.5 million). Earnings before taxes (EBT) increased by 140.3%, to EUR 69.4 million (2004: EUR 28.9 million).

Record year in terms of revenues and results

Key Figures for the Vehicle Rental Business Unit

in EUR million	2005	2004	Change in %
Rental revenue	770.4	653.7	+ 17.8
thereof abroad	165.0	145.7	+13.3
Earnings before net finance costs and taxes (EBIT)	92.4	61.5	+ 50.3
Earnings before taxes (EBT)	69.4	28.9	+ 140.3

Leasing Business Unit

- **Number of leasing agreements up nearly 11%**
- **Strong expansion in Eastern Europe**
- **Positive effects of restructuring sales organisation**
- **Further improvement in profit achieved**

Equipment leasing remains a growth market

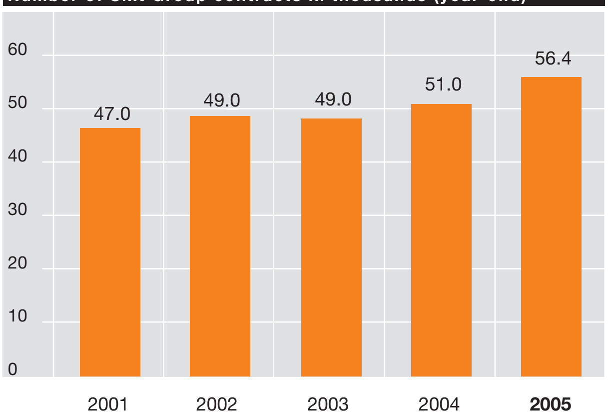
The leasing market in Germany continued its upward trend in 2005. According to information from the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies) new equipment leasing business, i.e. the leasing of movable capital goods, grew by 5.7% compared to the previous year to reach EUR 44.4 billion. Experts anticipate a dynamic market development in coming years too.

Sixt will continue to benefit from this growth. As a vendor-neutral and non-bank leasing company, Sixt is focusing on full-service leasing. This goes beyond pure finance leasing to offer comprehensive fleet management services – from objective demand analysis through purchase advice to operational issues such as maintenance, repairs, insurance, accident management or vehicle resale at the end of the lease term. In this, Sixt is able to fall back on many years of fleet management experience. The key advantage for customers is clearly reduced mobility costs.

The 2005 financial year was a successful one for the Leasing Business Unit. Sixt strengthened its market position in Germany with growth in operating revenue for leases of 11.6% compared to the previous year.

Number of leasing agreements reaches new high

Number of Sixt Group contracts in thousands (year-end)



Number of contracts up further

The business unit's successful initiatives in internationalisation, sales and product innovation further increased the number of leasing contracts in 2005. At the end of 2005, there were 56,400 contracts in Europe as against 51,000 at the end of 2004. This corresponds to an increase of nearly 11%. Full-service leasing contracts achieved a disproportionately large growth of 15%.

On the way to becoming an international leasing provider

In the year under review, the Leasing Business Unit succeeded in extending its new customer business in Europe. International expansion has two drivers: one is the acquisition of new corporate customers abroad and the other the growth outside Germany of Sixt's key German leasing customers.

As in earlier years, Sixt was able to support a large number of customers in their activities abroad in 2005. Sixt's in-depth know-how in full-service leasing paid off especially here. Sixt Leasing's high quality of service represents a decisive advantage when it comes to efficient and liquidity-friendly fleet expansion for internationally operating companies outside Germany, too.

In Austria, Switzerland and France, Sixt conducts its leasing operations via its own national organisations. In other countries, Sixt cooperates with franchise partners, in a similar way as for its rental business. The Company's Eastern European presence received a particular boost in 2005. Sixt can thus now offer its complete full-service leasing range in more than 20 countries. The number of leasing contracts with Sixt and its franchise partners amounted to nearly 100,000 as at 31 December 2005.

Leasing sales function successfully enhanced

The restructuring of the leasing sales function made a material contribution to the growth of the leasing sector in the year under review. Since then, a separate team has been responsible within the sales organisation for internationalisation. Experienced employees support customers in building up fleets abroad. They coordinate the services of the Sixt national organisations and/or franchise partners and their local cooperation partners for customers on an individual basis. The advantages for enterprises lie on the one hand in the effective central management of their worldwide leasing activities and on the other in needs-based local fleet management.

The satisfactory evolution of revenues and profits at Sixt Leasing is also due to a new sales unit that was specially established to support SMEs. This made it possible to enhance the initiative for middle-market companies launched in the previous year. The number of corporate customers in this segment grew substantially. Key account support also profited from the focussing of the sales department. As a result, it was possible to win a number of large leading-name German companies as new customers in 2005.

Moreover, Sixt initiated a telesales project that relieves the sales force of administrative routines. The telesales staff make and coordinate customer appointments centrally and enable the sales force to concentrate on fulfilling customer wishes.

The Internet is by far the favourite sales channel for leasing business conducted with private customers. Private leasing still plays a subordinate role in the German vehicle market at present, and therefore offers correspondingly large potential. Sixt relies here in particular on targeted information and education to explain the advantages of leasing as an alternative to vehicle purchases or instalment credit financing to private persons.

Focus on “fair play” in leasing agreements

Sixt expanded its product palette once more in the past business year. Product development was concentrated especially on those aspects of leases for which customers usually see the need for discussion. One of these, for example, is the assessment and adjustment of accident damage. Sixt has been offering its Sixt Accident Management (S.A.M.) to customers as part of its full-service leasing package since 2005.

SIXT LEASING GENERATES BENEFITS ALONG THE VALUE-ADDED CHAIN

Advice	Contract administration	Vehicle selection and procurement	Vehicle repurchase	Invoice checking	Accident management administration
Sixt Mobility Consulting	**Paperless office**	**Buying power**	**Sixt FAirbag and FAirbag Plus**	**Preventive invoice checking**	**S.A.M. – Sixt Accident Management**
Objective, comprehensive advice, individual mobility solutions	Digital creation and storage of files and contracts for more transparency and efficiency	More than 100,000 vehicles purchased per year ensure significant economics of scale, vendor-neutral selection and top price/performance ratios	Maximum safety and planning certainty on vehicle returns	Sixt's own specialist department checks invoices from manufacturers, authorised repairers, etc. and minimises full-service leasing costs.	Reduces costs in event of accident, handles processing and guarantees mobility

The aim of this product is to avoid damage by means of preventative measures and to limit the costs of repair. This is achieved, for example, by cooperation with selected authorised repairers and by setting up mobility depots that can make inexpensive substitute vehicles available in the event of an accident.

In order to guarantee problem-free, transparent vehicle return, Sixt developed the FAirbag and FAirbag Plus service packages. These products increase the efficiency of the return process, for example by automatically commissioning impartial appraisers. In addition, an important and incalculable uncertainty factor for customers is removed. With FAirbag Plus, potential vehicle damage that would otherwise require adjustment on its return can be settled during the term of the agreement against payment of a monthly flat-rate fee. Numerous customers now take advantage of this opportunity for damage control and risk mitigation.

To relieve the burden on fleet managers and to have a positive effect on road safety, Sixt Leasing in cooperation with TÜV Card Services GmbH has offered the Sixt drivers' licence check as from the year under review. This enables customers to transfer to the TÜV (Technische Überwachungs-Verein: German Safety Standards Authority) the legally prescribed duty of vehicle owners to check vehicle users' driving licences twice a year. The new service offers fleet managers clear benefits with regard to time, costs and risks. A further focus of innovation was on the establishment of end-to-end online presentation and handling of the whole leasing process. The use of modern information and communications technology increases the transparency and efficiency of nearly all processes connected with fleet management and helps reduce total costs. Sixt will in the future continue to make focused investments in the development of the technology to ensure efficient management of all leasing processes.

Mobility Consulting gaining ground

As a full-service leasing provider, Sixt places objective advice concerning all topics related to fleet management at the forefront of leasing negotiations with its customers. As an independent leasing company, it is clearly at an advantage when it comes to this important task, since manufacturers' interests do not play a role and the customer enjoys maximum objectivity of the advice provided. Mobility Consulting can cover all details of fleet management, depending on the customer's needs. In the past financial year, corporate customers of all sizes have increasingly taken advantage of this advice. Mobility Consulting has now established itself as a section of its own within Sixt Leasing. Not infrequently, customers want this service only as a first step. However, in many cases, a more far-reaching cooperation emerges from the consultation. Thus Mobility Consulting is frequently an entry into full-service leasing.

Distinct increase in revenue and results

The positive course of Sixt Leasing's business in the past year is reflected in its further revenue growth. Revenue from leasing business rose by 11.6% to EUR 305.4 million at the end of 2005 (2004: EUR 273.7 million). If the proceeds from vehicle disposals are included, total revenue from the leasing sector climbed by 9.8% to EUR 562.0 million (2004: EUR 511.9 million).
Profit before net finance costs and taxes (EBIT) improved by 37.2% to EUR 32.9 million (2004: EUR 24.0 million). Earnings before taxes (EBT) increased by 5,2% to EUR 14.6 million (2004: EUR 13.9 million).

Further increase in revenue and profits

Key figures for the Leasing Business Unit

in EUR million	2005	2004	change in %
Leasing revenue	305.4	273.7	+11.6
thereof abroad	21.6	16.0	+35.2
Sales revenue	256.6	238.2	+7.7
Total revenues	562.0	511.9	+9.8
Earnings before net finance costs and taxes (EBIT)	32.9	24.0	+37.2
Earnings before taxes (EBT)	14.6	13.9	+ 5.2


the spirit of mobility

Growth through expansion

People's need for mobility is increasing throughout the world. And above all, it doesn't stop at borders. For Sixt, this means opportunities for sustainable growth at home and abroad. We plan to accelerate the globalisation of our business; Sixt is already a global brand operating in 75 countries. This is complemented by a network of strategic alliances with airlines, hotels and other travel and tourist partners – for the benefit of Sixt's customers.

Group Management Report

- **Group profit before net finance costs and taxes up 30.4% to EUR 123.6 million**
- **Group profit after taxes up 129.9% to EUR 55.9 million**
- **Group operating revenue up 16% to EUR 1.08 billion**
- **Continued positive development of foreign business**
- **Improved financial structure thanks to successful bond issue**
- **Further revenue and earnings increases forecast for 2006**

Business and general environment

Economic environment

The world economy as a whole remained in good shape in 2005. Most recently, economic experts were expecting a rise in global gross domestic product (GDP) of about 4%, which would be slightly above the medium-term trend. In spite of the massive increase in crude oil prices, the growth of the world economy remained robust.

The main drivers of this development were the USA and China. India and the other newly industrializing Asian countries also developed dynamically. The Japanese economy continued to recover. Additional growth stimuli came from Central and Eastern European countries and also from Latin America.

By contrast, economic development in the euro zone in 2005 lagged behind global developments. GDP growth in the European monetary union countries amounted to 1.3%; in 2004 it was 2.1%. Germany, with growth of 0.9%, lay at the lower end of the scale of all euro member countries. While the German economy benefited on the export side from the positive state of the global economy, domestic demand remained weak. Private consumption remained flat year-on-year, while gross fixed capital formation once again declined slightly.

Sources:
Economic forecast 2006, DZ Bank/F.A.Z. Institut, 18 November 2005
Eurostat, press release 14 February 2006
Statistisches Bundesamt (Federal Statistical Office), press release 12 January 2006

Industry situation

Vehicle Rental: According to the Datamonitor market research institute, nearly a quarter of the value of the worldwide vehicle rental market is attributable to Europe, where the main business emphasis of the Sixt Group is located. The “old” continent is thus the second-largest region in the industry after the clear leader, the US market.
For the European market, Datamonitor forecasts average annual growth of 3.4% for the years 2003 to 2008, with the pace of growth increasing. Based on this prognosis, the market volume amounted to EUR 7.8 billion in 2005. In general terms, the vehicle rental market in Europe is highly competitive and is concentrated in the hands of a few large providers, who are facing a dwindling band of national, regional, or local vehicle rental companies. Moreover, 2005 was marked by the repositioning of large international market players due above all to altered strategic priorities on the part of automobile manufacturers. These often no longer regard vehicle rentals as part of their core business.

The German vehicle rental market is the largest in Europe. Following years of declining or stagnating sales, the Bundesverband der Autovermieter Deutschlands (BAV – German Association of Car Rental Companies) was expecting a significant rise in the market volume for passenger and commercial vehicles from around EUR 2.1 billion in the previous year to about EUR 2.4 billion in the year under review. At the same time, the declining trend in the number of providers, which has been noticeable for several years, appears to have continued, with the BAV assuming about 600 car rental companies in Germany in 2005 (2004: approximately 650). This means that the large national providers are continuing to gain market share at the expense of smaller, local rental companies. According to estimates by the BAV, the share of industry revenue accounted for by corporate business – the Sixt Group's most important target group – increased again in 2005 from 49% to 52%. The private customer and tourism groups thus accounted for 31% (2004: 30%).

Datamonitor puts the German market for 2005 – excluding vans and trucks – at about EUR 1.8 billion. Based on this, moderate growth is forecast for the years 2006 to 2008, with the trend in 2006 expected to be flat. Finally, it should be noted that, in spite of the existence of reputable market studies, in the opinion of Sixt Aktiengesellschaft, no sufficiently precise statistics are available for the European and German vehicle rental markets.

The global automotive industry continues to be marked by overcapacity, rationalisation and price pressures and shifts in market share due to new suppliers from newly industrializing countries. Against this background, the industry remained under pressure in 2005 in Europe. According to information from the Verband der Automobilindustrie (VDA – German Automobile Industry Association), sales were flat year-on-year at about 14.5 million passenger vehicles. This means that high fuel prices and unsatisfactory overall economic development prevented a more positive trend. In Germany, new passenger vehicle registrations increased slightly by 2% to 3.34 million units. However, according to VDA, the recent discussion concerning company car taxation and the public dispute regarding diesel particle filters put a strain on the domestic economy, in addition to the rise in oil prices. The used vehicle market in Germany showed no improvement in 2005 and remained under pressure.

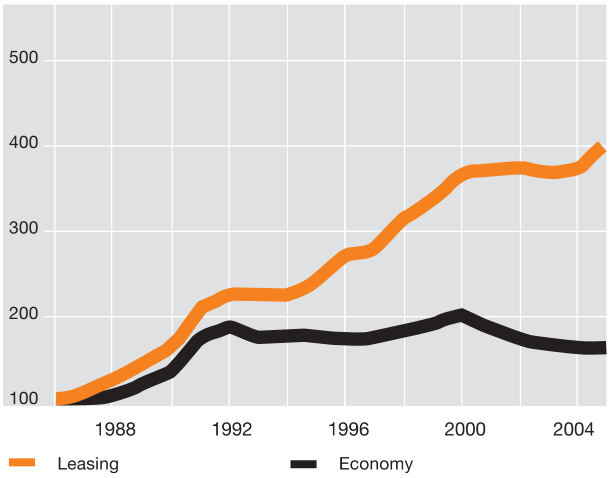
Sources:
Datamonitor, Car Rental in Europe, November 2004
Datamonitor, Car Rental in Germany, November 2004
Bundesverband der Autovermieter Deutschlands, market data, December 2005
Verband der Automobilindustrie, press releases 5 and 13 January 2006

Leasing: There is no uniform European market for leasing services because of the varying degrees of maturity in the individual countries. In Germany, the previous year's upward trend accelerated in 2005. According to estimates by the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – Federal Association of German Leasing Companies), total leasing investment in Germany increased by 8.7% to EUR 51.1 billion, following growth of 2.2% in the previous year. Equipment leasing also continued its growth course with an expected increase of 5.7% to EUR 44.4 billion; of this, roughly 64% or nearly two-thirds related to road vehicles.

The leasing market thus continues to develop more dynamically than the economy as a whole (see graph) and is ever more in demand by companies as a financing alternative. The steadily increasing equipment leasing ratio (the proportion of total capital expenditure in the economy as a whole accounted for by equipment leases) rose further in 2005 to roughly 25%, but remains below the level of other industrialised nations. In the USA, for example, the ratio is over 30%.

Full-service leasing, the combination of finance and comprehensive services, offers especially significant growth potential, above all in the motor vehicle business. According to a survey by BDL, two-thirds of commercial enterprises in Germany find such full-service leasing offerings attractive or very attractive. The main arguments in favour of leasing services given are reduced time and administrative effort, uncomplicated processing and the ability to free up capacity for the companies' actual core business. In the leasing business, Sixt concentrates on full-service leasing and is one of the few leading providers in this segment in Germany that is bank- and vendor-neutral.

Development of investment in Germany: economy v. leasing (at historical prices)



Sources:
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), leasing market study 2005
BDL, press release 30 November 2005

Group structure and organisation

The Sixt Group is an international mobility services provider that is primarily active in the business areas of vehicle rental and leasing. Other Group activities such as e-commerce are disclosed in segment reporting under the item “Other”.

With regard to vehicle rentals, Sixt operates a global network comprising its own rental offices, franchisees and cooperation partners. With a share of roughly 25%, the Company is the market leader in Germany (calculated on the basis of the market estimate by the Bundesverband der Autovermieter Deutschlands for the year 2005). As at 31 December 2005, Sixt had 447 rental offices in Germany (excluding rental offices for its low-cost SIXTI brand). Abroad, Sixt is represented with its own rental offices in the so called Corporate countries – France, the United Kingdom, the Netherlands, Belgium, Austria, Switzerland and Spain (Majorca) – and is one of Europe's largest vehicle rental companies. In addition, it has partnerships with franchisees in numerous countries. The number of

Sixt rental offices worldwide totalled 1,443 as at 31 December 2005. The offering in the vehicle rental area is complemented by a range of partnerships, above all with leading airlines and hotel chains.

In its Leasing Business Unit, Sixt primarily acts as a motor vehicle leasing provider, as well as providing additional services (full-service leasing). Its particular expertise is in fleet management services for corporate customers. Sixt Leasing AG is one of the largest vendor-neutral, non-bank leasing service providers in Germany and offers customers a broad range of individual financing and service solutions. Abroad, the Leasing business unit is represented in Austria, Switzerland and France by its own operations. In selected countries such as the Czech Republic, Israel, Turkey, or Greece franchise agreements exist.

Sixt Aktiengesellschaft acts as the holding company for the Sixt Group. It is responsible for the strategic and financial management of the Group. The headquarters of the Company are in Pullach in the administrative district of Munich. The Company maintains registered branch offices in Leipzig and at Munich airport. All business operations are conducted by the business units, whose main managing companies are Sixt GmbH & Co. Autovermietung KG and Sixt Leasing AG.

