SIXT
Aktiengesellschaft

Annual Report 2006

The Sixt Group in figures

in EUR million	2006	2005	Change 2006 on 2005 in %	2004
Revenue	1,443	1,336	+8.0	1,170
thereof in Germany	1,212	1,141	+6.2	1,003
thereof abroad	231	195	+18.8	167
thereof operational [1]	1,211	1,076	+12.6	927
Profit from operating activities (EBIT)	153.3	123.6	+24.0	94.8
Profit before taxes (EBT)	121.6	90.9	+33.9	42.6
Consolidated profit for the period	73.8	56.0	+31.7	24.3
Net income per share (basic)				
per ordinary share (EUR)	2.95	2.47	+19.4	1.07
per preference share (EUR)	3.36	2.51	+33.9	1.11
Total assets	1,558	1,317	+18.3	1,255
Lease assets	544	523	+3.9	511
Rental vehicles	646	463	+39.6	398
Equity	394	266	+48.4	222
Equity ratio (%)	25.3	20.2	+5.1 points	17.7
Non-current financial liabilities	441	477	-7.5	285
Current financial liabilities	279	148	+88.9	284
Dividend per share				
per ordinary share (EUR)	1.05	0.80	+31.3	0.60
per preference share (EUR)	1.07	0.82	+30.5	0.62
Total dividend, net	26.3	20.0	+31.4	13.6
Number of employees [2]	2,015	1,923	+4.8	1,765
thereof in Germany	1,484	1,397	+6.2	1,260
thereof abroad	531	526	+1.0	505
Number of locations worldwide (31 Dec.) [3]	1,564	1,443	+8.4	1,395
thereof in Germany [4]	474	447	+6.0	402

[1] Revenue from rental and leasing business, excluding revenue from the sale of used vehicles
[2] Annual average
[3] Including franchisees
[4] Excluding SIXTI

Sixt Aktiengesellschaft

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.

Contents	Page

Letter to shareholders

Dear Shareholders,

Sixt is continuing its successful development, having recorded the best financial year in the Company's history in 2006. We met our targets for 2006, which were ambitious in the light of the record performance in 2005, and in fact managed to exceed our earnings targets.

This is demonstrated by the following figures:

- In 2006, we increased consolidated operating revenue by 12.6% to EUR 1.21 billion. This is the highest operating revenue from rental and leasing business ever generated by Sixt. Our strong growth was driven above all by an excellent sales performance and, consequently, by our broader customer base. Business development was also driven by an industry-wide improvement in both the rental and the leasing business sectors.

- Particularly encouraging is that we once again adhered to the principle of "earnings before revenue" in 2006. Consolidated profit before taxes (EBT) increased by 33.9% to EUR 121.6 million, outstripping the growth in revenue. This means that we once again exceeded our earnings growth forecast – which itself was increased several times in the course of the year – of at least 25%. Besides operating growth, this was also attributable to our ongoing strict cost management with which we were able to offset cost increases relating to growth and the market situation.

- In 2006, we continued to accelerate our international expansion. This can be seen firstly from the nine new rental markets entered by Sixt last year using its established franchise system, including highly attractive growth markets such as India and Australia. Secondly, growth in the European core markets in which we operate our own rental offices was very satisfactory, with revenue growth in some cases in the substantial double digit percentage range. The contribution of these markets to consolidated earnings were almost twice as high as in 2005. Sixt also got off to a successful start in Spain in 2006. This country is one of the largest rental markets in Europe and one that we intend to develop gradually, starting with the well-known holiday destinations.

- In Germany, Sixt succeeded in clearly outpacing sector growth in the rental market and extending its pole position once again. With a market share of over 27%, Sixt is by far the largest vehicle rental company in Germany as well as producing the best returns.

- In the leasing sector, the number of contracts increased again to 59,400 as at 31 December 2006. This represents a rise of 5.3% compared with the same reporting date for the previous year. In this, our second operating area, our sales offensive of recent years also led to a broader customer base and a marked increase in revenue.

The success of our Group is attributable above all to the unique strengths with which Sixt differentiates itself from many competitors:

- Uncompromising customer orientation and first-class service
- Premium products at attractive prices
- Innovation leadership in vehicle rental and leasing products
- Flexibility and a low cost base thanks to lean structures and high-performance IT
- Independence from banks and automobile manufacturers, resulting in objective advice
- A widely known brand with a positive image.

In addition, we are benefiting from global megatrends in mobility requirements. One of our central strengths lies in picking up on these megatrends and translating them into innovative products and services. This is illustrated by the following two examples:

- Customers' mobility requirements are becoming more and more individualised. People travelling privately or on business are no longer satisfied with standard solutions, but rather expect ones that are tailored to their specific needs. In view of this, we further optimized the quality of our vehicle fleet in 2006 and increased our range of services relating to vehicle rental and leasing. As straightforward, comfortable, attractively priced and individualised as possible: the effectiveness of this approach is confirmed by the steadily growing number of customers.

- In the age of the single European market, mobility requirements know no national borders. Because of this, corporate customers in particular consider international mobility solutions to be indispensable, e.g. for vehicle fleet management. In line with this, the internationalisation of our business was again one of our main priorities last year and this is still the case this year. The success of Sixt's global expansion is based on a double strategy: using our own national organisations in our European core markets and strong franchise partners throughout the world, we have succeeded in building up a sustainably profitable foreign business in just a few years, while limiting the economic risk. At the end of 2006, the Sixt brand had already established itself as a byword for high-quality mobility solutions in over 85 countries.

This positive business development was also reflected in the performance of Sixt's shares. With value increases of almost 98% for ordinary shares and of 73% for preference shares, Sixt clearly outperformed its benchmark index, the SDAX (+30%), last year. We are very pleased that the capital market is increasingly recognising Sixt's earnings power and growth prospects.

The sharp increase in the value of our shares also stems from growing interest in mobility stocks such as Sixt on the part of the capital markets in general and of institutional investors in particular. This interest was prompted by high-profile changes in ownership among major vehicle rental and leasing companies, which generally involved financial investors on the vehicle rental market and strategic investors in leasing.

In May 2006, Sixt took advantage of the higher overall level of interest in the market and of the positive capital market environment to increase the Company's share capital by just under 10% to EUR 63.5 million as part of a cash capital increase. As a result of this issue – which was oversubscribed several times – we increased our equity by approximately EUR 70 million (net) and extended our base of shareholder structure to include further institutional and international investors. This stronger equity base means that Sixt is well positioned for further growth in the vehicle rental and leasing sectors.

As a shareholder-friendly company, Sixt has pursued a performance-related dividend policy for years. Following the record result achieved in 2006, we will recommend to you at the Annual General Meeting on 12 June 2007 that the dividend be increased to EUR 1.05 per ordinary share and EUR 1.07 per preference share. This dividend increase corresponds roughly to the increase in operating profit. Together with the increased share price, this once again proves that the Company represents an attractive and profitable investment in the small-cap universe.

Members of the Managing Board of Sixt Aktiengesellschaft

Erich Sixt

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

Detlev Pätsch

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

In view of our Company's strengths and last year's outstanding achievements, we are also optimistic in our expectations for 2007. The Group is ideally positioned to generate further growth in revenue and earnings. However, there are also headwinds to contend with. These include further cost increases in our operating business, particularly fleet costs, that we intend to offset through higher prices and improvements in efficiency. Sector-specific factors such as the ongoing political discussion regarding the future tax treatment of lease payments may also have a dampening effect on our business. However, we have demonstrated in recent years that we are well able to overcome such challenges. In view of this, we have confidence that consolidated operating revenue and operating profit will continue to improve in the current financial year, too.
We will make every effort to ensure that Sixt is able to look back in 2008 on another record year.

Pullach, March 2007

Sincerely,

The Managing Board

ERICH SIXT | KARSTEN ODEMANN | DETLEV PÄTSCH | HANS-NORBERT TOPP

Karsten Odemann

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

Hans-Norbert Topp

(born 1961), Chief Sales & Distribution Officer, has been with Sixt Aktiengesellschaft since 2004.

Report of the Supervisory Board of Sixt Aktiengesellschaft for the 2006 financial year

1. General

Sixt can look back on yet another extremely successful financial year. Both the upturn in the European economy and, in particular, the corporate concept that Sixt has consequently pursued for several years played a leading role in this success. Income growth was once again in the double digits, while the increase in revenue was significantly lower; this shows that our strategic approach of avoiding unprofitable revenue is still the recipe for success. Clear increases in earnings before taxes and the return on sales bear this out in an impressive manner. Moreover, Sixt has continued to improve its market share in the German car rental market and established its market leadership.

During the year under review, the Supervisory Board performed the duties assigned to it by law and the Articles of Association. It advised the Managing Board regularly and monitored the management of the Company. It was supplied with written and oral information on the course of business and all key questions relating to the further development of the Company, strategic planning, the risk situation and risk management in four meetings, which were held within the legally prescribed periods and in which all members of the committee took part. In one case, a vote was submitted in writing as the member concerned was prevented from attending. The Supervisory Board examined the reports and the proposals for resolutions submitted by the Managing Board and issued its opinions on them. The Chairman of the Supervisory Board was in regular contact with the Chairman of the Managing Board and other members of the Managing Board outside of the meetings and was informed in advance of current business developments and significant transactions. The provisions of the Corporate Governance Code and of the German Public Companies Act governing the reporting duties by the Managing Board to the Supervisory Board were consistently observed. No committees were formed within the three-member Supervisory Board of Sixt Aktiengesellschaft.

2. Key topics discussed by the Supervisory Board

In its examination of the Company's net assets, financial position and results of operations, the Supervisory Board discussed the following subjects in particular:

The Supervisory Board dealt in depth with the Group's business development, planning, risk situation and risk management in all meetings. One focal point of discussions was rental revenue, which in Germany was in line with the forecasts by the Managing Board, but abroad stood well above expectations with an increase of 21%. The Supervisory Board closely monitored developments in the United Kingdom, where revenues showed an increase for the first time since years and a positive result was achieved. This means that the extensive restructuring measures in the United Kingdom, Europe's largest vehicle rental market after Germany, have started to bear fruit. The Managing Board informed the Supervisory Board of business developments in Spain, where close collaboration with "Sixt Holiday Cars" achieved considerable revenue in the first full year of operating activities. Since Sixt has also achieved long-term positive results in France, it has taken another step towards its goal of establishing a solid presence in Europe's four most important vehicle rental markets. The Supervisory Board is convinced that the Group's foreign business is well on its way to making a significant, steadily growing contribution to consolidated revenue and earnings.

With respect to expenses, the Supervisory Board focused primarily on fleet costs. The 16% increase in operating costs in the rental business is higher than the rise in operating revenue. Our examination has indicated that the disproportionately high increase can be attributed not only to the fleet's growth but also to external factors over which management exerts only partial control.

Sixt Leasing AG achieved satisfactory growth in operating lease revenue during the reporting year and maintained results at roughly the same level as the previous year. Among other things, the Supervisory Board concerned itself with the procedures for returning vehicles to dealers and manufacturers.

The Group's risk situation and risk management remained positive in 2006. Over 90% of the vehicle fleet continues to be secured by repurchase agreements with manufacturers or dealers. As a result, Sixt has to a large extent avoided the risks of the used vehicle market. An efficient information system ensures that management is informed in a timely manner of other risks inherent in business operations and about processes that affect the financial situation. The risk of interest rate increases in the future is covered for the most part by interest rate derivatives.

The competitive situation of vehicle rental companies on the German market continues to bear the stamp of the Sixt Group's market leadership. The Supervisory Board has assured itself that there are no identifiable developments that could threaten this standing in the near future. The change of ownership at two major competitors on the European market is not likely to have a negative impact on Sixt as an aggressive market presence is not expected from the new owners. The number of small and medium-sized vehicle rental companies is exhibiting a continuous decline.

The Managing Board informed the Supervisory Board of planned acquisitions of companies, and specifically of the Company's participation in two tenders.

The capital increase completed in May 2006 as part of an accelerated bookbuilding procedure demonstrated that Sixt's shares enjoy a gratifying degree of demand on the capital market. The no-par value shares issued (slightly less than 10% of the share capital) were placed within just a few hours. The Supervisory Board approved this capital increase and the full transfer of the new shares to institutional investors, disapplying shareholders' pre-emptive rights in accordance with section 186 of the Aktiengesetz (AktG – German Public Companies Act). This process calls for the new shares to be placed at a near-market price, dispensing with the price discount usual in the case of capital increases. This allowed the Company to achieve very satisfactory proceeds of about EUR 70 million. Since the capital increase, Sixt Aktiengesellschaft has reported a 25% equity ratio for the Group – an impressive figure for a service provider.

The Managing Board will address Corporate Governance in the Annual Report of Sixt Aktiengesellschaft on behalf of the Supervisory Board as well. In December 2006, the Managing Board and Supervisory Board issued a declaration of conformity pursuant to section 161 of the AktG and made it available to shareholders on the Company's homepage. With minor exceptions, all of which were agreed between the Managing Board and the Supervisory Board, Sixt Aktiengesellschaft has complied with the recommendations of the Government Commission on the German Corporate Governance Code.

3. Disclosures in accordance with section 315 (4) of the HGB

The statements by the Managing Board in the Group Management Report with respect to section 315 (4) nos. 1 to 9 of the Handelsgesetzbuch (HGB – German Commercial Code) are explained as follows:

The law governing public companies in Germany permits up to 50% of the share capital to be issued in the form of non-voting preference shares along with ordinary voting shares. Sixt Aktiengesellschaft has exercised this option to a certain extent and issued 8,434,150 preference shares, compared with 16,472,200 ordinary shares. The bearers' special rights associated with the preference shares are described in the Group Management Report and also in the Company's Management Report. The non-voting preference shares accommodate those shareholders who are interested first and foremost in the return and in value growth, and not primarily in voting rights. Preference shares, moreover, make equity financing easier for the Company, because the preference dividend can only be paid from the unappropriated profit, and no interest expense on debt finance is reported in the income statement.

Other than the disapplication of voting rights for preference shares, no restrictions on voting rights required by law or by the Articles of Association are provided for in the German Public Companies Act, nor can such be established by the Articles of Association.

All Sixt Aktiengesellschaft shares may be transferred freely. The administration is not aware of any restrictions on voting rights resulting from shareholder agreements.

Erich Sixt Vermögensverwaltung GmbH, which manages the shares of founding shareholder Erich Sixt, holds more than 10% of voting rights. Other interests in excess of this threshold would have had to be reported to the Company in accordance with section 21 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). No such disclosures have been submitted to the Company.

No shares with special rights conferring powers of control exist at Sixt Aktiengesellschaft.

The Company is not aware of any employees who are shareholders in the Company.

In accordance with German law, the members of the Company's Managing Board may only be appointed and dismissed by the Supervisory Board (section 84 of the AktG, Article 6 of the Articles of Association).

Section 179 of the AktG states that a resolution on a capital increase must be approved by no less than three-quarters of the share capital represented at the Annual General Meeting. This proportion may be increased but not reduced in the Articles of Association. The Articles of Association do not contain any provisions in derogation of the statutory provisions.

According to section 202 ff of the AktG, the Articles of Association may authorise the Managing Board to increase the capital (authorised capital) subject to the approval of the Supervisory Board. Such an authorisation may only be resolved by the Annual General Meeting for a period of five years, whereby a minimum of three-quarters of the share capital represented must approve the resolution. The Annual General Meeting is then no longer involved in the implementation of the capital increase. The principal amount of the authorised capital must not exceed one half of the share capital.

Sixt Aktiengesellschaft has utilised this authorisation. The Managing Board and Supervisory Board may still increase the number of shares by up to 8,699,250 shares, thereby increasing the capital by up to EUR 22,270,080. This point is detailed in the Group Management Report and in the Company's Management Report. The authorisation expires on 12 August 2008 and may be renewed by the Annual General Meeting.

As a matter of principle, existing shareholders have a pre-emptive subscription right when authorised capital is utilised. However, the Managing Board, with the approval of the Supervisory Board, may exclude shares up to a maximum issue amount of 3,125,000 shares from this requirement if the new shares are to be used as consideration for the acquisition of companies or investments in companies.

The Company has granted various creditors rights that could be exercised in the event of a change in control. These relate to profit participation certificates issued in 2004 in the total amount of EUR 100 million, the bearers of which may offer the certificates to the Company if the proportion of voting shares of Erich Sixt Vermögensverwaltung GmbH in Sixt Aktiengesellschaft or Erich Sixt's share in the voting share capital of Erich Sixt Vermögensverwaltung GmbH fall below 50%.

The creditors of a bearer bond issued in 2005 with a total principal amount of EUR 225 million may also redeem the bond in this situation.

Moreover, one creditor has the right to call in a borrower's note loan granted in 2006 and totalling EUR 25 million if the direct or indirect interest of Erich Sixt and/or his family members no longer equals at least 50% plus one vote of the voting capital of Sixt Aktiengesellschaft, or if the Company has less than 50% plus one vote of the voting rights of two major Group companies, i.e. Sixt GmbH & Co. Autovermietung KG or Sixt Leasing AG.

In all three cases, these are creditor rights commonly encountered on the capital markets.

In the event that a takeover offer is made to the shareholders of the Company, neither members of the Managing Board nor employees may assert a claim for compensation.

4. Audit of the 2006 annual financial statements and consolidated financial statements
The Managing Board of the Company prepared the 2006 annual financial statements of Sixt Aktiengesellschaft in accordance with 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, 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 1 June 2006.

The auditor has granted 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 on this audit, the other audit reports and the documents relating to the financial statements were furnished to the members of the Supervisory Board in good time. They were the subject of discussion and examination at the Supervisory Board meeting on 29 March 2007. The auditors of the annual financial statements of the Company and of the consolidated financial statements attended this meeting. They reported on the material findings of their activities and gave the Supervisory Board all information requested. The examination by the Supervisory Board did not give rise to any objections. The auditors also explained their audit of the risk situation 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 examinations, the Supervisory Board did not raise any objections to the annual financial statements and the consolidated financial statements of Sixt Aktiengesellschaft prepared by the Managing Board for the 2006 financial year, and approved them. The annual financial statements have therefore been formally adopted in accordance with the provisions of the Aktiengesetz. The Supervisory Board concurs with the proposal made by the Managing Board for the appropriation of the unappropriated profit.

In addition, the Supervisory Board examined the dependent company report of the Managing Board for the financial year 2006 covering the relationship between Sixt Aktiengesellschaft and affiliated companies. It ascertained that the exchange of goods and services between Sixt Aktiengesellschaft and the Group companies was effected under appropriate conditions. No objections were made to the report and the concluding declaration of the Managing Board. 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 as well to the Supervisory Board. The Supervisory Board has established that the auditor performed his duties as specified in section 313 (1) nos. 1 - 3 of the AktG, and that he granted 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. *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 in 2006 resolved to appoint Erich Sixt as Chairman of the Managing Board and Karsten Odemann and Detlev Pätsch as members of the Managing Board of the Company for another five years in each case. There were no personnel changes in either the Supervisory Board or the Managing Board of the Company in 2006.

2006 saw new records being set in the wake of what had been the Group's most successful year ever in 2005. The Supervisory Board therefore has every reason to thank the Managing Board and all employees for their substantial commitment and constructive and successful work during the past year.

Pullach, March 2007

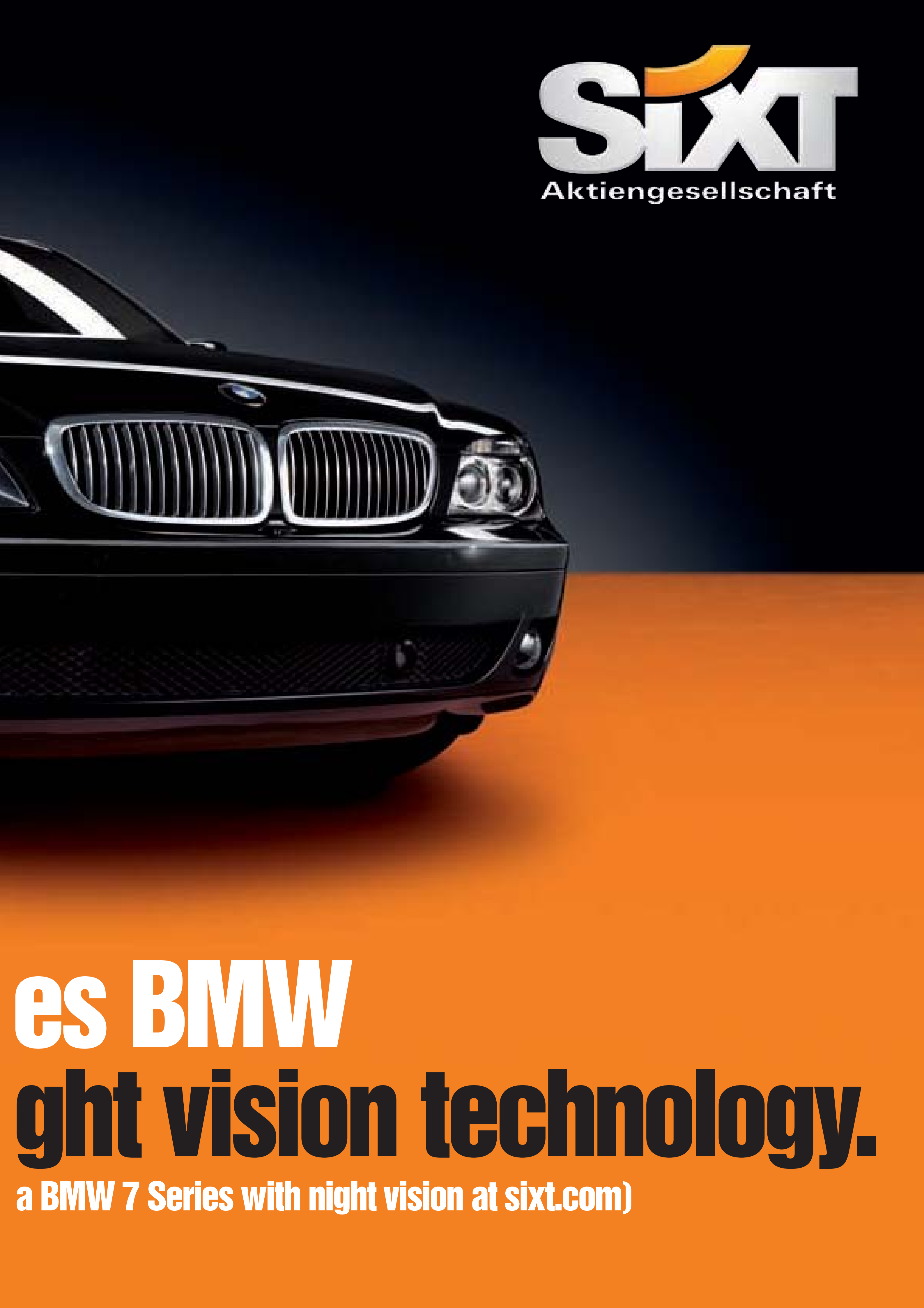
The Supervisory Board

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

Dr. Karl Josef Neukirchen

Chairman of the Supervisory Board of Sixt Aktiengesellschaft


Sixt lov
for their innovative ni
(It lets you to see more, even in your wallet: hire


SIXT
Aktiengesellschaft
es BMW
ght vision technology.
a BMW 7 Series with night vision at sixt.com)

Sixt Shares and Profit Participation Certificates

- **Dynamic performance of Sixt shares:**
  ordinary shares +97.6%, preference shares +73.1%
- **Shares substantially outperform SDAX benchmark index**
- **Dividend increased again**

Capital market upturn continues in 2006

The upward trend seen on Europe's stock markets in 2006 continued in the year under review. Prices on European stock exchanges recorded strong gains on the back of robust economic growth worldwide and higher corporate earnings forecasts. In Germany, increasing capital expenditure and an upturn in private consumption also drove up equity prices.

