# Spyker Cars N.V.

*Annual Report 2010*

# Contents

## FOREWORD BY THE CEO

Dear stakeholders,

2010 was a year of arduous work for all of us. After intensive negotiations with General Motors, we managed to acquire Saab Automobile AB ("Saab Automobile") as per 23 February 2011. Saab Automobile's starting point at that moment was a complete standstill situation. Our challenges were countless: production start up, introduction of new Saab models, re-establishment of Saab's global sales network and the restructuring of Saab Automobile's organization, now being an independent company.

I have compared Saab often to a beautiful lion who grew up in captivity. One day that lion is loaded on to a truck and released in the vast savannahs of Africa. That mighty animal has to learn how to hunt for its own prey and support himself. Being used to receiving his meals in a stainless bowl, that lion has some serious challenges adapting to his new-found freedom. Saab matches this image closely but its totally dedicated work force is quick and eager to learn and we are getting there rapidly.

Our prime task was to regain the trust of suppliers, dealers and customers. All operational activities of Saab Automobile were centralized in Trolhättan in Sweden. Car manufacturing became operational in March.

In May, the all new 9-5 was introduced and well received. Later during the year, new diesel engines were introduced for the 9-3 range, delivering class-leading low CO2 levels for model year 2011.

By 1 July, we completed the carve-out of the Saab distribution network from General Motors, two months earlier than anticipated. Meanwhile, we built up a global Saab-controlled distribution network, now covering more than 50 countries worldwide.

In addition to our stand-alone engineering centre, we sought benefits from other technology resources. In the third quarter of 2010, we reached agreement with BMW on the supply of 4-cylinder 1.6 litre turbocharged gasoline engines for the successor of the current Saab 9-3. We also partnered with American Axle Manufacturing, for the development and marketing of a Saab-developed electric all wheel drive system.

Within Saab Automobile's organization, we introduced the "New Saab Office" to support change management: Saab as an independent company is a very different animal than it used to be when being a small unit within a very large conglomerate. A number of comprehensive mid- and long-term initiatives have been identified as playing significant roles for a sound future of Saab's automotive business.

Our efforts were rewarded by growing production and sales numbers, increasing quarter by quarter. However, we have far from arrived.

Our top priority is to make Saab Automobile a profitable, independent niche premium car manufacturer. We will continue to refresh our product offering and focus on much shorter product life-cycles than those Saab was used to have. In 2011, the 9-4X crossover and the 9-5 SportCombi will go on sale, to be followed by the all new 9-3 in 2012, the first car to be developed under our stewardship.

We will focus on the expansion of sales, both by expansion in markets we recently entered (Japan, Canada, Portugal, Australia) and by establishing distribution networks in important growth markets, such as China and Russia. Other important priorities are management of cash and cost control, improvement of sales prices and higher profit margins.

We signed a memorandum of understanding to sell the assets of the Spyker sports car business. The indicative sales price includes a purchase price of € 15 million plus a € 17 million earn-out. The sale will enable us to exclusively focus on the Saab automotive business, while reducing our debt burden and interest expenses. The decision to separate the Spyker and Saab automotive businesses is a good one from a capital structure point of view. The Spyker Automotive business represented less than 0.5 percent of total sales of the Group and we simply could not justify seriously diluting shareholders to fund the expansion of that business unit. If and when the sale will be executed, the name of Spyker Cars N.V. will be changed.

We will continue to enhance Saab's unique and strong brand, relying on its heritage of innovation, aircraft manufacturing and Scandinavian values.

Victor R. Muller

Chief Executive Officer and Founder

Zeewolde, 31 March 2011

## WHO WE ARE

### Profile

Spyker Cars N.V. (“Spyker Cars”) is a public limited liability company incorporated under the laws of the Netherlands with its statutory seat in Zeewolde, the Netherlands. It has been listed at the NYSE Euronext Amsterdam Stock Exchange since 27 May 2004.