Information on accounting principles

The consolidated financial statements of Sixt Aktiengesellschaft for the year ended 31 December 2005 were prepared for the first time in accordance with International Financial Reporting Standards (IFRSs). The Company is thus exempted from the requirement to prepare consolidated financial statements in accordance with German accounting principles (HGB). The previous year's figures were also produced in accordance with IFRSs and are thus fully comparable. The material differences between reporting under the HGB and under IFRSs are presented in the notes to the consolidated financial statements in Chapter 5.8. To facilitate a better understanding of the following information relating to the Sixt Group's income statement, attention is drawn here to two changes:

In contrast to reporting according to HGB, the revenue from the sale of the used vehicles from the Vehicle Rental Business Unit is not reported under revenue in the consolidated financial statements under IFRSs. This leads to a considerable reduction in Group revenue compared to reporting under HGB. Furthermore, from the year under review onwards, in assessing business success the Group will no longer focus on Group profit before taxes (EBT) alone, but also on Group profit before net finance costs and taxes (profit from operating activities / EBIT). The reason for this is that net finance costs under IFRS can in some cases be subject to considerable fluctuations that are not attributable to business operations. Such fluctuations can in particular result from the fair value measurement of derivative financial instruments prescribed by IAS 39. In the Sixt Group, this fair value measurement is relevant to the reporting of interest rate hedging transactions.

As in previous years, the Group's revenue development is best expressed in terms of the revenue generated by vehicle rentals and leasing – i.e. operating revenue. Revenues from the sale of used leasing vehicles, which depend primarily on general fleet policy and are to some extent based on fixed buy-back agreements with manufacturers and dealers, are not recognised as operating revenues.

Business development

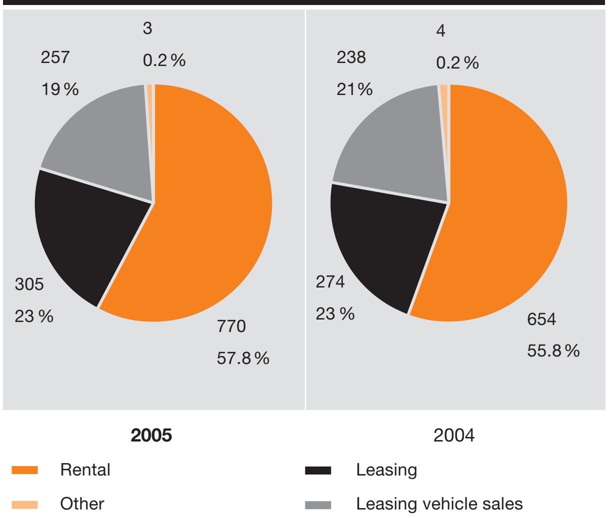
Overall assessment

The Sixt Group increased its revenues significantly in 2005 and improved its results of operations by an even higher rate of increase than for its growth in revenue. Operating revenue from the rental and leasing business rose by 16.0%. The Group profit from operating activities (EBIT) improved significantly faster, by 30.4%. In view of the exceptionally good business development and the strategic progress made, for example, in international expansion, the Managing Board considers the year under review to be the most successful financial year in the Company's history.

Revenue development

The Sixt Group's total revenue amounted to EUR 1.34 billion in 2005. This represents an increase of 14.2% over the previous year's figure (EUR 1.17 billion). At EUR 1.08 billion, consolidated operating revenue from rental and leasing activities achieved growth of 16.0% (2004: EUR 927.4 million) – in excess of the Managing Board's forecast of an increase of roughly 10 percent. The growth in operating revenues thus accelerated considerably against the previous year (+4.8%). This is attributable in particular to the extremely good business development in domestic vehicle rentals, which was due to increased demand in all customer segments, in particular corporate and business customers, and improved sales efficiency.

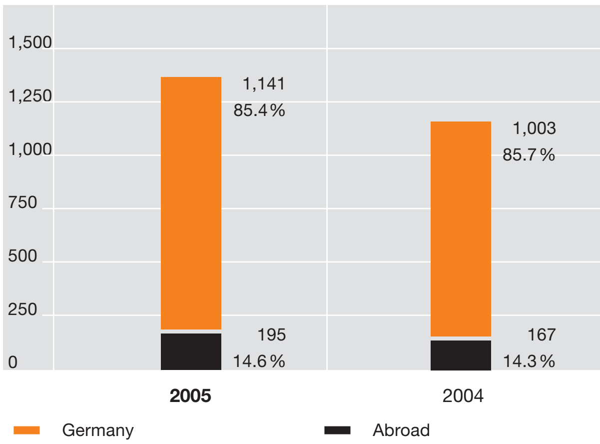
Breakdown of Sixt Group revenue
in EUR million



Revenue breakdown by area: In Germany, Group revenue in the year under review amounted to EUR 1.14 billion, an increase of 13.9% compared to the previous year (EUR 1.00 billion). The increase related overwhelmingly to the Vehicle Rental Business Unit. Consolidated revenue generated abroad reached EUR 194.9 million and thus increased by 16.9% (2004: EUR 166.7 million).

Germany accounted for 85.4% (2004: 85.7%) of consolidated revenue in the year under review, while 14.6% (2004: 14.3%) was generated abroad, so that the breakdown remained more or less constant.

Breakdown of consolidated revenue Germany/abroad
in EUR million



Revenue breakdown by business unit: The Vehicle Rental Business Unit achieved revenue from rental business amounting to EUR 770.4 million in 2005. This amounts to an increase of 17.8% over the previous year's figure of EUR 653.7 million. In the previous year the growth rate amounted to only 4.5%. Both domestic and foreign business contributed to the growth in revenue.

In Germany, Sixt recorded an impressive vehicle rental revenue increase of 19.2% to EUR 605.4 million (2004: EUR 508.0 million), a rate of growth significantly higher than that of the vehicle rental market as a whole. Apart from the increase in business travel, the fact that Sixt was able to increase the number of key accounts in the year under review and to deepen business relations with important existing customers contributed to the positive development. Products specifically tailored for private customers such as Sixt Holiday Cars or the low-cost SIXTI brand also developed positively.

Rental revenue generated in our own rental stations abroad amounted in 2005 to EUR 165.0 million and was 13.3% up on the previous year's level (EUR 145.7 million). Sixt achieved clear double-digit growth rates in individual European Corporate countries. Only in the United Kingdom, where Sixt had deliberately discontinued low-margin business in earlier years, did revenue decline owing to the reduced business base.

The Leasing Business Unit continued the growth it recorded in previous years, increasing its revenue from leasing business by 11.6% to EUR 305.4 million (2004: EUR 273.7 million). Revenue from the sale of used leasing vehicles increased in accordance with the increased volume of business in the business unit by 7.7%, from EUR 238.2 million to EUR 256.6 million. All in all, the Leasing Business Unit achieved revenue of EUR 562.0 million compared to EUR 511.9 million in 2004 (+9.8%).

- Expenses for the rental and leasing fleets during the useful lives of the vehicles (e.g. fuel, transport costs, insurance, motor vehicle taxes, vehicle cleaning, repairs);
- Expenses for the sale of leasing vehicles (residual carrying amount of vehicles as well as costs of vehicle preparation relating to the sale).

The fleet expenses and cost of lease assets rose by 15.7% to EUR 599.5 million (2004: EUR 518.0 million) and thus represent by far the largest expense item. The rise corresponds to the expansion of the rental and leasing fleet and the increased business volume in the year under review.

Sixt Group Profit and Loss Account in EUR million	2005	2004	Absolute change	Change in %
Group revenue	1,335.7	1,169.9	165.8	+ 14.2
Consolidated operating revenue [1]	1,075.8	927.4	148.4	+ 16.0
Fleet expenses and cost of lease assets	599.5	518.0	81.5	+ 15.7
Personnel expenses	96.0	88.7	7.3	+ 8.3
Depreciation and amortisation expense	249.4	230.7	18.7	+ 8.1
Net other operating income/expense	- 267.2	- 237.7	- 29.5	- 12.4
Profit from operating activities (EBIT)	123.6	94.8	28.8	+ 30.4
Net finance costs	- 32.7	- 52.2	19.5	+ 37.3
Profit before taxes (EBT)	90.9	42.6	48.3	+ 113.1
Income tax expense	34.9	18.3	16.6	+ 90.1
Consolidated profit for the period	56.0	24.3	31.7	+ 130.6
Consolidated profit after minority interests	55.9	24.3	31.6	+ 129.9
Earnings per ordinary share – basic (EUR)	2.47	1.07	1.40	+ 130.8

[1] not including proceeds from the sale of used leasing vehicles

Earnings development

Other operating income amounted to EUR 18.8 million in the year under review and was thus well below (-32.2%) the previous year's figure of EUR 27.8 million. The latter figure was materially influenced by the sale of the administrative complex in Pullach.

The following expenses are recorded under the item “Fleet expenses and cost of lease assets”:

Personnel expenses increased by 8.3% to reach EUR 96.0 million (2004: EUR 88.7 million). The rise reflects the increase in Sixt Group employees by an average of 9%.

At EUR 249.4 million, depreciation and amortisation rose by 8.1% against the previous year's figure of EUR 230.7 million. The rise is to be attributed to the increase of 20.6% to EUR 143.3 million in depreciation on rental assets (2004: EUR 118.8 million), corresponding to the expansion of the rental fleet in the year under review and the increase in the average value of the vehicles. By contrast, depreciation on lease assets fell by 6.5%, from EUR 100.1 million to EUR 93.5 million, as a larger number of financial leasing contracts on the procurement side ran out in the year under review. However, there was a corresponding rise in lease instalments under operating leases.

Other operating expenses reached EUR 286.0 million, up 7.7% on the previous year's figure (EUR 265.5 million). The largest single item is expenditure on lease instalments. These rose by 24.1% from EUR 114.8 million to EUR 142.5 million, since more rental and leasing fleet vehicles were financed by leasing in the year under review. A counter-effect is the absence of expenses in connection with the property sale in Pullach included in the previous year; on balance, the property sale had little effect on profits.

For 2005, the Group's earnings before net finance costs and taxes (EBIT) were EUR 123.6 million – an improvement of 30.4% over the previous year's figure of EUR 94.8 million.

The net finance costs amounted to EUR - 32.7 million, thus remaining considerably below the previous year's figure of EUR - 52.2 million. This change is materially influenced by the fair value measurement of derivative financial instruments, which must be performed under IAS 39. The net interest expense included in net finance costs (including interest on profit participation capital) amounted to EUR 30.4 million after EUR 32.4 million in the previous year. The reduction is primarily attributable to the above-mentioned lease financing of the vehicle fleet.

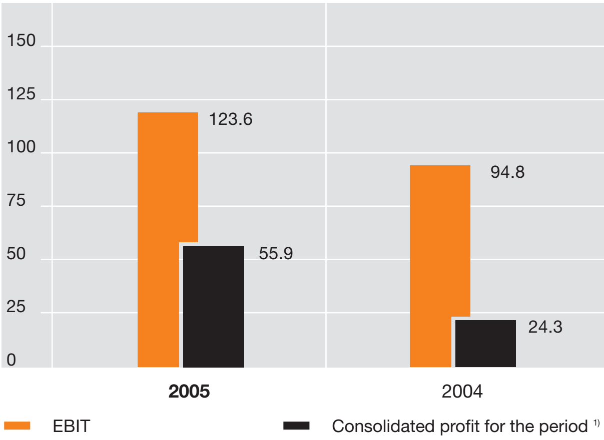
Profit before (income) taxes (EBT) reached EUR 90.9 million, 113.1% above the previous year's figure (EUR 42.6 million). Taxes on income totalled EUR 34.9 million (2004: EUR 18.3 million); this includes deferred taxes of EUR 7.1 million after EUR -1.7 million in the previous year. The ratio of income tax expense to EBT was 38.4% (2004: 43.0%).

Group profit reached EUR 56.0 million and thus lay 130.6% above the previous year's figure (EUR 24.3 million). After adjustment for minority shareholders, the Group reported a consolidated profit for the period of EUR 55.9 million, more than double the previous year's figure (EUR 24.3 million; +129.9%).

Net earnings per share (basic) amounted to EUR 2.47 per ordinary share (2004: EUR 1.07) and to EUR 2.51 per preference share (2004: EUR 1.11). On a diluted basis, i.e. after adjustment for existing conversion rights for preference shares, earnings per preference share amounted to EUR 2.34 (2004: EUR 1.05); earnings per ordinary share correspond to earnings on an undiluted basis.

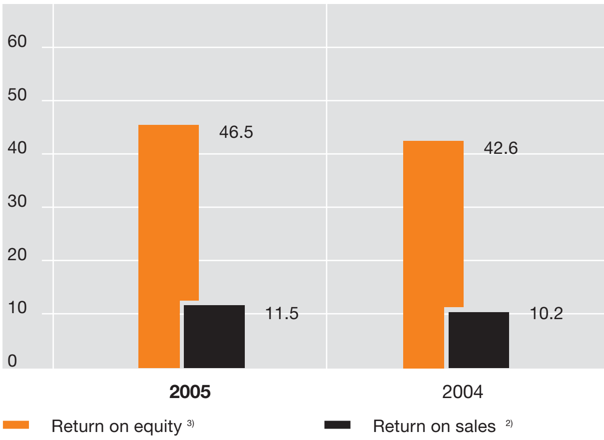
The disproportionately high growth in earnings in the year under review led to an improvement in the return on sales – the ratio of EBIT to operating revenue – from 10.2% to 11.5%. The return on equity, which is also based on EBIT, amounted to 46.5%, following 42.6% in the previous year.

Earnings performance of the Sixt Group
in EUR million



[1] after minority interests

Profitability of the Sixt Group
in %



[2] Ratio of EBIT to operating revenue
[3] Ratio of EBIT to equity

Appropriation of profit

Sixt Aktiengesellschaft prepares its annual financial statements according to the provisions of the German Commercial Code. The Company reported net retained profits of EUR 34.1 million for 2005, following EUR 17.3 million in the preceding year. The Managing and Supervisory Boards propose that the Annual General Meeting on 1 June 2006 appropriate these net retained profits as follows:

- Payment of a dividend of EUR 0.80 per ordinary share (total dividend: EUR 13.2 million),
- Payment of a dividend of EUR 0.82 per preference share (total dividend: EUR 5.0 million),
- Allocation of EUR 15.86 million to revenue reserves.

The dividend proposal, which would lead to a total dividend payment of EUR 18.2 million (2004: EUR 13.6 million), takes the extremely successful development of the Sixt Group in the year under review into account. This results in a dividend payout rate of 33% (2004: 56%) in relation to the consolidated profit after minority interests.

Net assets

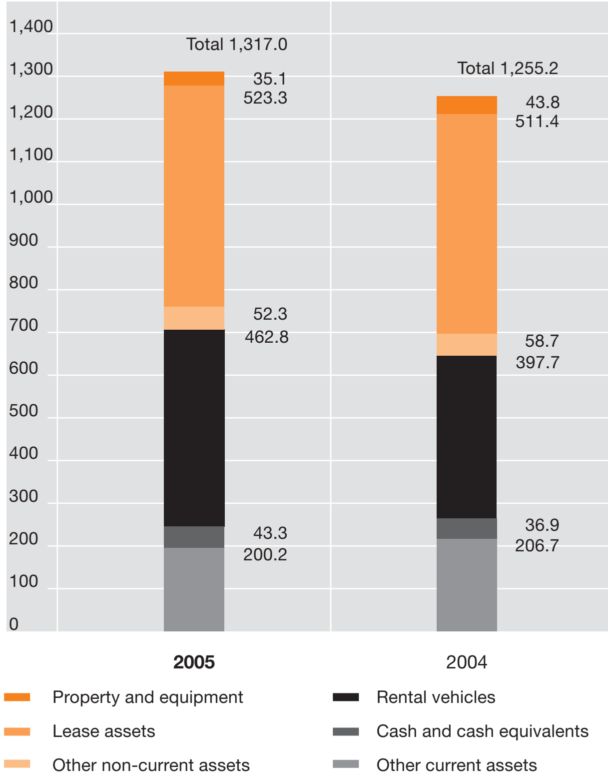
At EUR 1.32 billion, the Sixt Group's total assets as at 31 December 2005 were EUR 61.8 million or 4.9% above the figure on the same reporting date for the previous year (EUR 1.26 billion). On the asset side of the balance sheet, growth is to be attributed in the first place to the increase in rental assets of EUR 65.1 million to EUR 462.8 million; these are reported as current assets owing to the short useful lives of the rental vehicles (as a rule 6 months). The rise resulted from the expansion of the rental fleet and the greater proportion of vehicles with superior features.

Non-current assets are dominated by lease assets, which grew as a result of the increased business volume by EUR 11.8 million to EUR 523.3 million in 2005 (31 December 2004: EUR 511.4 million). Lease assets thus amounted to 85.7% of total non-current assets (31 December 2004: 83.3%) and 39.7% of total assets (31 December 2004: 40.7%). Property and equipment amounted to EUR 35.1 million and thus lay EUR 8.8 million below the previous year's figure (EUR 43.8 million), primarily owing to a re-classification and the impairment of an investment property in the year under review. Other non-current receivables and assets amounting to EUR 14.9 million (31 December 2004: EUR 17.4 million) essentially include the non-current portion of receivables under lease contracts on the sales side, which were classified as finance leases.

Under current assets, trade receivables amounted to EUR 112.7 million (EUR +6.2 million); they related almost entirely to receivables from business operations. Other receivables and assets include among other things the current portion of receivables under customer leases classified as finance leases.

The Sixt Group's cash and cash equivalents amounted to EUR 43.3 million at the balance sheet date, up EUR 6.4 million on the level at the end of the previous year (EUR 36.9 million).

Balance sheet structure of the Sixt Group – assets
in EUR million



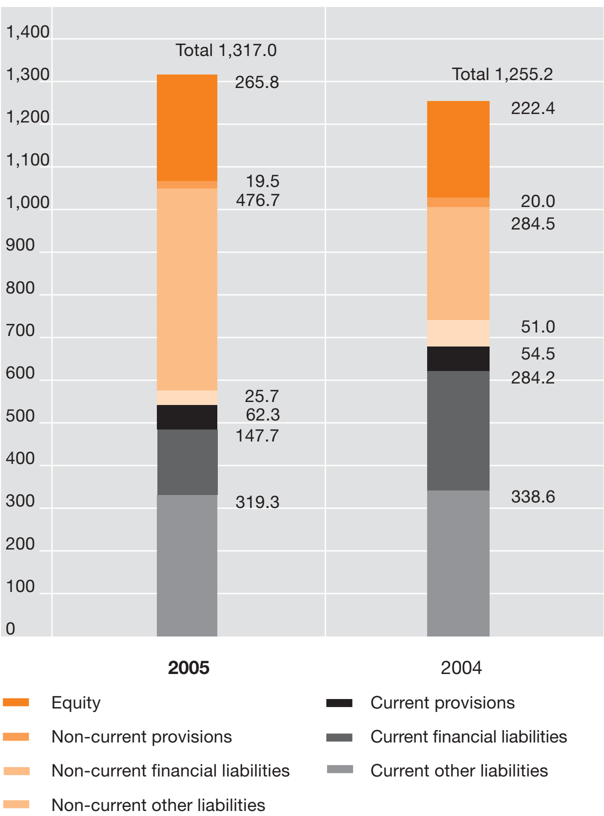
Financial position

Sixt has a variety of debt instruments available to it for financing business operations. The Group's external financing base was further optimised as regards structure and term to maturity in the year under review, following Sixt's issue of profit participation certificates with a nominal principal amount of EUR 100 million in 2004.