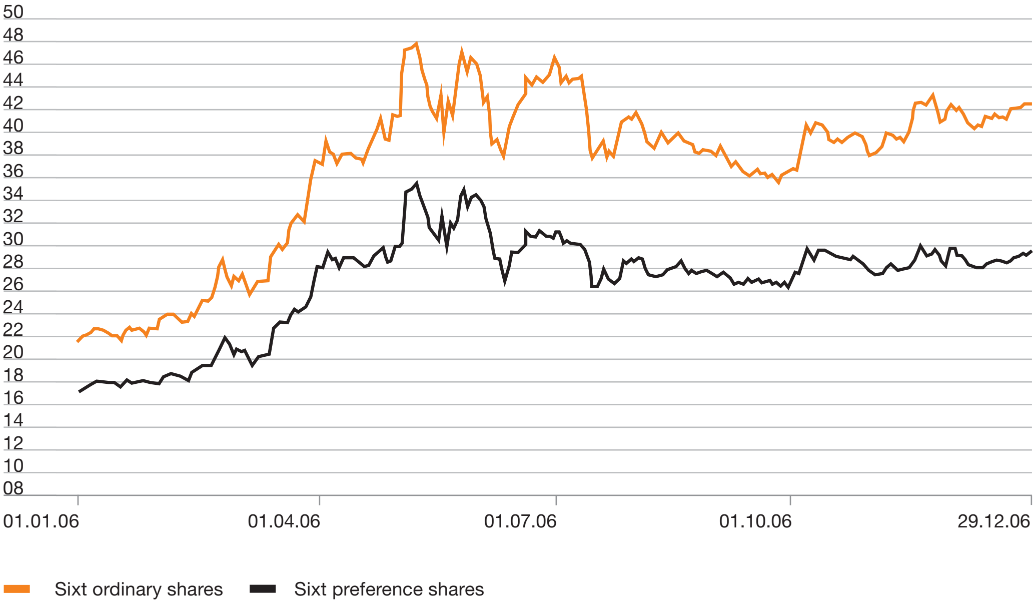
Leading indices on the rise

The leading indices recorded positive growth rates in 2006. The DJ Euro Stoxx 50 rose by 15% to 4,120 points in the course of the year (as at year end), while the German stock index DAX moved up 22%, closing the year at 6,597 points. Development by small caps and mid-caps was even stronger: the MDAX grew by 29% and the SDAX, which includes Sixt's ordinary shares, recorded growth of 30%.

Sixt shares substantially outperform the market

Sixt shares performed exceptionally well in 2006 in this dynamic environment. The capital market responded positively to Sixt's sustained strong business development and promising market positioning. Sixt shares also benefited from the increasing focus of international investors on mobility stocks in connection with the negotiations on the take-over of Europcar. As a result, the Company's ordinary and preference shares significantly outperformed the SDAX, their benchmark index.

Dynamic performance of Sixt shares
Sixt ordinary and preference shares
from 1 January to 31 December 2006



Source: BayernLB

Ordinary shares double in value

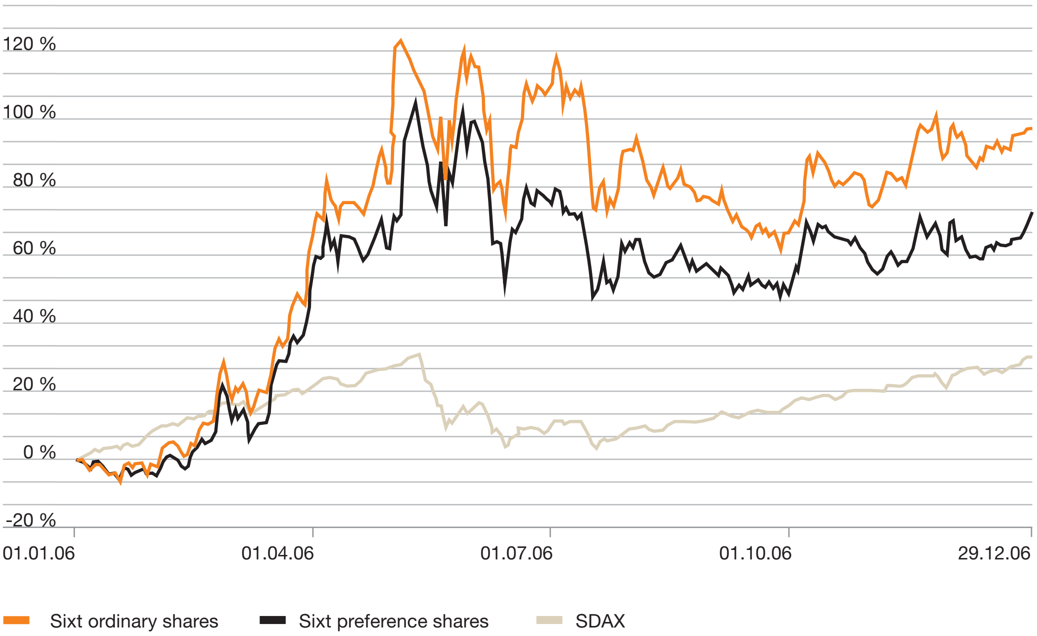
Sixt's ordinary shares recorded their low for the year of EUR 21.50 on 18 January. After that, the share price constantly improved to reach a high of EUR 48.00 on 5 May. This represents a rise in value of 123.3% over the 2005 year-end price of EUR 21.50. During the rest of the year, the price moved within the EUR 35 to EUR 46 range. The 2006 year-end price was EUR 42.49 – an increase of 97.6% as against the prior-year closing date.

The preference shares also experienced a sharp upturn in 2006 following their low of EUR 17.45 on 18 January. The shares reached their high for the year of EUR 35.45 on 10 May, an increase of 107.3% over the 2005 year-end price of EUR 17.10. In the following months, the shares traded in the EUR 26 to EUR 32 range. The year-end price was EUR 29.60 – an increase of 73.1% year-on-year.

Successful capital increase

On 10 May 2006, Sixt increased the Company's share capital by approximately 10% to EUR 63,546,240 by way of a cash capital increase. Sixt took advantage of the positive capital market environment and the increasing attention paid by institutional investors to mobility stocks. 2,238,250 new bearer preference shares (no-par value shares) were successfully placed with institutional investors at an issue price of EUR 33.50; shareholders' pre-emptive rights were excluded but the shares carried full dividend rights as

Sixt shares outperform SDAX
Sixt ordinary shares, preference shares and SDAX from 1 January to 31 December 2006



Source: BayernLB

from 1 January 2005. This increased the number of preference shares by 36.6% and generated net proceeds of well over EUR 70 million for the Company. Since this transaction, the share capital has been composed of 16,472,200 (66.4% of the total capital) ordinary shares (no-par value shares) and 8,350,550 (33.6% of the total capital) bearer preference shares (no-par value shares).

Issue oversubscribed several times

The issue was oversubscribed several times. The smooth execution of the transaction and the strong response from investors showed that successful international mobility providers like Sixt are increasingly viewed by the capital market as an interesting investment. Sixt's stronger equity base puts it in an excellent position to further accelerate its international growth in the areas of vehicle rental and leasing.

Shareholder structure broadened

Sixt's shareholder structure was broadened in 2006 as a result of the capital increase, which increased the numbers of institutional and international investors in particular. As far as the Company is aware, however, there was only one significant change in the voting rights. In June, the investment company Fidelity International Limited notified Sixt that it had exceeded the threshold of 5% set out in the Wertpapierhandelsgesetz (German Securities Trading Act). However, according to a communication in October, it has fallen below this threshold again.

Erich Sixt Vermögensverwaltung GmbH, of which Erich Sixt is the sole owner, continues to hold 56.8% of the ordinary voting shares. 43.2% of the ordinary shares and 100% of the preference shares were therefore in free float (as defined by Deutsche Börse) in the hands of private and institutional investors as at 31 December 2006.

Dividend remains attractive

For years, Sixt has adhered to the principle of permitting its shareholders to share in the Company's success by distributing an appropriate dividend. The Managing Board's proposal to raise the dividend for the 2005 financial year to EUR 0.80 per ordinary share and EUR 0.82 per preference share was adopted by a considerable majority at the Annual General Meeting on 1 June 2006. The subscribers of the shares issued as part of the capital increase were also entitled to dividends. On account of this change in the share base, the total distribution amounted to EUR 20.0 million, 47% more than in the previous year.

Higher dividend for 2006

For the 2006 financial year, the Managing and Supervisory Boards are proposing to the Annual General Meeting on 12 June 2007 a dividend of EUR 1.05 per ordinary share and EUR 1.07 per preference share, corresponding to a total dividend of EUR 26.3 million, an increase of 31.4% year-on-year. This proposal allows Sixt shareholders to benefit from the Group's very strong earnings. It also further reinforces the equity base in view of the Company's planned growth worldwide.

Continuous communication with the capital market

Sixt attaches substantial importance to extensive, open and timely communication with the capital market, the media and individual shareholders. As a large, fast-growing publicly held corporation whose shares are listed in Deutsche Börse's Prime Standard segment, Sixt is required to comply with high transparency standards and extensive disclosure requirements. Sixt meets these obligations with a wide range of communication measures.

Intensive dialog

One of these is regular, intensive dialogue with analysts and investors, the goal of which is to explain Sixt's strategic orientation and business development.

Sixt share information	
Classes of shares	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	XETRA, Frankfurt, Munich, Stuttgart, Hanover, Düsseldorf, Hamburg, Berlin-Bremen
Major indices	SDAX (weighting of ordinary shares: 1.931 %) CDAX (weighting of ordinary shares: 0.038 %, weighting of preference shares: 0.031 %) Prime All Share (weighting of ordinary shares: 0.038 %, weighting of preference shares: 0.031 %)
Trading segment	Prime Standard
Designated Sponsors	BayernLB, HypoVereinsbank AG

	2006 [1]	2005 [1]
Earnings per share (basic – EUR)		
Per ordinary share	2.95	2.47
Per preference share	3.36	2.51
Dividend (EUR)		
Per ordinary share	1.05 [2]	0.80
Per preference share	1.07 [2]	0.82
Number or shares (as at 31 December)	24,906,350	22,584,500
Ordinary share	16,472,200	16,472,200
Preference share	8,434,150	6,112,300
High (EUR)		
Ordinary share	48.00	25.33
Preference share	35.45	19.55

	2006 [1]	2005 [1]
Low (EUR)		
Ordinary share	21.50	12.91
Preference share	17.45	10.80
Year-end price (EUR)		
Ordinary share	42.49	21.50
Preference share	29.60	17.10
Dividend yield (%) [3]		
Ordinary share	2.5	3.7
Preference share	3.6	4.8
Market capitalisation (EUR million) [4]		
as at 31 December	950	459

[1] All prices refer to floor trading in Frankfurt
[2] Proposal by the management
[3] Based on year-end prices
[4] Based on ordinary and preference shares

The Managing Board's roadshows in Germany and abroad were well received. Members held talks in the course of the year with investors in New York, Boston, Frankfurt, Munich, Vienna, London, Zurich, Milan, Paris and Edinburgh.

In addition, the Managing Board used in the year under review the publication of the preliminary business figures for 2005 and the quarterly results in 2006 to answer direct questions from the media in telephone conferences. As the interest shown by the business and financial press shows, these conferences are a good opportunity to report on Sixt's development to the public in addition to the regular events such as the annual earnings press conference and the Annual General Meeting.

This regular communication has also helped to maintain the interest of prominent financial institutions in Sixt's development. Analysts from different banks prepare research reports at regular intervals on Sixt. These include Bayerische Landesbank, Berenberg Bank, Hypo Vereinsbank, Merck Finck & Co, M.M. Warburg & Co, Sal. Oppenheim and West LB.

To cater for the growing need for information, the Managing Board will continue to take the initiative in the future and seek direct dialogue with investors, analysts and the media with the goal of generating further interest in Sixt shares.

Profit participation certificates 2004/2011

Profit participation certificates still well over nominal value

The profit participation certificates issued by Sixt in the autumn of 2004 with an aggregate principal amount of EUR 100 million remained sought after by the capital market in 2006. The positive price trend led to a high of 128.0% of the nominal value. By year-end, the price had slipped to 122.1% (prior-year reporting date: 124.0%) as a result of the distribution in June.

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	DE000A0DJZP8
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 Dezember 2009, 50 % of the principal amount with a term until 31 Dezember 2011

Corporate Governance Report

Sixt Aktiengesellschaft considers good corporate governance to be an important means of building the confidence of the capital markets, and particularly of foreign investors, in the Company over the long term. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, unconditional respect for the interests of the shareholders, and open corporate communication, whether directed externally or internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an acknowledged benchmark for the business management practices of German listed companies. The Managing Board and the Supervisory Board of Sixt Aktiengesellschaft affirm their commitment to the principles of the German Corporate Governance Code published by the Government Commission on 26 February 2002 and last amended on 12 June 2006.

The managing board and the supervisory board of German listed companies are required pursuant to section 161 of the Aktiengesetz (AktG – German Public Companies Act) to declare once a year whether or not the recommendations of the Government Commission of the German Corporate Governance Code applicable at the time of the declaration have been and are being complied with. They must further declare which recommendations of the Code have not been or are not being applied. The two bodies of Sixt Aktiengesellschaft have submitted and published the Declaration of Conformity every year since 2002. Every declaration of conformity is made available for a period of five years on the home page of the Company. The most recent declaration of conformity with the version of the Code valid since June 2006 was published by the Managing Board and the Supervisory Board of Sixt Aktiengesellschaft in December 2006, and reads as follows:

Declaration of conformity in accordance with section 161 of the AktG

The Managing Board and Supervisory Board of Sixt Aktiengesellschaft declare that:

The recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 12 June 2006 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 the 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 (section 4.2.3 of

the Code). No individualised breakdown of the disclosures is given. As a result, no compensation report is prepared and the value of stock option plans is not indicated (section 4.2.5 of the Code).

- 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 people, no committees were formed (sections 5.3.1 and 5.3.2 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 within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law (section 7.1.2 of the Code).

Pullach, December 2006

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 home page (www.sixt.com).

Annual document pursuant to Section 10 of the German Securities Prospectus Act
The Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act), which entered into force in 2005, stipulates in section 10 that issuers whose securities are admitted to trading on an organised market provide the public at least once a year with a document that contains, or refers to, all information which the company has published or made available to the public in the preceding twelve months in accordance with certain capital market regulations.

The disclosures of Sixt Aktiengesellschaft in accordance with stock exchange and securities trading law summarised in the Annual Document may be reviewed online at www.sixt.com or requested from Sixt Aktiengesellschaft.

Stock option programmes

The Annual General Meeting on 13 August 2003 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 EUR 2,657,920, with a maximum term of 5 years. The bonds may be issued in their principal amount to members of the Company's Managing Board, members of the management of German and foreign affiliates within the meaning of sections 15 ff of the AktG and employees who may be included due to their exceptional performance.
Subject to the detailed terms and conditions of the bonds, the buyers are entitled to purchase new preference shares in Sixt Aktiengesellschaft, whereby the interest in the distribution of profits and the Company's assets attaching to these shares ranks equally with the 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 determined by the Managing Board or, if members of the Managing Board are among the beneficiaries, by the Supervisory Board. The Company issued convertible bonds in 2004, 2005 and 2006 with conversion rights for up to 545,600 preference shares in accordance with the authorisation mentioned above.

The conversion rights granted in each case 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 and no notice of termination has been given. In certain cases special arrangements can be provided. When the conversion right is exercised, one preference share is issued for every EUR 2.56 of the principle amount of the convertible bonds.

The conversion price for the acquisition of 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.

The official cash market price means 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 share price performance of Sixt preference shares with the performance of Deutsche Börse AG's SDAX index over 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 sixth trading day before the Annual General Meeting of Sixt Aktiengesellschaft in the financial year in which the term of the convertible bond ends.

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 must be added to the average for the second reference period when calculating share price performance.

The terms and conditions of the bonds provide for adjustment of the performance discount especially in the event of a capital increase from retained earnings, a capital decrease, or the purchase of own shares.

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

Erich Sixt Vermögensverwaltung GmbH, Pullach, of which Chairman of the Managing Board Erich Sixt is the sole shareholder, held 56.8% (9,355,911 shares) of the ordinary shares in Sixt Aktiengesellschaft as at the reporting date of 31 December 2006.

Moreover, on 26 June 2006, Fidelity International Limited, Hamilton, Bermuda, notified the Company pursuant to section 21 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that it held 5.01% of the voting rights in Sixt Aktiengesellschaft. On 19 October 2006, Fidelity International Limited, Hamilton, Bermuda notified the Company pursuant to section 21 of the WpHG that its share of the voting rights in Sixt Aktiengesellschaft had crossed below the threshold of 5% on 18 October 2006 and amounted to 4.83%.

The Company had not received any further disclosures regarding shares in the voting rights in accordance with the WpHG as at the reporting date of 31 December 2006.

Members of the Supervisory Board held a total of 2,000 preference shares in Sixt Aktiengesellschaft as at 31 December 2006.

Under the existing stock option plans, convertible bonds were issued in 2004, 2005 and 2006 to members of the Managing Board which grant the right to subscribe to a total of 172,000 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 6 June 2006 he sold 20,000 no 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 2003 to executives and eligible employees, at a price of EUR 33.52 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

- Sixt creates jobs: 4.8% more employees in 2006 than in 2005
- Number of vocational trainees up by one third
- Human resources development measures intensified

Human resources – a success factor

Sixt, as an international service provider, has always placed special emphasis on a strong customer focus. The Company's employees are pivotal to this strategy. After all, customers looking for sophisticated mobility solutions do not just compare the quality of products and services; they also assess the direct interaction with their contacts. Often it is the expertise, manner and commitment of employees that tip the scales in favour of a particular mobility partner.

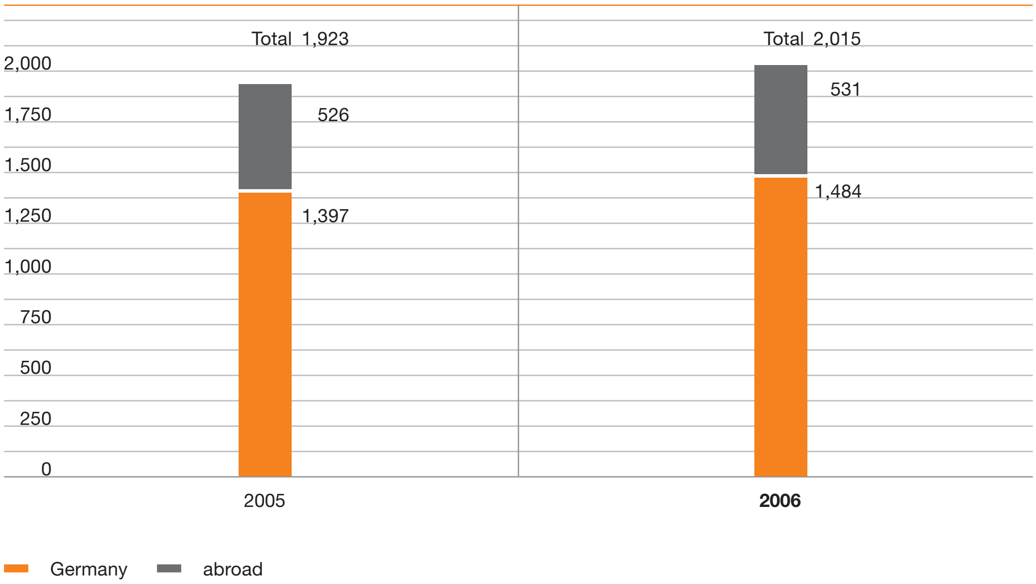
Central importance of employees

This knowledge is the reason why human resources work is of fundamental strategic importance at Sixt. It is reflected in exhaustive professional recruitment processes for new employees and also in wide-ranging personnel development measures, attractive incentive systems and a team-oriented corporate culture. In such an environment, employees can work expertly and independently, focusing on providing first-rate customer service. Sixt employees aim to satisfy all of their customers' needs and play an active role in enhancing the Company's services portfolio in line with market requirements.

Careers at Sixt

Sixt's human resources strategy is to deploy highly skilled, efficient employees who feel committed to the Company for the long term in all operational and administrative business units. To this end, Sixt provides extensive opportunities for vocational training as well as professional and personal development. A particular highlight are the increasing numbers of international careers that Sixt is making possible and which are open to both executives at management level and specialists from the operational areas.

Increased workforce
Average number of employees by region



The Sixt culture

Sixt's human resources work is based on a specific corporate culture. Besides individual characteristics such as a high degree of motivation, above-average flexibility and a strong customer focus, the main features of this corporate culture include company-specific attributes such as an international mentality, flat hierarchies and open communication. This profile has given Sixt a reputation as an attractive employer among new recruits to the job market, but also among young professionals and experienced executives.

Sixt also encourages its employees to further their careers through an extensive incentive system. At the heart of this system are performance-related remuneration packages which appropriately reward outstanding work by employees for the Company with flexible compensation components. This tried and tested model, which comprises a fixed salary, individual bonus and incentive arrangements plus additional benefits, will continue to shape Sixt's human resources policy in the future.

Training offering enjoys record popularity

Sixt's human resources development is chiefly managed centrally at company headquarters. Thanks to an experienced, dedicated team at head office and efficient human resources work in the Sixt Corporate countries, Sixt succeeded in providing effective support for its strong business growth in 2006 with targeted recruiting and systematic continuous professional development.

1,000 participants at training seminars

Sixt's further education seminars in 2006 were the most popular in the Company's history, with some 1,000 participants throughout the Group receiving intensive training. The main emphasis was on courses that are designed to optimise day-to-day operations, such as introductory seminars for new employees and further training in the areas of customer service and sales.

Sixt also drove forward its development of junior managers recruited from within the company. Sixt looks to fill key executive positions internally as part of its long-term human resources planning. To this end, the Company launched an internal trainee program that gives qualified junior staff practical management training. Around 40 managers completed this programme in 2006.

As part of the ongoing internationalisation of its rental and leasing activities, Sixt created additional opportunities for international assignments for its staff in 2006. These offers are oriented towards employees from operational units and are taken up by specialist staff and senior executives alike. Temporary assignments abroad enhance employees' professional and personal development. From the Company's perspective, international assignments help to communicate Sixt's specific corporate culture to its locations outside Germany. They also facilitate efficient knowledge transfer around the world.

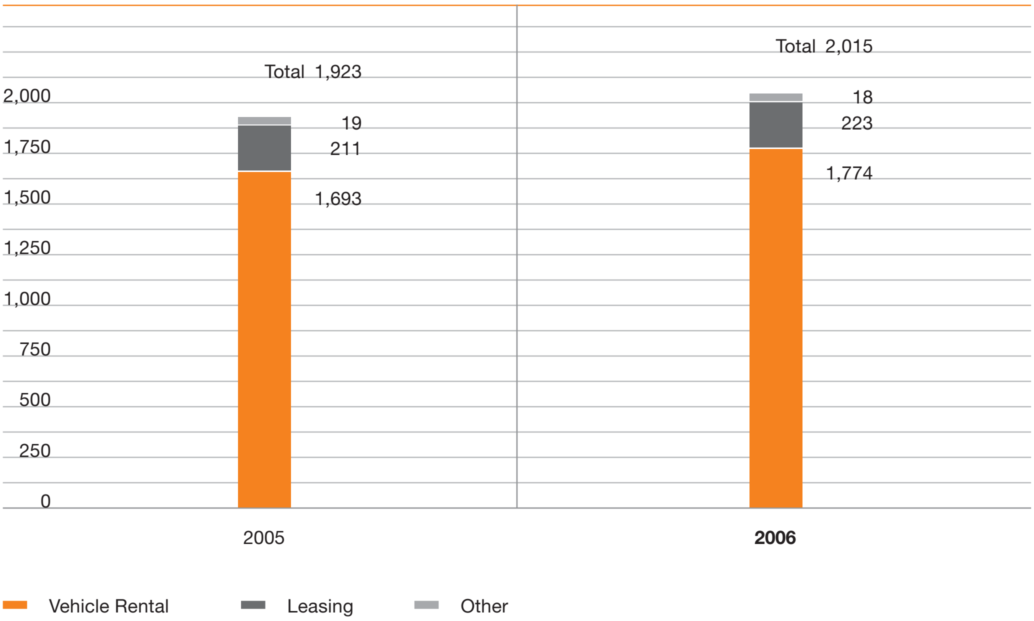
Number of vocational trainees rises

Sixt has always acknowledged its responsibility to provide skilled vocational training, which is why it creates state-of-the-art, future-oriented vocational traineeships in an international environment. These positions are for assistants in the areas of automobile sales management, office management and office communication. At the end of 2006, Sixt employed around 100 vocational trainees throughout Germany, almost double the figure for the previous year (55). Sixt plans to substantially increase the number of vocational trainee positions in 2007 as well.