Spyker Cars is a holding company that owns subsidiaries which produce and sell automobiles under the Saab and Spyker brands (together referred to as the “Group”). On 23 February 2010, Spyker Cars acquired Saab Automobile AB (“Saab Automobile”), which had been a wholly-owned part of the General Motors group for ten years.

This annual report concerns mainly the automotive business of Saab in view of the relative insignificance of Spyker’s automotive business compared to the Saab’s and its planned disposal in 2011.

Saab Automobile has been producing cars since 1949, when it was a division of the Swedish aircraft manufacturer Svenska Aeroplan Aktiebolaget (first abbreviated to SAAB and later Saab). Like Spyker Cars, it has a rich tradition of aircraft-inspired design, independent thinking and innovation that continues to this day.

In Trollhättan, Sweden, about 70 km north of Gothenburg, Saab Automobile operates state-of-the-art facilities where it designs, develops, manufactures and distributes premium automobiles. The Saab 9-3 and Saab 9-5 model ranges are built at Trollhättan on a single, adaptable production line. Virtually all Saab activities are now concentrated at the Trollhättan site. Saab Automobile Parts AB, a wholly-owned subsidiary of Saab Automobile which operates a distribution center for spare parts and accessories, is located in Nyköping, Sweden. The Saab 9-4X is manufactured at a General Motors facility in Ramos Arizpe, Mexico.

In 2010, Saab Automobile forged ahead as a revitalized, entrepreneurial company, forming new business partnerships, restructuring its organization and introducing new ways of working. As part of its five-year business plan, it launched the biggest product offensive in the company’s history. Saab Automobile introduced the all-new 9-5 Sedan in 2010. In 2011, the 9-3 Griffin range (including the 9-3 Convertible Independence Edition), the new 9-4X crossover vehicle and the 9-5 SportCombi were unveiled and are appearing on the showroom floor this same year. 2012 sees the introduction of an all new successor to the 9-3 series.

## Our markets

At the end of 2010, Saab Automobile sold cars in 40 markets, spanning 51 countries around the world through a network of around 900 sale points. Traditionally, the three largest markets for Saab cars are the United States, Sweden and the United Kingdom.

## Our strategy

Management will continue to focus on making Saab Automobile a profitable, independent niche premium car manufacturer, while reducing risks in the execution of the plan. Its key priorities in this respect are to:

- Continue product development activities in order to refresh and expand the entire product portfolio
- Continue to build up an independent Saab distribution organization
- Continue to build up capabilities as an independent company
- Manage funding and cash and to control costs and capital expenditure tightly
- Continue to focus on initiatives to further reduce the break-even point.

All measures target to restore confidence with dealers, suppliers, customers and other stakeholders in order to support increasing sales.

In addition to driving the ongoing business operations, Management will continue the execution of its business plan. Saab Automobile will continue to enhance its unique and strong brand, relying on its heritage of innovation, aircraft inspiration and Scandinavian values. Management's focus remains on the strategic positioning of Saab as a premium brand and to improve sales prices and higher profit margins through a rejuvenated product portfolio.

## Our models

Per 31 March 2011, the following Saab car models are for sale:

Saab 9-5 Sedan

Saab 9-3 SportSedan

Saab 9-3 SportCombi

Saab 9-3 Convertible

Saab 9-3X

In view of the intended sale of the Spyker automotive business ("Spyker Automotive"), the Spyker car models are not mentioned here.

# BOARD MEMBERS OF SPYKER CARS

## Members of the Supervisory Board per 31 March 2011

*Hans (J.)B.Th. Hugenholtz (1950, male, Dutch), Chairman*

Hans Hugenholtz is chief executive officer and owner of the following companies: (i) Hugenholtz Property Group, a group with affiliated companies in the Netherlands, Belgium (HPG Belgium N.V.), France (Groupe Franco-Hollandaise) and Germany (HPG Projektgesellschaft Aachen) that develop real estate, (ii) Nerons Holding B.V., a holding company with three affiliated companies that import and distribute helmets, motorcycle clothing, accessories and scooters in Holland and Belgium.