In April 2005, Sixt Aktiengesellschaft issued a EUR 150 million bond with a term to maturity until 2010 and a 4.50% coupon. In October 2005, the Company took advantage of the positive capital market environment to top up the bond by EUR 75 million at the same conditions.

The profit participation capital and the bond give the Sixt Group a broad, long-term financing basis which is supplemented by financing instruments such as borrowers' note loans, leasing, or bank credit lines.

Balance sheet structure of the Sixt Group – equity and liabilities in EUR million



Group equity reached EUR 265.8 million at year-end (31 December 2004: EUR 222.4 million). The equity ratio amounted to 20.2%, 2.5 percentage points above the level on the same reporting date in the previous year (17.7%). The Sixt Group therefore continues to report an equity ratio that is significantly higher than the average in the German rental and leasing industry.

Non-current liabilities increased distinctly by EUR 166.4 million to EUR 521.9 million. This is attributable in the first place to an increase in financial liabilities, which reached EUR 476.7 million (31 December 2004: EUR 284.5 million). These include the 2005/2010 bond issued in the year under review with a total principal amount of EUR 225 million and also the profit participation capital. In addition, this item includes borrower's note loans with terms to maturity of more than one year (EUR 143.0 million). The significant increase in non-current financial liabilities reflects the change in the Group's financing structure in favour of longer terms to maturity.

At EUR 13.8 million, non-current other liabilities were EUR 25.1 million below the figure as at 31 December 2004 (EUR 38.9 million). The reduction is to be attributed among other things to gains in the value of interest rate hedging instruments.

Current liabilities dropped by EUR 148.0 million from EUR 677.3 million to EUR 529.3 million. The fall resulted almost exclusively from the reduction in financial liabilities of EUR 136.5 million to EUR 147.7 million, owing to the repayment of borrower's note loans.

The increase in trade payables by EUR 25.4 million to EUR 204.0 million is a reporting date effect. Current other liabilities amounting to EUR 115.3 million (31 December 2004: EUR 160.0 million) include among other things the liabilities under finance leases in the procurement area.

Liquidity situation

For 2005, the Sixt Group reported cash flow before changes in working capital of EUR 305.4 million, EUR 64.4 million above the figure for the preceding year (EUR 241.0 million). Inclusion of working capital results in a net cash outflow of EUR 60.5 million (2004: net cash inflow of EUR 19.1 million). Net cash used in investing activities amounted to EUR 112.7 million (2004: net cash from investing activities of EUR 2.0 million), since the payments to acquire lease fleet assets exceeded the proceeds from the disposal of used leasing vehicles.

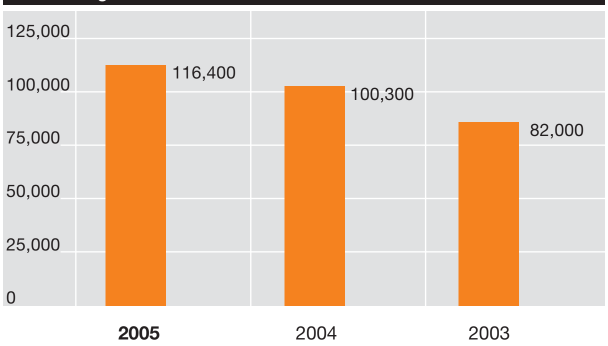
Financing activities resulted in a net cash inflow of EUR 179.6 million, which is above all attributable to the bond issued in the year under review (2004: net cash inflow of EUR 1.5 million). The sum of cash flows resulted in an increase in cash and cash equivalents as at 31 December 2005 by EUR 6.4 million over the figure at the same reporting date in the previous year (2004: EUR +22.6 million)

Investments

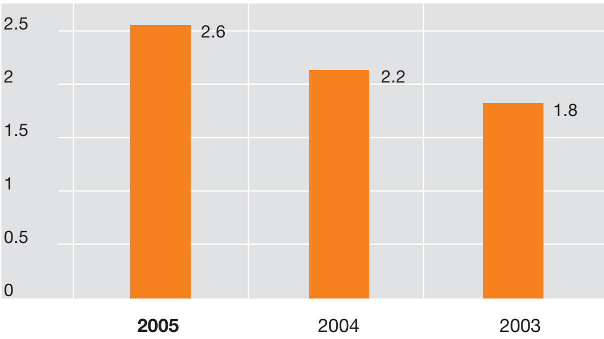
As a reaction to increased demand, the Sixt Group added more vehicles to its rental and leasing fleets in 2005 than in the previous year and increased investments correspondingly. In all, about 116,400 vehicles were added in the year under review, compared to about 100,300 vehicles in 2004. This represents an increase of 16%. The vehicles added to the fleets were worth slightly less than EUR 2.6 billion in total (2004: roughly EUR 2.2 billion).

The average value per rental car rose further from around EUR 22,300 to almost EUR 22,600, corresponding to the higher proportion of vehicles with superior features. This procurement policy is justified in view of the Sixt Group's positioning as a premium supplier in the car rental market.

Number of vehicles added to the rental and leasing fleets



Vehicles added to the rental and leasing fleets value in EUR billion



Employees

An average of 1,923 persons were employed by the Sixt Group in 2005. This is an increase of 158 employees (+9.0%) compared to the average figure for 2004 (1,765). The new hires were primarily made in Germany (+137 to 1,397 persons; +10.9%). Abroad, a reduction in staff at a UK subsidiary was more than offset by increases in all other Corporate countries. On balance, the number of employees abroad rose by 21 to 526 (+4.2%).
In the Vehicle Rental Business Unit, an average of 1,693 persons were employed in 2005, 137 more than in the previous year (+8.8%). The rise primarily reflects the expansion of the domestic rental office network. In the Leasing Business Unit, the number of employees rose by 17 to 211 (+8.8%)

Research and development

Due to Sixt's orientation as a pure-play service provider, no significant research and development activities took place within the Group in the year under review.

Risk Report

In accordance with the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business) the Sixt Group has installed a risk management system that enables it to identify at an early stage all developments that can lead to losses or endanger the existence of the Company.

An efficient tool must ensure the identification, evaluation and management of all risks.

The Sixt Group's overall risk management system is composed of detailed, proven planning, reporting and early warning systems both centrally at Group level and in the individual functional areas down to the level of the individual rental locations and customers. Group financial control is responsible for central risk management.

As an international Group, Sixt is exposed to various risks. These can be broken down into the following categories:

General market risks

As a mobility services provider, the Sixt Group is highly dependent on developments in personal transport. In turn, development of the latter is dependent on a variety of factors which the Company cannot influence. These include, for example, public funding of expansions to the transport infrastructure, improvements in traffic flow and the coordination of the combined use of different modes of transport. In addition, the Group's operating activities are affected by national and international developments such as political unrest, armed conflicts, acts of terrorism and epidemics and, as a result of such events, by restrictions on private and business travel. The future development of tourist travel can therefore only be predicted to a very limited extent.

Market risks - vehicle rental

The trend in the vehicle rental market is linked to macroeconomic developments that impact business and private travel. The industry continues to be dominated by intense predatory competition both in Germany and internationally, which is to a large extent fought out on prices. Smaller local and regional providers are disappearing from the market and are being replaced by the large international vehicle rental companies. Intense competition prevails between the large providers both at the national and at the international level. Developments in the motor vehicle industry are important for the Vehicle Rental Business Unit, owing to their effects on purchasing terms and conditions. Sixt is highly dependent on the supply of popular vehicle models, their purchase on competitive terms and – for reasons of pricing certainty – on the granting of repurchase commitments by manufacturers and dealers. These factors influence both the purchase prices of vehicles and the revenue that can be generated from vehicle sales. The development of the used car market, in particular in Germany, is important for the prices which can be obtained in the event of used rental vehicles being freely marketed. This market remains strained and, as a result, it offers only limited opportunities at present for additional revenues from vehicle sales in excess of the agreed repurchase prices.

High capacity utilisation of the rental fleet combined with the latter's availability are of great importance for the success of the Sixt Group. This relates not only to the absolute size of the rental fleet but also to vehicle types which meet customer wishes. Demand in the vehicle rental business is also dependent on numerous random factors such as the weather and short-term changes in customers' mobility requirements and is therefore difficult to forecast. This is why sophisticated, reliable and tried-and-tested fleet management tools are so important.

Risk management - vehicle rental

It is important for the Sixt Group to remain vendor-neutral if it is to minimise risks when purchasing vehicles for the Vehicle Rental Business Unit. By doing so, the Company is able to select the most popular models and negotiate the best terms and conditions from a number of different manufacturers and dealers in each case, without having to take the specific interests of particular manufacturers into account. Sixt distributes its purchasing volumes over a number of suppliers and bases vehicle deliveries on intra-year requirements planning. Flexible agreements with vehicle manufacturers enable the Company to a certain extent to stagger vehicle orders over a period of time to meet concrete demand.

Sixt's yield management system, a sophisticated IT tool that has been constantly enhanced in recent years, enables the Company to efficiently manage purchasing activities which are strictly tailored to demand, and availability of vehicles at the individual rental locations. The yield management system is permanently optimised on the basis of the constantly growing volume of history data generated by the Company's rental activities.

In order to minimise the risks associated with the sale of vehicles, over 96% of all rental vehicles added to the fleet in the year under review, 2005, were secured by fixed buy-back agreements with the manufacturers or dealers. This means that repurchase prices were agreed for these vehicles at the time of acquisition. The Company therefore has a reliable basis for calculating the development of its fleet costs, and the resale risk is minimised. Sixt regularly assesses the creditworthiness of its buy-back partners according to strict standards. However, in the light of the difficult economic situation in the motor vehicle industry, the possibility that contractual partners, in particular dealers, might not be able to fulfil their repurchase commitments cannot be fully excluded. In this case, Sixt would be obliged to market the vehicles on the used car market at its own economic risk.

Market risks - leasing

The Leasing Business Unit is highly dependent on business customers' investment behaviour. This investment behaviour is influenced – apart from general cyclical factors – by the underlying economic and tax conditions for vehicle leasing. Companies need reliable planning on which to base their investment decisions. Higher taxes on leasing transactions and company cars in Germany could adversely affect the attractiveness of fleet solutions based on leasing arrangements.

The leasing market in Germany is dominated by various bank- or manufacturer-dependent companies. These enjoy on the one hand extremely good purchasing terms, owing to their close relationships with the manufacturers and on the other, as bank-dependent providers, extremely good financing terms. For this reason there is intense price competition in the car leasing market.

Risk management - leasing

The potential risks to the operating activities of the Leasing Business Unit generally relate to the resale of vehicles, changes in interest rates and customers' ability to pay.

In order to guard against the risks associated with the resale of vehicles, a strict policy of securing the residual value through buy-back agreements is maintained. The residual values of about 86% of Sixt Leasing AG's vehicles were secured by buy-back obligations in 2005, for the leasing area as a whole the ratio secured is about 93%. When selecting suppliers, Sixt looks very closely at their financial stability. It checks the creditworthiness of vehicle suppliers on a regular basis.

In 2005, Sixt protected itself against interest rate risks resulting from a possible change in market rates by agreeing interest escalation clauses with the majority of its large customers. Where interest escalation clauses are not used, it guarded against the risks by refinancing assets at matching maturities.

Sixt checks the creditworthiness of each new customer in accordance with strict internal guidelines. Furthermore, customer creditworthiness is regularly monitored during the lease period. This precaution helps to avoid and/or mitigate risks arising from the customer relationship.

Regular analyses are performed in order to check the actual costing of mileage-related lease agreement parameters against the projected costing. If significant deviations are identified, the agreement costings are modified accordingly in order to avoid risks at the time of final settlement.
In the Leasing Business Unit, Sixt deliberately positions its offering as a “full-service leasing” product, which provides for a variety of services to business and private customers in addition to finance leasing. In this context, the Company can

leverage its many years of know-how in the management of vehicle fleets and its position as a major purchaser of vehicles. As a result of its positioning as a full-service leasing company, Sixt is in a position to substantially reduce the dependence of its business success in the Leasing Business Unit on finance leasing, which is under considerable price pressure.

Financing risks

The Sixt Group's ordinary business activities are subject to various financing risks. These include interest rate risks, which are minimised using derivative financial instruments, among other things. Operations, and particularly the rental business, generally use short-term finance such as credit lines or, alternatively, lease agreements. Given the changes in the banking sector as a whole, it remains to be seen what financing policy banks will adopt in future.

The Sixt Group only drew down a portion of its credit lines in the year under review. With the profit participation capital with a total principal amount of EUR 100 million issued in 2004 and the bond with a principal amount of EUR 225 million issued in 2005, the Group expanded its financial options and improved its financing mix in favour of long-term maturities. In addition, the Group continues to have other refinancing options at its disposal, such as leasing or the raising of borrower's note loans.

Report on expected developments

Economic environment

Economic experts are expecting a continuation of the overall robust development of the global economy in 2006. The newly industrializing Asian countries India and China, but also the USA, as before, and to an increasing extent Japan, are seen as the world economy drivers. The forecasts for the euro zone are unanimously cautiously optimistic and signal a slight economic upturn. The OECD anticipates a GDP increase of 2.1%. In Germany, economic sentiment lightened towards the end of 2005. The forecasts by the leading economic research institutes for GDP growth lie in a range between 1.5 and 2.0%. A slight increase in private consumption is considered possible, although this will primarily be a pull-forward owing to the increase in value-added tax announced for 2007.

Industry situation

In vehicle rental, Sixt expects the long-term industry growth trend to continue in Europe in 2006. The slight cyclical upturn forecast for the euro zone and for Germany should have a positive effect on business travel. The German tourism industry is also more optimistic for 2006, whereby the trend is increasingly towards individual mobility solutions. Overall, Sixt expects no change to the intensive competition in the vehicle rental business, which will lead to continuing industry consolidation.

For leasing, the industry association BDL considers the continuation of the growth trend in equipment leasing possible and expects a rate of increase in the mid-single-figure percentage range in 2006. In this context, it notes the increasing importance of services and service components, in particular for commercial customers. It cannot be foreseen at present whether and to what extent the tax framework for lease finance and company cars in Germany will change under the new Federal Government.

Anticipated development of the Company

In 2005, the Sixt Group substantially reinforced the phase of operating growth begun in the previous year. The aim is to perpetuate this business momentum and take advantage of new growth opportunities.

Above all, the following tasks have priority in the Vehicle Rental Business Unit:

- Further business expansion in the Sixt Corporate countries outside Germany, above all in the core French market. Furthermore, the step-by-step penetration of the Spanish market is planned, above all at well-known holiday destinations. Owing to the Company's small market presence in comparison to Germany, the Managing Board sees considerable growth potential in other Western European countries in both the business travel and private customer segments.

- Further global expansion of the franchise network, especially in regions of economic growth such as Eastern Europe, China, South America and the Asia-Pacific Region. By organising foreign business in these regions via franchise partners, Sixt sees an opportunity to partake in the growing global need for mobility and to strengthen the global presence of the Sixt brand, without incurring significant economic risk of its own, since underlying local conditions are often difficult to assess or to manage centrally.

- Expansion of the private customer business and hence further diversification of the sources of revenue from vehicle rentals. Sixt sees an opportunity to take advantage of increasing travel activity, in particular air travel. For this, offers specifically tailored to private customers such as, for example, Sixt Holiday Cars, will be further expanded.

In the Leasing Business Unit, Sixt will concentrate above all on the following topics in 2006:

- Expansion of cross-border leasing to provide support for German customers going abroad, and subsequently the expansion of original foreign business with the goal of providing Europe-wide fleet solutions for corporate customers.

- Increased integration of vehicle rentals and leasing to provide flexible, individual mobility service offerings for corporate customers with the aim of offering comprehensive short and medium-term mobility solutions. As one of the few companies operating in both business areas, Sixt sees an opportunity to achieve competitive advantages in the market by making use of the corresponding synergies.

- Expansion of the Company's presence abroad with own leasing companies.

- Continuation of the sales offensive among SMEs with small vehicle fleets. Since full-service leasing as a financing method still plays a subordinate role with German fleet operators (only roughly one-third of fleets comprising more than 10 vehicles), while at the same time financing pressure is rising, especially for middle-market companies, the Managing Board continues to see considerable potential for full-service leasing. Owing to our comprehensive know-how in the management of vehicle fleets, our aim is to obtain an above-average share of the growth in the full-service leasing market.

- The development and introduction of new, needs-based products and services with the goal of making the leasing process as simple, transparent and fair as possible for private and corporate customers. Sixt's innovative strength, and in particular the end-to-end online-representation of the leasing process, mean that there are opportunities to generate competitive advantages.

Given the ongoing dynamic business development in the first months of the financial year, the Managing Board is optimistic for 2006. Sixt is focusing on the continuing systematic internationalisation of business in both business units, not least via franchise partners, and anticipates a slightly improved economic environment for the euro zone, which should stimulate business travel.

Unless any unforeseen negative events occur, the Managing Board anticipates further improvements in consolidated operating revenue and consolidated operating profit in 2006. This forecast assumes that the announced increase in rental prices will gain acceptance in the market during the current year.

Unless any unforeseen negative events occur, in particular with regard to macroeconomic developments and trends in purchasing terms for motor vehicles and rental prices, the Managing Board considers it possible that the positive revenue and earnings trend within the Sixt Group will continue into 2007.

Dependent company report

In accordance with section 17 Aktiengesetz (AktG – German Public Companies Act), Sixt AG is a dependent company of Erich Sixt Vermögensverwaltung GmbH, Pullach. Therefore, pursuant to section 312 AktG, we render a report containing the following concluding declaration by the Managing Board:

“According to the facts and circumstances known to the Managing Board at the time legal transactions subject to disclosure requirements were conducted, the Company received appropriate consideration in each case. Measures taken or refrained from did not lead to any unfavourable treatment of the Company in the 2005 financial year.”