Number of employees rises again

Sixt's workforce grew again in 2006 due to the strong growth in the volume of business. The Sixt Group employed an average of 2,015 people during the year. This corresponds to an increase of 4.8% over the average number in 2005 (1,923). In Germany, the number of employees rose to 1,484, an increase of 6.2% year-on-year (2005: 1,397). In the other Sixt Corporate countries, the workforce grew to 531, up 1.0 % compared with the previous year (2005: 526).
In keeping with Sixt's image of itself as a customer-focused service provider, around two-thirds of its employees are assigned to operating areas and have direct contact with customers.

New employees in all business units
Breakdown of employees by business unit




‘Your place
Depends on whi
(Rent the Mercedes-


SIXT
Aktiengesellschaft
or mine?’
ch is the furthest.
Benz CLK at sixt.com)

Vehicle Rental Business Unit

- **High sales efficiency secures more customers**
- **Systematic quality management pays off**
- **Further growth abroad**
- **Revenues up 12.1 % to EUR 863.3 million**

Sixt outperforms the market

Sixt's Vehicle Rental business unit developed extremely positively during 2006. As in 2005, the business base was broadened considerably by higher revenues, more customers and international expansion. This strong surge in growth enabled Sixt to further consolidate its leading position in the rental industry.

In a 2005 study, market research institute Data Monitor forecast revenue growth of 2.8% in 2006 for the European market, one of the largest vehicle rental markets and also Sixt's core market. The market researchers anticipated a 2% revenue increase in Germany in 2006. Medium-term market trends identified by the experts are steady but moderate revenue growth and continued consolidation.

Against this background, Sixt further improved its strong market position in 2006. The Vehicle Rental business unit recorded aggregate revenue growth of 12.1% year-on-year. The business unit succeeded in maintaining its high 2005 growth rate.

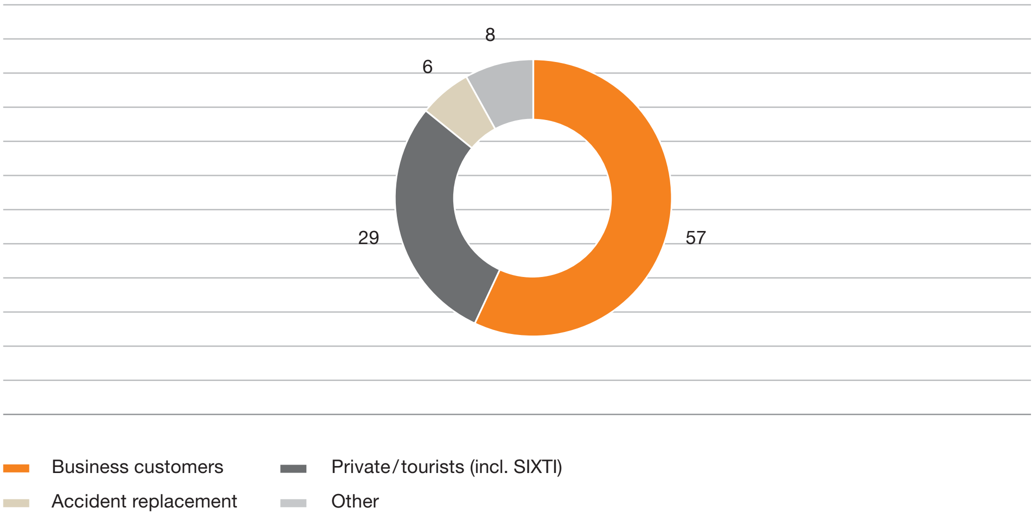
Sales efficiency boosted further

New organisation pays off

The foundation for this was laid by the measures implemented in 2005 to improve the vehicle rental structure, which took effect in 2006. These improvements can be seen in the sales area in particular: by structuring its sales organisation into the Key Account, New Customer and Middle Market areas, Sixt succeeded in further increasing the appeal of its offering for customers. Direct contact between sales representatives and customers creates mobility solutions that are tailored to individual needs. This led to a sustained improvement in sales efficiency during 2006.

Business customers are primary target group

Vehicle rental revenue 2006 – by customer group in %



Further increase in customer base

Consequently, the number of vehicle rental customers increased again in 2006, especially in the business customer area. Well-known international companies chose Sixt as their new partner in the vehicle rental business.

The Company's sales success was reflected in two prestigious awards from the trade press: Sixt received the “Business Traveller Award 2006” and the “Autoflotte Flotten-Award 2006” for the best vehicle rental services in Europe.

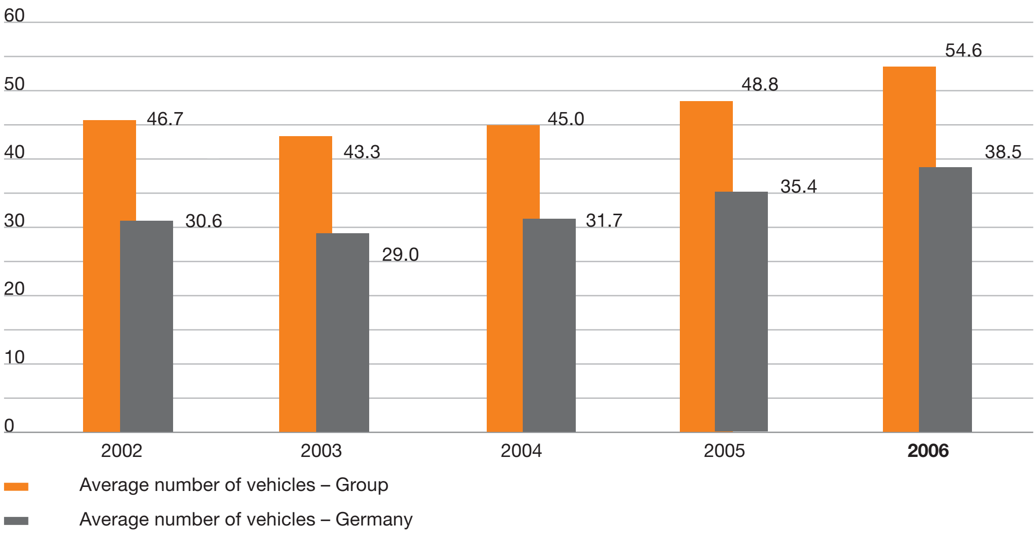
Quality drives growth

Large premium fleet

The sustained high quality of Sixt's vehicle fleet proved to be a major competitive advantage in 2006. Sixt's rental cars are consistently new vehicles with top-of-the-range fittings. In accordance with the demands of business customers, over 60% of Sixt's vehicles in 2006 were fitted with diesel engines. The proportion of vehicles with tyres suitable for winter conditions reached approximately 90% in Germany in the core winter months, December 2005 to February 2006. Vehicles by premium car makers Audi, BMW and Mercedes Benz, for which demand is high, made up over half of Sixt's entire fleet on a value basis in 2006. Sixt was thus able to offer its main target group of highly mobile business customers rental vehicles that combine a high degree of comfort and convenience and sophisticated safety features with attractive prices.

To cater for the buoyant demand, Sixt expanded its fleet by an average of 12% during 2006 to 54,600 vehicles (2005: 48,800 vehicles). Of this figure, around 38,500 (77%) were on the German market. In spite of the volume growth, the average duration of the vehicles in the rental fleet was approximately six months, as before. Sixt's flexible arrangements with the manufacturers enabled it to satisfy its customers' desire for high-quality new cars despite the fast-growing volume of business.

Strong demand drives expansion of Sixt's fleet
Rental fleet development in thousands of vehicles



Demand for vans and trucks surged in 2006. In addition to the economic upturn in Europe and the resulting trend towards increased investment, Sixt's vans and trucks area benefited from the Company's long-standing relationships with vehicle manufacturers, which enabled it to cater to the demand for trucks in line with the market. In 2006, the average fleet in this area grew by around 16% year-on-year.

Strict cost management

In spite of its dynamic growth, Sixt continued its strict cost management policy in 2006. Sixt achieved substantial cost advantages over its competitors with its proprietary Yield Management system – an IT application hailed as a benchmark in the industry. This system assists needs-based vehicle procurement planning and ensured a high level of fleet capacity utilisation in 2006. As a result, Sixt was able to leverage its structural competitive edge in the rental business and improve earnings.

International expansion progresses

Sixt's international rental business continued its growth course in 2006. Development was particularly strong in the Sixt Corporate countries, where Sixt has its own network of rental offices. One of the factors leading to the upswing in international demand was increased foreign activity by Sixt's business customers. Sixt has expanded its international sales activities and is being commissioned by an increasing number of long-standing customers to develop mobility solutions for foreign markets as well. The awareness of the Sixt brand in Europe and other countries is also growing steadily.

Successful launch in Spain

In Spain – a new Sixt Corporate country since 2006 – Sixt successfully established a market presence within twelve months. Two rental offices of our own were opened on Majorca at the start of the year. Thanks to their extensive service portfolio, these rental offices recorded high growth rates: during the tourist high season, up to 2,000 Sixt vehicles were driving around Majorca. Sixt followed up this success by opening additional rental offices in the holiday centres of Marbella and Malaga, as well as in the Catalan metropolis of Barcelona.

In its global rental business, Sixt co-operates with franchise partners. One of the highlights of 2006 was the start of collaboration with the India-based Sona Group. India is currently seeing soaring economic growth in its metropolitan areas. In 2006, Sixt opened four offices in India in just a few months. The chauffeur service in particular proved very popular in Bangalore, Bombay, New Delhi and Puna.

International expansion in 2006 also focused on South America, where the economies of several countries are now experiencing dynamic growth. Sixt is active on this continent via its franchisees. In Brazil, Sixt has been successfully operating a service network since 2004. At the end of 2006, over 2,000 vehicles were available for rental at ten offices throughout the country. Sixt opened two rental offices in Chile in the autumn of 2006. Preparations for entering the market in Argentina in 2007 are progressing as planned.

Globally, Sixt also enlarged its rental offering in 2006 by opening new offices in Algeria, Australia, Bahrain, Moldavia, Mongolia, Pakistan and Singapore. At the end of 2006, the Company's network of rental offices covered over 85 countries. The number of rental offices (including franchisees) rose worldwide to 1,564 (2005: 1,443). In Germany, the number of offices climbed to 474 (2005: 447).

Sixt Holiday Cars on a growth path

The rental business in international tourist destinations was another growth driver in 2006. Sixt Holiday Cars provides holidaymakers around the world with vehicles at attractive prices. The all-inclusive offering increases the convenience and cost certainty for tourists, as the lump-sum price includes all kilometres, taxes, charges and insurance. Sixt Holiday Cars is represented at over 3,500 holiday destinations in more than 75 countries, including all major tourist centres. The revenue generated by Sixt Holiday Cars rose by over 50% in 2006. There was particular demand for vehicles on Majorca and the Spanish Mediterranean coast, as well as in Portugal and Greece.

SIXTI remains market leader

Sixt services the low-cost vehicle rental segment with SIXTI, an Internet offering that is primarily geared towards private customers who are looking for very low prices and fixed rental conditions. SIXTI clearly maintained its lead in the low-cost rental segment in 2006. SIXTI vehicles were available in nine countries across Europe from a total of 70 offices, 26 of them in Germany.

Sixt targets another customer group with the sale of its used vehicles. Anyone looking for a nearly new car in excellent condition at an attractive price can find a large selection at Sixt Autoland near Munich.

Record revenue and earnings

In 2006, the Vehicle Rental business unit recorded the best results in the Company's history. Total revenue rose by 12.1% to EUR 863.3 million. In Germany, rental revenue climbed 9.7% to EUR 663.8 million. Revenue abroad increased by 20.9% to EUR 199.5 million (2005: EUR 165.0 million).

Earnings from rental activities improved by even more than revenue in 2006, largely as a result of systematic cost control. Earnings before net finance costs and taxes (EBIT) rose by 32.9% to EUR 122.8 million, while earnings before taxes (EBIT) increased by 50.4% to EUR 104.4 million.

Record revenue and earnings
Key figures for the Vehicle Rental Business Unit

in EUR million	2006	2005	Change in %
Rental revenue	863.3	770.4	+12.1
thereof abroad	199.5	165.0	+20.9
Earnings before net finance costs and taxes (EBIT)	122.8	92.4	+ 32.9
Earnings before taxes (EBT)	104.4	69.4	+50.4

Leasing Business Unit

- Numerous product innovations
- Continuing internationalisation
- Number of contracts reaches 59,400

Sixt Leasing on the road to success

2006 was a good year for the Leasing business unit. Sixt reinforced its position in the full-service leasing market segment with numerous product innovations and continuing international expansion. This shows that the strategy of focusing on comprehensive fleet leasing services is paying off.

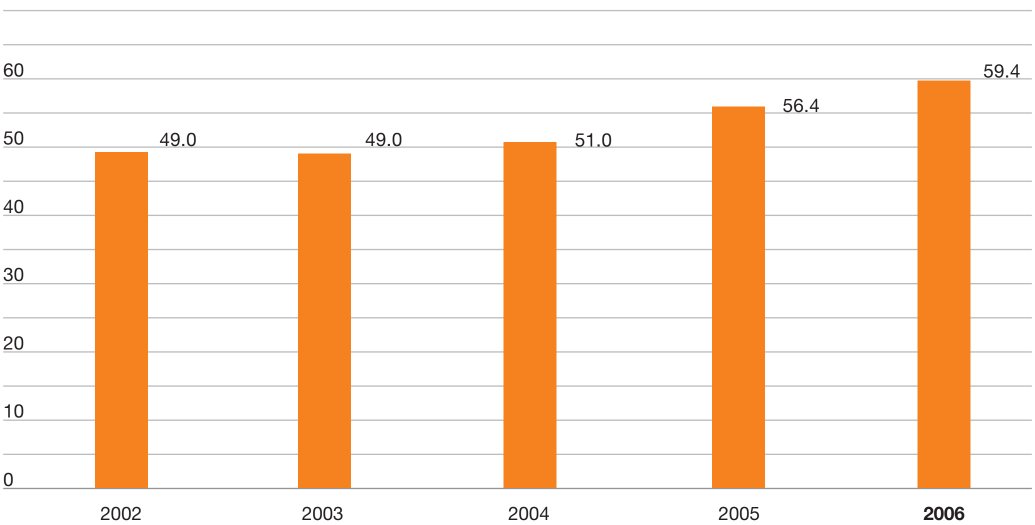
According to information from the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), new equipment leasing business, i.e. the leasing of movable capital goods such as passenger cars or trucks, grew by 3.5% compared with 2005 to reach EUR 46.0 billion.

Sixt's target market: full-service leasing

Sixt is one of the largest vendor-neutral, non-bank leasing companies in Germany. In the area of full-service leasing, a dynamically growing market segment, Sixt goes beyond pure finance leasing to offer a wide range of leasing services. These include objective advice concerning vehicle selection, cost-effective procurement, maintenance over the entire contract period, transparent vehicle return and a comprehensive service package in the case of accidents. Sixt Leasing also takes charge of fuel card management and pays the motor vehicle tax and radio licence fees. With the help of special online solutions, fleet managers can also draw up individual analyses, e.g. of fuel costs and damage. In addition, Sixt supports its customers by providing individual mobility concepts and expert fleet management. All in all, this enables companies to substantially reduce their fleet costs.

Record volume of leasing agreements

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



In this positive market environment, Sixt succeeded in increasing its number of leasing contracts in 2006 to a new record high of 59,400 as at 31 December 2006, representing 5.3% growth year-on-year. The number of contracts in the core full service leasing business increased at an above-average rate to 7.9%.

2006: The year of product innovations

Sixt introduced a large number of new products in 2006. These innovations were received by many customers and were instrumental in the strong development of business.

New benefit calculators for salary conversion

A new Internet application underlines Sixt's position as a specialist when it comes to models for converting salary components into company cars that may also be used for personal use. On Sixt's Web site, employees and companies can compute the financial advantages of a company car as a salary component using two benefit calculators: the salary optimiser for employees and the cost optimiser for employers. By introducing this complimentary service, Sixt is acting on a leasing trend: the number of salary conversion models in companies is growing apace and will form an important part of salary negotiations in the future as well. Thanks to these individual calculation options, the Sixt calculators rapidly took off among Internet users.

Sixt also extended FleetControl, its Internet-based fleet management system. All fleet managers now only have to press a button to receive an overview of all forthcoming deadlines for general inspections and exhaust emission tests for the vehicles in their fleets.

2006 also saw the introduction of a new, comprehensive performance report that allows fleet costs to be analysed by contract, driver and cost centre. These new functions increase the fleet management system's convenience factor and management options.

The improved cost transparency also enables FleetControl to help companies reduce their fleet costs in the long term. With this system, Sixt is passing on the fleet management expertise it has built up over decades to its customers. FleetControl is used by international groups and middle-market companies alike.

Transparent total leasing costs

Sixt also expanded its Sixt FAirbag Plus service package in 2006. This package facilitates the smooth return of vehicles at the end of the leasing contract and makes total leasing costs transparent over the life of the vehicle. Potential vehicle damage that would otherwise require adjustment on its return can be settled during the term of the agreement against payment of a low monthly flat-rate fee. FAirbag Plus was introduced in 2004 for corporate customers with medium-sized and large vehicle fleets. Since 2006, companies with fewer than ten vehicles leased from Sixt and private customers can also take advantage of this offer.

International leasing business expanded

Sixt made further progress with the internationalisation of its leasing business in 2006. The international leasing business is structured along the same lines as the vehicle rental business with its own leasing companies in Germany, Austria, Switzerland and France, and with franchise partners in the other countries. In 2006, Sixt expanded its leasing business above all in Eastern Europe (and within this area, mainly in Slovenia, Romania and Hungary), as well as in India, Singapore, Argentina and Bahrain. Thanks to its continuous development of new markets, Sixt is now able to offer its full-service program in over 40 countries. Including the franchise partners' contracts, Sixt Leasing's total rose by 16% compared with the previous year to approximately 116,000 contracts in 2006.

Growing number of international leasing customers

In many cases, Sixt's international expansion is in response to its customers' wishes. Companies that create new production capacity or set up sales offices abroad need not just objective mobility advice but usually also a vehicle fleet that satisfies the same quality and efficiency requirements as their fleet at home. This is the reason Sixt Leasing does not develop a completely new fleet concept for each country when penetrating new international markets. Rather, the service that has gained popularity in Germany is expanded to include country-specific variables and adapted to the local market. In 2006, Sixt Leasing supported numerous large and medium-sized companies entering new, foreign markets by signing master agreements for Europe, Africa and the Middle East.

Sixt is able to offer its customers in many countries one-stop mobility solutions. This is where the new sales structure in the Leasing business unit pays off. A central service unit co-ordinates the services offered by the Sixt national companies and franchise partners. This provides customers with leasing products that are tailored to local requirements and that also reduce the overall costs of the vehicle fleet at the same time. In 2006, Sixt acquired new high-profile international corporate customers in France, Austria, Switzerland, Ukraine, Croatia, Slovakia and the Czech Republic in particular.

Sixt receives middle-market awards

Awards for Sixt Leasing

The trend towards the expansion of full-service leasing also continued among middle-market enterprises in 2006. Many smaller companies saw that by joining forces with Sixt they could concentrate their scarce management resources on their core business, while slashing their mobility costs at the same time.

Sixt Leasing received awards from two successful middle-market companies in 2006. Claas, a leading maker of agricultural machinery in Europe, presented Sixt with the “Claas Supplier Award 2005” for excellence in quality and reliability. The Uvex group, an international player in the areas of occupational health and safety and sports equipment, among other things, named Sixt “Supplier of the Year 2005” for its excellent delivery quality and outstanding service.

Private leasing – a sustaining trend

Increasing numbers of private households are also taking advantage of the benefits of leasing. Private customers can regularly acquire new cars straight from the factory and with all the fittings they want without having to dip into their savings to buy the vehicle. All in all, leasing costs are now often on a par with traditional financing – always assuming an attractive offer.

In 2006, Sixt made leasing even more appealing for private users, and now offers a broad range of models at favourable terms. Inexpensive, uncomplicated private leasing will increasingly steal market share from conventional vehicle purchases in the future. This development is providing Sixt with further opportunities to generate revenue.

Further increase in revenue and earnings

The Leasing business unit generated operating revenue from the leasing business of EUR 348.0 million in 2006, an increase of 13.9% year-on-year. Revenue in Germany rose by 13.2% to EUR 321.3 million. Foreign revenue amounted to EUR 26.7 million, up 23.5%. Including the income from the sale of used leasing vehicles, total revenue climbed to EUR 575.7 million, an increase of 2.4%.

Earnings before net finance costs and taxes (EBIT) amounted to EUR 32.0 million in 2006, a slight decrease of 2.7% compared with the previous year. At EUR 13.9 million, earnings before taxes (EBIT) also fell slightly below the previous year's figure (2005: EUR 14.6 million), primarily due to a one-time factor.

Continued growth path
Key figures for the Leasing Business Unit

in EUR million	2006	2005	Change in %
Leasing revenue	348.0	305.4	+13.9
thereof abroad	26.7	21.6	+23.5
Sales revenue	227.7	256.6	-11.2
Total revenues	575.7	562.0	+2.4
Earnings before net finance costs and taxes (EBIT)	32.0	32.9	- 2.7
Earnings before taxes (EBT)	13.9	14.6	-5.0

Get ahead

(Experience high-power


SIXT
Aktiengesellschaft
with Sixt.
driving now at sixt.com

Group Management Report

- **Sixt Group again reports record results**
- **Operating revenue up 12.6% to EUR 1.21 billion**
- **Profit before taxes climb 33.9% to EUR 121.6 million**
- **Equity base strengthened significantly**
- **Considerable progress with international expansion**
- **Positive business development expected to continue in 2007**

A. Business and general environment

1. Group structure and Group activities

The Sixt Group is an international provider of high-quality mobility services 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".

In the Vehicle Rental Business Unit, Sixt operates a global network comprising its own rental offices, franchisees and cooperation partners. With a share of roughly 27%, the Company is the clear market leader in Germany (calculated on the basis of the market estimates by the Bundesverband der Autovermieter Deutschlands e.V. (German Association of Car Rental Companies) for the year 2006). Sixt's market share at some commercial airports in Germany, an important segment in the rental business, amounts to over 40%.

As at 31 December, 2006, Sixt had 474 rental offices in Germany (excluding rental offices for its SIXTI low-cost brand), 27 more than at the end of the preceding year. Abroad, Sixt is represented with its own rental offices in the core European countries, i.e. Belgium, France, the UK, the Netherlands, Austria, Switzerland and, since 2006, Spain (Sixt Corporate countries). The Group is thus one of Europe's largest vehicle rental companies. In addition, Sixt is represented by cooperation partners and franchisees in other European countries and many countries outside Europe, with the result that Sixt has now become a global brand.

Worldwide, there were 1,564 Sixt rental offices as at 31 December 2006, a year-on-year increase of 121.

The offering in the Vehicle Rental Business Unit area is complemented by

- the “SIXTI” brand, a low-cost offering that is clearly distinguished from Sixt vehicle rental services; SIXTI has been in operation since 2003 and had 70 offices in nine European countries at the end of 2006

- “Sixt Holiday Cars”, a global product that is specially tailored to holiday regions and

- “Sixt Limousine Service & Chauffeur Drive” for individual, exclusive mobility offerings.

In addition, Sixt has entered into a large number of strategic partnerships in order to offer its customers comprehensive, integrated mobility services. Alliances are in place particularly with airlines, hotel companies, hotel reservation and marketing associations or with other mobility services providers, such as the ADAC (a German motorists' association) or the German Railways.

In its Leasing Business Unit, Sixt primarily acts as a motor vehicle leasing provider, as well as providing additional services (full-service leasing). The focus of its activities is on fleet management services for corporate customers. Sixt Leasing AG is one of the largest vendor-neutral, non-bank leasing companies 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, which are being expanded. The number of leasing contracts in Germany and abroad amounted to about 59,400 as at the end of 2006. In selected countries such as the Czech Republic, Israel, Turkey, or Greece, franchise agreements exist with franchise partners offering leasing products and services.

Sixt Aktiengesellschaft acts as the holding company for the Sixt Group. It is responsible for the strategic and financial management of the Group. All business operations are conducted by the business units, whose main managing companies are Sixt GmbH & Co. Autovermietung KG and Sixt Leasing AG.

2. Control parameters and performance indicators

2.1 Financial performance indicators

In addition to financial control parameters, non-financial performance indicators are critical for the long-term business success of Sixt Aktiengesellschaft and the Group. These indicators refer to specific strengths and skills, the relevance of which is derived from the Group's business model.

The main control parameters (financial performance indicators) in the Vehicle Rental Business Unit are:

- the degree of commercial utilisation of the rental fleet
- the revenue per vehicle and day
- the fleet costs per vehicle and day
- the extent to which revenue from the sale of used rental vehicles is secured by fixed buy-back agreements with manufacturers and dealers.

The Leasing Business Unit manages its business using the following main financial performance indicators:

- the net margin from lease contracts
- the calculation of residual values of lease vehicles
- the extent to which revenue from the sale of used lease vehicles is secured by fixed buy-back agreements with suppliers.

The main control parameters used at Group level are:

- profit before taxes (EBT)
- the equity ratio (equity/total assets)
- leverage (total debt/operating profit).

2.2 Non-financial performance indicators

The main non-financial performance indicators that are significant for the Group's economic success are:

- **Service quality**
  Sixt positions itself in the market as a premium services provider offering high quality combined with an above-average vehicle standard. Service quality is of great importance, especially for business and corporate customers, the Sixt Group's main customer group. Its quality standard is expressed in many innovative products and the strict customer focus of its employees. Safeguarding and strengthening service quality, for example with suitable training for rental office staff, is an important factor in ensuring the Company's future success.

- **Fleet attractiveness**
  In line with its positioning as a premium mobility services provider, a high-quality rental fleet that meets the requirements of its customers, and especially business and corporate customers, is essential for Sixt. For this reason, the BMW, DaimlerChrysler and Audi brands accounted for over half of all rental vehicles in 2006. High technical standards, for example navigation systems and luxury features, as well as a large variety of vehicle types for different occasions are other attributes of the highly attractive fleet.

- **Brand awareness**
  The Sixt brand enjoys a very high level of awareness in Germany, not least due to its advertising and marketing campaigns, which are generally perceived as innovative and unconventional. The goal is for the Sixt brand to represent attributes like “innovative”, “dynamic”, “service-oriented” and “quality-conscious”. Efficient and proactive communication aims at positioning the brand in line with the Company's strategic orientation in order to increase the Company's perception, especially abroad.

- **Innovative strength**
  It is essential for both the Vehicle Rental and the Leasing Business Units, to adapt their products and services continually to the changing economic and social environment and to the individual requirements of their customers. For this reason, Sixt has frequently launched innovative products and services on the market over the past decades in order to make rental and leasing processes as simple, easy and transparent as possible so that they meet customers' time and cost budgets. In many cases, these innovations are important features that distinguish the Company from the competition. As a result, the continued strengthening of the innovative culture in the Group has a high priority.

3. Economic environment

The global economy continued its robust performance in 2006. According to the latest estimates published by economic experts, global gross domestic product (GDP) in 2006 was expected to have risen by about 5%, thus continuing the strong growth experienced in the previous year. Fears that the sharp increase in the price of oil during the first six months could dampen growth rates proved unfounded as prices retreated again significantly in the second half of the year. The positive development was primarily due to the above-average economic growth rate in Asian emerging markets, especially China and India. Other centres of buoyant economic performance included Latin America and Eastern Europe. Economic growth in the USA, by contrast, has lost some of its momentum since the spring, although economic experts anticipate that this will only have a moderate impact on global development.

Economic growth in the euro zone accelerated considerably in 2006. Economic experts have predicted a growth rate of 2.6%, mainly on the back of higher capital expenditure, but increasingly also due to private consumption. Germany, too, experienced a noticeable upturn in its economy. According to calculations by the Federal Statistics Office, the German economy grew by 2.7%, driven primarily by capital expenditure and strong exports. The manufacturing sector recorded high capacity utilisation, as well as strong order books and earnings prospects.

Sources:
OECD Economic Outlook, November 2006
Bundesverband Deutscher Banken (Association of German Banks), Economic Outlook, November 2006
European Central Bank, ECB Monthly Bulletin, December 2006
Statistisches Bundesamt (Federal Statistics Office), press release dated 22 February 2007

4. Sector-specific environment

4.1 Vehicle Rental

According to the market research institute Datamonitor, Europe is the world's second largest rental market, after the US market, which is the clear leader. Datamonitor estimates Europe's market volume in 2006 to be around EUR 6.9 billion; it predicts a volume of around EUR 7.5 billion for 2009. Germany, Italy and France are regarded as the main drivers of this development.

The European vehicle rental market in 2006 was again characterized by stiff competition, with a handful of large international providers dominating. In the year under review – similar to the trend already experienced in 2005 – the consolidation process that has been taking place for years was no longer limited to smaller regional or local providers. Some of Sixt's larger international competitors also changed ownership. After the sale of Hertz by the Ford Group in September 2005, Volkswagen AG followed suit in the spring of 2006 with the sale of Europcar. In both cases the buyers were financial investors, demonstrating the capital market's growing interest in mobility stocks.

According to Datamonitor, the German vehicle rental market is the largest in Europe. The Bundesverband der Autovermieter Deutschlands (BAV - German Association of Car Rental Companies) was expecting another increase in the market volume for cars and trucks, with revenue rising from around EUR 2.25 billion in 2005 to around EUR 2.4 billion in 2006. That would make 2006 the third consecutive year of growth. At the same time, however, the number of rental companies continued its declining trend of several years. The BAV estimated the number of car rental companies at around 580 in the year under review, compared with approx. 600 providers in the year before. Consequently, the shift of market share in the sector towards large national providers continued. According to the BAV, corporate customers – the main target group of the Sixt Group – accounted for a 53% share of revenue in 2006. The private customer and tourism groups thus accounted for 33%.

Sales on Western Europe's automotive market increased marginally in 2006. New registrations rose by 1.0% to about 14.6 million vehicles in the year under review. The German and Italian markets were the main drivers of this development, each growing by 4.0%. Around 3.5 million new vehicles were registered in Germany, the highest figure in seven years. The reasons included product innovations, special purchase incentives, the slight improvement in consumer sentiment and purchases pulled forward to beat the increase in value added tax, which came into effect in January 2007.Domestic car production rose by 1% in 2006 to about 5.4 million vehicles. Germany's used-vehicle market also experienced a slight upward trend, with its volume growing by 2.9% to around EUR 57 billion.

Sources:
Datamonitor, Car Rental in Europe, October 2005
Datamonitor, Car Rental in Germany, October 2005
Bundesverband der Autovermieter Deutschlands e.V. (BAV), market data, February 2007
Verband der Automobilindustrie e.V. (VDA – German Association of the Automotive Industry), press releases dated 4 and 15 January 2007
Zentralverband deutsches Kraftfahrzeuggewerbe e.V. (ZDK – German Association for Motor Trade and Repairs), press release dated 9 January 2007

4.2 Leasing

No uniform picture of the European market for leasing services is possible as the degree of maturity in the leasing sector varies from country to country. Leaseurope, the European Federation of Leasing Company Associations, estimated new business volume on the Continent at around EUR 270 billion (2005), an increase of 14% compared with the year before. Central and Eastern European countries as well as Scandinavia are seen as having especially good growth prospects.

In Germany, Europe's second largest leasing market after the UK, the previous year's upward trend continued apace in 2006. According to estimates by the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – Federal Association of German Leasing Companies), total leasing investment increased by 7.7% to EUR 54.1 billion, following growth of 8.7% in the previous year. Equipment leasing also continued its growth trend, with volumes expected to grow by 3.5% to EUR 46.0 billion. In a highly competitive environment, new business in cars and minibuses, the strongest individual segment of the total leasing market, only recorded modest growth of 0.4% in 2006. According to the BDL, this was in part due to the increase in value added tax, which came into effect on 1 January 2007. The increase is thought to have had a negative impact on lease financing, because it had encouraged prospective customers to purchase vehicles at the old tax rate. Overall, the sector's business expectations cooled towards the end of the year. The reasons included, in addition to the increase in value added tax, the German federal government's plans to increase the extent to which interest and the financing portion of lease instalments and rentals are included in the trade tax base as a way of recouping tax revenue lost as a result of the corporate tax reform. This is expected to have a negative effect on capital expenditure financed by leasing.

In general, however, the significance of leasing as a financing option continues to rise. According to the BDL, one quarter of capital expenditure in Germany now takes the form of leasing.

The potential of full-service leasing is especially great for vehicle leasing. The options for enhancing the leasing product by adding comprehensive services offer benefits to corporate and private customers as well as to leasing providers. Professional advice and support enable customers to exactly identify and reduce their mobility costs, while the service business generates higher margins for leasing companies than pure finance leasing. In the leasing business, Sixt concentrates on full-service leasing and is one of Germany's largest vendor-neutral, non-bank providers in this segment.

Sources:
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL)
BDL, Annual Report 2006
BDL, Newsletter issues August and December 2006
BDL press releases dated 14 November 2006, 29 November 2006 and 7 February 2007

5. 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.

B. Results of operations, net assets and financial position

1. General

The consolidated financial statements of Sixt Aktiengesellschaft for the year ended 31 December 2006 were prepared 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 commercial law (HGB). Prior-year figures were also determined in accordance with IFRSs.

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. Revenue from the sale of used leasing vehicles, which depends primarily on general fleet policy and is predominantly based on buy-back agreements with suppliers, is not recognised as operating revenue. Revenue from the sale of the used vehicles from the Vehicle Rental Business Unit are not reported under revenue, but included under "fleet expenses and cost of lease assets".

2. Overall assessment

In the 2006 financial year, the Group significantly exceeded its original forecasts of its business performance, and especially its earnings. Operating revenue increased by 12.6%, while EBT jumped by 33.9%, significantly outstripping revenue growth. The good business performance was due to an increase in selling power, strict cost management and further progress with international expansion. Furthermore, the Group's equity base was strengthened significantly. The Managing Board has described 2006 as the best financial year in the Company's history.

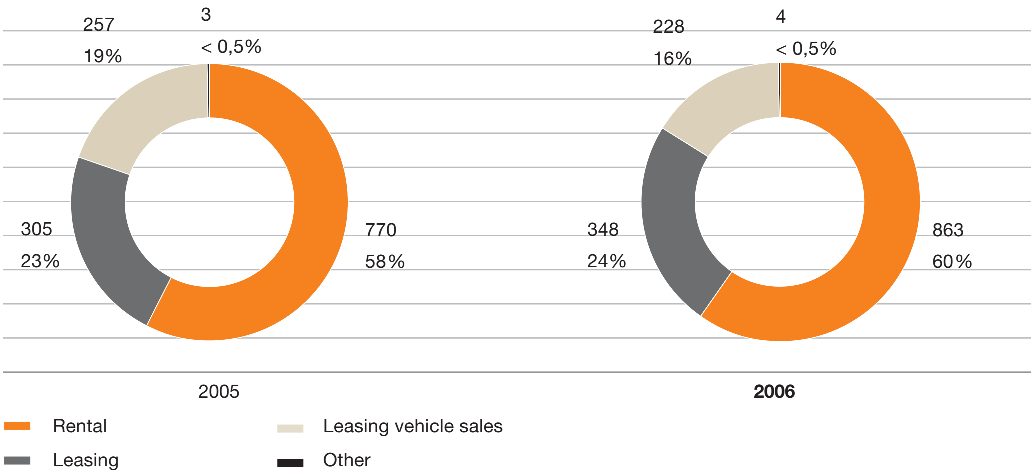
3. Revenue development

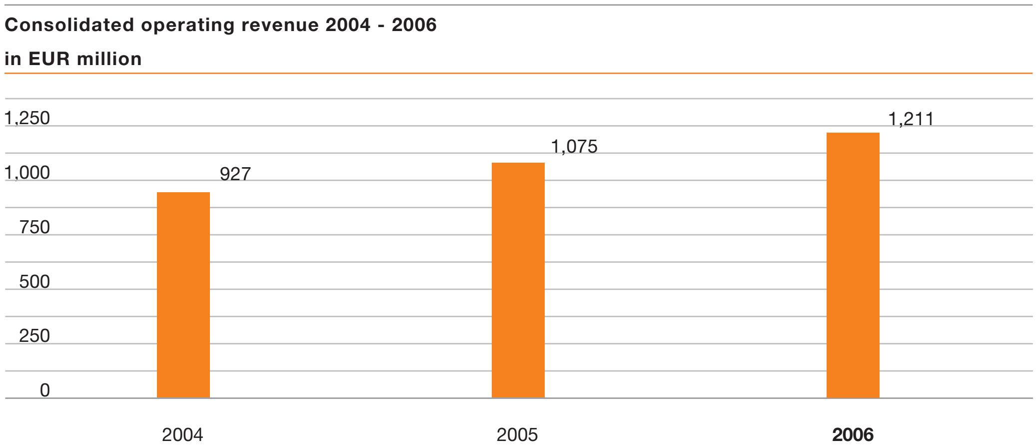
3.1 Developments in the Group

Total consolidated revenue for 2006 amounted to EUR 1.44 billion, 8.0% more than in the previous year (EUR 1.34 billion).

Consolidated operating revenue from rental and leasing business grew by 12.6%, or EUR 135.5 million, from EUR 1.08 billion in 2005 to EUR 1.21 billion. Growth was therefore exactly within the target corridor of 10 to 15%. The growth in revenue is primarily the result of a further ramp-up in sales activities in Germany and abroad, which has led to an increase in Sixt's customer base. In addition, Sixt benefited from the general improvement in economic conditions in Germany and other European countries, which has had a positive effect on business travel.

Breakdown of Sixt Group revenue
in EUR million





3.2 Revenue breakdown by region

Consolidated revenue generated in Germany amounted to EUR 1.21 billion in 2006, EUR 70.9 million, or 6.2%, more than in 2005 (EUR 1.14 billion). As in the previous year, most of this growth was attributable to the Vehicle Rental Business Unit. Foreign revenue grew by EUR 36.5 million, or 18.8%, from EUR 194.9 million to EUR 231.4 million. Germany accounted for 84.0% of consolidated revenue (2005: 85.4%), while 16.0% was generated in other European countries (2005: 14.6%). In relation to consolidated operating revenue, the revenue generated abroad amounted to EUR 186.6 million and thus increased by 21.2% to EUR 226.2 million.

3.3 Revenue breakdown by Business Unit

The Vehicle Rental Business Unit reported rental revenue of EUR 863.3 million for 2006, an increase of EUR 92.9 million, or 12.1%, compared with 2005 (EUR 770.4 million). Both domestic and foreign business contributed to the growth in revenue.

In Germany, Sixt's Vehicle Rental Business Unit significantly improved revenue by 9.7% from EUR 605.4 million to EUR 663.8 million. The Group thus grew substantially faster than the German vehicle rental market as a whole, for which the industry association BAV forecast growth of between 6% and 7% for 2006. New customers, especially business and corporate customers, as well as intensified business relations with existing customers contributed to this increase. Products specifically tailored to private individuals, such as Sixt Holiday Cars, continued on their growth path: the holiday rental car offering increased its revenue by about 50%.

In the vehicle rental segment, revenue increased year-on-year in all Corporate countries. Sixt generated particularly high growth rates in France and Austria. Following years of conscious reductions in the amount of insufficiently profitable business, the UK also returned to significant growth. Sixt's business with owned rental offices in Spain, which was launched in 2006, also developed satisfactorily. However, since it was only consolidated in the fourth quarter, its contribution to total rental revenue was marginal. Total rental revenue generated abroad rose by 20.9% to EUR 199.5 million in the year under review (2005: EUR 165.0 million).

The Leasing Business Unit again continued its growth path of the past few years in 2006. Revenue from leasing business rose by EUR 42.6 million, or 13.9%, to EUR 348.0 million (2005: EUR 305.4 million). In Germany, the Business Unit's revenue grew by 13.2% to EUR 321.3 million (2005: EUR 283.8 million). Revenue generated abroad rose by 23.5% from EUR 21.6 million to EUR 26.7 million. The subsidiaries in France, Switzerland and Austria delivered positive revenue performance.

Revenue from the sale of used leasing vehicles, which may be subject to significant fluctuation, declined by 11.2%, from EUR 256.6 million in 2005 to EUR 227.7 million. All in all, the Leasing Business Unit generated revenue of EUR 575.7 million (2005: EUR 562.0 million, up 2.4%).

4. Earnings development

Consolidated income statement (condensed) in EUR million	**2006**	2005	Absolute change	Change in %
Group revenue	1,443.1	1,335.7	+ 107.4	+ 8.0
thereof consolidated operating revenue [1]	1,211.3	1,075.8	+ 135.5	+ 12.6
Fleet expenses and cost of lease assets	625.2	599.5	+ 25.7	+ 4.3
Personnel expenses	100.9	96.0	+ 4.9	+ 5.1
Depreciation and amortisation expense	268.7	249.4	+ 19.3	+ 7.7
Net other operating income/expense	- 295.0	- 267.2	- 27.8	- 10.4
Profit from operating activities (EBIT)	153.3	123.6	+ 29.7	+ 24.0
Net finance costs	- 31.7	- 32.7	+ 1.0	+ 3.3
Profit before taxes (EBT)	121.6	90.9	+ 30.7	+ 33.9
Income tax expense	47.8	34.9	+ 12.9	+ 37.4
Consolidated profit for the period	73.8	56.0	+ 17.8	+ 31.7
Earnings per ordinary share [2] (EUR)	2.95	2.47	+ 0.48	

[1] Not including proceeds from the sale of used leasing vehicles
[2] Basic, 2006 on the basis of 23.9 million shares (weighted), 2005 on the basis of 22.5 million shares (weighted)

Fleet expenses and the cost of lease assets rose by 4.3%, and thus more slowly than revenue, from EUR 599.5 million to EUR 625.2 million.

Expenses reported under “fleet expenses and cost of lease assets” comprise the following:

- 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 amounts of vehicles as well as sales-related costs of vehicle preparation)

The strong business performance led to an increase in the headcount. As a result, personnel expenses rose by 5.1% to EUR 100.9 million.

Depreciation and amortisation expense totalled EUR 268.7 million, an increase of 7.7% against the 2005 figure of EUR 249.4 million. The increase is due to a significant rise in depreciation and amortisation of rental assets (+23.4% to EUR 176.8 million) and is in line with the increased size of the rental fleet in 2006, the higher average value of vehicles and the larger number of vehicles purchased. By contrast, depreciation and amortisation of lease assets fell by 9.0% to EUR 85.1 million because the average value of capitalised lease assets was lower in 2006 than in 2005. However, there was a corresponding year-on-year rise in lease instalments under operating leases for the refinancing of lease assets.

Other operating expenses amounted to EUR 315.1 million, an increase of 10.2% (2005: EUR 286.0 million). The most significant individual factor was the increase in lease instalment expenses (+16.0% to EUR 165.3 million). Selling and marketing expenses were also significantly higher than in 2005.

For 2006, the Group's profit before net finance costs and taxes (EBIT) was EUR 153.3 million, 24.0% more than the EUR 123.6 million generated in the previous year. EBIT therefore rose significantly faster than revenue. The faster rate of growth in Sixt's earnings was due to overall moderate growth in operating expenses. The EBIT margin (in relation to consolidated operating revenue) increased from 11.5% to 12.6%.

Net finance costs improved marginally from EUR -32.7 million to EUR -31.7 million. The improvement is due to the fair value measurement of derivative financial instruments in accordance with IAS 39, and to the higher equity base. The net interest expense included in net finance costs amounted to EUR 37.3 million after EUR 30.4 million, in the previous year. Net interest expense includes the annual expenses for the profit participation capital (EUR 9.1 million) issued in October 2004. The impairment losses on financial assets (EUR 4.7 million) included in net finance costs result from writing down to zero a non-strategic minority interest in a company active in the motor trade.

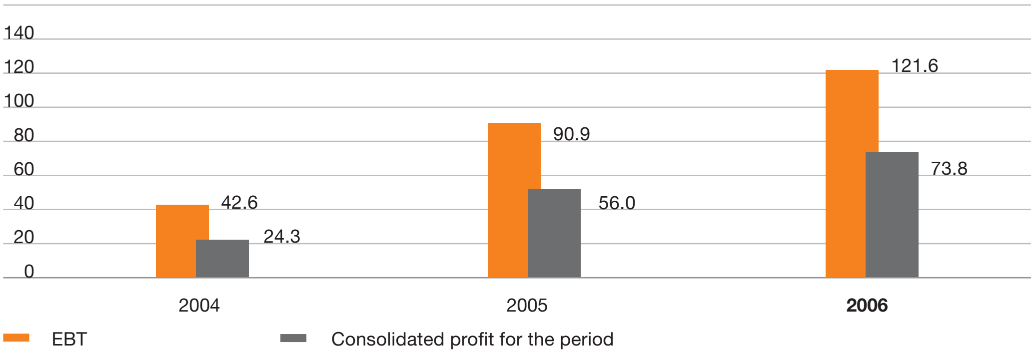
EBT jumped by 33.9% to EUR 121.6 million (2005: EUR 90.9 million), thus exceeding the forecast 25% plus increase in operating profit, which had been adjusted upwards several times in the course of the year. The EBT margin (calculated on the basis of consolidated operating revenue) increased from 8.4% to 10.0%. The contribution of foreign business to EBT amounted to EUR 14.2 million (2005: EUR 7.7 million).

Taxes on income totalled EUR 47.8 million (2005: EUR 34.9 million); this includes deferred taxes of EUR -4.8 million (2005: EUR 7.1 million). The tax rate (calculated on the basis of EBT) was 39.4% (2005: 38.4%).

Group profit amounted to EUR 73.8 million, an increase of 31.7% as against the previous year's figure (EUR 56.0 million). Since minority interests are marginal, they hardly impacted on consolidated profit after taxes and minority interests, which amounted to EUR 73.7 million (+32.0% as against the previous year's figure of EUR 55.9 million).Net earnings per share (basic) for 2006 amounted to EUR 2.95 per ordinary share (2005: EUR 2.47) and to EUR 3.36 per preference share (2005: EUR 2.51). On a diluted basis, i.e. after adjustment for existing conversion rights for preference shares, net earnings per share amounted to EUR 2.95 per ordinary share (2005: EUR 2.47) and to EUR 3.14 per preference share (2005: EUR 2.34).