Report on post-balance sheet date events

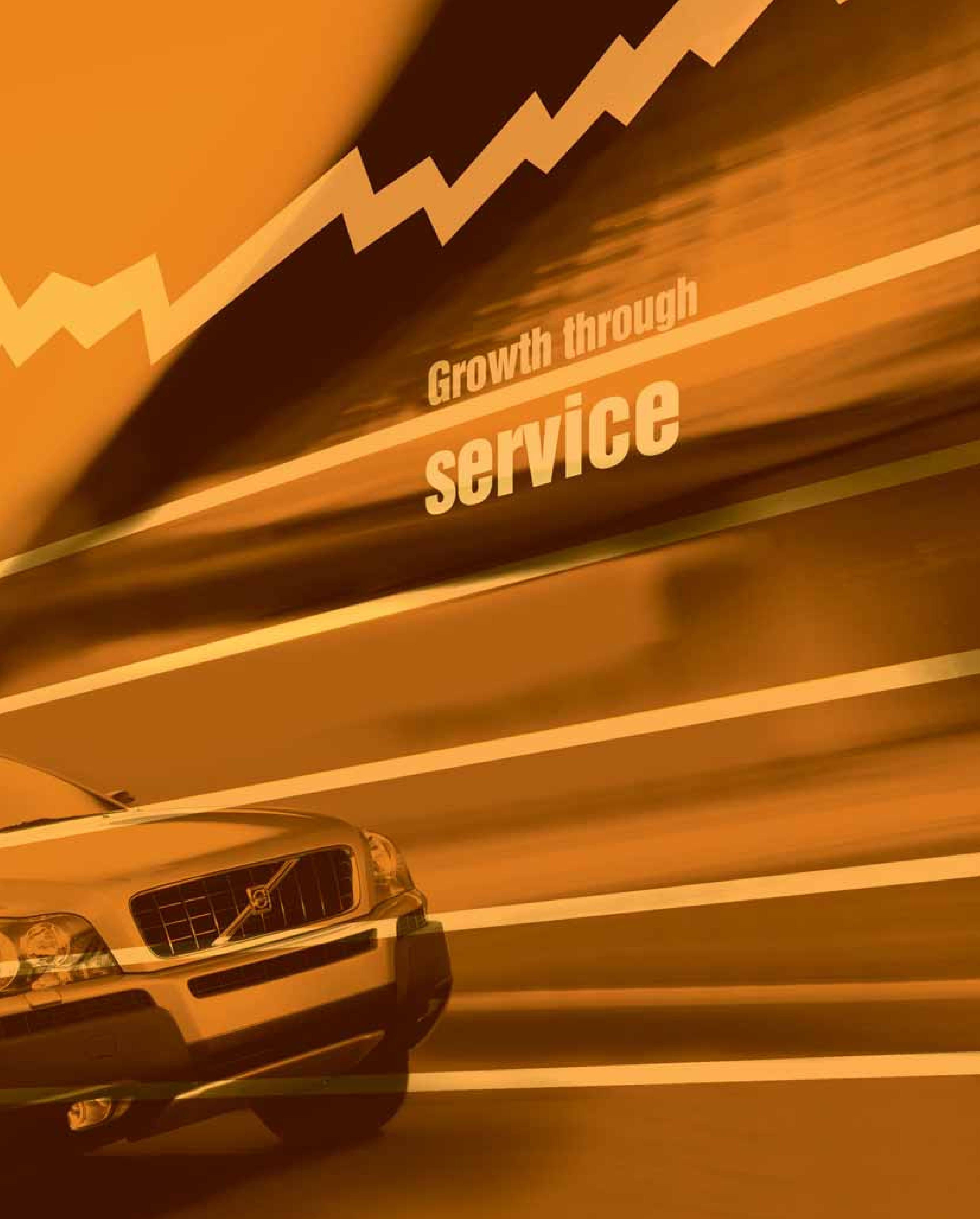
No events having special significance for the net assets, financial position and results of operations of the Group occurred after the end of the 2005 financial year.

Pullach, March 2006

Sixt Aktiengesellschaft
The Managing Board

the spirit of mobility

Growth through service



Driving is more than just getting from A to B. If you rent or lease a vehicle, you don't just expect competitive prices, but also convenience, flexibility and safety, in short: all-round service.

Our staff are service providers in the best sense: we make our customers' wishes and needs our own, and thereby we continuously improve our products and services.

Consolidated Profit and Loss Account of Sixt Aktiengesellschaft, Pullach

for the period from 1 January to 31 December 2005	Notes	EUR	EUR	EUR	EUR previous year
Revenue	[4.1]		1,335,700,824		1,169,852,896
Other operating income	[4.2]		18,826,950		27,788,015
Gross revenue			**1,354,527,774**		**1,197,640,911**
Fleet expenses and cost of lease assets	[4.3]		599,458,554		518,035,724
Personnel expenses	[4.4]				
a) Wages and salaries		81,901,740		75,927,282	
b) Social security and other pension costs		14,140,817		12,718,060	
			96,042,557		88,645,342
Depreciation and amortisation expense	[4.5]				
a) Depreciation of rental vehicles		143,257,415		118,763,490	
b) Depreciation of lease assets		93,518,562		100,054,483	
c) Depreciation of property and equipment		11,436,525		10,488,962	
d) Amortisation of intangible assets		1,197,863		1,400,477	
			249,410,365		230,707,412
Other operating expenses	[4.6		286,026,039		265,458,579
Profit from operating activities (EBIT)			**123,590,259**		**94,793,854**
Net finance costs	[4.7]		-32,727,951		-52,165,317
Profit before taxes (EBT)			**90,862,308**		**42,628,537**
Income tax expense	[4.8]		34,860,410		18,338,575
Consolidated profit for the period			**56,001,898**		**24,289,962**
of which attributable to minority interests	[4.9]		147,621		-3,093
of which attributable to shareholders of Sixt AG	[4.10]		**55,854,277**		**24,293,055**
Earnings per ordinary share – basic	[4.10]		2.47		1.07
Earnings per preference share – basic	[4.10]		2.51		1.11
Earnings per ordinary share – diluted	[4.10]		2.47		1.07
Earnings per preference share – diluted	[4.10]		2.34		1.05

Consolidated Balance Sheet of Sixt Aktiengesellschaft, Pullach, as at 31 December 2005

Assets	Notes	EUR 31 Dec. 2005	EUR 31 Dec. 2004
Non-current assets			
Goodwill	[4.11]	18,442,000	18,442,000
Intangible assets	[4.11]	3,543,774	3,355,891
Property and equipment	[4.11]	35,066,274	43,828,152
Investment property	[4.11]	3,324,341	0
Lease assets	[4.11]	523,266,368	511,438,293
Non-current financial assets	[4.11]	5,884,545	5,884,144
Non-current other receivables and assets	[4.12]	14,851,501	17,395,145
Deferred tax assets	[4.8]	6,370,855	13,567,168
Total non-current assets		**610,749,658**	**613,910,793**
Current assets			
Rental vehicles	[4.13]	462,773,630	397,682,020
Inventories	[4.14]	23,890,728	31,094,769
Trade receivables	[4.15]	112,732,993	106,531,025
Current other receivables and assets	[4.16]	63,550,138	69,088,734
Cash and bank balances	[4.17]	43,317,314	36,912,567
Total current assets		**706,264,803**	**641,309,115**
Total assets		**1,317,014,461**	**1,255,219,908**

Equity and Liabilities	Notes	EUR 31.12.2005	EUR 31.12.2004
Equity			
Subscribed Capital	[4.18]	57,816,320	57,611,008
Capital reserves	[4.18]	120,313,802	119,236,509
Other reserves	[4.18]	86,099,636	43,996,095
Minority interests	[4.18]	1,579,958	1,605,964
Total equity		**265,809,716**	**222,449,576**
Non-current liabilities and provisions			
Non-current other provisions	[4.19]	19,549,130	19,989,852
Non-current financial liabilities	[4.20]	476,711,657	284,502,406
Non-current other liabilities	[4.21]	13,755,135	38,859,665
Deferred tax liabilities	[4.8]	11,883,908	12,131,919
Total non-current liabilities and provisions		**521,899,830**	**355,483,842**
Current liabilities and provisions			
Current other provisions	[4.22]	62,337,754	54,474,337
Current financial liabilities	[4.23]	147,741,714	284,245,907
Trade payables	[4.24]	203,967,444	178,593,313
Current other liabilities	[4.25]	115,258,003	159,972,933
Total current liabilities and provisions		**529,304,915**	**677,286,490**
Total equity and liabilities		**1,317,014,461**	**1,255,219,908**

Consolidated Cash Flow Statement of Sixt Aktiengesellschaft, Pullach, as at 31 December 2005

Consolidated cash flow statement	EUR thou. 2005	EUR thou. 2004
Operating activities		
Consolidated profit for the period	56,002	24,290
Amortisation of intangible assets	1,198	1,400
Depreciation of property and equipment	11,436	10,489
Depreciation of lease assets	93,519	100,054
Depreciation of rental vehicles	143,257	118,764
Impairment losses on financial assets	0	4,399
Gain on disposal of intangible assets, property and equipment	-77	-19,537
Other non-cash income and expense	0	1,114
Cash flow	**305,335**	**240,973**
Change in non-current other receivables and assets	2,544	-365
Change in deferred tax assets	7,196	-3,759
Change in rental vehicles, net	-208,349	-159,460
Change in inventories	7,204	-19,243
Change in trade receivables	-6,202	41,610
Change in current other receivables and assets	5,539	40,666
Change in non-current provisions	-441	19,571
Change in non-current other liabilities	-25,105	-39,497
Change in deferred tax liabilities	-248	-686
Change in current provisions	7,864	5,140
Change in current financial liabilities	-136,504	44,475
Change in trade payables	25,374	4,036
Change in current other liabilities	-44,715	-154,383
Net cash flows used in/from operating activities	**-60,508**	**19,078**
Investing activities		
Proceeds from disposal of intangible assets, property and equipment	938	76,325
Proceeds from disposal of lease assets	444,895	455,239
Proceeds from disposal of financial assets	2	24
Payments to acquire intangible assets, property and equipment	-8,185	-11,863
Payments to acquire lease assets	-550,241	-517,576
Payments to acquire financial assets	-11	-221
Payments to acquire intangible assets, property and equipment attributable to changes in reporting entity structure	-64	0
Changes in financial assets attributable to changes in reporting entity structure	10	128
Net cash flows used in/from investing activities	**-112,656**	**2,056**
Financing activities		
Increase in share capital	205	312
Increase in capital reserves	1,078	2,297
Change in other reserves and minority interests	-301	-1,777
Dividends paid	-13,623	-11,309
Proceeds from issuance of/repayment of non-current financial liabilities	192,209	11,985
Net cash flows from financing activities	**179,568**	**1,508**
Net change in cash and cash equivalents	**6,404**	**22,642**
Cash and cash equivalents at 1 January	**36,913**	**14,271**
Cash and cash equivalents at 31 December	**43,317**	**36,913**

Consolidated Statement of Changes in Equity of Sixt Aktiengesellschaft, Pullach

Consolidated Statement of Changes in Equity EUR thou.	Subscribed Capital	Capital reserves	Other reserves [1]	Minority interests	Total equity
1 January 2004	**57,299**	**116,939**	**33,083**	**1,315**	**208,636**
Consolidated net profit 2004			24,293	-3	24,290
Currency translation differences			279		279
Dividend payments 2003			-11,309		-11,309
Other Changes	312	2,297	-2,350	294	553
31 December 2004	**57,611**	**119,236**	**43,996**	**1,606**	**222,449**
Consolidated net profit 2005			55,854	148	56,002
Currency translation differences			402		402
Dividend payments 2004			-13,623		-13,623
Other Changes	205	1,078	-529	-174	580
31. December 2005	**57,816**	**120,314**	**86,100**	**1,580**	**265,810**

[1] including retained earnings

See also the Notes [4.18]


the spirit of mobility

Growth through flexibility

Sixt offers end-to-end mobility, for one day up to four years. In future, success will depend even more on customer-specific solutions in the vehicle rentals and full-service leasing markets. This is why Sixt makes such demands on the creativity of its staff and their ability to deliver. Flexibility is a key qualification – for each individual employee and for the company as a whole.

Notes to the Consolidated Financial Statements of Sixt Aktiengesellschaft, Pullach, for Financial Year 2005

1 General Disclosures

Information about the Company

Sixt Aktiengesellschaft, domiciled in Pullach in the administrative district of Munich, is entered in section B of the commercial register at the Munich Local Court, under the number 79160. The Company was formed in 1986 from a reorganisation of "Sixt Autovermietung GmbH", established in 1979, and has since been trading as "Sixt Aktiengesellschaft". The Company also floated on the stock market in 1986. It has registered branches in Leipzig and at Munich airport. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the purpose of the Company is to rent, lease and sell vehicles, aircraft and moveable equipment, to manage and acquire companies and equity interests in companies, particularly those whose purpose wholly or partly extends to the aforementioned areas of activity, and to carry on any secondary activities that fall within these areas in the widest sense, as well as any other business activities that serve its purpose. The Company may acquire, represent and invest in other companies. The Company may partly carry out its purpose via investees or transfer existing business lines to investees.

At the reporting date, the Company's share capital amounted to EUR 57,816,320. Both ordinary shares and non-voting preference shares have been issued. The majority shareholder is Erich Sixt Vermögensverwaltung GmbH, Pullach, which holds 56.8% of the ordinary shares.

General disclosures on the consolidated financial statements

The consolidated financial statements of Sixt Aktiengesellschaft as at 31 December 2005 were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and effective at the closing date. The term IFRSs also covers the International Accounting Standards (IASs) still in effect. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC) that are effective for financial year 2005 have been applied.

These consolidated financial statements are in compliance with section 315a of the Handelsgesetzbuch (HGB – German Commercial Code). Together with Regulation (EC) No. 1606/2002 of the European Parliament and the Council adopted on 19 July 2002, this forms the legal basis for consolidated accounting and financial reporting in Germany in accordance with international standards and applies to all financial years beginning on or after 1 January 2005.

The consolidated income statement is prepared using the total cost (nature of expense) method.

Prior-year figures were also derived in accordance with IFRSs. The Group currency of Sixt Aktiengesellschaft is the euro (EUR).

2 Consolidation

Basis of consolidation

As well as the financial statements of Sixt Aktiengesellschaft, the consolidated financial statements include the financial statements of the following companies under the control of Sixt Aktiengesellschaft (subsidiaries) in accordance with IAS 27, in which it directly or indirectly holds the majority of the voting rights or at which it has the power to govern the financial and operating policies. The following (with three exceptions) wholly owned subsidiaries were fully consolidated in the consolidated financial statements of Sixt Aktiengesellschaft as at 31 December 2005 (the equity interest corresponds to the voting power):

- Sixt GmbH & Co. Autovermietung KG, Pullach
- Sixt Leasing AG, Pullach
- Sixt Allgemeine Leasing GmbH & Co. KGaA, Pullach
- Sixt Beteiligungen GmbH & Co. Holding KG, Pullach
- Sixt VIP Services GmbH, Munich
- Sixt European Holding GmbH & Co. KG, Pullach
- Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Alpha Immobilien KG, Pullach
- Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach
- Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach (94% interest)
- Sigma Grundstücks- und Verwaltungs GmbH, Pullach
- Sixt Reservierungs- und Vertriebs-GmbH, Rostock
- Sixt Holiday Cars AG, Basel (97% interest)
- e-Sixt GmbH & Co. KG, Recklinghausen (97% interest)
- Sixt GmbH & Co Autovermietung KG, Taufkirchen
- Sixt Verwaltungsgesellschaft mit beschränkter Haftung, Pullach
- Sixt SAS, Paris

- Sixt Location Longue Durée SARL, Paris
- Sixt G.m.b.H., Vienna
- Sixt Leasing G.m.b.H., Vienna
- Sixt AG, Zurich
- Sixt Leasing (Schweiz) AG, Basel
- Sixt B.V., Hoofddorp
- Sixt Finance B.V., Hoofddorp
- United Kenning Rental Group Ltd., Chesterfield
- Sixt Kenning Ltd., Chesterfield
- Sixt Plc., Chesterfield
- Sixt Insurance Services PCC Ltd., St. Peter Port, Guernsey
- United Rental Group Ltd., Chesterfield
- Europa Service Car Ltd., Chesterfield
- SK Franchise UK Ltd., Chesterfield
- Sixt Belgium BVBA, Zaventem

The two special purpose entities listed below, which operate exclusively in the real estate sector, were also consolidated in accordance with SIC 12:

- Akrimo GmbH & Co. KG, Pöcking
- ASX Beteiligungs-GmbH & Co FAKO KG, Pöcking

The following list shows all Group companies which have not been consolidated. These subsidiaries, most of which have no operating activities, have not been consolidated because of their insignificance in the aggregate for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

Name, domicile	Nominal capital	Equity interest
e-Sixt Verwaltungs GmbH, Munich	50,000 DM	100 %
United rentalsystem GmbH, Pullach	25,000 EUR	100 %
Sixt GmbH, Leipzig	50,000 DM	100 %
Sixt Leasing (UK) Ltd., Chesterfield	2 GBP	100 %
Sixt Verwaltungs-GmbH, Taufkirchen	25,000 EUR	100 %
Sixt Executive GmbH, Pullach	50,000 DM	100 %
UNITED rentalsystem SARL, Paris	7,000 EUR	100 %
Sixt Limousine Service Rhein Main GmbH, Frankfurt	50,000 DM	100 %
Alsa Autovermietung GmbH, Pullach	50,000 DM	100 %
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG, Pullach	50,000 DM	100 %
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG, Pullach	50,000 DM	100 %
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG, Pullach	25,000 EUR	100 %
Sixt Beteiligungen GmbH, Pullach	25,000 EUR	100 %
Sixt Franchise GmbH, Pullach	25,000 EUR	100 %
Sixt Travel GmbH, Taufkirchen	1,000,000 DM	100 %
Sixt Acquisition et Service SARL, Haussimont	7,622 EUR	100 %
Sixti SARL, Courbevoie	7,622 EUR	100 %
Sixt Franchise SARL, Paris	7,622 EUR	100 %
Sixt Aéroport SARL, Paris	7,622 EUR	100 %
Sixt Autovermietung S.L., Palma de Mallorca	128,000 EUR	100 %
Sixt S.R.L., Milan	10,200 EUR	100 %
Sixti GmbH, Pullach	25,000 EUR	100 %
Sixt Immobilien Beteiligungen GmbH, Pullach	25,000 EUR	100 %
Sixt Autoland GmbH, Garching	25,000 EUR	100 %

A list of the shareholdings of the Group together with the other disclosures is filed with the commercial register of the Munich Local Court under the number B 79160. In accordance with section 264b of the HGB, the following companies are exempt from the duty to prepare annual financial statements under the provisions applicable to corporations: Sixt GmbH & Co. Autovermietung KG, Pullach, Sixt Beteiligungen GmbH & Co. Holding KG, Pullach, Sixt European Holding GmbH & Co. KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Alpha Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach, Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach, e-Sixt GmbH & Co. KG, Recklinghausen, Sixt GmbH & Co Autovermietung KG, Taufkirchen.

Changes in the basis of consolidation

Sixt Belgium BVBA, Zaventem, was consolidated for the first time on 1 January 2005. Jota Grundbesitzgesellschaft mbH, Pullach, was merged with another consolidated company. Sixt (Guernsey) Ltd., St. Peter Port, Guernsey, had no operating activities and was dissolved.

Consolidation methods

The single-entity financial statements included in the consolidated financial statements are uniformly prepared in accordance with the IFRS accounting policies applicable to the Sixt Group as at the balance sheet date, in this case 31 December 2005. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group.

Acquisition accounting is performed in accordance with IFRS 3, which requires business combinations to be accounted for using the purchase method. Assets and liabilities acquired must be recognised at fair value. The excess of the cost of the business combination over the Group's share of the net fair values of the acquiree's assets, liabilities and contingent liabilities is recognised as goodwill and tested regularly for impairment.
The assets and liabilities from the business combination to be recognised at their fair values are depreciated or amortised over their applicable useful lives. If they have an indefinite useful life, any need to recognise impairment losses is determined using the same method as for goodwill.