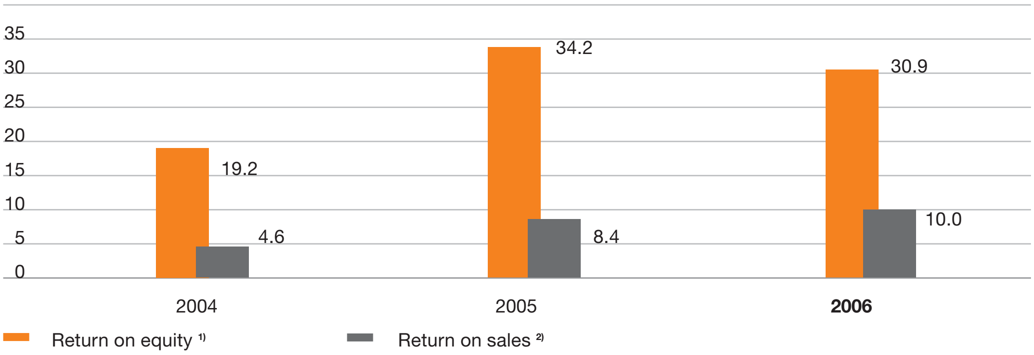
Earnings performance Sixt Group

in EUR million



Return indicators for the Sixt Group

in %



[1] Ratio of EBT to equity
[2] Ratio of operating revenue to EBT

5. Appropriation of profit

Sixt Aktiengesellschaft prepares its annual financial statements according to the provisions of the German Commercial Code (HGB). The Company reported unappropriated profits of EUR 57.5 million for 2006, following EUR 34.1 million in the preceding year. The Managing and Supervisory Boards propose that the Annual General Meeting on June 12, 2007 appropriate these unappropriated profits as follows:

- Payment of a dividend of EUR 1.05 per ordinary share (total dividend: EUR 17.3 million),
- Payment of a dividend of EUR 1.07 per preference share (total dividend: EUR 9.0 million),
- Allocation of EUR 31.2 million to revenue reserves.

The dividend proposal, which - if approved by the Annual General Meeting – would lead to a total dividend payment of EUR 26.3 million (2005: EUR 20.0 million), takes into account another year of positive business performance in the Sixt Group in 2006. This results in a dividend payout rate of 36% (2005: 36%) based on the consolidated profit after minority interests.

6. Net assets

At EUR 1.56 billion, the Sixt Group's total assets as at the balance sheet date of 31 December 2006 were EUR 240.8 million or 18.3 % above the figure reported for the end of the previous year (EUR 1.32 billion). The increase in total assets reflects the significant rise in business volume in the year under review. The increase is primarily attributable to current assets, particularly rental assets, which are reported as current assets because of the short useful lives of rental vehicles (normally 6 months).

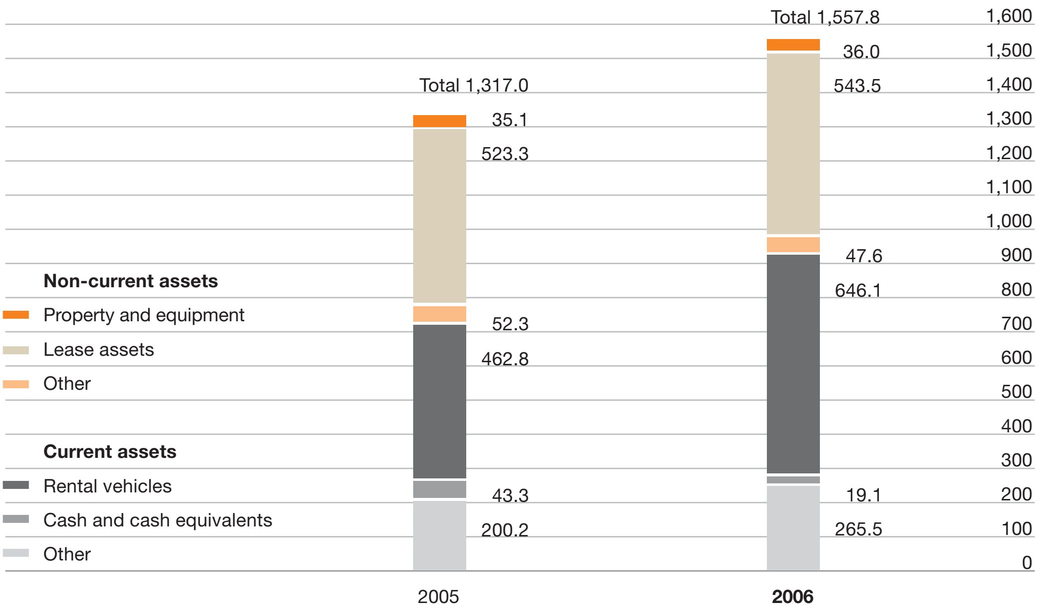
On the asset side of the balance sheet, non-current assets amounted to EUR 627.1 million, EUR 16.4 million or 2.7% more than at the end of 2005 (EUR 610.7 million). Lease assets are by far the largest single item under non-current assets; they rose by EUR 20.2 million to EUR 543.5 million in 2006 (2005: EUR 523.3 million). This led to a 1.0 percentage point increase, to 86.7%, in the percentage of lease assets as a proportion of total non-current assets, although their share of total assets declined by 4.8 percentage points to 34.9% because of the strong growth in rental assets. Financial assets declined by EUR 4.4 million to EUR 1.5 million as a result of the impairment loss recognised on a non-strategic minority interest. Deferred tax assets amounted to EUR 3.3 million as at 31 December 2006, EUR 3.1 million less than at the end of 2005.

Current assets increased by EUR 224.4 million, or 31.8%, from EUR 706.3 million at the end of 2005 to EUR 930.7 million as at the 2006 balance sheet date. Rental assets rose by EUR 183.3 million, or 39.6%, from EUR 462.8 million to EUR 646.1 million. This sharp rise reflects the expansion of the rental fleet to accommodate the increased business volume and another increase in the average value of vehicles due to superior features. Rental assets accounted for 41.5% of total assets (2005: 35.1%; +6.4 percentage points).

Trade receivables amounted to EUR 154.4 million, EUR 41.7 million or 37.0% more than at the end of 2005 (EUR 112.7 million). This increase was also due to the rise in business volume and reporting-date effects. Other receivables and assets, which rose by EUR 19.4 million to EUR 82.9 million, include among other things the current portion of receivables under customer leases classified as finance leases.

The Group's cash and cash equivalents amounted to EUR 19.1 million as at the balance sheet date, significantly less than the EUR 43.3 million reported at the end of 2005 (a decline of EUR 24.2 million).

Group balance sheet (condensed) – assets
in EUR million



7. Financial position

7.1 Financial instruments

In addition to credit lines and borrower's note loans granted by banks, Sixt has a variety of capital market instruments available to it for financing business operations. The Group's equity base was significantly strengthened in 2006, after the structure and maturities of its external financing base had been optimised in previous years (2004: issue of profit participation capital in the principal amount of EUR 100 million due in 2009 and 2011; 2005: issue of a bond in the principal amount of EUR 225 million due in 2010).

7.2 Equity

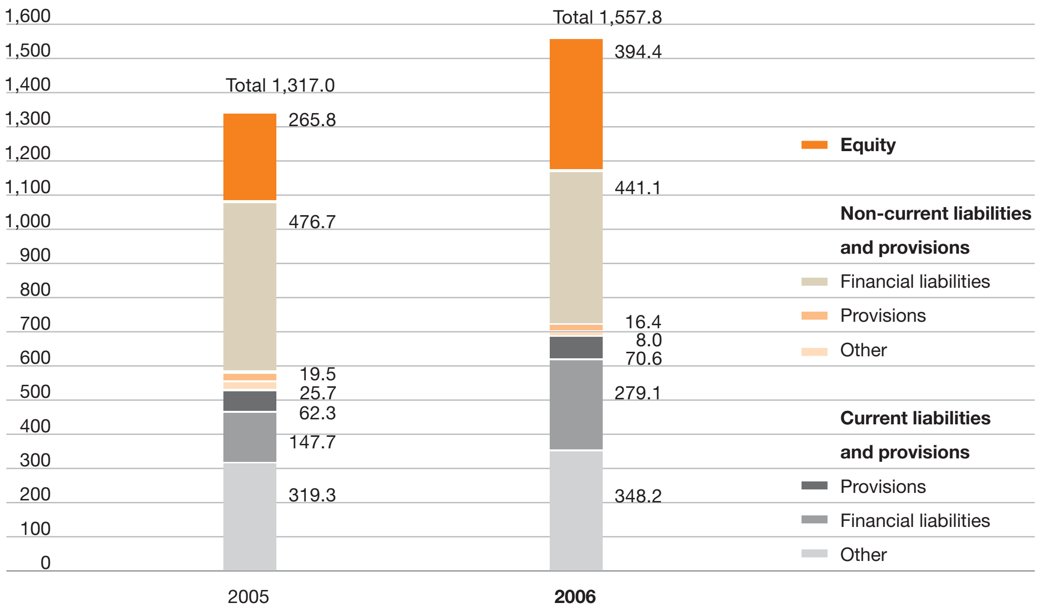
The Group's equity stood at EUR 394.4 million as at 31 December 2006, EUR 128.6 million or 48.4% more than at the end of 2005 (EUR 265.8 million).

With the approval of the Supervisory Board, the Managing Board resolved on 10 May 2006 to issue 2,238,250 new preference shares carrying full dividend rights as from 1 January 2005, by utilising a portion of the Company's authorised capital. Shareholders' pre-emptive rights were disapplied. Sixt responded with this corporate action to the extremely positive performance of the Company's shares up to that date and to the increased interest in mobility shares from institutional investors.

The shares were successfully placed with institutional investors as part of an international private placement. The issue price was EUR 33.50 per share, enabling the Company to generate around EUR 70 million net.
In addition, 83,600 new preference shares were issued in the second quarter as a result of the conversion of convertible bonds granted to employees.

Group balance sheet (condensed) – equity and liabilities

in EUR million



These two transactions resulted in an increase in Sixt Aktiengesellschaft's subscribed capital to EUR 63.8 million as at 31 December 2006 (2005: EUR 57.8 million).

The EUR 69.4 million increase in capital reserves to EUR 189.7 million reflects the issue premium for the new preference shares. The high profit for the year also drove up other reserves by a substantial EUR 53.3 million to EUR 140.9 million.

The Group's equity ratio at the end of 2006 stood at 25.3%, 5.1 percentage points higher than at the end of 2005 (20.2%). The Group therefore continues to report an equity ratio that is significantly higher than the average in the German rental and leasing industry.

7.3 Liabilities

Non-current liabilities and provisions fell by a total of EUR 56.4 million to EUR 465.5 million at the end of 2006 (2005: EUR 521.9 million). This is primarily the result of the reclassification to current liabilities of borrowers' notes that are due to be repaid shortly. Non-current financial liabilities therefore stood at EUR 441.1 million as at the balance sheet date, EUR 35.6 million below the previous year's figure (EUR 476.7 million). This item includes the 2005/2010 bond and the profit participation capital. As at the balance sheet date, this item also comprised borrowers' notes and bank liabilities with terms to maturity of more than one year (EUR 117.2 million).

Current liabilities and provisions increased by EUR 168.6 million from EUR 529.3 million at the end of 2005 to EUR 697.9 million as at the 2006 balance sheet date. This is mainly due to the EUR 131.4 million increase in financial liabilities to EUR 279.1 million, resulting from the reclassification of borrowers' notes that are due to be repaid shortly and greater use of bank lines of credit to finance the expanded fleet. The increase in trade payables by EUR 40.1 million to EUR 244.1 million is primarily due to reporting date effects. Current other liabilities amounting to EUR 104.1 million (2005: EUR 115.3 million) include among other things the liabilities under finance leases in the procurement area.

8. Liquidity situation

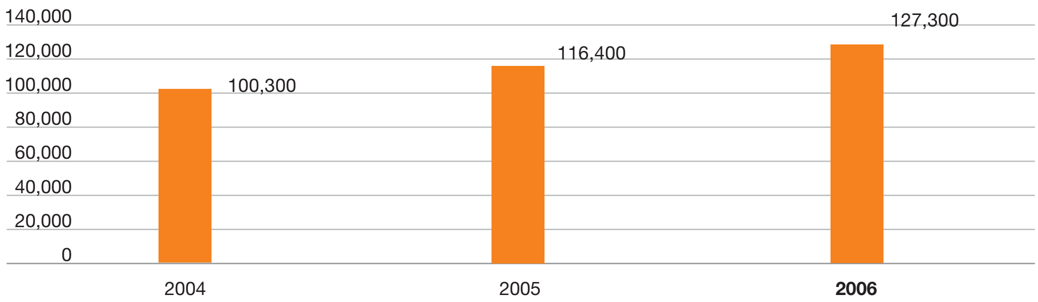
For 2006, the Sixt Group reported cash flow before changes in working capital of EUR 347.4 million, EUR 42.1 million above the figure for the preceding year (EUR 305.3 million). Inclusion of working capital results in a net cash outflow of EUR 59.8 million (2005: net cash inflow of EUR 75.9 million).
Net cash used in investing activities amounted to EUR 114.9 million (2005: net cash used in investing activities of EUR 112.6 million), since the payments to acquire lease fleet assets exceeded the proceeds from the disposal of used leasing vehicles.

Financing activities generated cash inflows of EUR 150.5 million; in addition to the capital increase described above, this was primarily attributable to new borrower's note loans and greater use of short-term loans to finance the expansion of the fleet (2005: cash provided by financing activities of EUR 43.1 million). Overall, the sum of cash flows resulted in a decline of cash and cash equivalents as at 31 December 2006 by EUR 24.2 million over the prior-year reporting date figure (2005: EUR +6.4 million).

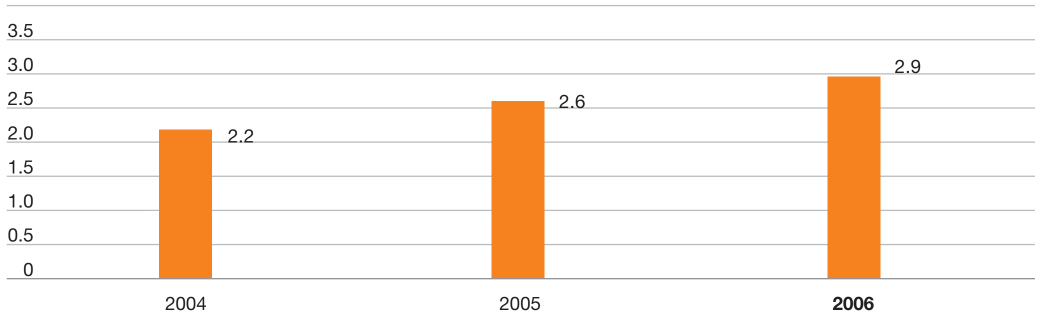
9. Investments

Positive demand in the year under review led to another significant expansion of the rental and leasing fleets, which required a corresponding increase in investments. In all, about 127,300 vehicles were added in 2006, around 9% more than in 2005, when about 116,400 vehicles were added. The vehicles added to the fleets were worth around EUR 2.9 billion in total (2005: almost EUR 2.6 billion).
The average value per rental car rose again, from just under EUR 22,600 to almost EUR 23,300 (+3%). There was another increase in the proportion of vehicles with superior features, reflecting the Group's systematic focus on the premium segment.

Number of vehicles added to the rental and leasing fleets



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



10. Employees

Sixt, as an international service provider, has always placed special emphasis on a strong customer focus. The Company's employees are pivotal to this strategy. After all, customers looking for sophisticated mobility solutions do not just compare the quality of products and services; they also assess the direct interaction with their contacts. Often it is the expertise, manner and commitment of employees that tip the scales in favour of a particular mobility partner.

This knowledge is the reason why human resources work is of fundamental strategic importance at Sixt. It is reflected in exhaustive professional recruitment processes for new employees and also in wide-ranging personnel development measures, attractive incentive systems and a team-oriented corporate culture.

The continuous professional development offered by Sixt met with a good response in 2006, with some 1,000 participants throughout the Group receiving intensive training. The main emphasis was on courses that are designed to further optimise day-to-day operations, such as introductory seminars for new employees and further training in the areas of customer service and sales.

Sixt has always acknowledged its responsibility to provide skilled vocational training, which is why it provides state-of-the-art, future-oriented vocational traineeships in an international environment. These positions are for assistants in the areas of automobile sales management, office management and office communication. At the end of 2006, Sixt employed around 100 vocational trainees throughout Germany, almost double the figure for the previous year (55). Sixt plans to substantially increase the number of vocational trainee positions in 2007 as well.

The average number of employees in the Group rose to 2,015, an increase of 92 (+4.8%) over the average number employed in 2005 (1,923). The workforce grew primarily in customer-oriented areas in vehicle rental in Germany as a result of the sharp rise in demand and the significant increase in business volume.

The headcount in Germany increased by 87 to 1,484. Abroad, there was a small net increase (+5 to 531 employees). Another reduction in staff at the UK subsidiary was offset by increases in all other Corporate countries. Moreover, the employees of the vehicle rental business in Spain were included in the headcount for the first time.

In the Vehicle Rental Business Unit, an average of 1,774 persons were employed in 2006, 81 more than in the previous year (+4.8 %). In the Leasing Business Unit, the number of employees rose by 12 to 223 (+5.7 %)

11. Remuneration report

It is the Supervisory Board's responsibility to determine the compensation paid to members of the Managing Board of Sixt Aktiengesellschaft. The structure of the remuneration system is regularly reviewed to test its appropriateness. The Managing Board's remuneration comprises fixed and variable components.

The fixed basic salary is commensurate with the responsibilities and the individual performance of the Board members concerned. In addition to the fixed basic salary, the members of the Managing Board – like other senior executives of the Sixt Group – also receive fixed benefits in kind in the form of company cars.

The variable portion of the compensation is based on consolidated profit before taxes (EBT). Any variable compensation only becomes payable to Managing Board members once a defined minimum EBT has been reached. Contracts of service with Managing Board members impose a cap on the variable portion of the compensation.
In addition, senior executives of the Group receive share-based payments. Details are provided in the notes to the consolidated financial statements.

The Group has no pension obligations towards members of the Managing Board.

For information on the compensation paid to members of the Managing and Supervisory Boards, see section 5.6 of the notes to the consolidated financial statements. Stock option programmes for senior executives are detailed in the Corporate Governance Report and section 5.5 of the notes.

12. Disclosures in accordance with section 315 (4) of the HGB

As at 31 December 2006, the capital of Sixt Aktiengesellschaft comprised of 16,472,199 ordinary bearer shares (of no par value) and one registered share (of no par value), accounting for EUR 42.2 million of the share capital, as well as 8,434,150 non-voting preference bearer shares (of no par value), accounting for EUR 21.6 million of the share capital. The no-par value shares convey to shareholders all rights and obligations to which a shareholder is entitled under German law. The preference shares have no voting rights, except on resolutions of the Annual General Meeting to revoke or restrict the preferential status. In all other respects, preference shareholders have none of the rights and obligations that are associated with voting rights or that assume the existence of such rights.

Preference shares entitle their holders to a dividend that is 2 euro cents higher than that paid to holders of ordinary shares, with a minimum dividend of 5 euro cents per share. Further details can be found in the Articles of Association of Sixt Aktiengesellschaft.

Apart from excluding voting rights from preference shares, there are no restrictions on the voting rights imposed either by the law or by the Company's Articles of Association. The transfer of shares is not subject to any restrictions. The Managing Board is not aware of any restrictions arising from agreements between shareholders.

Erich Sixt Vermögensverwaltung GmbH, of which Chairman of the Managing Board Erich Sixt is the sole shareholder, holds 9,355,911 ordinary voting shares, granting 56.8% of the voting rights. The Company has not received any information about, and the Managing Board is not aware of, any further direct or indirect interests in the share capital exceeding 10% of the voting rights.

There are no shares with special rights conveying powers of control.

The Company is not aware of any employees holding shares in the Company's capital.

The members of the Company's Managing Board are appointed and dismissed by the Supervisory Board in accordance with section 84 of the Aktiengesetz (AktG – German Public Companies Act) and Article 6 of the Articles of Association. In accordance with section 179 of the AktG, capital increases can only be resolved with a majority of at least three quarters of the share capital represented at the Annual General Meeting. The Articles of Association do not contain any provisions to the contrary.

In accordance with Article 4 (4) and (5) of the Articles of Association, the Managing Board is authorised to increase the Company's share capital on one or more occasions in the period up to and including 12 August 2008, with the consent of the Supervisory Board, by up to a maximum of EUR 14.3 million by issuing up to 5,574,250 shares against cash contributions (Authorised Capital I) and by up to EUR 8.0 million by issuing up to 3,125,000 shares against cash or non-cash contributions (Authorised Capital II). Both ordinary shares and non-voting preference shares (up to the ceiling allowed by law) can be issued. Shareholders will be granted pre-emptive subscription rights. The pre-emptive subscription rights can be disapplied in order to grant holders of options and conversion rights pre-emptive subscription rights to new shares or, in the case of a capital increase against non-cash contributions, to acquire companies or investments in companies.

The Managing Board is currently not authorised to repurchase shares.

In the event of a change of control, including as the result of a takeover bid, various creditors of the Company have the following rights:

- The creditors of profit participation certificates 2004/2009 - 2011 issued by the Company have the right to offer their certificates to the Company, if the proportion of voting shares in the Company held directly by Erich Sixt or indirectly through Erich Sixt Vermögensverwaltung GmbH or other asset management companies falls below 50% of the voting share capital, or if the proportion of voting rights that Erich Sixt holds in Erich Sixt Vermögensverwaltung GmbH falls below 50%.

- The creditors of bearer bonds 2005/2010 issued by the Company in the total principal amount of EUR 225.0 million have a right of termination subject to one month's notice, if the Company announces to the holders of profit participation certificates 2004/2009 - 2011 a “change of control”, “restructuring”, or a “reduction in the share of voting capital of the issuer” in accordance with the terms and conditions of the profit participation certificates.

- A lending bank has the right to demand immediate repayment of the borrower's note loan of EUR 25.0 million the Company raised in August 2006, if Erich Sixt and/or the members of his family jointly no longer directly or indirectly hold a share of 50% plus one vote of the Company's voting rights or if the Company no longer directly or indirectly holds a share of at least 50% plus one vote in Sixt Leasing AG or a share of at least 50% plus one vote of the voting rights of Sixt GmbH & Co. Autovermietung KG.

The Company has no agreements with members of the Managing Board or employees that would entitle them to compensation in the case of a takeover bid.

C. Risk report

1. Risk management system

In accordance with the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business), Sixt Aktiengesellschaft 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 or material subsidiaries. An efficient tool must be provided for identifying, evaluating and managing all risks.
The Sixt Group's overall risk management system is composed of detailed, planning, reporting and early warning systems (some of which have been proven in years of practice) both centrally at Group level and in the individual functional areas down to the level of the individual rental offices. Group financial control is responsible for central risk management.

As an international Group, Sixt is exposed to various risks, to which it responds with a number of risk management measures.

2. General market risks

The Sixt Group's main activities are vehicle rental and leasing, both of which are centred in Germany and depend on the state of the economy. The development of the overall economic environment in Germany, and to an increasing extent in Sixt's other core European countries, is therefore an important factor influencing the readiness of companies and private individuals to spend money on mobility services. A downturn in the overall economy could therefore have a negative impact on demand for vehicle rental and lease products.

As a mobility services provider, Sixt is dependent to a large extent on developments in personal transport. This in turn is dependent on a variety of factors which the Group cannot influence. These include, for example, the expansion of the public transport infrastructure, improvements in traffic flow and the coordination of the combined use of different modes of transport. In addition, the Group's business is 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 travel can therefore only be predicted to a very limited extent.