Intercompany transactions are eliminated on consolidation. All significant receivables, liabilities and provisions between consolidated companies are eliminated, and all intercompany profits and losses are eliminated. Intercompany income is offset against the corresponding expenses. Deferred taxes are recognised as required by IAS 12 for temporary differences arising on consolidation. Other investments are stated at cost.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

Foreign currency translation

The financial statements of consolidated foreign subsidiaries are translated using the functional currency concept. The subsidiaries' functional currency is in each case the local currency, as the subsidiaries operate independently in the respective markets. Assets and liabilities are translated at the closing rate. Income statement items are translated at the average rates for the year. The resulting difference as against the closing rate is taken directly to equity and charged or credited to other reserves as a currency translation difference.

The exchange rates (= EUR 1) applied for currency translation purposes are shown in the table below.

	Closing rate		Average rate	
	31 Dec. 2005	31 Dec. 2004	**2005**	2004
Sterling	0.68700	0.70710	0.68031	0.67983
Swiss francs	1.55550	1.54370	1.54732	1.54417

3 Accounting policies

Income statement

Revenue is measured at the fair value of the consideration received or receivable. It is the amount receivable for goods and services provided in the course of ordinary operating activities, less any discounts, bonuses and VAT/sales or other taxes relating to the goods or services provided.

Vehicle sales are recognised when the vehicle is delivered and ownership transferred.

Interest income and expense presented in **net finance costs** is recognised on an accrual basis taking into account the outstanding loan amount and the applicable rate of interest. Income and expense arising from profit transfer agreements is recognised at the end of the financial year, while dividend income is recognised on the date from which the shareholder is entitled to receive payment thereof.

Income tax expense is the aggregate of current tax expense and deferred taxes. Current tax expense is calculated on the basis of the taxable income for the year. Deferred taxes are the tax assets and liabilities expected to result from differences between the carrying amounts of assets and liabilities in the annual financial statements and their tax base. They are measured using the balance-sheet liability method.

Basic earnings per share are measured in accordance with IAS 33 (Earnings per Share).

Assets

In accordance with IFRS 3, **goodwill** recognised is tested for impairment on an annual basis and, where necessary, written down.

Intangible assets include purchased and internally developed software, as well as any payments on account in respect of intangible assets. Purchased intangible assets are capitalised at cost, while internally generated intangible assets are only capitalised at cost if the criteria set out in IAS 38 have been met. If the capitalisation criteria have not been met, the expenses are recognised in the income statement in the year in which they are incurred. Intangible assets are amortised on a straight-line basis over a useful life of three to seven years. In accordance with IAS 36, intangible assets are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Property and equipment and **investment property** are stated at cost less straight-line depreciation. Low-value assets are written off in the year of acquisition.
Depreciation is based on the following useful lives, which apply uniformly throughout the Group:

Useful lives	
Buildings	50 years
Operating and office equipment	2 to 11 years

Items of property and equipment and investment property are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Among other things, non-current assets include **lease assets**. The Sixt Group is both a lessee and a lessor. In accordance with IAS 17, lease assets are assigned to the lessee (finance leases) or the lessor (operating leases).

In accordance with IAS 17, assets leased by the Sixt Group as lessee under finance leases are recorded in the balance sheet at inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Lease vehicles are depreciated to their contractual residual values on a straight-line basis over the respective lease terms. Write-downs for impairment are recognised when an impairment in value occurs. Liabilities arising from future lease payments are presented under other liabilities. Assets leased by the Sixt

Group as lessee under operating leases are not recognised as assets. Assets leased out by the Sixt Group as lessor under finance leases must be accounted for by the lessee. In such cases, the present value of the contractually agreed lease instalments is reported as an asset under finance lease receivables. Assets leased out by the Sixt Group as lessor under operating leases are carried in the balance sheet at cost less straight-line depreciation and, where necessary, write-downs for impairment.

Shares in unconsolidated affiliates and investments presented under **non-current financial assets** are stated at the lower of cost and fair value.

Rental vehicles are stated at cost, including incidental costs and less straight-line depreciation to their residual values. Write-downs for impairment are recognised when an impairment in the value of assets occurs.

Vehicles intended for sale reported in **inventories** are stated at the lower of cost, including incidental costs and less straight-line depreciation, and net realisable value. Raw materials, consumables and supplies are stated at the lower of cost, including incidental costs and write-downs, and net realisable value.

Receivables and other assets are stated at their principal amount after deduction of allowances for all identifiable risks.

Equity and liabilities

In accordance with IASs 32 and 39, profit participation capital with profit-dependent interest must be presented under non-current **financial liabilities** at its principal amount, including issue costs.

Adequate **provisions** are recognised for potential obligations to third parties. Such liabilities are only carried as provisions if they are of uncertain amount or timing and payment to settle the obligations is probable. They are measured at the most likely settlement amount.
Non-current provisions with residual terms of more than one year are carried at their settlement amount discounted to the balance sheet date.

Liabilities are carried on initial recognition at cost, which corresponds to the fair value of the consideration received, and subsequently at amortised cost, with the exception of derivative financial instruments, which are carried at fair value.

Miscellaneous

Acquisitions of current and non-current assets, as well as foreign-currency liabilities, are **translated into euros** at the rate prevailing at the transaction date. At each balance sheet date, foreign-currency assets and liabilities are translated at the closing rate. Gains and losses arising from translation at the closing rate are recognised in the income statement.

Derivative financial instruments are used in the Group to limit interest rate risks as part of risk management. In accordance with IAS 39, derivative financial instruments are recognised at fair value. Fair value changes are either recognised in the income statement or taken to equity, depending on the nature of the hedging relationship.

The Group applies the provisions of IFRS 2, **Share-based Payment**.

In preparing the consolidated financial statements, it is often necessary to make **estimates and assumptions** that affect both the items reported in the consolidated balance sheet and the consolidated income statement and the disclosures contained in the notes to the consolidated financial statements. The amounts actually realised may differ from the reported amounts. In particular, this can affect non-current assets and liabilities and provisions. Changes are recognised in the income statement on the date at which a better knowledge is gained.

4 Notes and disclosures on individual items of the consolidated financial statements

Income statement

[4.1] **Revenue** is broken down by segment as follows:

Revenue by segment	EUR thou. 2005	EUR thou. 2004	Change in %
Rental Business Unit			
Rental revenue	770,388	653,746	17.8
Total	**770,388**	**653,746**	**17.8**
Leasing Business Unit			
Leasing revenue	305,393	273,670	11.6
Sales revenue	256,570	238,200	7.7
Total	**561,963**	**511,870**	**9.8**
Other revenue	3,350	4,237	-20.9
Group total	**1,335,701**	**1,169,853**	**14.2**

The Group is divided into two segments, Rental and Leasing. These business units form the basis of the primary format of segment reporting. The main activities are broken down as follows:

Segments	
Rental	Vehicle rentals
Leasing	Leasing, including additional services (full-service and fleet management), and sales of lease assets

When combined, the reported rental and leasing revenue is also described as “operating revenue”. In line with Sixt's focus on the market segment for full-service leasing, leasing revenue comprises finance lease instalments (EUR 145,708 thousand, 2004: EUR 129,714 thousand) and service components such as repairs, fuel, tyres, etc. (EUR 159,685 thousand, 2004: EUR 143,956 thousand). In the Rental segment, revenue of EUR 605,367 thousand (2004: EUR 508,037 thousand) is attributable to Germany and revenue of EUR 165,021 thousand (2004: EUR 145,709 thousand) to the rest of Europe. The Leasing segment generated leasing revenue of EUR 283,812 thousand (2004: EUR 257,704 thousand) and sales revenue of EUR 248,294 thousand (2004: EUR 233,214 thousands) in Germany. The rest of Europe accounted for leasing revenue of EUR 21,581 thousand (2004: EUR 15,966 thousand) and sales revenue of EUR 8,276 thousand (2004: EUR 4,986 thousand).

As in the previous year, rental fleet vehicles were sold predominantly at fixed prices under buy-back agreements concluded with manufacturers and dealers, and therefore not sold directly in the used vehicle market. To better reflect this fact, proceeds from the sale of used vehicles in the Rental segment are not recognised as revenue and the selling expenses carried under fleet expenses and cost of lease assets are reduced by the corresponding amounts. In contrast, the Leasing segment sells a significant proportion of vehicles directly and therefore reports all proceeds from the sale of used lease assets under revenue.

To the extent that rental vehicles have been refinanced under sale-and-lease-back agreements, their disposal does not have a material effect on either revenue or earnings, as these revenues correspond to the carrying amount disposed of. Part of the rental fleet is refinanced using structured lease transactions. Under these arrangements, the vehicles are owned by third-party companies for their useful life during rental operations and therefore also do not result in any revenue from vehicle sales in the Sixt Group.

Other operating income of EUR 18,827 thousand (2004: EUR 27,788 thousand) includes income of EUR 4,313 thousand (2004: EUR 2,246 thousand) from currency translation. This item also includes, among others, income of EUR 1,665 thousand (2004: EUR 1,204 thousand) from cost allocations to third parties, income of EUR 4,265 thousand (2004: EUR 34 thousand) from the reversal of provisions, and income of EUR 865 thousand (2004: EUR 20,483 thousand) from asset disposals. [4.2]

[4.3] **Fleet expenses and cost of lease assets** are broken down as follows:

Fleet expenses and cost of lease assets by segment	EUR thou. 2005	EUR thou. 2004	Change in %
Rental Business Unit	195,263	154,941	26.0
Leasing Business Unit	404,195	363,095	11.3
Group total	**599,458**	**518,036**	**15.7**

In addition to the net carrying amounts of vehicles sold in the Leasing Business Unit, the **fleet expenses and cost of lease assets** item includes the direct costs of vehicle preparation relating to the sale of vehicles and current expenses for rental and lease operations. In the Rental segment, selling expenses are reduced by the corresponding amounts of sales revenue.

Fleet expenses and cost of lease assets	EUR thou. 2005	EUR thou. 2004	Change in %
Repairs, maintenance, reconditioning	132,210	111,841	18.2
Insurance	39,836	37,092	7.4
Fuel	95,572	81,295	17.6
Transportation	24,418	19,544	24.9
Taxes and duties	12,714	7,544	68.5
Other, including selling expenses	294,708	260,720	13.0
	599,458	**518,036**	**15.7**

[4.4] **Personnel expenses** increased from EUR 88,645 thousand in 2004 to EUR 96.043 in the year under review due to the rise in the average number of employees. Social security costs mainly include employer contributions to statutory social insurance schemes.

Personnel expenses	EUR thou. 2005	EUR thou. 2004
Wages and salaries	81,902	75,927
Social security costs	14,141	12,718
	96,043	**88,645**

Average number of employees during the year:

Employees – Group	2005	2004
Salaried employees	1,739	1,561
Hourly employees	184	204
	1,923	**1,765**

The Rental Business Unit employs 1,693 staff, and the Leasing Business Unit 211 staff. The "Other" segment employs 19 staff.

A total of 1,397 staff were employed in Germany, while 526 staff were employed abroad.

The **depreciation and amortisation expense** in the financial year is explained in more detail below. [4.5]

Depreciation of rental vehicles rose by EUR 24,494 thousand to EUR 143,257 thousand, as on average more vehicles in the rental fleet were capitalised in the year under review than in 2004. The average value of vehicles also increased. In line with the small change in capitalised lease assets as against 2004, depreciation of lease assets was slightly lower year-on-year at EUR 93,519 thousand (2004: EUR 100,054 thousand). A EUR 3,632 thousand impairment loss was recognised on the real estate assets of a consolidated special purpose entity, as their value in use – calculated as the net present value of the anticipated cash flows – was less than the assets' carrying amount.

Depreciation and amortisation expense	EUR thou. 2005	EUR thou. 2004
Intangible assets	1,198	1,401
Property and equipment, investment property	11,436	10,489
Lease assets	93,519	100,054
Rental vehicles	143,257	118,763
	249,410	**230,707**

[4.6] The following table contains a breakdown of **other operating expenses.** In the financial year, operating expenses rose by EUR 20,567 thousand to EUR 286,026 thousand in total due to the increased volume of business.

Other operating expenses	EUR thou. 2005	EUR thou. 2004	Change in %
Leasing expenses	142,451	114,819	24.1
Expenses for buildings	28,546	44,600	-36.0
Commission	36,314	35,287	2.9
Other selling and marketing expenses	22,080	18,399	20.0
Audit, advisory, legal and investor relations expenses	10,631	8,142	30.6
Expenses from write-downs of receivables	14,348	11,833	21.3
Miscellaneous	31,656	32,379	-2.2
	286,026	**265,459**	**7.7**

Fees of EUR 480 thousand for the auditors of the consolidated financial statements are recognised as operating expenses in the consolidated financial statements of Sixt Aktiengesellschaft. The fees break down into audit costs (EUR 195 thousand), other assurance or valuation services (EUR 85 thousand), tax advice (EUR 40 thousand) and other services provided for the parent or subsidiary company (EUR 160 thousand).

[4.7] **Net finance costs** declined by EUR 19,437 thousand year-on-year, from EUR -52,165 thousand to EUR -32,728 thousand. The change in this item is influenced mainly by the fair value measurement of financial instruments. The following table contains a breakdown of the net finance costs.

Net finance costs	EUR thou. 2005	EUR thou. 2004
Income from financial assets	2,340	-
Income from unconsolidated affiliated companies	6	171
Impairment losses on non-current and current financial assets	-	-4,399
Net income/expense from investments	**2,346**	**-4,228**
Other interest and similar income	2,914	3,647
Other interest and similar income from affiliated companies	505	425
Interest and similar expenses	-24,701	-34,202
Interest and similar expenses for affiliated companies	-37	-37
Expenses for profit participation capital	-9,050	-2,263
Net expense from financial instruments	-4,705	-15,507
Net interest expense	**-35,074**	**-47,937**
Net finance costs	**-32,728**	**-52,165**

In accordance with IAS 12 (Income Taxes), deferred taxes are recognised using the balance-sheet liability method for all temporary differences relating to the carrying amounts of assets and liabilities in the consolidated balance sheet in accordance with IFRSs and consolidation adjustments affecting profit or loss. In addition, deferred tax assets are recognised for the future benefits expected to arise from tax loss carryforwards.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are enacted, deferred taxes are measured at current tax rates. Deferred taxes are generally recognised in the income statement, except where they relate to items taken directly to equity.

[4.8] The **income tax expense** breaks down as follows:

Income tax	EUR thou. 2005	EUR thou. 2004
Current income taxes	27,749	20,083
Deferred taxes	7,111	-1,744
	34,860	**18,339**

The reconciliation of taxes explains the relationship between the expected and effective tax expense. The effective tax expense results from the application of an income tax rate of 38% (2004: 38%) to consolidated profit for the period (before tax) in accordance with IFRS. The income tax rate is made up of corporation tax at 25%, a solidarity surcharge of 5.5% and trade tax at 11.6%.

	EUR thou. 2005	EUR thou. 2004
Consolidated profit before taxes in accordance with IFRS	90.862	42,629
Expected current income tax expense	34,528	16,199
Effect of different tax rates outside Germany	-1,122	-436
Non-deductible operating expenses	1,349	1,811
Tax-exempt income	-94	-181
Amounts relating to prior periods and other effects	199	946
Effective tax expense	**34,860**	**18,339**

The following overview outlines the sources of the deferred tax assets and liabilities.

No deferred tax assets were recognised for existing tax loss carryforwards of EUR 31,829 thousand (2004: EUR 34,256 thousand). The loss carryforwards for which deferred tax assets were recognised will be used during the planning period as expected. In principle, the losses can be carried forward indefinitely.

Deferred tax assets and liabilities are offset to the extent that the Group has an enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

The consolidated profit for the period attributable to **minority interests** amounts to EUR 148 thousand in total (2004: EUR -3 thousand). [4.9]

The following **dividends** were distributed in the course of last year: [4.10]

Dividends	EUR thou. 2005	EUR thou. 2004
Amounts recognised as distributions to shareholders in the financial year	13,623	11,309
Dividend for financial year 2004 of EUR 0.60 (for 2003: EUR 0.50) per ordinary share	9,883	8,236
Dividend for financial year 2004 of EUR 0.62 (for 2003: EUR 0.52) per preference share	3,740	3,073

A dividend of EUR 0.80 per ordinary share and EUR 0.82 per preference share will be proposed for financial year 2005.

in EUR thou.	Deferred tax assets		Deferred tax	
	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Lease assets	3,715	442	6,815	21,077
Trade receivables	134	95	7,692	10,017
Other assets	-	-	1,765	1,417
Finance lease liabilities	3,538	23,832	-	-
Derivative financial instruments	4,116	9,286	-	-
Other liabilities	1,073	2,005	4,614	3,296
Provisions	4,804	2,895	2,474	1,343
Tax loss carryforwards	467	30	-	-
	17,847	38,585	23,360	37,150
Offsetting	-11,476	-25,018	-11,476	-25,018
Carrying amount	**6,371**	**13,567**	**11,884**	**12,132**

This corresponds to a total distribution for the year under review of EUR 18,190 thousand. The proposed dividend is dependent upon the approval of the Annual General Meeting and was not recognised as a liability in the annual financial statements.

Earnings per share are as follows:

Basic earnings per share		2005	2004
Consolidated profit for the period after minority interests	EUR thou.	55,854	24,293
Profit attributable to ordinary shares	EUR thou.	40,649	17,693
Profit attributable to preference shares	EUR thou.	15,205	6,600
Weighted average number of ordinary shares		16,472,200	16,472,200
Weighted average number of preference shares		6,065,517	5,961,050
Earnings per ordinary share	EUR	2.47	1.07
Earnings per preference share	EUR	2.51	1.11

Consolidated statement of changes in non-current assets in EUR thou.	Cost						
	1 Jan. 2005	Foreign exchange differences	Additions	Changes in basis of consolidation	Disposals	Transfers	31 Dec. 2005
Goodwill	**18,442**	**0**	**0**	**46**	**0**	**0**	**18,488**
Intangible assets	**6,659**	**0**	**1,975**	**0**	**2,400**	**0**	**6,234**
Land and buildings	35,027	-1,128	25	0	1,060	-7,311	25,553
Operating and office equipment	48,641	-386	6,185	17	7,000	0	47,457
Payments on account	160	0	0	0	160	0	0
Property and equipment	**83,828**	**-1,514**	**6,210**	**17**	**8,220**	**-7,311**	**73,010**
Investment property	**0**	**0**	**0**	**0**	**0**	**7,311**	**7,311**
Lease assets	**603,981**	**-105**	**550,241**	**0**	**502,883**	**0**	**651,234**
Shares in affiliated companies	1,346	0	11	0	0	0	1,357
Investments	8,938	0	0	-10	1	0	8,927
Non-current financial assets	**10,284**	**0**	**11**	**-10**	**1**	**0**	**10,284**
Total consolidated non-current assets	**723,194**	**-1,619**	**558,437**	**53**	**513,504**	**0**	**766,561**

Diluted earnings per share		2005	2004
Adjusted consolidated profit for the period	EUR thou.	55,879	24,312
Profit attributable to ordinary shares	EUR thou.	40,649	17,693
Profit attributable to preference shares	EUR thou.	15,230	6,619
Weighted average number of ordinary shares		16,472,200	16,472,200
Weighted average number of preference shares		6,495,517	6,303,450
Earnings per ordinary share	EUR	2.47	1.07
Earnings per preference share	EUR	2.34	1.05

Diluted earnings per share take account of the interest expense (adjusted for deferred income taxes) on convertible bonds issued as part of the employee equity-participation programme and the number of preference shares that could be issued when the associated conversion rights are exercised at the applicable exercise date.

Balance sheet

Assets

The changes in the Group's assets are shown below: [4.11]

	Depreciation/amortisation						Carrying amounts	
	1 Jan. 2005	Foreign exchange differences	Depreciation/ amortisation in the financial year	Changes in basis of consolidation	Disposals	31 Dec. 2005	**31 Dec. 2005**	31 Dec. 2004
	0	**0**	**46**	**0**	**0**	**46**	**18,442**	**18,442**
	3,303	**0**	**1,152**	**0**	**1,765**	**2,690**	**3,544**	**3,356**
	5,993	50	547	0	2,282	4,308	21,245	28,714
	33,687	-393	7,222	9	6,889	33,636	13,821	14,954
	0	0	0	0	0	0	0	160
	39,680	**-343**	**7,769**	**9**	**9,171**	**37,944**	**35,066**	**43,828**
	320	**0**	**3,667**	**0**	**0**	**3,987**	**3,324**	**0**
	91,699	**0**	**93,519**	**0**	**57,250**	**127,968**	**523,266**	**511,438**
	0	0	0	0	0	0	1,357	1,346
	4,399	0	0	0	0	4,399	4,528	4,538
	4,399	**0**	**0**	**0**	**0**	**4,399**	**5,885**	**5,884**
	139,401	**-343**	**106,153**	**9**	**68,186**	**177,034**	**589,527**	**582,948**

The **goodwill** of EUR 18,442 thousand results from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Chesterfield, acquired in 2000. No impairment losses were recognised in the financial year.

Intangible assets consist exclusively of purchased and internally developed software. Internally developed software accounts for EUR 1,013 thousand (2004: EUR 467 thousand) of the carrying amounts. No impairment losses were recognised in the year under review.

The **property and equipment** item includes land and buildings for rental offices/service centres and administrative buildings in Germany and abroad in the amount of EUR 21,245 thousand (2004: EUR 28,714 thousand), as well as operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) in the amount of EUR 13,821 thousand (2004: EUR 14,954) thousand. The item no longer includes expenses for property and equipment under construction (2004: EUR 160 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 4,216 thousand. In addition, items of property and equipment have been pledged as collateral for an investment loan of EUR 2,950 thousand.

Investment property is carried at fair value, which is calculated using the income capitalisation approach. The income capitalisation approach uses current and estimated future rental income and a discount rate of 7% p.a. Investment property is not valued by an external appraiser. Loans amounting to EUR 3,970 thousand are secured by real property liens.

Investment property	**EUR thou. 2005**	EUR thou. 2004
Net rental income for the period	214	-
Fair value at 31 December	3,324	-

Lease assets increased by EUR 11.9 million to EUR 523.3 million. As lessor, the Group primarily leases out vehicles of various brands, mainly under full-service lease agreements. Of the minimum lease payments under operating leases totalling EUR 306.3 million (2004: EUR 270.5 million), payments of EUR 154.6 million (2004: EUR 138.2 million) are due within one year and payments of EUR 151.7 million (2004: EUR 132.3 million) in one to five years. There are no amounts falling due in more than five years. The fixed-term agreements usually contain agreements on the vehicles' mileage and in some cases price adjustment clauses. The resulting contingent lease payments recognised as income in the period under review amounted to EUR 1.9 million in total (2004: EUR 0.7 million). Certain other lease vehicles were refinanced at matching maturities under sale-and-lease-back agreements. Some of these lease agreements are structured such that the refinanced vehicles are re-attributable to the Group as lease assets (finance leases) in the amount of EUR 9.8 million (2004: EUR 61.4 million). These agreements have a residual term of less than a year. They contain put options on the part of the lessor and, in some cases, renewal options. Obligations under the agreements are included in other liabilities.

Non-current **other receivables and assets** mainly include the non-current portion of finance lease receivables (finance instalments excluding service fees) resulting from lease agreements with customers that are classified as finance leases. Receivables due in one to five years account for EUR 11.2 million (2004: EUR 15.8 million) of the total amount. As in the previous year, there are no amounts falling due in more than five years. The details of the agreements are as follows: [4.12]

Non-current finance lease receivables in EUR million	Gross investment		Present value of outstanding minimum lease payments	
	31 Dec. 2005	31 Dec. 2004	**31 Dec. 2005**	31 Dec. 2004
Due in one to five years	12.3	17.4	11.4	16.1
Due in more than five years	-	-	-	-
	12.3	17.4	11.4	16.1
Unrealised finance income	0.9	1.3		

As well as the finance instalments, the minimum lease payments also include fixed service fees. The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The leases contain put options on the part of the Group as lessor. As in the previous year, proportionate valuation allowances on current and non-current finance lease receivables amounted to EUR 0.1 million in total.

The item also includes other receivables such as deposits and advances amounting to EUR 695 thousand (2004: EUR 1,008 thousand) and interest rate derivatives with positive fair values amounting to EUR 2,941 thousand (2004: EUR 501 thousand).

[4.13] The **rental vehicles** item increased from EUR 397.7 million to EUR 462.8 million due, among other things, to an increase in the financial year in the number of rental vehicles in the portfolio and a greater proportion of vehicles with superior features. The cost of new additions to rental assets in the financial year amounted to EUR 1,746 million (2004: EUR 1,466 million). For the rental assets reported at the end of the year under review, it amounted to EUR 509 million (2004: EUR 437 million). As in previous years, some rental vehicles were refinanced via operating lease agreements with the manufacturers, or by way of sale-and-lease-back agreements. In this case, rental vehicles are transferred to third-party financiers for most of the relevant rental operation period and are not recorded as new additions again on their return. In addition, part of the rental fleet was again refinanced using structured lease transactions. Under these arrangements, the rental vehicles are transferred to and leased from non-Group third parties on a revolving basis for the duration of their rental operation periods. These non-Group companies subsequently sell the vehicles.

[4.14] **Inventories** consist mainly of rental and lease vehicles intended for sale in the amount of EUR 21,853 thousand (2004: EUR 26,869 thousand). In total, the portfolio declined by EUR 7,204 thousand to EUR 23,891 thousand.

[4.15] **Trade receivables** result almost exclusively from services invoiced in the course of rental and leasing business and from vehicle deliveries. Valuation allowances were recognised for identifiable risks.

[4.16] **Current other receivables and assets** falling due within one year break down as follows:

Current other receivables and assets	**EUR thou. 2005**	EUR thou. 2004
Current finance lease receivables	10.052	10.409
Receivables from affiliated companies	12.500	12.752
Receivables from other investees	430	2
Other assets	40.568	45.926
of which recoverable taxes	19.458	22.616
of which insurance claims	3.514	3.575
of which prepaid expenses	11.319	7.453
of which other assets	6.277	12.282
	63.550	**69.089**

Finance lease receivables (finance instalments excluding service fees) correspond to the current portion (due within one year) of receivables relating to lease agreements with customers that are classified as finance leases. The interest rate implicit in the leases is fixed at inception of the lease for the entire term. Gross investments amount to EUR 11.3 million (2004: EUR 11.9 million), the present value of the outstanding minimum lease payments (including fixed service fees) to EUR 10.2 million (2004: EUR 10.5 million), and unrealised finance income to EUR 1.1 million (2004: EUR 1.4 million). The agreements contain put options on the part of the Group as lessor.

Receivables from affiliated companies relate primarily to short-term loans to finance investments and to receivables from intercompany settlements.

Cash and bank balances of EUR 43,317 thousand (2004: [4.17]
EUR 36,913 thousand) comprise cash and short-term deposits at banks with terms of under three months.

Equity and liabilities

The Sixt Group's **equity** including minority interests rose by [4.18]
EUR 43,360 thousand as against the previous year to a total of EUR 265,810 thousand. The share capital of Sixt Aktiengesellschaft included in this amount rose by EUR 205 thousand year-on-year to EUR 57,816 thousand. As with the EUR 1,078 thousand increase in capital reserves to EUR 120,314 thousand, this increase resulted from the conversion during the financial year of convertible bonds issued to employees. A total of 80,200 new preference shares were issued from contingent capital in this context.

Subscribed capital of Sixt Aktiengesellschaft

The subscribed capital is composed of the following number of no-par value shares	No-par value shares	Notional value in EUR
Ordinary shares	16,472,200	42,168,832
Non-voting preference shares	6,112,300	15,647,488
Balance at 31 December	**22,584,500**	**57,816,320**

	Ordinary shares	Preference shares
Balance at 1 January	16,472,200	6,032,100
Increase due to exercise of conversion rights	-	80,200
Balance at 31 December	**16,472,200**	**6,112,300**

The ordinary shares are bearer shares with the exception of one registered share, while the preference shares are exclusively bearer shares. Both classes of share are no-par value shares. The notional interest in the share capital is EUR 2.56 per share. The preference shares entitle the holder to receive a dividend EUR 0.02 higher than that on the ordinary shares and a minimum dividend of EUR 0.05 per share from net retained profit for the year. The share capital is fully paid up.

Authorised capital

The Managing Board is authorised to increase the share capital by up to a maximum of EUR 20,000,000 on one or more occasions up to and including 12 August 2008, with the consent of the Supervisory Board, by issuing up to 7,812,500 shares against cash contributions (**Authorised Capital I**).

Both ordinary shares and non-voting preference shares (up to the ceiling allowed by law) may be issued; the interest in the distribution of profits and company assets attaching to any non-voting preference shares issued ranks equally with non-voting preference shares previously issued. Shareholders will be granted pre-emptive subscription rights. However, the Managing Board is entitled to exclude fractions from the shareholders' pre-emptive subscription rights with the consent of the Supervisory Board. If both ordinary and preference shares are issued and the existing ratios of the two share classes will be retained, the Managing Board is additionally authorised, with the consent of the Supervisory Board, to disapply the pre-emptive subscription rights of holders of one class of shares for shares of the other class. The Managing Board is also authorised, with the consent of the Supervisory Board, to disapply pre-emptive subscription rights for a capital increase amount of a maximum of EUR 5,729,920, if the issue price of the new shares is not materially lower than the quoted market price of existing listed shares carrying the same rights at the time when the issue price is finalised. In addition, the Managing Board is authorised to disapply shareholders' pre-emptive subscription rights, with the consent of the Supervisory Board, to the extent necessary to grant pre-emptive subscription rights for new shares to the holders of options or conversion rights in the amount to which they would be entitled after exercise of their options or conversion rights.

The Managing Board is also authorised to increase the share capital by up to a maximum of EUR 8,000,000 on one or more occasions up to and including 12 August 2008, with the consent of the Supervisory Board, by issuing up to 3,125,000 shares against cash and/or non-cash contributions (**Authorised Capital II**).

Both ordinary shares and non-voting preference shares (up to the ceiling allowed by law) may be issued; the interest in the distribution of profits and company assets attaching to any non-voting preference shares issued ranks equally with non-voting preference shares previously issued. Shareholders will be granted pre-emptive subscription rights. However, the Managing Board is entitled to exclude fractions from the shareholders' pre-emptive subscription rights with the consent of the Supervisory Board. If both ordinary and preference shares are issued and the existing ratios of the two share classes will be retained, the Managing Board is additionally authorised, with the consent of the Supervisory Board, to disapply the pre-emptive subscription rights of holders of one class of shares for shares of the other class. In addition, the Managing Board is authorised to disapply shareholders' pre-emptive subscription rights, with the consent of the Supervisory Board, to the extent necessary to grant pre-emptive subscription rights for new shares to the holders of options or conversion rights in the amount to which they would be entitled after exercise of their options or conversion rights. The Managing Board is further authorised to disapply shareholders' pre-emptive subscription rights, with the consent of the Supervisory Board, where the capital increase is implemented against non-cash contributions to acquire companies or investments in companies.

Contingent capital

The share capital has been contingently increased by up to EUR 13,473,280 by issuing up to 5,263,000 new no-par value shares (Contingent Capital I). The contingent capital increase will only be implemented to the extent that

a) the holders or creditors of conversion rights or warrants linked to the profit participation certificates, convertible bonds, or bonds with warrants to be issued by Sixt Aktiengesellschaft or its direct or indirect majority investees up to and including 12 August 2008 on the basis of the corresponding authorisation of the Annual General Meeting on 13 August 2003, exercise their conversion or option rights; or

b) the holders or creditors of convertible profit participation certificates or convertible bonds to be issued by Sixt Aktiengesellschaft or its direct or indirect majority investees in the period up to and including 12 August 2008 on the basis of the corresponding authorisation of the Annual General Meeting on 13 August 2003, who are subject to an obligation to convert, meet their conversion obligation.

The new shares participate in the profits from the beginning of the financial year in which they come into being as a result of conversion or option rights being exercised or conversion obligations being met. The Managing Board is entitled, with the consent of the Supervisory Board, to stipulate further details regarding the implementation of the contingent capital increase.

The share capital of the Company has been contingently increased by up to EUR 3,072,000, composed of up to 1,200,000 preference bearer shares (**Contingent Capital II**). The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued by Sixt Aktiengesellschaft to senior executives up to and including 29 August 2004 on the basis of the corresponding authorisation of the Annual General Meeting on 30 August 1999 exercise their conversion rights. The new shares participate in the profits from the beginning of the financial year in which they come into being as a result of conversion rights being exercised. The exercise of conversion rights in financial year 2005 increased the share capital from Contingent Capital II by EUR 205,312, composed of 80,200 preference shares.

The share capital of the Company has been contingently increased by up to EUR 2,657,920, composed of up to 1,038,250 non-voting preference bearer shares, whereby the interest in the distribution of profits and company assets attaching to these shares ranks equally with preference shares previously issued (**Contingent Capital III**). The Managing Board was authorised to issue to members of the Company's Managing Board, members of management of German and foreign affiliates within the meaning of sections 15 ff of the Aktiengesetz (AktG – German Public Companies Act) and employees who are eligible on the basis of their outstanding achievements, interest-bearing convertible bonds with a maximum term of 5 years in an aggregate principal amount of up to EUR 2,657,920 on one or more occasions in the period up to and including 12 August 2008, with the consent of the Supervisory Board. The bonds entitle the buyer to purchase new preference shares in Sixt Aktiengesellschaft pursuant to the more detailed conditions of the bond. Shareholders' statutory pre-emptive subscription rights have been disapplied. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued by Sixt Aktiengesellschaft in the period up to and including 12 August 2008 on the basis of the corresponding authorisation of the Annual General Meeting on 13 August 2003 exercise their conversion rights. The new shares participate in the profits from the beginning of the financial year in which they come into being as a result of conversion rights being exercised. In accordance with this authorisation, convertible bonds with a principal value of EUR 491,008 were issued in 2005. Conversion rights for 191,800 preference bearer shares are attached to these convertible bonds pursuant to the conditions applicable to the bonds.

Profit participation certificates, bonds with warrants and convertible bonds

The Annual General Meeting on 13 August 2003 resolved to authorise the Managing Board to issue bearer profit participation certificates on one or more occasions up to and including 12 August 2008. The profit participation certificates may have bearer warrants attaching to them or they may grant the holder a conversion right for a maximum period of 10 years from the date of issue. Pursuant to the more detailed conditions applicable to the profit participation certificates with warrants and convertible profit participation certificates, the options or conversion rights entitle holders to subscribe to ordinary shares and/or (up to the ceiling allowed by law) non-voting preference shares of Sixt Aktiengesellschaft, whereby the interest in the distribution of profits and company assets attaching to any non-voting preference shares issued ranks equally with preference shares previously issued (hereinafter referred to as "shares"). The Managing Board is further authorised, on one or more occasions up to and including 12 August 2008, to issue bearer bonds with warrants and/or convertible bearer bonds with a maximum term to maturity of 10 years instead of or in addition to profit participation certificates and to grant the holders/creditors of bonds with warrants option rights and the holders/creditors of convertible bonds conversion rights for new shares in the Company pursuant to the more detailed conditions applicable to the bonds with warrants or convertible bonds. The profit participation certificates, bonds with warrants and/or convertible bonds to be issued on the basis of this authorisation may not exceed EUR 250 million in total. Options and conversion rights may only be issued for a maximum of 5,263,000 no-par value shares in the Company. Profit participation certificates, bonds with warrants and/or convertible bonds may also be issued by direct or indirect majority investees of Sixt Aktiengesellschaft; in this instance, the Managing Board is entitled to guarantee the profit participation certificates, bonds with warrants and/or convertible bonds on behalf of the company and to grant the holders of profit participation certificates with warrants, convertible profit participation certificates, bonds with warrants or convertible bonds options or conversion rights for new shares in Sixt Aktiengesellschaft.

When profit participation certificates, bonds with warrants and/or convertible bonds are issued, shareholders are granted statutory pre-emptive subscription rights. However, the Managing Board is entitled, with the consent of the Supervisory Board, to exclude from the shareholders' pre-emptive subscription rights any fractions resulting from the subscription ratio and to disapply pre-emptive subscription rights to the extent necessary to grant pre-emptive subscription rights to the holders/creditors of options or conversion rights already issued or to the holders/creditors of convertible bonds subject to conversion obligations in the amount to which they would be entitled after their options or conversion rights have been exercised or their conversion obligations met. Both ordinary bearer shares and non-voting preference bearer shares (up to the ceiling allowed by law) may be issued; the interest in the distribution of profits and company assets attaching to any non-voting preference shares issued will rank equally with non-voting preference shares previously issued. The Managing Board is entitled to stipulate the further details regarding the issue of and rights attaching to the profit participation certificates, bonds with warrants and/or convertible bonds or to reach agreement on these details with the executive bodies of the investees issuing the profit participation certificates, bonds with warrants and/or convertible bonds. For this purpose, the share capital has been contingently increased by up to EUR 13,473,280 by issuing up to 5,263,000 new no-par value shares (Contingent Capital I).