3. Market risks – vehicle rental

The vehicle rental industry continues to be dominated by intense predatory competition both in Germany and internationally, which is to a large extent fought out on prices. The trend in favour of large, mostly international providers, which has been noticeable for years, is continuing. Strong price competition carries the risk that individual market participants attempt to gain market share in the short term by consciously implementing a below-cost pricing policy.

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 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 repurchase prices agreed with the suppliers.

High capacity utilisation of the rental fleet combined with the latter's availability are of great importance for the success of the 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.

4. Risk management – vehicle rental

It is important for the Group to remain vendor-neutral if it is to diversify risks when purchasing vehicles for the Vehicle Rental Business Unit. By doing so, the Group 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 sales 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. Systematic fleet and offering management ensure the highest possible level of fleet utilisation.

In order to minimise the risks associated with the sale of vehicles, 94% of all rental vehicles added to the fleet in 2006 were backed 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. Especially during times of strained motor trade markets, the possibility that contractual partners, and 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, for example through its own dealerships (Sixt Autoland).

5. 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 a high degree of planning certainty on which to base their investment decisions. Higher taxes on leasing transactions and company cars can 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, good refinancing terms. For this reason, there is intense price competition in the car leasing market, which impacts on the margins that can be generated.

6. 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, the Leasing Business Unit also maintains a strict policy of securing the residual value through buy-back agreements. In 2006, the calculated residual values of around 92% of the Unit's vehicles were secured through buy-back agreements, predominantly with car dealers. When selecting dealers, Sixt looks very closely at their financial stability. It checks the creditworthiness of vehicle suppliers on a regular basis.

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 guards against the risks by refinancing assets at matching maturities.

Sixt checks the creditworthiness of each new customer in accordance with internal guidelines. Furthermore, customer creditworthiness is regularly monitored during the lease period. This precautionary measure helps to avoid and/or to mitigate future 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 focuses its offering on the “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 experience 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. Moreover, the continuous development of new products, especially in fleet management, gives Sixt the opportunity to set itself apart from its competitors.

7. Financing risks

The Sixt Group's ordinary business activities are subject to various financing risks. These include interest rate risks, which are limited using derivative financial instruments, among other things.

Sixt uses interest rate caps and interest rate swaps for hedging purposes. By entering into these types of hedges, variable-rate financial liabilities are converted into synthetic fixed-rate financing in order to limit the interest rate risk for the Group. In this context, internal Group guidelines stipulate the main duties, responsibilities, reporting requirements and controls.

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, banks may radically change their financing policies. Sixt maintains permanent close contacts with a group of well-known commercial banks so that it can respond to any changes early.

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

D. Report on opportunities and expected developments

1. Economic environment

Economic experts agree that the global economy will again develop positively in 2007 and 2008 and that it will continue on its solid growth path, although the pace of economic expansion is expected to slow slightly. The emerging Asian markets are continuing to prove the growth drivers of the global economy. Economic growth in the USA and also in Japan is expected to lose some of its momentum in 2007. The euro zone's good economic performance of 2006 will continue, but likewise with slower growth rates. The economy in the euro zone may also be impacted by a downturn in the US economy, because weaker activity across the Atlantic could lead to a decline in demand for exports in Europe.
After a surprisingly strong 2006, experts are also predicting a slowdown in the German economy, although no sustained set-back is expected. The increase in value added tax at the beginning of 2007 will only have a temporary negative impact on the economy. Increasing employment levels and higher wage settlements should lead to a rise in disposable incomes. This means that there is a possibility that private consumption will continue to increase in Germany in spite of the additional burden that the higher value added tax places on consumers.

Source:
Institut für Weltwirtschaft (IfW), Kiel (Kiel Institute for the World Economy), Weltwirtschaft im Winter 2006 (The World Economy in Winter 2006), 12 December 2006

2. Sector-specific environment

2.1 Vehicle Rental
Not least because of the positive economic climate, Sixt expects the growth trend in Europe's vehicle rental industry to continue in the next few years. Datamonitor has forecast that the European market will grow steadily at an average annual rate of 2.7% between 2004 and 2009.

The performance of the global economy, which is expected to continue on its solid growth path in 2007, should have a positive effect on both business and private travel activity. Sixt anticipates that the vehicle rental market will remain highly competitive and that the industry will consolidate further. Rational behaviour among service providers with regard to pricing policies will be of crucial importance. Even in view of the difficult financial position of some major competitors on the European market, the Managing Board does not detect any signs of financially unsustainable price competition.

For the German used car market, the Zentralverband Deutsches Kraftfahrzeuggewerbe (ZDK – German Association for Motor Trade and Repairs) anticipates continued moderate growth in 2007.

2.2 Leasing

At the beginning of 2007, concerns in the German leasing industry continue as to the German government's plans for financing the corporate tax reform. According to the industry association BDL, the mooted inclusion of portions of the lease instalments in the trade tax base would impact companies' capital expenditure. The planned ceilings to be imposed on the interest costs that leasing companies can deduct under refinancing arrangements is also controversial. Although the outcome of the current disputes remains to be seen, Sixt currently assumes that the long-term trend towards the growing importance of leasing as a form of financing will not change fundamentally.

3. Strategic focus areas for the Group

Since 2003, the Group has been in a phase of operating growth, combined with in some cases significant increases in earnings. Its strategic goal is to maintain its profitable growth and to continue to increase the Group's profitability in the coming years. This is to be achieved by consistently leveraging the potential of the Sixt brand in both Business Units.

The Vehicle Rental Business Unit will primarily focus on the following activities in 2007 and thereafter:

- Continued drive towards internationalisation through further global expansion of the franchise network, especially in economic growth regions such as Eastern Europe, Latin America and Asia-Pacific. People's mobility requirements in many countries of these regions are increasing, in some cases dramatically. As these countries expand their transport infrastructures, there will be excellent opportunities for Sixt, together with local partners, to enter the emerging mobility markets and further strengthen the global focus of the Sixt brand. In this context, Sixt relies on its tried-and-tested franchising system, which avoids the use of the Group's own capital and minimises the financial risk of expanding into markets that are in some cases difficult to assess.

- Growth in the European core markets by expanding its own rental office network. Here, the main focus is on further developing the Spanish and French markets, which are among the biggest in Europe. Growth could be achieved both organically and by making targeted acquisitions of local and regional competitors. The reorganisation of the Group's financing implemented over the past few years has put Sixt in a good position to make such acquisitions, although high standards of risk and return will be applied.

- Further expansion of the private customer business and thus participation in the growing travel markets. To this end, Sixt is planning to expand tailored private-customer products such as Sixt Holiday Cars and intensify its partnerships with existing service providers such as airlines, hotel chains, or financial service providers. The general trend in tourism towards tailored travel packages for individual customers benefits Sixt as a vehicle rental company.

- Increased integration of vehicle rentals and leasing in order to offer mobility solutions from a single source, especially to business and corporate customers. For example, this allows Sixt to provide a flexible response to customers' mobility needs combining (long-term) leasing and (short-term) rental. The mobility solutions offered by Sixt range from one day to four years, giving the Group a strategic advantage over many competitors not represented in both segments.

In the Leasing Business Unit, Sixt will primarily focus on the following tasks in 2007 and thereafter:

- Expansion of the presence of its own leasing companies in other European countries, not least in order to meet the cross-border mobility requirements of many large customers. Both organic growth and expansion through targeted acquisitions is also feasible for the Leasing Business Unit.

- Continuation of the sales offensive among SMEs, where Sixt still sees considerable potential for optimising fleet costs. The continuing financing pressure affecting many SMEs offers attractive business opportunities in this market segment, especially for full-service leasing products.

- Maintenance and improvement of Sixt's high service quality at all stages of the leasing process. To this end, the products, which are fully online-based, are to be optimised further, for example to provide sustained added value to fleet managers. With the fleet management know-how that Sixt has built over decades, the Group is confident that continuous product innovation can help it set itself apart from the competition and generate further growth on this basis.

4. Outlook

Following the exceptional success of the 2006 financial year, the Managing Board is also optimistic about business development in 2007. The overall positive economic environment in Germany and abroad is a sound foundation for growing demand for vehicle rental and lease products. The Group's strategic positioning and human resources put it in a strong position to continue its profitable growth path.

However, general cost increases, especially for fleet operations, are also expected for 2007. Management aims to compensate for these increases by establishing higher prices in the markets and further increasing the Group's efficiency.

The Managing Board anticipates that consolidated operating revenue will rise again in 2007, leading to another increase in the Group's operating profit.

This forecast assumes

- that the necessary price increases will gain acceptance in the market
- that the macroeconomic situation develops as forecast
- that the used-car market does not deteriorate
- that no unforeseen negative events occur with a major impact on the Group.

E. Dependent company report

In accordance with section 17 of the AktG, Sixt Aktiengesellschaft is a dependent company of Erich Sixt Vermögensverwaltung GmbH, Pullach. Therefore, pursuant to section 312 of the 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. Actions subject to disclosure requirements were neither taken nor omitted in the 2006 financial year."

F. 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 2006 financial year.

Pullach, 9 March 2007

Sixt Aktiengesellschaft

The Managing Board

A delightful

(Rent the Mercedes-


SIXT
Aktiengesellschaft
experience.
Benz E-Class at sixt.com)

Consolidated Income Statement of Sixt Aktiengesellschaft, Pullach for the year ended 31 December

	Notes	EUR	EUR 2006	EUR	EUR 2005
Revenue	[4.1]		1,443,131,044		1,335,700,824
Other operating income	[4.2]		20,102,479		18,826,950
Gross revenue			**1,463,233,523**		**1,354,527,774**
Fleet expenses and cost of lease assets	[4.3]		625,163,299		599,458,554
Personnel expenses	[4.4]				
a) Wages and salaries		85,968,762		81,901,740	
b) Social security and other pension costs		14,999,121		14,140,817	
			100,967,883		96,042,557
Depreciation and amortisation expense	[4.5]	176,802,364		143,257,415	
a) Depreciation of rental vehicles		85,089,617		93,518,562	
b) Depreciation of lease assets					
c) Depreciation of property and equipment and investment property		5,778,101		11,436,525	
d) Amortisation of intangible assets		995,226		1,197,863	
			268,665,308		249,410,365
Other operating expenses	[4.6]		315,138,931		286,026,039
Profit from operating activities (EBIT)			**153,298,102**		**123,590,259**
Net finance costs	[4.7]		-31,650,430		-32,727,951
Profit before taxes (EBT)			**121,647,672**		**90,862,308**
Income tax expense	[4.8]		47,883,617		34,860,410
Consolidated profit for the period			**73,764,055**		**56,001,898**
Of which attributable to minority interests	[4.9]		17,644		147,621
Of which attributable to shareholders of Sixt AG			**73,746,411**		**55,854,277**
Earnings per ordinary share – basic	[4.10]		2.95		2.47
Earnings per preference share – basic	[4.10]		3.36		2.51
Earnings per ordinary share – diluted	[4.10]		2.95		2.47
Earnings per preference share – diluted	[4.10]		3.14		2.34

Consolidated Balance Sheet of Sixt Aktiengesellschaft, Pullach as at 31 December 2006

Assets	Notes	EUR 31 Dec. 2006	EUR 31 Dec. 2005
Non-current assets			
Goodwill	[4.11]	18,442,000	18,442,000
Intangible assets	[4.11]	4,796,894	3,543,774
Property and equipment	[4.11]	36,048,021	35,066,274
Investment property	[4.11]	3,289,153	3,324,341
Lease assets	[4.11]	543,527,146	523,266,368
Non-current financial assets	[4.11]	1,489,425	5,884,545
Non-current other receivables and assets	[4.12]	16,196,941	14,851,501
Deferred tax assets	[4.8]	3,319,945	6,370,855
Total non-current assets		**627,109,525**	**610,749,658**
Current assets			
Rental vehicles	[4.13]	646,104,143	462,773,630
Inventories	[4.14]	28,127,387	23,890,728
Trade receivables	[4.15]	154,446,597	112,732,993
Current other receivables and assets	[4.16]	82,934,426	63,550,138
- of which income tax receivables EUR 858,515 (2005: EUR 7,383,331)			
Cash and bank balances	[4.17]	19,126,443	43,317,314
Total current assets		**930,738,996**	**706,264,803**
Total assets		**1,557,848,521**	**1,317,014,461**

Equity and Liabilities	Notes	EUR 31 Dec. 2006	EUR 31 Dec. 2005
Equity			
Subscribed capital	[4.18]	63,760,256	57,816,320
Capital reserves	[4.18]	189,671,425	120,313,802
Other reserves	[4.18]	139,465,494	86,099,636
Minority interests	[4.18]	1,485,252	1,579,958
Total equity		**394,382,427**	**265,809,716**
Non-current liabilities and provisions			
Non-current other provisions	[4.19]	16,419,217	19,549,130
Non-current financial liabilities	[4.20]	441,076,100	476,711,657
Non-current other liabilities	[4.21]	3,981,908	13,755,135
Deferred tax liabilities	[4.8]	4,022,601	11,883,908
Total non-current liabilities and provisions		**465,499,826**	**521,899,830**
Current liabilities and provisions			
Current other provisions	[4.22]	70,630,181	62,337,754
- of which for taxes EUR 44,745,731 (2005: EUR 40,019,810)			
Current financial liabilities	[4.23]	279,112,017	147,741,714
Trade payables	[4.24]	244,089,058	203,967,444
Current other liabilities	[4.25]	104,135,012	115,258,003
Total current liabilities and provisions		**697,966,268**	**529,304,915**
Total equity and liabilities		**1,557,848,521**	**1,317,014,461**

Consolidated Cash Flow Statement of Sixt Aktiengesellschaft, Pullach as at 31 December 2006

Consolidated Cash Flow Statement	EUR thou. 2006	EUR thou. 2005
Operating activities		
Consolidated profit for the period	73,764	56,002
Amortisation of intangible assets	995	1,198
Depreciation of property and equipment and investment property	5,778	11,436
Depreciation of lease assets	85,090	93,519
Depreciation of rental vehicles	176,802	143,257
Impairment losses on financial assets	4,697	0
Gain on disposal of intangible assets, property and equipment	344	-77
Other non-cash income and expense	-63	-91
Cash flow	**347,407**	**305,244**
Change in non-current other receivables and assets	-1,345	2,544
Change in deferred tax assets	3,051	7,196
Change in rental vehicles, net	-360,133	-208,349
Change in inventories	-4,237	7,204
Change in trade receivables	-41,714	-6,202
Change in current other receivables and assets	-19,384	5,539
Change in non-current other provisions	-3,130	-441
Change in non-current other liabilities	-9,773	-25,105
Change in deferred tax liabilities	-7,861	-248
Change in current other provisions	8,292	7,864
Change in trade payables	40,122	25,374
Change in current other liabilities	-11,123	-44,715
Net cash flows used in/from operating activities	**-59,828**	**75,905**
Investing activities		
Proceeds from disposal of intangible assets, property and equipment and investment property	1,088	938
Proceeds from disposal of lease assets	295,772	444,895
Proceeds from disposal of non-current financial assets	0	2
Payments to acquire intangible assets, property and equipment	-10,159	-8,185
Payments to acquire lease assets	-401,119	-550,241
Payments to acquire non-current financial assets	-430	-11
Change in intangible assets, property and equipment attributable to changes in reporting entity structure	-247	-64
Change in non-current financial assets attributable to changes in reporting entity structure	128	10
Net cash flows used in investing activities	**-114,967**	**-112,656**
Financing activities		
Increase in subscribed capital	5,944	205
Increase in capital reserves	69,357	1,078
Change in other reserves and minority interests	-468	-301
Dividends paid	-20,025	-13,623
Change in current financial liabilities	131,370	-136,504
Change in non-current financial liabilities	-35,637	192,209
Net cash flows from financing activities	**150,541**	**43,064**
Net change in cash and cash equivalents	**-24,254**	**6,313**
Effect of exchange rate changes on cash and cash equivalents	63	91
Cash and cash equivalents at 1 January	**43,317**	**36,913**
Cash and cash equivalents at 31 December	**19,126**	**43,317**

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 2005	**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**
Capital increase	5,944	69,137			75,081
Consolidated net profit 2006			73,746	18	73,764
Currency translation differences			90		90
Dividend payments 2005			-20,025		-20,025
Other changes		220	-446	-112	-338
31 December 2006	**63,760**	**189,671**	**139,465**	**1,486**	**394,382**

[1] Including retained earnings

See also the Notes [4.18]


Rent your p
(Rent the Audi


SIXT
Aktiengesellschaft
ole position.
Q7 at sixt.com)

Notes to the Consolidated Financial Statements of Sixt Aktiengesellschaft, Pullach for Financial Year 2006

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 as a result of a reorganisation of "Sixt Autovermietung GmbH", established in 1979, and has traded since then 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 63,760,256. Both ordinary shares and non-voting preference shares have been issued. The majority shareholder is Erich Sixt Vermögens-verwaltung 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 2006 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 pronouncements of the International Accounting Standards Board (IASB) required to be applied for financial year 2006 and the related Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were applied. Prior-year figures were determined in accordance with the same principles.

The new IFRS Standards and Interpretations listed below were effective for the first time for the consolidated financial statements as at 31 December 2006:

IAS 21 (The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation) does not affect the Group at all. The new recognition and measurement requirements of IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 4 (Insurance Contracts) do not have a material effect on the consolidated financial statements of Sixt Aktiengesellschaft. Interpretation IFRIC 4 (Determining whether an Arrangement contains a Lease) is also required to be applied for the first time, but, again, does not have a material effect on the consolidated financial statements of Sixt Aktien-gesellschaft.

IFRS 6 (Exploration for and Evaluation of Mineral Resources), required to be applied for the first time for consolidated financial statements as at 31 December 2006, and interpretations IFRIC 5 (Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds) and IFRIC 6 (Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment) are of no relevance to the consolidated financial statements of Sixt Aktiengesellschaft due to their subject matter.

The new Standards listed below, which may be applied on a voluntary basis, were not applied in preparing these consolidated financial statements:

- IFRS 7 (Financial Instruments: Disclosures)
- IFRS 8 (Operating Segments)
- IAS 1 (Presentation of Financial Statements – Capital Disclosures)
- IFRIC 7 (Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies)
- IFRIC 8 (Scope of IFRS 2)
- IFRIC 9 (Reassessment of Embedded Derivatives)
- IFRIC 10 (Interim Financial Reporting and Impairment)
- IFRIC 11 (IFRS 2: Group and Treasury Share Transactions)
- IFRIC 12 (Service Concession Arrangements)

The Standards and Interpretations required to be applied in future periods relate to notes disclosures (IFRS 7 and IAS 1) and segment reporting (IFRS 8). The other Standards and Interpretations are unlikely to have any effect or any material effect on the consolidated financial statements.

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 additional disclosures required by German commercial law over and above the disclosures and explanatory notes required by IFRSs are contained in the consolidated financial statements.

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

Overall, the accompanying consolidated financial statements give a true and fair view of the net assets, financial position and results of operations.

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 2006 (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, Basel
- 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
- Sixt Belgium BVBA, Zaventem
- SIXT RENT A CAR S.L., Palma de Mallorca
- Sixt rent-a-car AG, Basel

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	97 %
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 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 %
Sixt Allgemeine Leasing (Schweiz) AG, Basel	100,000 SFR	100 %
Sixt Asia Pacific Pte Ltd., Singapore	200,000 SGD	65 %
Sixt International Holding GmbH, Munich	25,000 EUR	100 %

A list of the Group companies is enclosed in a separate appendix to these notes together with the other disclosures. In accordance with section 264b of the HGB, the following companies are exempt from the duty to prepare and publish 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. Sixt Leasing AG, Pullach and Sixt Reservierungs- und Vertriebs-GmbH, Rostock make use of the exemption with regard to publication provided for in section 264 (3) of the HGB.

Changes in the consolidated Group
SIXT RENT A CAR S.L., Palma de Mallorca, was consolidated for the first time on 30 September 2006, and Sixt rent-a-car AG, Basel, for the first time as at 31 December 2006. Both companies were established

by the Sixt Group. SK Franchise UK Ltd., Chesterfield, no longer had any operating activities and was dissolved and deconsolidated.

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 2006. 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 for impairment on a regular (at least annual) basis.

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 the lower of cost and fair value.

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. 2006	31 Dec. 2005	**31 Dec. 2006**	31 Dec. 2005
Sterling	0.67140	0.68700	0.68211	0.68031
Swiss francs	1.60800	1.55550	1.57696	1.54732

3. Accounting policies

Income statement

Revenue 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 is 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 consolidated 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 in conjunction with IAS 36, **goodwill** recognised is tested for impairment on an annual basis and, where necessary, written down. The annual impairment test is based on management's planning. The planning assumptions used to determine value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan (2007 to 2009) and a growth factor of 1% taken as the basis in deriving a sustainable figure. The discount rate (before taxes and growth discount) used is currently 10.0%.

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. Writedowns 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 payments 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 to their calculated residual values. Impairment losses are recognised in individual cases where the fair value of the asset is lower than its carrying amount.

Shares in unconsolidated affiliates and investments presented under **non-current financial assets** are stated at the lower of cost and fair value, as they do not have a quoted market price.

Rental vehicles are stated at cost, including incidental costs and less straight-line depreciation to their residual values. In this context, the residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers.

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 IAS 32 and IAS 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, provided a reliable estimate can be made of the probable amount of the obligation. Such liabilities are only carried as provisions if they are of uncertain amount and payment to settle the obligation 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 (where applicable, plus directly attributable transaction costs), 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 monetary 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. Changes are recognised in the income statement on the date at which a better knowledge is gained. The estimates and assumptions made are outlined in the explanatory notes on the individual items. The areas in which amounts are most significantly affected are the following: measurement of lease assets and rental vehicles, valuation allowances on receivables, measurement of other necessary provisions.

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

Income statement

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

Revenue by segment	EUR thou. 2006	EUR thou. 2005	Change in %
Rental Business Unit			
Rental revenue	863,293	770,388	12.1
Total	**863,293**	**770,388**	**12.1**
Leasing Business Unit			
Leasing revenue	347,966	305,393	13.9
Sales revenue	227,736	256,570	-11.2
Total	**575,702**	**561,963**	**2.4**
Other revenue	4,136	3,350	23.5
Group total	**1,443,131**	**1,335,701**	**8.0**

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 161,744 thousand, 2005: EUR 145,708 thousand) and revenue relating to service components such as repairs, fuel, tyres, etc. (EUR 186,222 thousand, 2005: EUR 159,685 thousand).

In the Rental segment, revenue of EUR 663,803 thousand (2005: EUR 605,367 thousand) is attributable to Germany and revenue of EUR 199,490 thousand (2005: EUR 165,021 thousand) to the rest of Europe. Rental revenue includes compensation payments from third parties amounting to EUR 34,983 thousand (2005: EUR 33,832 thousand).

The Leasing segment generated leasing revenue of EUR 321,303 thousand (2005: EUR 283,812 thousand) and sales revenue of EUR 222,453 thousand (2005: EUR 248,294 thousand) in Germany. The rest of Europe accounted for leasing revenue of EUR 26,663 thousand (2005: EUR 21,581 thousand) and sales revenue of EUR 5,283 thousand (2005: EUR 8,276 thousand). In the Leasing segment, compensation payments from third parties amount to EUR 5,043 thousand (2005: EUR 4,365 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 also does not have a material effect on the results, as the sales 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.

[4.2] **Other operating income** of EUR 20,102 thousand (2005: EUR 18,827 thousand) includes income of EUR 1,784 thousand (2005: EUR 4,313 thousand) from currency translation. This item also includes, among others, income of EUR 3,727 thousand (2005: EUR 1,665 thousand) from cost allocations to third parties, income of EUR 2,648 thousand (2005: EUR 4,265 thousand) from the reversal of provisions, and income of EUR 247 thousand (2005: EUR 865 thousand) from asset disposals.