On the basis of the authorisation resolved by the Annual General Meeting of Sixt Aktiengesellschaft on 13 August 2003, the Managing Board resolved on 20 September 2004, with the consent of the Supervisory Board granted on the same day, to make use of the authorisation and to issue profit participation certificates in an aggregate principal amount of up to EUR 100,000,000 with an annual interest rate of 9.05% and to offer these profit participation certificates to ordinary and preference shareholders by way of indirect pre-emptive subscription rights. Initially, the nominal value of each of these equally ranked bearer profit participation certificates is EUR 100. A EUR 50 portion of this nominal value matures on 31 December 2009 and another EUR 50 portion matures on 31 December 2011. As a result, the original nominal value of EUR 100 will be reduced to EUR 50 after 31 December 2009. Each profit participation certificate grants a right to dividends that takes precedence over shareholders' interests in the profits; this claim is met annually for the respective financial year, after those of all other creditors, unless their entitlements are of equal rank or subordinated to the profit participation certificates; subject to the arrangements regarding loss participation, it also grants the right to receive payment of one EUR 50 portion of the nominal value on 31 December 2009 and of the other EUR 50 portion of the nominal value on 31 December 2011. The profit participation capital shares in any losses of the Company to the extent that these exceed the freely available capital reserves and retained earnings. Loss participation is limited to the amount of profit participation capital. The entitlement to receive dividend payments is limited to the net profit of the company plus any profits brought forward and freely available capital reserves and retained earnings, less any losses brought forward, the contribution to legal reserves and the contribution to the reserve for own shares. The distributable profit must be determined on the basis of Sixt Aktiengesellschaft's single-entity financial statements prepared and audited according to the provisions of the HGB (or other mandatory accounting principles that may replace the HGB and become applicable to the Company's single-entity financial statements) and German Accepted Accounting Principles. If a loss remains after the net loss for the year has been offset against the freely available capital reserves and retained earnings, the profit participation certificates participate in this loss in the proportion of the nominal values of the profit participation certificates concerned to the subscribed capital reported in the Company's balance sheet, plus legal reserves, by reducing the repayment entitlement, limited to the amount of their profit participation capital. Should Sixt Aktiengesellschaft become insolvent or go into liquidation, the profit participation certificates will be serviced after all non-subordinated creditors and after all subordinated creditors whose claims are classified as debt, but with precedence over other subordinated creditors whose claims are classified as equity in Sixt Aktiengesellschaft's balance sheet prepared according to the provisions of the HGB (or other mandatory accounting principles that may replace the HGB and become applicable to the Company's single-entity financial statements), and with precedence over the claims of shareholders; the profit participation certificates do not entitle holders to any share in the liquidation proceeds.

Capital reserves

Capital reserves	**EUR thou. 2005**	EUR thou. 2004
Balance at 1 January	119,236	116,939
Increase due to exercise of conversion rights	1,078	763
Other changes	-	1,534
Balance at 31 December	**120,314**	**119,236**

The other changes relate to the conversion of a revenue reserve that is not required to be initially consolidated into a capital reserve in the course of a merger of two subsidiaries.

Retained earnings

Retained earnings	**EUR thou. 2005**	EUR thou. 2004
Balance at 1 January	57,747	50,923
Transfers to retained earnings	3,635	9,460
Other changes	184	-2,636
Balance at 31 December	**61,566**	**57,747**

The **revaluation reserve** (Neubewertungsrücklage) remains unchanged at EUR 285 thousand.

The **revaluation reserve** (Umbewertungsrücklage) remained unchanged on the previous year at EUR -10,820 thousand, and relates to the initial transition to IFRS accounting. The main effects of the transition are described in section 5.8 “Reconciliations due to first-time adoption”.

Translation reserve

Translation reserve	**EUR thou. 2005**	EUR thou. 2004
Balance at 1 January	-2,109	-1,830
Differences arising on the translation of the financial statements of foreign subsidiaries	402	-279
Balance at 31 December	**-1,707**	**-2,109**

Non-current other provisions in the Group consist mainly of provisions for real estate as a result of obligations in connection with restructuring measures carried out in the UK and obligations in connection with the administrative complex in Pullach. In the medium term, the obligations are likely to lead to corresponding outflows of resources over a period of two to ten years. [4.19]

Non-current other provisions	EUR thou. Real estate	EUR thou. Other	EUR thou. Total
Balance at 1 Jan. 2005	19,949	41	19,990
Additions	3,158	71	3,229
Reversals	3,540	-	3,540
Utilised	219	-	219
Foreign exchange differences	90	-1	89
Balance at 31 Dec. 2005	**19,438**	**111**	**19,549**

[4.20] **Non-current financial liabilities** comprise liabilities under issued borrower's note loans, bonds, profit participation certificates and convertible bonds, as well as other interest-bearing liabilities with terms of over a year.

Non-current financial liabilities at 31 Dec. 2005	EUR thou. Residual term of 1-5 years	EUR thou. Residual term of more than 5 years
Profit participation certificates	48,962	48,887
Borrower's note loans	143,000	-
Bonds	225,276	-
Other financial liabilities	5,120	5,467
	422,358	**54,354**

Non-current financial liabilities at 31 Dec. 2004	EUR thou. Residual term of 1-5 years	EUR thou. Residual term of more than 5 years
Profit participation certificates	48,702	48,702
Borrower's note loans	175,000	-
Bonds	664	-
Other financial liabilities	5,099	6,335
	229,465	**55,037**

The profit participation certificates with profit-dependent interest at 9.05% have an aggregate principal amount of EUR 100 million. Half are repayable in 2009 and half in 2011. The profit participation certificates participate in the Company's loss subject to certain conditions. There are call options for Sixt Aktiengesellschaft as the issuer and put options for the profit participation certificate holders.

The bonds include a five-year, EUR 225 million bond issued on the capital market. It pays a coupon of 4.5% p.a. and matures in 2010. Sixt Aktiengesellschaft (issuer) has undertaken to meet certain financial criteria, and call options are provided for the issuer and bond creditors. In addition, convertible bonds with nominal maturities of three years and a coupon of 6.0% p.a. have been issued in several tranches as part of an employee equity-participation programme. The principal amount totals EUR 1.1 million. Pursuant to the conditions applicable to the bonds, conversion rights for 430,000 non-voting preference shares are attached to the convertible bonds issued as at the closing date. Convertible bonds with a nominal value of EUR 205 thousand were converted into 80,200 preference shares and new convertible bonds with a nominal value of EUR 491 thousand were issued during the financial year. Borrower's note loans with a total nominal value of EUR 175 million were issued in several tranches. Interest is paid at a variable rate linked to a reference rate (Euribor), and the nominal maturities are between three and seven years.

The other financial liabilities result from investment loans.

Non-current other liabilities consist in particular of liabilities with terms of more than one year under leases that were entered into to refinance the lease fleet and are classified as finance leases: [4.21]

Non-current finance lease liabilities in EUR thou.	Gross investment		Present value of outstanding minimum lease payments	
	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Due in one to five years	1,245	13,441	1,197	13,230
Due in more than five years	-	-	-	-
Unrealised finance portions	48	211		

The agreements have a fixed term and mostly fixed, but in some cases variable, rates of interest. There are put options on the part of the lessor or purchase options on the part of the Group as lessee. The Group's obligations under finance leases are secured by way of the lessor's right of retention in respect of the leased assets. The minimum lease payments are offset by corresponding payments from customers under sub-leases.

Non-current other liabilities also include interest rate derivatives with negative fair values.

[4.22] The liabilities included in **current other provisions** will probably fall due within a year. They consist mainly of provisions for taxes, legal costs, rental operations and staff provisions. In addition, provisions were set up for obligations in connection with restructuring measures carried out in the UK and obligations in connection with the administrative complex in Pullach.

Current financial liabilities include in particular liabilities under borrower's note loans and liabilities to banks falling due within a year. They break down as follows: [4.23]

Current financial liabilities	EUR thou. 2005	EUR thou. 2004
Liabilities under borrower's note loans	32,000	213,952
Liabilities to banks	97,754	58,272
Other liabilities	17,988	12,022
	147,742	**284,246**

Interest is paid on the borrower's note loans at a variable rate linked to a reference rate (6-Month-Euribor). The nominal maturities are between three and seven years. In the financial year, borrower's note loans were paid down by a nominal EUR 214 million as scheduled. Liabilities to banks include short-term borrowings at variable rates of interest taken out by

Current other provisions	EUR thou. Taxes	EUR thou. Staff provisions	EUR thou. Real estate	EUR thou. Other	EUR thou. Total
Balance at 1 Jan. 2005	30,857	4,568	1,505	17,544	54,474
Additions	19,724	7,462	1,858	4,819	33,863
Reversals	-	15	-	710	725
Utilised	10,577	4,334	1,505	8,948	25,364
Basis of consolidation	21	-	-	-	21
Foreign exchange differences	-5	-	-	74	69
Balance at 31 Dec. 2005	**40,020**	**7,681**	**1,858**	**12,779**	**62,338**

utilising the credit lines available to the Group. The liabilities have been secured by transferring ownership of assets. Other liabilities consist mainly of deferred interest.

[4.24] **Trade payables** comprise current liabilities arising from deliveries to the Group, particularly of vehicles for the rental and lease fleet, and other purchases in the course of operating activities.

[4.25] **Current other liabilities** falling due within one year are broken down as follows:

Current other liabilities	EUR thou. 2005	EUR thou. 2004
Finance lease liabilities	87,620	120,422
Liabilities to affiliated companies	4,212	4,689
Liabilities to other investees	806	1
Other liabilities	22,620	34,861
of which payroll-related	3,398	3,041
of which deferred income	7,493	4,930
of which miscellaneous	11,729	26,890
	115,258	**159,973**

The details of the current finance lease liabilities entered into to refinance the rental and lease fleet are outlined below:

Current finance lease liabilities in EUR thou.	Gross investment		Present value of outstanding minimum lease payments	
	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Due within one year	88,559	122,877	87,620	120,422
Unrealised finance portions	939	2,455		

The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The agreements contain call options on the part of the Group as lessee or put options on the part of the lessor and, in some cases, renewal options. The Group's obligations under finance leases are secured by way of the lessor's right of retention in respect of the leased assets. The minimum lease payments are offset by corresponding payments from customers under sub-leases.

Deferred income relates almost exclusively to the deferral of income from advance deposits by lessees, which are reversed by the straight-line method on the basis of the agreed terms.

5 Other disclosures

5.1 Segment reporting

By business unit in EUR thou.	Rental		Leasing		Other		Consolidation/ Reclassification		Sixt Group	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
External revenue	770,388	653,746	561,963	511,870	3,350	4,237	0	0	1,335,701	1,169,853
Internal revenue	5,396	5,062	30,247	26,010	2,063	3,489	-37,706	-34,561	0	0
Total revenue	775,784	658,808	592,210	537,880	5,413	7,726	-37,706	-34,561	1,335,701	1,169,853
Depreciation and amortisation expense	151,806	127,942	93,650	100,179	4,044	2,720	-90	-134	249,410	230,707
EBIT [1]	92,370	61,476	32,954	24,019	-1,735	9,302	1	-3	123,590	94,794
Net finance costs [2]	-23,001	-32,605	-18,337	-10,124	8,611	-9,441	-1	5	-32,728	-52,165
EBT [3]	69,369	28,871	14,617	13,895	6,876	-139	0	2	90,862	42,629
Investments [4]	7,441	11,835	550,349	517,583	647	242	0	0	558,437	529,660
Segment assets	816,793	760,148	564,253	617,839	888,330	748,319	-952,362	-871,086	1,317,014	1,255,220
Segment liabilities	756,141	717,903	544,196	578,561	599,546	462,861	-848,678	-726,555	1,051,205	1,032,770
Employees [5]	1,693	1,556	211	194	19	15	0	0	1,923	1,765

By region in EUR thou.	Germany		Abroad		Consolidation/ Reclassification		Sixt Group	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Total revenue	1,142,757	1,004,432	194,878	166,662	-1,934	-1,241	1,335,701	1,169,853
Investments [4]	525,508	513,201	32,929	16,459	0	0	558,437	529,660
Segment assets	1,086,175	1,039,828	335,277	288,508	-104,438	-73,116	1,317,014	1,255,220

[1] Corresponds to profit from operating activities (EBIT)
[2] Corresponds to net interest/investment income or expense
[3] Corresponds to profit before taxes (EBT)
[4] Excluding rental assets
[5] Annual average

The Sixt Group operates in two main areas, vehicle rental and leasing. When combined, the revenue from these activities, excluding vehicle sales revenue, is also described as "operating revenue". Activities that cannot be allocated to these segments, such as financing, holding, property rental and e-commerce activities, are combined in the "Other" segment.

Segment reporting is based on the accounting policies in the consolidated financial statements. Receivables, liabilities, income and expenses between the segments are reconciled to the Group figures. Intercompany revenue is calculated at arm's length prices.

5.2 Contingent liabilities and other financial obligations

Contingent liabilities

Contingent liabilities result from guarantees or similar obligations and are disclosed at their nominal value. There were no contingent liabilities required to be disclosed in financial year 2005 (2004: EUR 2 thousand).

Other financial obligations

In addition to provisions, liabilities and contingent liabilities, the Group has other financial obligations that result mainly from operating leases entered into to refinance the rental and lease fleet and from obligations under leases on buildings.

The main obligations in terms of minimum lease payments are shown below:

Minimum lease payments in EUR million	2005	2004
Due within one year	127.5	89.0
Due in one to five years	181.0	159.3

Obligations relating to fleet financing are offset by corresponding revenue from subleasing. In the year under review, expenses in connection with lease instalments for fleet financing amounted to EUR 142.5 million (2004: EUR 114.8 million) and mileage-related lease agreement payments to EUR 2.4 million (2004: EUR 1.0 million).
Purchase commitments under agreements concluded as at the balance sheet date in respect of vehicle deliveries for the rental and lease fleet in the coming year amount to around EUR 795 million.

5.3 Financial derivatives

As well as medium- and long-term financial instruments bearing a fixed rate of interest, the Sixt Group also uses short-term variable-rate financial instruments to finance investments in the rental and lease fleet and is therefore exposed to interest rate risk. Derivative financial instruments such as interest rate caps and interest rate swaps are used to limit interest rate risk as part of risk management. In this context, internal Group guidelines stipulate the main duties, responsibilities, reporting requirements and controls. The notional value of these transactions at the balance sheet date is EUR 625 million (2004: EUR 704.5 million). The total fair value of the transactions is EUR -8.2 million (2004: EUR -29.4 million); this corresponds to the market price. They are reported under other assets or other liabilities and measured by transaction partners (financial institutions) on the basis of yield curves reflecting market conditions. By concluding hedging transactions as part of risk management, the Group consciously converts largely existing variable interest-bearing liabilities into synthetic fixed-interest refinancing.

5.4 Share-based payment

The Annual General Meeting on 30 August 1999 resolved to authorise the Managing Board to issue to senior executives interest-bearing convertible bonds with a maximum term of 5 years and in an aggregate principal amount of up to EUR 3,072,000 on one or more occasions up to and including 29 August 2004, with the consent of the Supervisory Board. The convertible bonds entitle the buyer to acquire new preference shares in Sixt Aktiengesellschaft pursuant to the more detailed conditions applicable to the bonds. For this purpose, the share capital has been contingently increased by up to EUR 3,072,000, composed of up to 1,200,000 preference bearer shares (Contingent Capital II). In addition, the Annual General Meeting on 13 August 2003 resolved to authorise the Managing Board to issue interest-bearing convertible bonds with a maximum term of 5 years and in an aggregate principal amount of up to EUR 2,657,920 on one or more occasions up to and including 12 August 2008, with the consent of the Supervisory Board. It may issue the bonds in the principal amount to members of the Company's Managing Board, members of management of German and foreign affiliates within the meaning of sections 15 ff. of the AktG and employees who are eligible on the basis of their outstanding achievements. Pursuant to the more detailed conditions applicable to the bonds, the buyers are entitled to purchase new preference shares in Sixt Aktiengesellschaft, whereby the interest in the distribution of profits and company assets attaching to these shares ranks equally with preference shares previously issued. For this purpose, the Company's share capital has been contingently increased by up to EUR 2,657,920, composed of up to 1,038,250 preference bearer shares (Contingent Capital III).

The beneficiaries and the principal amounts of the respective bonds are decided by the Managing Board or, if members of the Managing Board are among the beneficiaries, by the Supervisory Board. As at the balance sheet date, the Company had issued convertible bonds dating from 2003 through to 2005 with conversion rights for up to 430,000 preference shares in accordance with the two authorisations mentioned above.

In each case, the conversion rights granted cannot be transferred by the beneficiaries. The conversion right may only be exercised if the holders of the convertible bonds have a contract of employment with the Sixt Group which has not been terminated. Special rules can be put in place for particular cases. When the conversion right is exercised, one preference share is issued for each number of convertible bonds representing a principal amount of EUR 2.56.

The conversion price to acquire one new share corresponds to the ratio of the official cash market price of Sixt preference shares on the Frankfurt Stock Exchange on the first day of trading after the Company's Annual General Meeting in the third financial year after the bond in question was issued to the performance.

“Official cash market price” means the price in the 1pm auction on the Frankfurt Stock Exchange's electronic trading system (XETRA). The performance is determined by comparing the share price performance of Sixt preference shares with the performance of Deutsche Börse AG's SDAX index (herein after referred to as “SDAX”) over two reference periods. In each case, the first reference period comprises the first twenty trading days from the start of a convertible bond's term and the second reference period the period of time from the twenty fifth to the sixth trading day prior to Sixt Aktiengesellschaft's Annual General Meeting in the financial year in which the convertible bond matures.

Since the market price of Sixt preference shares may be affected between the start of the first reference period and the end of the second reference period by dividend payments and by the grant of subscription rights, dividends paid during this period and the average market price for the subscription rights should be added to the average for the second reference period when calculating share price performance.

The conditions applicable to the bonds provide for an adjustment to the performance markdown, particularly in the event of a capital increase from reserves or retained earnings, a capital decrease or the purchase of own shares.

The number of stock options changed as follows:

Stock options	Options 2005	Options 2004
Outstanding at the start of the financial year	342,400	386,400
Granted during the financial year	191,800	162,600
Returned during the financial year	-24,000	-84,800
Exercised during the financial year	-80,200	-121,800
Outstanding at the end of the financial year	430,000	342,400

The exercise price for stock options exercised during the financial year was EUR 14.92 (2004: EUR 7.95) per preference share.

The option components of the convertible bond are developed using the Black Scholes model. In the financial year, the parameters for the model were as follows:

Black Scholes model parameters	2005
Risk-free interest rate (%)	2.77
Market risk premium (%)	4.23
Expected volatility (%)	20.00
Expected term until exercise (years)	2.65
Expected dividends (EUR)	1.34
Price of preference shares on the issue date (EUR)	17.45
Expected price of preference shares on the conversion date (EUR)	19.80
Estimated exercise price per preference share (EUR)	19.56

The expected volatility was determined by calculating the historical volatility of the share price. The expected term used in the model was adjusted to reflect management's best estimate of the impact of non-transferability, exercise restrictions and behaviour. In 2005, the Group recognised personnel expenses of EUR 86 thousand (2004: EUR 73 thousand) in connection with equity-settled share-based payment and allocated this amount ratably to capital reserves.

5.5 Related party disclosures

The Sixt Group maintains current account relationships with various unconsolidated affiliated companies for the purposes of intercompany settlements and financing. Interest is paid on the resulting balances on an arm's length basis at an interest rate fixed within the Group. In 2004, a sale and leaseback agreement was entered into on an arm's length basis with each of two companies of the major shareholder, Erich Sixt, to refinance rental vehicles belonging to the Group. The agreements had a total volume of EUR 80.0 million and were terminated in the first quarter of 2005. The Group rents two properties belonging to the Sixt family for its operations. In the financial year, the expenses amounted to EUR 0.2 million. For his services as Chairman of the Managing Board, Erich Sixt receives remuneration which, in accordance with the resolution passed by the Annual General Meeting on 14 July 2005, is not published individually. Dr. Bernstorff, a member of the Supervisory Board, provided legal consulting services for the Group in the year under review, for which he received remuneration of EUR 0.1 million.