[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. 2006**	EUR thou. 2005	Change in %
Rental Business Unit	226,433	195,263	16.0
Leasing Business Unit	398,730	404,195	-1.4
Group total	**625,163**	**599,458**	**4.3**

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. 2006	EUR thou. 2005	Change in %
Repairs, maintenance, reconditioning	147,692	132,210	11.7
Fuel	111,557	95,572	16.7
Insurance	45,133	39,836	13.3
Transportation	30,761	24,418	26.0
Taxes and duties	15,617	12,714	22.8
Other, including selling expenses	274,403	294,708	- 6.9
Group total	**625,163**	**599,458**	**4.3**

Personnel expenses increased from EUR 96,043 thousand in 2005 to EUR 100,968 thousand 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. [4.4]

Personnel expenses	EUR thou. 2006	EUR thou. 2005
Wages and salaries	85,969	81,902
Social security costs	14,999	14,141
Group total	**100,968**	**96,043**

Average number of employees during the year:

Employees in the Group	2006	2005
Salaried employees	1,845	1,739
Hourly employees	170	184
Group total	**2,015**	**1,923**

The Rental Business Unit employs 1,774 (2005: 1,693) staff, and the Leasing Business Unit 223 (2005: 211) staff. The "Other" segment employs 18 (2005: 19) staff. A total of 1,484 (2005: 1,397) staff were employed in Germany, while 531 (2005: 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 33,545 thousand to EUR 176,802 thousand (2005: EUR 143,257 thousand), as on average more vehicles in the rental fleet were capitalised in the year under review than in 2005. The average value of vehicles also increased. Depreciation of lease assets was slightly lower year on year at EUR 85,090 thousand (2005: EUR 93,519 thousand). However, there was a corresponding rise in the lease instalments for refinanced lease assets reported under other operating expenses. Buildings included in property and equipment were written down to their fair value by way of a EUR 405 thousand impairment loss due to restructuring measures in the UK.

Depreciation and amortisation expense	EUR thou. 2006	EUR thou. 2005
Intangible assets	995	1,198
Property and equipment, investment property	5,778	11,436
Lease assets	85,090	93,519
Rental vehicles	176,802	143,257
Group total	**268,665**	**249,410**

[4.6] The following table contains a breakdown of **other operating expenses**. In the financial year, operating expenses rose by EUR 29,113 thousand to EUR 315,139 thousand in total due to the increased volume of business.

Other operating expenses	EUR thou. 2006	EUR thou. 2005	Change in %
Leasing expenses	165,269	142,451	16.0
Commission	40,959	36,314	12.8
Expenses for buildings	29,269	28,546	2.5
Other selling and marketing expenses	25,230	22,080	14.3
Expenses from write-downs of receivables	11,328	14,348	- 21.0
Audit, legal, advisory and investor relations expenses	8,687	10,631	- 18.3
Miscellaneous	34,397	31,656	2.5
Group total	**315,139**	**286,026**	**10.2**

Fees of EUR 780 thousand (2005: 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 205 thousand, 2005: EUR 195 thousand), other assurance or valuation services (EUR 119 thousand, 2005: EUR 85 thousand), tax advice (EUR 197 thousand, 2005: EUR 40 thousand) and other services provided for the parent or subsidiary companies (EUR 259 thousand, 2005: EUR 160 thousand).

[4.7] **Net finance costs** narrowed by EUR 1,078 thousand year on year, from EUR -32,728 thousand to EUR -31,650 thousand. The change in this item is influenced mainly by the fair value measurement of financial instruments and impairment losses on the investment in MOHAG Autohaus Datteln GmbH & Co. KG (EUR 4,659 thousand), and the investment in Sixt S.R.L. (EUR 38 thousand). The following table contains a breakdown of the net finance costs.

Net finance costs	EUR thou. 2006	EUR thou. 2005
Income from financial assets	1,943	2,340
Income from unconsolidated affiliated companies	5	6
Impairment losses on non-current and current financial assets	-4,697	-
Net income/expense from investments	**-2,749**	**2,346**
Other interest and similar income	2,020	2,914
Other interest and similar income from affiliated companies	865	505
Interest and similar expenses	-31,069	-24,701
Interest and similar expenses for affiliated companies	-42	-37
Expenses for profit participation capital	-9,050	-9,050
Net expense from financial instruments	8,375	-4,705
Net interest expense	**-28,901**	**-35,074**
Net finance costs	**-31,650**	**-32,728**

In accordance with IAS 23.7, borrowing costs are recognised as an expense in the period in which they are incurred.

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

Income tax	EUR thou. 2006	EUR thou. 2005
Current income taxes	52,659	27,749
Deferred taxes	-4,775	7,111
Group total	**47,884**	**34,860**

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.

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% (2005: 38%) to consolidated profit for the period (before tax) in accordance with IFRSs. The income tax rate is made up of corporation tax at 25%, a solidarity surcharge of 5.5% and trade tax at 11.6%.

Reconciliation of taxes	EUR thou. 2006	EUR thou. 2005
Consolidated profit before taxes in accordance with IFRSs	121,648	90,862
Expected current income tax expense	46,226	34,528
Effect of different tax rates outside Germany	-1,346	-1,122
Non-deductible operating expenses	3,226	1,349
Tax-exempt income	-295	-94
Amounts relating to prior periods and other effects	73	199
Effective tax expense	**47,884**	**34,860**

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

in EUR thou.	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2006	31 Dec. 2005	31 Dec. 2006	31 Dec. 2005
Lease assets	8,183	3,715	-	6,815
Trade receivables	298	134	7,699	7,692
Other assets	-	-	1,708	1,765
Finance lease liabilities	-	3,538	-	-
Derivative financial instruments	223	4,116	-	-
Other liabilities	640	1,073	3,289	4,614
Provisions	3,043	4,804	1,022	2,474
Tax loss carryforwards	628	467	-	-
	13,015	**17,847**	**13,718**	**23,360**
Offsetting	-9,695	-11,476	-9,695	-11,476
Carrying amount	**3,320**	**6,371**	**4,023**	**11,884**

No deferred tax assets were recognised for existing tax loss carryforwards of EUR 36,880 thousand (2005: EUR 31,829 thousand). The loss carryforwards for which deferred tax assets were recognised will be used during the five-year 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.

[4.9] The profit for the period attributable to **minority interests** amounted to EUR 18 thousand in total (2005: EUR 148 thousand).

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

Dividends	EUR thou. 2006	EUR thou. 2005
Amounts recognised as distributions to shareholders in the financial year	20,025	13,623
Dividend for financial year 2005 of EUR 0.80 (for 2004: EUR 0.60) per ordinary share	13,178	9,883
Dividend for financial year 2005 of EUR 0.82 (for 2004: EUR 0.62) per preference share	6,847	3,740

A dividend of EUR 1.05 per ordinary share and EUR 1.07 per preference share will be proposed for financial year 2006. This corresponds to a total distribution for the year under review of EUR 26,320 thousand. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the annual financial statements.

Earnings per share are as follows: [4.10]

Basic earnings per share		2006	2005
Consolidated profit for the period after minority interests	EUR thou.	73,746	55,854
Profit attributable to ordinary shares	EUR thou.	48,662	40,649
Profit attributable to preference shares	EUR thou.	25,084	15,205
Weighted average number of ordinary shares		16,472,200	16,472,200
Weighted average number of preference shares		7,466,713	6,065,517
Earnings per ordinary share	EUR	2.95	2.47
Earnings per preference share	EUR	3.36	2.51

Diluted earnings per share		2006	2005
Adjusted consolidated profit for the period	EUR thou.	73,784	55,879
Profit attributable to ordinary shares	EUR thou.	48,662	40,649
Profit attributable to preference shares	EUR thou.	25,122	15,230
Weighted average number of ordinary shares		16,472,200	16,472,200
Weighted average number of preference shares		8,012,313	6,495,517
Earnings per ordinary share	EUR	2.95	2.47
Earnings per preference share	EUR	3.14	2.34

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

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

Consolidated statement of changes in non-current assets in EUR thou.	Cost						
	1 Jan. 2006	Foreign exchange differences	Additions	Changes in reporting entity structure	Disposals	Transfers	31 Dec. 2006
Goodwill	**18,488**	**0**	**0**	**0**	**0**	**0**	**18,488**
Purchased software	3,693	0	871	0	55	0	4,509
Internally developed software	1,015	0	281	0	0	1,587	2,883
Payments on account in respect of software	1,013	0	957	0	56	-1,587	327
Other intangible assets	513	0	0	0	0	0	513
Intangible assets	**6,234**	**0**	**2,109**	**0**	**111**	**0**	**8,232**
Land and buildings	25,553	369	13	0	1,708	0	24,227
Operating and office equipment	47,457	374	8,019	247	16,313	0	39,784
Property and equipment under construction	0	0	18	0	0	0	18
Property and equipment	**73,010**	**743**	**8,050**	**247**	**18,021**	**0**	**64,029**
Investment property	**7,311**	**0**	**0**	**0**	**0**	**0**	**7,311**
Lease assets	**651,234**	**-792**	**401,119**	**0**	**353,199**	**0**	**698,362**
Shares in affiliated companies	1,357	0	171	-128	0	0	1,400
Investments	8,927	0	259	0	0	0	9,186
Non-current financial assets	**10,284**	**0**	**430**	**-128**	**0**	**0**	**10,586**
Total consolidated non-current assets	**766,561**	**-49**	**411,708**	**119**	**371,331**	**0**	**807,008**

Consolidated statement of changes in non-current assets in EUR thou.	Cost						
	1 Jan. 2005	Foreign exchange differences	Additions	Changes in reporting entity structure	Disposals	Transfers	31 Dec. 2005
Goodwill	**18,442**	**0**	**0**	**46**	**0**	**0**	**18,488**
Purchased software	4,055	0	985	0	1,384	37	3,693
Internally developed software	608	0	444	0	0	-37	1,015
Payments on account in respect of software	467	0	546	0	0	0	1,013
Other intangible assets	1,529	0	0	0	1,016	0	513
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**

Depreciation / amortisation						Carrying amounts	
1 Jan. 2006	Foreign exchange differences	Depreciation/ amortisation in the financial year	Changes in reporting entity structure	Disposals	31 Dec. 2006	**31 Dec. 2006**	31 Dec. 2005
46	**0**	**0**	**0**	**0**	**46**	**18,442**	**18,442**
2,215	0	799	0	249	2,765	1,744	1,478
346	0	145	0	0	491	2,392	669
0	0	0	0	0	0	327	1,013
129	0	51	0	0	180	333	384
2,690	**0**	**995**	**0**	**249**	**3,436**	**4,796**	**3,544**
4,308	504	840	0	799	4,853	19,374	21,245
33,636	193	4,903	20	15,624	23,128	16,656	13,821
0	0	0	0	0	0	18	0
37,944	**697**	**5,743**	**20**	**16,423**	**27,981**	**36,048**	**35,066**
3,987	**0**	**35**	**0**	**0**	**4,022**	**3,289**	**3,324**
127,968	**0**	**85,090**	**0**	**58,223**	**154,835**	**543,527**	**523,266**
0	0	38	0	0	38	1,362	1,357
4,399	0	4,659	0	0	9,058	128	4,528
4,399	**0**	**4,697**	**0**	**0**	**9,096**	**1,490**	**5,885**
177,034	**697**	**96,560**	**20**	**74,895**	**199,416**	**607,592**	**589,527**

Depreciation / amortisation						Carrying amounts	
1 Jan. 2005	Foreign exchange differences	Depreciation/ amortisation in the financial year	Changes in reporting entity structure	Disposals	31 Dec. 2005	31 Dec. 2005	31 Dec. 2004
0	**0**	**46**	**0**	**0**	**46**	**18,442**	**18,442**
1,985	0	978	0	748	2,215	1,478	2,070
224	0	122	0	0	346	669	383
0	0	0	0	0	0	1,013	467
1,094	0	52	0	1,017	129	384	436
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 assets include internally developed software amounting to EUR 2,392 thousand (2005: EUR 669 thousand) and purchased software amounting to EUR 1,744 thousand (2005: EUR 1,478 thousand). The item also includes payments on account in respect of software amounting to EUR 327 thousand (2005: EUR 1,013 thousand) and other intangible assets amounting to EUR 333 thousand (2005: EUR 384 thousand). 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 19,374 thousand (2005: EUR 21,245 thousand), as well as operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) in the amount of EUR 16,656 thousand (2005: EUR 13,821 thousand). The item also includes expenses for property and equipment under construction in the amount of EUR 18 thousand (2005: EUR 0 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 3,946 thousand. In addition, items of property and equipment have been pledged as collateral for an investment loan of EUR 2,850 thousand.

Investment property is stated at cost less accumulated depreciation and impairment losses after being written down to the lower fair value in the previous year. The fair value was calculated using the income capitalisation approach, as in the previous year. The income capitalisation approach uses currently known 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 3,729 thousand are secured by real property liens. Net rental income for the period is the balance of rental income of EUR 228 thousand (previous year: EUR 228 thousand) and directly attributable costs of EUR 17 thousand (previous year: EUR 14 thousand).

Investment property	**EUR thou. 2006**	EUR thou. 2005
Net rental income for the period	211	214
Fair value at 31 December	3,289	3,324

Lease assets increased by EUR 20.2 million to EUR 543.5 million (2005: 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 320.7 million (2005: EUR 306.3 million), payments of EUR 165.3 million (2005: EUR 154.6 million) are due within one year, payments of EUR 155.1 million (2005: EUR 151.7 million) are due in one to five years and payments of EUR 0.3 million (2005: EUR 0 million) are 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 3.9 million in total (2005: EUR 1.9 million).

Certain other lease vehicles were refinanced at matching maturities under sale-and-lease-back agreements. None of these lease agreements is structured such that the refinanced vehicles are re-attributable to the Group as lease assets (finance leases) (2005: EUR 9.8 million). In the previous year, obligations under the agreements were included in other liabilities.

The carrying amount of the unconsolidated affiliates and investments presented under **non-current financial assets** is EUR 1,490 thousand (2005: EUR 5,885 thousand). It is shown in detail in the consolidated statement of changes in non-current assets. Impairment losses of EUR 4,697 thousand recognised in the year under review are explained under the net finance costs item.

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 8.8 million (2005: EUR 11.2 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. 2006	31 Dec. 2005	**31 Dec. 2006**	31 Dec. 2005
Due in one to five years	9.7	12.3	9.0	11.4
Due in more than five years	-	-	-	-
	9.7	**12.3**	**9.0**	**11.4**
Unrealised finance income	0.7	0.9		

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 663 thousand (2005: EUR 695 thousand) and interest rate derivatives with positive fair values amounting to EUR 6,670 thousand (2005: EUR 2,941 thousand), in each case maturing in one to five years.

The **rental vehicles** item increased from EUR 462.8 million to EUR 646.1 million due, among other things, to an increase in the number of rental vehicles in the portfolio in the financial year and a greater proportion of vehicles with superior features. The cost of new additions to rental assets in the financial year amounted to EUR 1,974 million (2005: EUR 1,746 million). For the rental assets reported at the end of the year under review, it amounted to EUR 706 million (2005: EUR 509 million). [4.13]

As in previous years, some rental vehicles were financed via operating leases, mainly with manufacturers. 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 by a Group company on a revolving basis for the duration of their rental operation periods. These non-Group companies subsequently sell the vehicles.

As in previous years, a further section of the rental fleet was refinanced via finance leases. These lease agreements are structured such that the refinanced vehicles are re-attributable to the Group as lease assets in the amount of EUR 69.0 million (2005: EUR 74.9 million). The agreements mainly have a residual term of less than a year and provide for full amortisation. The obligations under the leases are presented under other liabilities.

[4.14] **Inventories** consist mainly of rental and lease vehicles intended for sale in the amount of EUR 25,832 thousand (2005: EUR 21,853 thousand). The vehicles disclosed in the previous year were fully disposed of during the year under review. Other inventories consist mainly of fuel. In total, the portfolio of inventories increased by EUR 4,236 thousand to EUR 28,127 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 can be broken down as follows:

Current other receivables and assets	EUR thou. 31 Dec. 2006	EUR thou. 31 Dec. 2005
Current finance lease receivables	8,845	10,052
Receivables from affiliated companies	9,619	12,500
Receivables from other investees	50	430
Other assets	64,420	40,568
of which recoverable income taxes	859	7,383
of which other recoverable taxes	30,419	12,075
of which insurance claims	6,422	3,514
of which prepaid expenses	13,132	11,319
of which other assets	13,588	6,277
	82,934	**63,550**

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 9.9 million (2005: EUR 11.3 million), the present value of the outstanding minimum lease payments (including fixed service fees) to EUR 9.0 million (2005: EUR 10.2 million), and unrealised finance income to EUR 0.9 million (2005: EUR 1.1 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.

The carrying amounts stated in the consolidated balance sheet for current and non-current receivables roughly correspond to the fair values of those receivables.

[4.17] **Cash and bank balances** of EUR 19,126 thousand (2005: EUR 43,317 thousand) comprise cash and short-term deposits at banks with terms of under three months. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

Equity and liabilities

[4.18] The Sixt Group's **equity** including minority interests rose by EUR 128,572 thousand as against the previous year to a total of EUR 394,382 thousand (2005: EUR 265,810 thousand). The share capital of Sixt Aktiengesellschaft included in this amount rose by EUR 5,944 thousand year on year to EUR 63,760 thousand (2005: EUR 57,816 thousand). As with the EUR 69,357 thousand increase in capital reserves

to EUR 189,671 thousand (2005: EUR 120,314 thousand), this increase resulted mainly from the cash capital increase from Authorised Capital I implemented during the financial year and the conversion of convertible bonds issued to employees. The cash capital increase took place on 10 May 2006. A total of 2,238,250 new preference bearer shares, carrying dividend rights from 1 January 2005 onwards, were issued; shareholders' pre-emptive rights were disapplied. The transaction costs associated with the capital increase for cash amounted to EUR 2,195 thousand. They were accounted for in the financial year as a deduction from equity, after deduction of proportionate income taxes of EUR 790 thousand.
A total of 83,600 new preference shares were issued from Contingent Capital III in connection with the conversion of convertible bonds issued to employees.

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	8,434,150	21,591,424
Balance at 31 December 2006	**24,906,350**	**63,760,256**

	Ordinary shares	Preference shares
Balance at 1 January 2006	16,472,200	6,112,300
Capital increase for cash from Authorised Capital I	-	2,238,250
Increase due to exercise of conversion rights	-	83,600
Balance at 31 December 2006	**16,472,200**	**8,434,150**

The ordinary shares are bearer shares with the exception of one registered share, while the preference shares are exclusively bearer shares. Both classes of shares 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 per share 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**). Following the partial use made of this authorisation during the financial year in the amount of EUR 5,729,920, Authorised Capital I now amounts to EUR 14,270,080.

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 the non-voting preference shares previously issued. Shareholders will be granted pre-emptive rights. However, the Managing Board is entitled to exclude fractions from the shareholders' pre-emptive rights with the consent of the Supervisory Board. If both ordinary and preference shares are issued at the same time and the existing ratios of the two share classes are retained, the Managing Board is additionally authorised, with the consent of the Supervisory Board, to disapply the pre-emptive 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 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. Full use was made of this authorisation to disapply pre-emptive rights when the capital increase was implemented on 10 May 2006. In addition, the Managing Board is authorised to disapply shareholders' pre-emptive rights, with the consent of the Supervisory Board, to the extent necessary to grant pre-emptive 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 the non-voting preference shares previously issued. Shareholders will be granted pre-emptive rights. However, the Managing Board is entitled to exclude fractions from the shareholders' pre-emptive 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 are retained, the Managing Board is additionally authorised, with the consent of the Supervisory Board, to disapply the pre-emptive 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 rights, with the consent of the Supervisory Board, to the extent necessary to grant pre-emptive 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 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 profit participation certificates, convertible bonds, or bonds with warrants 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, 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. Following the issue of preference shares in previous years, Contingent Capital II now amounts to EUR 2,554,880.

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; the interest in the distribution of profits and company assets attaching to these shares ranks equally with the 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 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. The exercise of conversion rights in financial year 2006 increased the share capital from Contingent Capital III by EUR 214,016, composed of 83,600 preference shares. Following the issue of the preference shares, Contingent Capital III now amounts to EUR 2,443,904.

In accordance with this authorisation, convertible bonds with a principal value of EUR 521,216 were issued in 2006. Conversion rights for 203,600 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 in the period 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. Subject to the detailed terms and conditions of 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 the Company's assets attaching to any non-voting preference shares issued ranks equally with the 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 subject to the detailed terms and conditions of 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 rights. However, the Managing Board is entitled, with the consent of the Supervisory Board, to exclude from the shareholders' pre-emptive rights any fractions resulting from the subscription ratio and to disapply pre-emptive rights to the extent necessary to grant pre-emptive 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 the Company's assets attaching to any non-voting preference shares issued will rank equally with the 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 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 previous 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; this takes the form of a reduction in the repayment entitlement and is 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. 2006**	EUR thou. 2005
Balance at 1 January	120,314	119,236
Capital increase	67,846	-
Increase due to exercise of conversion rights	1,291	1,078
Other changes	220	-
Balance at 31 December	**189,671**	**120,314**

Retained earnings

Retained earnings	**EUR thou. 2006**	EUR thou. 2005
Balance at 1 January	61,566	57,747
Transfer to retained earnings	14,000	3,635
Other changes	24	184
Balance at 31 December	**75,590**	**61,566**

Currency translation reserve

Currency translation reserve	EUR thou. 2006	EUR thou. 2005
Balance at 1 January	-1,707	-2,109
Differences arising on the translation of the financial statements of foreign subsidiaries	2	402
Balance at 31 December	**-1,705**	**-1,707**

Of the income and expense recognised directly in equity , EUR 1,405 thousand (2005: EUR 0 thousand) relates to the costs of issuing equity instruments (less the income tax portion) and EUR 2 thousand (2005: EUR 402 thousand) to income from the translation of financial statements of foreign subsidiaries prepared in euros.

Non-current liabilities and provisions

[4.19] **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.

Non-current other provisions	EUR thou. Real estate	EUR thou. Other	EUR thou. Total
Balance at 1 Jan. 2006	19,438	111	19,549
Additions	396	-	396
Reversals	-2,392	-	-2,392
Utilised	-922	-78	-1,000
Reclassifications	-795	-	-795
Interest effects	555	-	555
Foreign exchange differences	106	-	106
Balance at 31 Dec. 2006	**16,386**	**33**	**16,419**

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 profit participation certificates, issued borrower's note loans, bonds and convertible bonds, as well as bank loans falling due in more than one year.

Non-current financial liabilities at 31 Dec. 2006	EUR thou. Residual term of 1 - 5 years	EUR thou. Residual term of more than 5 years
Profit participation certificates	98,294	-
Borrower's note loans	92,697	-
Bonds	225,553	-
Liabilities to banks	19,674	4,858
	436,218	**4,858**

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	-
Liabilities to banks	5,120	5,467
	422,358	**54,354**

The profit participation certificates bearing profit-dependent interest at 9.05% p.a. have an aggregate nominal amount of EUR 100 million. Half of the amount is 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 covenants, and call options exist for the issuer and bond creditors. In addition, convertible bonds with nominal maturities of three years in each case and a coupon of 6.0% p.a. have been issued in several tranches as part of an employee equity-participation programme. The aggregate nominal amount totals EUR 1.4 million. Pursuant to the conditions applicable to the bonds, conversion rights for 545,600 non-voting preference shares are attached to the convertible bonds issued as at the closing date. Convertible bonds with a nominal value of EUR 214 thousand were converted into 83,600 preference shares and new convertible bonds with a nominal value of EUR 521 thousand were issued during the financial year.

Borrower's note loans with a total nominal value of EUR 218.0 million (2005: EUR 175.0 million) were issued in several tranches. Interest is paid at a variable rate linked to a reference rate (Euribor), and the maturities are between three and five years.

Liabilities to banks 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. 2006	31 Dec. 2005	**31 Dec. 2006**	31 Dec. 2005
Due in one to five years	2,057	1,245	2,019	1,197
Due in more than five years	-	-	-	-
Unrealised finance portions	38	48		

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 and interest-bearing liabilities arising from customer deposits.

Current liabilities and provisions

[4.22] The liabilities included in **current other provisions** are expected to be settled within one year. They consist mainly of provisions for taxes, legal costs, rental operations and staff provisions. The tax provisions relate mainly to income taxes. 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 other provisions	EUR thou. Taxes	EUR thou. Staff	EUR thou. Real estate	EUR thou. Other	**EUR thou. Total**
Balance at 1 Jan. 2006	40,020	7,681	1,858	12,779	62,338
Additions	25,995	9,266	741	2,663	38,665
Reversals	-233	-	-	-23	-256
Utilised	-21,593	-7,303	-1,439	-792	-31,127
Reclassifications	550	-	795	-550	795
Interest effects	-	-	80	-	80
Changes in reporting entity structure	-	1	-	-	1
Foreign exchange differences	7	-9	50	86	134
Balance at 31 Dec. 2006	**44,746**	**9,636**	**2,085**	**14,163**	**70,630**

Current other provisions	EUR thou. Taxes	EUR thou. Staff	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
Changes in reporting entity structure	21	-	-	-	21
Foreign exchange differences	-5	-	-	74	69
Balance at 31 Dec. 2005	**40,020**	**7,681**	**1,858**	**12,779**	**62,338**

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

Current financial liabilities	EUR thou. 31 Dec. 2006	EUR thou. 31 Dec. 2005
Borrower's note loans	125,000	32,000
Liabilities to banks	134,909	97,754
Other liabilities	19,203	17,988
	279,112	**147,742**

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 five years. In the financial year, borrower's note loans were paid down by a nominal EUR 32 million as scheduled.
Liabilities to banks include short-term borrowings at variable rates of interest taken out by 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.

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. [4.24]

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

Current other liabilities	EUR thou. 31 Dec. 2006	EUR thou. 31 Dec. 2005
Finance lease liabilities	74,483	87,620
Liabilities to affiliated companies	4,387	4,212
Liabilities to other investees	185	806
Other liabilities	25,080	22,620
of which payroll-related	1,672	3,398
of which deferred income	5,896	7,493
of which miscellaneous	17,512	11,729
	104,135	**115,258**

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. 2006	31 Dec. 2005	**31 Dec. 2006**	31 Dec. 2005
Due within one year	75,479	88,559	74,483	87,620
Unrealised finance portions	996	939		

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. 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.

The carrying amounts stated in the consolidated balance sheet for current and non-current liabilities roughly correspond to the fair values of those liabilities.

Deferred income relates mostly to the deferral of income from advance instalments by lessees, which are reversed using the straight-line method over the agreed term of the lease.

5. Other disclosures

5.1 Segment reporting

By business unit in EUR million	Rental		Leasing		Other		Reconciliation		Sixt Group	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
External revenue	863.3	770.4	575.7	562.0	4.1	3.3	0	0	1,443.1	1,335.7
Internal revenue	5.1	5.4	23.2	30.2	2.7	2.1	-31.0	-37.7	0	0
Total revenue	868.4	775.8	598.9	592.2	6.8	5.4	-31.0	-37.7	1,443.1	1,335.7
Depreciation and amortisation expense	182.8	151.8	85.2	93.7	0.4	4.0	-0.1	-0.1	268.3	249.4
Other non-cash expense	23.0	27.7	1.5	1.9	5.0	5.7	0	0	29.5	35.3
EBIT [1]	122.8	92.4	32.0	32.9	-1.5	-1.7	0	0	153.3	123.6
Net finance costs [2]	-18.4	-23.0	-18.1	-18.3	4.8	8.6	0	0	-31.7	-32.7
EBT [3]	104.4	69.4	13.9	14.6	3.3	6.9	0	0	121.6	90.9
Investments [4]	9.7	7.4	401.3	550.3	0.7	0.7	0	0	411.7	558.4
Segment assets	913.3	806.5	645.9	563.5	969.5	885.6	-975.1	-952.4	1,553.6	1,303.2
Segment liabilities	806.1	724.0	570.1	541.0	606.4	583.4	-866.9	-848.7	1,115.7	999.7
Employees [5]	1,774	1,693	223	211	18	19	0	0	2,015	1,923

By region in EUR million	Germany		Abroad		Reconciliation		Sixt Group	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Total revenue	1,215.2	1,142.7	231.2	194.9	-3.3	-1.9	1,443.1	1,335.7
Investments [4]	383.0	525.5	28.7	32.9	0	0	411.7	558.4
Segment assets	1,309.1	1,072.7	377.0	335.0	-132.5	-104.5	1,553.6	1,303.2

[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 is active in the two main business areas of 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 company, real estate leasing 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 eliminated in the reconciliation to the Group figures. Intercompany revenue is calculated at arm's length prices.

5.2 Contingent liabilities and other financial obligations

Contingent liabilities
In the financial year, as in the previous year, there were no contingent liabilities resulting from guarantees or similar obligations that were required to be disclosed.

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	**31 Dec. 2006**	31 Dec. 2005
Due within one year	166.2	127.5
Due in one to five years	108.4	181.0

The operating leases entered into to refinance the fleet contain purchase options at probable market values at the end of the lease term and, in a few cases, renewal options on an arm's length basis.

Obligations relating to fleet financing are offset by revenue from subleasing corresponding to the obligations on the financing side plus an interest margin. In the year under review, expenses in connection with lease instalments for fleet financing amounted to EUR 165.3 million (2005: EUR 142.5 million) and mileage agreement payments to EUR 2.2 million (2005: EUR 2.4 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 2,050 million (2005: EUR 795 million).

5.3 Financial risk management and hedging

The Sixt Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented:

Interest rate risk
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 650 million (2005: EUR 625 million). The total fair value of the transactions is EUR 6.1 million (2005: EUR -8.2 million); this corresponds to the market price. The transactions are reported under other assets or other liabilities. The valuation used by the transaction partners (financial institutions) are based on market yield curves. By concluding hedging transactions as part of risk management, the Group consciously converts largely existing variable interest-bearing liabilities into synthetic fixed-interest refinancing.

In financial year 2006, as in the previous year, changes in the fair values of derivative financial instruments were recognised in the income statement.

Default risk
A risk of default exists in particular in the Leasing Business Unit, but also in Vehicle Rental. Credit checks are performed in accordance with internal guidelines prior to entering into an agreement in order to minimise the risk of default. Customer creditworthiness is also checked at regular intervals during the term of the agreement. In the event of a concrete default risk, a valuation allowance is recognised. In addition, there is the risk that suppliers will not be able to meet their obligations under buy-back agreements. In such cases, Sixt bears the resale risk relating to the vehicles. In this context too, Sixt performs regular credit checks.

Liquidity risk
Liquidity risk is managed via financial planning performed in accordance with internal guidelines. Sixt has sufficient opportunities for refinancing in the capital markets and through the use of the credit lines available to it.

Exchange rate and country risk
Exchange rate risk is of only minor significance in the Sixt Group, as receivables and liabilities are due in the local currency of the country in which the respective Group company is based. There are almost no country risks at the present time.

5.4 Notes on the consolidated cash flow statement

The cash flow statement shows the change in cash and cash equivalents in the financial year. In accordance with IAS 7 (Cash Flow Statements), a distinction is made between cash flows from each of operating, investing and financing activities. The format has changed slightly compared with the previous year (mainly with regard to the presentation of changes arising from current financial liabilities) and prior-year amounts have been adjusted accordingly. Cash and cash equivalents correspond to the cash and bank balances item in the balance sheet. The effect of changes in foreign exchange rates on cash and cash equivalents amounts to EUR 63 thousand as at the balance sheet date (2005: EUR 91 thousand). In accordance with IAS 7.31 and IAS 7.35, net cash from operating activities includes the following inflows and outflows of cash:

	EUR thou. 2006	EUR thou. 2005
Interest received	425	2,568
Interest paid	40,526	50,489
Dividends received	1,943	2,340
Income taxes paid	35,249	12,392

5.5 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 subject 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). Furthermore, the Annual General Meeting on 13 August 2003 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 in their principal amount to members of the Company's Managing Board, members of the management of German and foreign affiliates within the meaning of sections 15 ff of the AktG and employees who may be included due to their exceptional performance. Subject to the detailed terms and conditions of the bonds, the buyers are entitled to purchase new preference shares in Sixt Aktiengesellschaft, whereby the interest in the distribution of profits and the Company's assets attaching to these shares ranks equally with the 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 2004 through to 2006 and with a coupon of 6% p.a., a carrying amount of EUR 1,397 thousand and conversion rights for up to 545,600 preference shares in accordance with the two authorisations mentioned above.

The conversion rights granted in each case 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. In certain cases special arrangements can be provided. When the conversion right is exercised, one preference share is issued for every EUR 2.56 of the principle amount of the convertible bonds.

The conversion price for the acquisition of 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.
The official cash market price means the price in the 1 pm 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 (hereinafter referred to as 'SDAX') over 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 sixth trading day before the Annual General Meeting of Sixt Aktiengesellschaft in the financial year in which the term of the convertible bond ends.
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 must be added to the average for the second reference period when calculating share price performance.
The terms and conditions of the bonds provide for adjustment of the perfomance discount especially in the event of a capital increase from retained earnings, a capital decrease, or the purchase of own shares.

The number of stock options changed as follows:

Stock options	**2006**	2005
Outstanding at the start of the financial year	430,000	342,400
Granted during the financial year	203,600	191,800
Returned during the financial year	- 4,400	- 24,000
Exercised during the financial year	- 83,600	- 80,200
Outstanding at the end of the financial year	545,600	430,000

The exercise price for stock options exercised during the financial year was EUR 18.01 (2005: EUR 14.92) per preference share. The average price (XETRA) of the preference shares at the option's exercise date was EUR 32.35.

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	**2006**	2005
Risk-free interest rate (%)	3.56	2.77
Expected volatility (%)	35.00	20.00
Expected term until exercise (years) at issue	2.75	2.65
Expected residual term until exercise (years)	2.45	1.45
Expected dividends (EUR)	2.14	1.34
Price of preference shares on the issue date (EUR)	29.29	17.45
Expected price of preference shares on the conversion date (EUR)	37.89	19.80
Estimated exercise price per preference share (EUR)	35.77	19.56

The expected volatility was estimated on the basis of the historical volatility of the share price. The expected term used in the model was adjusted to reflect the Managing Board's best estimate of the impact of non-transferability, exercise restrictions and behaviour. In 2006, the Group recognised personnel expenses of EUR 220 thousand (2005: EUR 86 thousand) in connection with equity-settled share-based payment and allocated this amount ratably to capital reserves. The convertible bonds issued during the financial year contained stock options with a fair value of EUR 985 thousand at the issue date. For the options granted in financial year 2004 when the convertible bond was issued, the estimated exercise price per preference share at the issue date was EUR 10.88. This tranche has a residual term of 0.5 years. There were no options exercisable at the balance sheet date.

5.6 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 a uniform fixed rate for the Group. The balances are presented under “Receivables from affiliated companies” or “Receivables from other investees” and under “Liabilities to affiliated companies” or “Liabilities to other investees”. The main balances resulting from such relationships are outlined below: Receivables from affiliated companies include receivables from Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG, Pullach, in the amount of EUR 4.9 million (2005: EUR 4.9 million), from Sixt Leasing (UK) Ltd., Chesterfield, in the amount of EUR 2.1 million (2005: EUR 3.0 million) and from Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG, Pullach, in the amount of EUR 2.1 million (2005: EUR 2.1 million). In the previous year, receivables of EUR 1.8 million from SIXT RENT A CAR S.L., Palma de Mallorca, and EUR 0.3 million from United rentalsystem GmbH, Pullach, were also reported. Liabilities to affiliated companies include liabilities to United rentalsystem GmbH, Pullach, in the amount of EUR 0.3 million (2005: EUR 0 million), to Sixt Franchise SARL, Paris, in the amount of EUR 0.3 million (2005: EUR 0.3 million), to Sixt Aeroport SARL, Paris, in the amount of EUR 0.3 million (2005: EUR 0.3 million) and to Sixt Leasing (UK) Ltd., Chesterfield, in the amount of EUR 3.0 million (2005: EUR 3.0 million). In the previous year, liabilities of EUR 0.3 million to MOHAG-Autohaus Windhäuser GmbH, Recklinghausen, and EUR 0.5 million to MOHAG Motorwagen-Handelsgesellschaft mbH, Gelsenkirchen, were also reported under liabilities to other investees. The corresponding income and expense is also presented separately in the breakdown of net finance costs. The Group rents two properties belonging to the Sixt family for its operations. In the financial year, as in the previous year, the rental 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 (2005: EUR 0.1 million).

Supervisory Board and Managing Board

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 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

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
Karsten Odemann Bad Tölz	Member of the Supervisory Board of Sixt Leasing AG Member of the Supervisory Board of e-Sixt GmbH & Co. KG President of the Administrative Board of Sixt AG, Basel (since 13 July 2006)
Detlev Pätsch Oberhaching	
Hans-Norbert Topp Munich	Member of the Supervisory Board of Sixt Leasing AG President of the Administrative Board of Sixt Holiday Cars AG

Total remuneration of the Supervisory Board and Managing Board

Group	EUR thou. 2006	EUR thou. 2005
Supervisory Board remuneration	104	104
Total remuneration of the Managing Board	5,008	2,425
of which variable remuneration	1,278	490

The prior-year disclosures regarding the remuneration of the Managing Board have been adjusted due to the fact that the remuneration paid to the management of subsidiaries is no longer reported. The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

In the year under review, as in the previous year, no convertible bonds were issued to members of the Supervisory Board under the existing stock option scheme. Convertible bonds with a nominal value of EUR 154 thousand (2005: EUR 154 thousand) were issued to members of the Managing Board. Conversion rights for up to 60,000 preference shares (2005: 60,000 preference shares) are attached to these convertible bonds pursuant to the terms and conditions of to the bonds. The fair value resulting out of the conversion rights at the issue date was EUR 290 thousand.

Shareholdings

As at 31 December 2006, Erich Sixt Vermögensverwaltung GmbH, in which Erich Sixt is the sole shareholder, 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 Boards 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 6 June 2006 at EUR 33.52 per share, of 20,000 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.

5.7 Proposal on the appropriation of the unappropriated profit

Sixt Aktiengesellschaft, which acts as a holding company, reported an unappropriated profit for financial year 2006 in accordance with German commercial law of EUR 57,512 thousand. Subject to the approval of the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal on the appropriation of the unappropriated profit	EUR thou.
Payment of a dividend of EUR 1.05 per ordinary share	17,296
Payment of a dividend of EUR 1.07 per preference share	9,024
Transfer to retained earnings	31,150
Carried forward to new account	42

The dividend proposal, which would lead to a total distribution of EUR 26,320,351, appropriately reflects the healthy earnings trend of the Sixt Group in the year under review and also further strengthens the equity base.

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

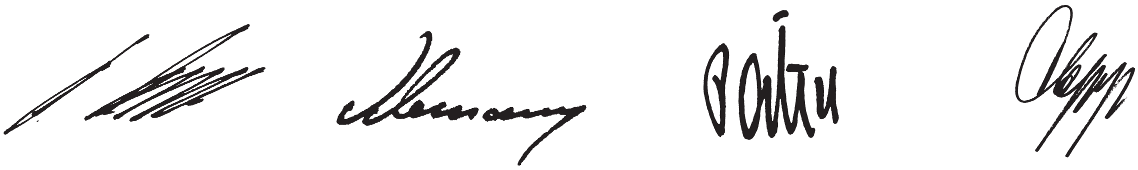
The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the "Government Commission on the German Corporate Governance Code" are being complied with and which recommendations have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

5.9 Authorisation of the consolidated financial statements in accordance with IAS 10.17

These consolidated financial statements will be authorised for issue by the Managing Board and the Supervisory Board on 29 March 2007.

Pullach, 9 March 2007

Sixt Aktiengesellschaft



ERICH SIXT   KARSTEN ODEMANN   DETLEV PÄTSCH   HANS-NORBERT TOPP

Appendix to notes to the consolidated financial statements of Sixt Aktiengesellschaft, Pullach
List of Shareholdings as at 31 December 2006

Name	Domicile	Nominal capital	Equity	Equity interest (%)	Annual result
e-Sixt Verwaltungs GmbH	Munich	50,000 DM	33,470 EUR	100.0	2,152 EUR
Sixt GmbH	Leipzig	50,000 DM	82,303 EUR	100.0	3,631 EUR
Sixt Leasing (UK) Ltd.	Chesterfield	2 GBP	-1,390,786 GBP	100.0	649,723 GBP
Sixt Limousine Service Rhein Main GmbH	Frankfurt	50,000 DM	38,438 EUR	100.0	920 EUR
Alsa Autovermietung GmbH [1)]	Pullach	50,000 DM	25,565 EUR	100.0	500 EUR
Sixt Verwaltungsges. mbH & Co. Gamma Immobilien KG	Pullach	50,000 DM	-466,778 EUR	100.0	-17,759 EUR
Sixt Verwaltungsges. mbH & Co. Epsilon Immobilien KG	Pullach	50,000 DM	-358,019 EUR	100.0	-64,068 EUR
Sixt Travel GmbH	Taufkirchen	1,000,000 DM	375,997 EUR	97.0	67,011 EUR
Sixt Beteiligungen GmbH	Pullach	25,000 EUR	28,433 EUR	100.0	1,417 EUR
Sixt Acquisition et Service SARL	Haussimont	7,622 EUR	37,018 EUR	100.0	3,869 EUR
Sixti SARL	Courbevoie	7,622 EUR	21,958 EUR	100.0	1,357 EUR
Sixt Franchise SARL	Paris	7,622 EUR	26,568 EUR	100.0	2,506 EUR
Sixt Aéroport SARL	Paris	7,622 EUR	13,852 EUR	100.0	634 EUR
UNITED rentalsystem SARL	Paris	7,000 EUR	26,916 EUR	100.0	19,553 EUR
Sixt Autoland GmbH	Garching	25,000 EUR	23,458 EUR	100.0	-1,458 EUR
Sixt Verwaltungs-GmbH	Taufkirchen	25,000 EUR	30,612 EUR	100.0	619 EUR
Sixt Franchise GmbH	Pullach	25,000 EUR	17,460 EUR	100.0	-362 EUR
Sixt S.R.L.	Milan	10,200 EUR	10,012 EUR	100.0	7,551 EUR
Sixt Verwaltungsges. mbH & Co. Sita Immobilien KG	Pullach	25,000 EUR	9,404 EUR	100.0	-458 EUR
Sixti GmbH [1)]	Pullach	25,000 EUR	25,000 EUR	100.0	4,035 EUR
Sixt Immobilien Beteiligungen GmbH	Pullach	25,000 EUR	57,449 EUR	100.0	7,020 EUR
Sixt Executive GmbH	Pullach	50,000 DM	20,761 EUR	100.0	-2,817 EUR
United rentalsystem GmbH	Pullach	25,000 EUR	238,952 EUR	100.0	263,783 EUR
Sixt Allgemeine Leasing (Schweiz) AG	Basel	100,000 SFR	96,118 SFR	100.0	-3,882 SFR
Sixt Asia Pacific Pte Ltd.	Singapore	200,000 SGD	281,893 SGD	65.0	81,893 SGD
Sixt International Holding GmbH	Munich	25,000 EUR	23,905 EUR	100.0	-1,095 EUR

[1)] Profit and loss transfer agreement with Sixt GmbH & Co. Autovermietung KG, Pullach

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 2006. 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 Managing Board. 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 the Managing Board 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 by 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 understanding of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 12 March 2007

Deloitte & Touche GmbH	(Bögle)	(ppa. Papadatos)
Wirtschaftsprüfungsgesellschaft	**Wirtschaftsprüfer**	**Wirtschaftsprüfer**


SIXT
Aktiengesellschaft
Sit taller, drive faster, grin bigger.
(Rent the Mercedes-Benz M-Class at sixt.com)

Balance Sheet of Sixt Aktiengesellschaft, Pullach as at 31 December 2006

Assets	EUR	EUR 31 Dec. 2006	EUR 31 Dec. 2005
A. Fixed assets			
I. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land		1,610,958	1,612,523
II. Financial assets			
1. Shares in affiliated companies	156,671,045		156,397,945
2. Investments	0	156,671,045	4,400,000
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	824,094,734		628,052,368
2. Receivables from other investees	0		184,189
3. Other assets	1,002,618	825,097,352	2,701,511
C. Prepaid expenses		401,170	774,762
		983,780,525	**794,123,298**

Equity and Liabilities	EUR	EUR 31 Dec. 2006	EUR 31 Dec. 2005
A. Equity			
I. Subscribed capital	63,760,256		57,816,320
II. Capital reserves	189,126,468		118,583,393
III. Revenue reserves			
1. Other revenue reserves	87,579,937		73,579,937
IV. Profit participation capital	100,000,000		100,000,000
V. Unappropriated profit			
– thereof retained profits brought forward EUR 31,750	57,512,272		34,056,960
		497,978,933	384,036,610
B. Special tax-allowable reserve		1,138,033	1,785,177
C. Provisions			
1. Provisions for taxes	17,306,527		9,425,572
2. Other provisions	12,067,188	29,373,715	14,196,162
D. Liabilities			
1. Bonds	421,396,736		346,100,800
2. Liabilities to banks	717		396
3. Liabilities to affiliated companies	14,604,605		17,479,752
4. Other liabilities	18,616,277	454,618,335	20,229,170
E. Deferred income		671,509	869,659
		983,780,525	**794,123,298**
Off-Balance-Sheet Items			
1. Liabilities from guarantees EUR 561,086,563 (2005: EUR 574,484,412)			

Income Statement of Sixt Aktiengesellschaft, Pullach for the year ended 31 December

	EUR 2006	EUR 2005
1. Other operating income	7,024,901	4,659,130
2. Depreciation and amortisation of intangible and tangible assets	1,565	1,565
3. Other operating expenses	6,381,915	7,160,388
4. Income from investments	67,734,671	35,117,215
5. Income from profit transfer agreements	13,661,548	13,748,621
6. Other interest and similar income	34,825,797	27,884,985
7. Write-downs of financial assets and investments classified as current assets	4,659,000	0
8. Interest and similar expenses	17,967,392	13,993,859
9. Expenses for profit participation capital	9,050,000	9,050,000
10. Result from ordinary activities	**85,187,045**	**51,204,139**
11. Taxes on income	27,700,151	17,145,463
12. Other taxes	6,372	6,372
13. Net income for the period	**57,480,522**	**34,052,304**
14. Retained profits brought forward	31,750	4,656
15. Unappropriated profit	**57,512,272**	**34,056,960**

Financial Calendar

Financial Calendar 2007 for Sixt Aktiengesellschaft	
Press Conference on Financial Year 2006 in Munich	17 April 2007
Analysts' Conference in Frankfurt	17 April 2007
Publication of the 2006 Annual Report	17 April 2007
Interim Report as at 31 March 2007	23 May 2007
Annual General Meeting on Financial Year 2006 in Munich	12 June 2007
Interim Report as at 30 June 2007	20 August 2007
Interim Report as at 30 September 2007	15 November 2007

All dates / locations subject to change.

Editorial Service
Frank Elsner Kommunikation für Unternehmen GmbH, Westerkappeln

Design
Jürgen Kreitmeier, www.trafo-vk.de

the spirit of mobility

Sixt Aktiengesellschaft
Zugspitzstraße 1
82049 Pullach
Germany
Phone +49 (0)89/7 44 44-4260
Fax +49 (0)89/7 44 448-4260
InvestorRelations@sixt.de
Phone +49 (0)5404/91 92 0
www.sixt.com
Reservation Centre
+49 (0)180/5 25 25 25 (€ 0,14/Min.)