Supervisory and Managing Boards

Supervisory Board	Membership of supervisory boards and other comparable supervisory bodies of business enterprises
Dr. Karl Josef Neukirchen Frankfurt am Main Chairman Former Chairman of the Managing Board of mg technologies ag	Chairman of the Supervisory Board of Sixt Allgemeine Leasing GmbH & Co. KGaA Chairman of the Supervisory Board of Vossloh AG (until 30 September 2005) Member of the Supervisory Board of AWISTA Gesellschaft für Abfallwirtschaft mbH (until 30 August 2005) Member of the Supervisory Board of Stadtwerke Düsseldorf AG Member of the Board of Directors of Clariant International AG
Dr. Dietrich Bernstorff Munich Deputy Chairman Lawyer	Chairman of the Supervisory Board of Interdean AG Internationale Spedition Member of the Supervisory Board of MAC Mode GmbH & Co. KGaA Member of the Supervisory Board of Sixt Allgemeine Leasing GmbH & Co. KGaA
Thierry Antinori Frankfurt am Main Member of the Executive Board (Marketing and Sales) of Deutsche Lufthansa AG	Member of the Supervisory Board of Sixt Allgemeine Leasing GmbH & Co. KGaA Member of the Supervisory Board of Lufthansa AirPlus Servicekarten GmbH Thomas Cook Voyages S.A. Member of the Advisory Board of Europäische Reiseversicherungs AG German National Tourist Board

Managing Board	Membership of supervisory boards and other comparable supervisory bodies of business enterprises
Erich Sixt Grünwald Chairman	Chairman of the Supervisory Board of Sixt Leasing AG Chairman of the Supervisory Board of e-Sixt GmbH & Co. KG Member of the Advisory Board of Deutsche Bank AG
Karsten Odemann Bad Tölz	Member of the Supervisory Board of Sixt Leasing AG Member of the Supervisory Board of e-Sixt GmbH & Co. KG
Detlev Pätsch Oberhaching	Member of the Supervisory Board of Sixt Leasing AG (until 2 February 2005)
Hans-Norbert Topp Munich	Member of the Supervisory Board of Sixt Leasing AG (since 2 February 2005) President of the Administrative Board of Sixt Holiday Cars AG

Total remuneration of the Supervisory Board, the Managing Board and the management of subsidiaries

Group	EUR thou. 2005	EUR thou. 2004
Supervisory Board remuneration	104	105
Total remuneration of the Managing Board and of the management of subsidiaries	3,519	4,174
of which variable remuneration	647	815

The Group has no pension obligations towards members of the Supervisory and Managing Boards.

No convertible bonds were issued to members of the Supervisory Board during the year under review under the existing stock option scheme. Convertible bonds with a nominal value of EUR 207 thousand were issued to members of the Managing Board and of the management of subsidiaries during this period under the existing stock option scheme.

Shareholdings

As at 31 December 2005, Erich Sixt Vermögensverwaltung GmbH, of which Erich Sixt is the sole owner, held an unchanged 56.8% (9,355,911 shares) of the ordinary shares in Sixt Aktiengesellschaft. No other significant holdings on the part of members of the Managing or Supervisory Board were reported to the Company.

Section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) requires the disclosure of transactions in shares or related financial instruments in excess of EUR 5,000. In accordance with this provision, Detlev Pätsch notified the Company of the sale, on 19 July 2005 at EUR 17.78 per share, of 10,000 preference shares that he had acquired on the same day by exercising the conversion right attaching to convertible bonds issued to employees. Sixt Aktiengesellschaft has received no other disclosures regarding the acquisition or sale of Company shares by members of the Managing or Supervisory Boards during the period under review.

5.6 Proposal on the appropriation of profit

Sixt Aktiengesellschaft, which acts as a holding company, recorded net income for financial year 2005 in accordance with German commercial law of EUR 34,052 thousand. Subject to the approval of the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal on the appropriation of profit	EUR thou.
Payment of a dividend of EUR 0.80 per ordinary share	13,178
Payment of a dividend of EUR 0.82 per preference share	5,012
Transfer to revenue reserves	15,860

The dividend proposal, which would lead to a total distribution of EUR 18,189,846, appropriately reflects the healthy earnings trend of the Sixt Group in the year under review and also further strengthens the equity base.

5.7 Declaration of conformity in accordance with section 161 of the Aktiengesetz

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the "Government Commission on the German Corporate Governance Code" are being complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on the Sixt Aktiengesellschaft homepage (www.sixt.com).

5.8 Reconciliations due to first-time adoption

For financial year 2005, Sixt Aktiengesellschaft has for the first time prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). In the past, and most recently as at 31 December 2004, Sixt Aktiengesellschaft prepared its consolidated financial statements in accordance with the provisions of German commercial law governing financial accounting and reporting (HGB).

The main differences between German financial accounting and reporting provisions and the accounting policies and consolidation methods of the IASB applied in preparing the consolidated financial statements of the Sixt Group are as follows:

Basis of consolidation

Under IFRSs, all companies controlled by the parent must be included in the consolidated financial statements ("control concept"). In accordance with these standards, control may arise even if the formal definition of control is not met. Therefore, special purpose entities may also be consolidated in the event of constructive control.

German financial accounting and reporting provisions base the definition of the basis of consolidation on both the "control concept" and the concept of uniform control, although a greater emphasis is placed on the legal circumstances.

Non-current assets

IFRS 3 requires goodwill to be capitalised. It is indefinite-lived and must be tested for impairment on an annual basis. When the transition was made to IFRSs, a total historical cost of EUR 24,590 thousand was offset against cumulative amortisation of goodwill amounting to EUR 6,148 thousand.

Under IFRSs, internally generated intangible assets must be capitalised if certain criteria are met. Within the Sixt Group, this applies to development costs for software that the Group uses in its rental and leasing business. German commercial law prohibits the recognition of internally generated intangible assets.

Under the HGB, depreciation and amortisation follows the tax rules, while under IFRSs, assets are depreciated or amortised over their expected useful lives.

Lease assets and rental vehicles

German financial accounting and reporting provisions do not provide specific guidance on the treatment or classification of lease transactions. As a result, the revenue authorities' decrees on leases are applied. IAS 17 specifies the accounting treatment for lease transactions. In contrast to their classification in the consolidated financial statements prepared in accordance with German commercial law, operating leases are reclassified as finance leases by the Sixt Group as both lessor (seller) and lessee (buyer), as the classification criteria differ. This results in additions of lease assets and rental vehicles for the Sixt Group as lessee and disposals of lease assets for the Sixt Group as lessor.

Deferred taxes

Under IAS 12, deferred taxes are measured using the balance-sheet liability method. There is a general requirement to recognise deferred taxes for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet in accordance with IFRSs. As quasi-permanent differences

must also be regarded as temporary, deferred taxes must be recognised for these differences as well. Deferred taxes are measured using the liability method. This method requires deferred taxes to be measured at the tax rates expected to apply to the period when the tax liability is settled or the tax asset realised. Under IFRSs, tax loss carryforwards are recognised as assets if it is probable that the benefit of the loss carryforward can be utilised.
Under German financial accounting and reporting provisions, it is only obligatory to recognise deferred tax assets and liabilities arising on consolidation; recognition of other deferred tax assets is voluntary. Deferred taxes are measured using the current tax rate. Deferred taxes may not be recognised for quasi-permanent differences. There is some dispute surrounding the recognition of tax loss carryforwards as assets.

Provisions

Under IFRSs, provisions are only recognised if a legal or constructive obligation has arisen towards a third party, payment is probable and the amount or timing of the liability is uncertain. The provisions for internal expenses possible under German financial accounting and reporting provisions are prohibited under IFRSs. Under IFRSs, provisions are measured at the most likely amount required, while under German financial accounting and reporting provisions, they are measured in accordance with the principle of prudent business judgement. Under IFRSs and the HGB, non-current provisions must be discounted, although this is only the case under IFRSs if the underlying obligations contain an interest element.

Financial instruments

In the case of financial instruments, IFRSs differ from German accounting regulations in the way they define categories. IAS 39 also requires the recognition of unrealised gains and losses. Fair value measurement is of relevance to the Sixt Group in the context of accounting for interest rate hedges. Both the positive and the negative fair values of interest rate derivatives must be recognised. This may increase the volatility of equity and consolidated profit. Under German financial accounting and reporting principles, the carrying amounts of financial instruments may not exceed their historical cost (historical cost convention); in each case, the amount recognised should be the most prudent measurement. Unrealised gains may not be recognised. Provisions must be recognised for expected losses from executory contracts.

The different rules result in the following reconciliation differences:

Reconciliation of equity as at 1 January 2004	EUR thou. IFRSs	EUR thou. HGB	EUR thou. Change
Non-current assets			
Goodwill	18,442	18,442	0
Intangible assets	4,756	4,168	588
Property and equipment	100,217	63,677	36,540
Lease assets	549,156	457,351	91,805
Non-current financial assets	10,352	10,226	126
Non-current other receivables and assets	17,030	-	17,030
Deferred tax assets	9,808	-	9,808
Total non-current assets	**709,761**	**553,864**	**155,897**
Current assets			
Rental vehicles	356,986	213,976	143,010
Inventories	11,852	11,852	0
Trade receivables	148,141	143,627	4,514
Current other receivables and assets	109,755	60,279	49,476
Cash and bank balances	14,271	14,162	109
Total current assets	**641,005**	**443,896**	**197,109**
	1.350,766	**997,760**	**353,006**

Reconciliation of equity as at 1 January 2004	EUR thou. IFRSs	EUR thou. HGB	EUR thou. Change
Equity			
Subscribed capital	57,299	57,299	0
Capital reserves	116,939	116,902	37
Other reserves	33,083	40,658	-7,575
Minority interests	1,315	1,785	-470
Total equity	**208,636**	**216,644**	**-8,008**
Non-current liabilities and provisions			
Non-current other provisions	419	-	419
Non-current financial liabilities	272,517	269,890	2,627
Non-current other liabilities	78,357	9,025	69,332
Deferred tax liabilities	12,818	-	12,818
Total non-current liabilities and provisions	**364,111**	**278,915**	**85,196**
Current liabilities and provisions			
Current other provisions	49,334	65,812	-16,478
Current financial liabilities	239,771	190,225	49,546
Trade payables	174,558	201,304	-26,746
Current other liabilities	314,356	44,860	269,496
Total current liabilities and provisions	**778,019**	**502,201**	**275,818**
	1.350,766	**997,760**	**353,006**

Reconciliation of equity as at 31 December 2004	EUR thou. IFRSs	EUR thou. HGB	EUR thou. Change
Non-current assets			
Goodwill	18,442	16,803	1,639
Intangible assets	3,356	2,526	830
Property and equipment	43,828	29,641	14,187
Lease assets	511,438	476,181	35,257
Non-current financial assets	5,884	5,784	100
Non-current other receivables and assets	17,395	-	17,395
Deferred tax assets	13,567	-	13,567
Total non-current assets	**613,910**	**530,935**	**82,975**
Current assets			
Rental vehicles	397,682	363,713	33,969
Inventories	31,095	31,161	-66
Trade receivables	106,531	103,631	2,900
Current other receivables and assets	69,089	62,270	6,819
Cash and bank balances	36,913	36,879	34
Total current assets	**641,310**	**597,654**	**43,656**
	1,255,220	**1,128,589**	**126,631**

Reconciliation of equity as at 31 December 2004	EUR thou. IFRSs	EUR thou. HGB	EUR thou. Change
Equity			
Subscribed capital	57,611	57,611	0
Capital reserves	119,236	119,144	92
Other reserves	43,996	149,762	-105,766
Minority interests	1,606	2,189	-583
Total equity	**222,449**	**328,706**	**-106,257**
Non-current liabilities and provisions			
Non-current other provisions	19,990	24,190	-4,200
Non-current financial liabilities	284,502	175,844	108,658
Non-current other liabilities	38,860	4,128	34,732
Deferred tax liabilities	12,132	-	12,132
Total non-current liabilities and provisions	**355,484**	**204,162**	**151,322**
Current liabilities and provisions			
Current other provisions	54,474	83,932	-29,458
Current financial liabilities	284,246	275,032	9,214
Trade payables	178,594	187,747	-9,153
Current other liabilities	159,973	49,010	110,963
Total current liabilities and provisions	**677,287**	**595,721**	**81,566**
	1,255,220	**1,128,589**	**126,631**

Reconciliation of consolidated profit 2004	EUR thou. IFRSs	EUR thou. HGB	EUR thou. Change
Revenue	1,169,853	2,282,830	-1,112,977
Other operating income	27,788	29,455	-1,667
Fleet expenses and cost of lease assets	518,036	1,719,293	-1,201,257
Personnel expenses	88,645	89,377	-732
Depreciation and amortisation expense	230,707	152,556	78,151
Other operating expenses	265,459	262,676	2,783
Income from financial assets	171	171	0
Other interest and similar income	9,452	7,047	2,405
Expenses from financial assets	4,399	4,399	0
Other interest and similar expenses	57,389	40,703	16,686
Profit before taxes	42,629	50,499	-7,870
Income tax expense	18,339	20,553	-2,214
Other taxes	-	7,471	-7,471
Consolidated profit for the period before minority interests	24,290	22,475	1,815
of which attributable to minority interests	-3	466	-469
Consolidated profit for the period after minority interests	24,293	22,009	2,284

The main differences resulting from the reconciliation of consolidated profit for the period relate to the following items, as presented in the notes and disclosures on the balance sheet and income statement:

Revenue/Fleet expenses and cost of lease assets
Proceeds from the sale of rental vehicles are no longer reported under revenue. Instead, the fleet expenses and cost of lease assets item is reduced by the corresponding amount. Profit does not change as a result.

Depreciation and amortisation expense/Fleet expenses and cost of lease assets
The difference in the carrying amount of depreciation and amortisation expense is the result, firstly, of the reclassification of depreciation of lease assets (from “Fleet expenses and cost of lease assets” to “Depreciation and amortisation expense”) and, secondly, of the increase in the carrying amount of capitalised lease assets in accordance with the provisions of IFRSs. The resulting effect on profit is almost entirely offset by the corresponding decrease in leasing expenses.

Other interest and similar expenses
The difference results mainly from the different treatment of interest rate hedges.

Other taxes
In accordance with IFRSs, other taxes must be included in operating expenses. In line with the items to which they relate, they were reclassified as “Fleet expenses and cost of lease assets” and “Other operating expenses” without affecting profit.

Changes in the cash flow statement
In the reconciliation from the HGB to IFRSs, the changes in the consolidated cash flow statement as against financial year 2004 are due to the recognition and measurement differences already described and to the resulting differences in profit or loss. In particular, the transition results in reclassifications between “Net cash flows used in/from investing activities” and “Net cash flows used in/from operating activities”. Furthermore, the different presentation of financial liabilities under IFRSs (current/non-current classification) results in reclassifications between “Net cash flows from financing activities” and “Net cash flows used in/from operating activities”.

Pullach, March 2006
Sixt Aktiengesellschaft

ERICH SIXT   KARSTEN ODEMANN   DETLEV PÄTSCH   HANS-NORBERT TOPP

Auditors' Report

We have audited the consolidated financial statements – comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and the notes – as well as the group management report prepared by Sixt Aktiengesellschaft, Pullach, for the financial year from 1 January to 31 December 2005. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Sixt Aktiengesellschaft, Pullach, comply with IFRSs as adopted in the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 14 March 2006

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Bögle)
Wirtschaftsprüfer

(ppa. Papadatos)
Wirtschaftsprüfer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Balance Sheet of Sixt Aktiengesellschaft, Pullach, as at 31 December 2005

Assets	EUR	EUR 31 Dec. 2005	EUR 31 Dec. 2004
A. Fixed assets			
I. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land		1,612,523	1,614,088
II. Financial assets			
1. Shares in affiliated companies	156,397,945		140,724,640
2. Investments	4,400,000	160,797,945	4,400,000
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	628,052,368		415,732,594
2. Receivables from other investees	184,189		0
3. Other assets	2,701,511	630,938,068	14,039,255
II. Cash-in-hand, central bank balances, bank balances and cheques		0	28,130
C. Prepaid expenses		774,762	22,717
		794,123,298	**576,561,424**

Equity and liabilities	EUR	EUR 31 Dec. 2005	EUR 31 Dec. 2004
A. Equity			
I. Subscribed capital	57,816,320		57,611,008
II. Capital reserves	118,583,393		117,592,121
III. Revenue reserves			
1. Other revenue reserves	73,579,937		69,944,937
IV. Profit participation capital	100,000,000		100,000,000
V. Unappropriated profit			
- thereof retained profits brought forward EUR 4,656	34,056,960		17,262,878
		384,036,610	362,410,944
B. Special tax-allowable reserve		1,785,177	1,926,883
C. Provisions			
1. Provisions for taxes	9,425,572		4,418,768
2. Other provisions	14,196,162	23,621,734	15,132,810
D. Liabilities			
1. Bonds	346,100,800		179,828,703
2. Liabilities to banks	396		0
3. Liabilities to affiliated companies	17,479,752		10,480,690
4. Other liabilities	20,229,170	383,810,118	2,362,626
E. Deferred income		869,659	0
OFF-BALANCE-SHEET ITEMS			
1. Liabilities from guarantees EUR 574,484,412 (previous year EUR 869,392,003)			
		794,123,298	**576,561,424**

Profit and Loss Account of Sixt Aktiengesellschaft, Pullach

for the period 1 January to 31 December 2005	EUR	EUR previous year
1. Other operating income	4,659,130	592,813
2. Depreciation and amortisation of intangible and tangible assets	1,565	970,892
3. Other operating expenses	7,160,388	19,370,612
4. Income from investments	35,117,215	23,804,584
5. Income from profit transfer agreements	13,748,621	19,932,153
6. Other interest and similar income	27,884,985	8,155,893
7. Write-downs of financial assets and investments classified as current assets	0	4,399,417
8. Interest and similar expenses	13,993,859	1,812,686
9. Expenses for profit participation capital	9,050,000	2,262,500
10. Result from ordinary activities	**51,204,139**	**23,669,336**
11. Taxes on income	17,145,463	6,404,399
12. Other taxes	6,372	6,167
13. Net income for the period	**34,052,304**	**17,258,770**
14. Retained profits brought forward	4,656	4,108
15. Unappropriated profit	**34,056,960**	**17,262,878**

Financial Calendar

Financial calendar 2006 for Sixt Aktiengesellschaft	
Annual Earnings Press Conference for financial year 2005	Wednesday, 5 April 2006 (Munich)
Analyst Conference	Wednesday, 5 April 2006 (Frankfurt)
Interim Report as at 31 March 2006	Thursday, 18 May 2006
Annual General Meeting for financial year 2005	Thursday, 1 June 2006
Interim Report as at 30 June 2006	Thursday, 10 August 2006
Interim Report as at 30 September 2006	Thursday, 16 November 2006

All dates/locations subject to change.

Editorial Service

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