Mr. Hugenholtz has held positions in venture capital related organisations; prior to his current activities, he was co-owner and Member of the Board of Zadelhoff Makelaars (now DTZ) and various property development companies.

Mr. Hugenholtz studied mechanical engineering at Delft University and holds a degree in Business Financing from Erasmus University.

Racing motor cars since 1971, Mr. Hugenholtz is a former Dutch Touring Car Champion, European Historic GT Champion and has participated 7 times in the Le Mans 24 hrs.

Mr. Hugenholtz was reappointed Supervisory Board member of Spyker Cars in the general meeting of 2007 for a term of four years until the annual general meeting of 2011; per 23 February 2010 he became chairman of the Board. Mr. Hugenholtz is available for reappointment in 2011.

Per 31 March 2011, Mr. Hugenholtz, mostly through his personal holding company Milestone Beheer B.V., held 326,348 ordinary shares in Spyker Cars.

*Maurizio La Noce (1957, male, American), Vice Chairman*

Maurizio La Noce is the CEO of Mubadala Oil & Gas as well as the Executive Director for the Energy Unit of Mubadala Development company, responsible for the development and management of viable businesses and investment opportunities in the hydrocarbons and other energy sectors.

Mr. La Noce has over 25 years of experience in the energy industry with the last 15 years primarily devoted to the development and management of multi-billion dollar energy, high-tech and industrial projects in the Middle East. He began his career in 1983 and held various commercial and managerial positions with Atlantic Richfield (ARCO) and ENRON International while on job assignments in Milan, London, Dallas and the UAE.

Mr. La Noce currently represents Mubadala on several Boards of Directors: Emirates Aluminium (EMAL), Pearl Energy; GlobalFoundries, Spyker Cars NV and he is the Chairman of the Dolphin PRC.

Mr. La Noce completed his degree in Industrial Electronics in Italy and his hydrocarbon education at the College of Petroleum Studies in Oxford.

Mr. La Noce was reappointed Supervisory Board member on 23 April 2009 for a term of four years and will retire at the annual general meeting of 2013.

Per 31 March 2011, Mr. La Noce held no shares in Spyker Cars. Mubadala Development Company, through MDC-SC Holdings Sàrl, holds just above 15% of Spyker Cars' shares.

*Alexander J. Roepers, (1959, male, American)*

Alexander Roepers is the President and CIO of Atlantic Investment Management, Inc. ("Atlantic"), which he founded in 1988. Atlantic, an SEC Registered Investment Advisor with offices in New York and Tokyo, manages $1.7 billion from institutional and high net worth investors and deploys a concentrated value approach to investing in the public markets. As a result of his work at Atlantic, Mr. Roepers has been an actively engaged shareholder of many publicly-traded industrial and consumer products and services companies around the world.

Prior to forming Atlantic, Mr. Roepers was Director of Corporate Development, involved in M&A activities, at the Thyssen-Bornemisza Group in New York from 1984 until 1988. From 1980 to 1982, he worked at Dover Corporation in New York.

Mr. Roepers has an MBA from Harvard Business School (1984) and holds a BBA degree from Nijenrode University, the Netherlands School of Business (1980).

Born and raised in The Hague, The Netherlands, Mr. Roepers has lived in New York City since 1984.

Mr. Roepers was appointed Supervisory Board member on 22 April 2010 for a term of four years and will retire at the annual general meeting of 2014.

Per 31 March 2011, Mr. Roepers held no shares in Spyker Cars.

## Former members of the Supervisory Board who were in function during 2010

*Vladimir Antonov (1975, male, Russian)*

Vladimir Antonov was appointed Supervisory Board member on 21 January 2008 and became chairman per 17 April 2008.

During his Supervisory Board membership, Mr. Antonov - through Snoras - held the Priority share in Spyker Cars as well as 4,643,750 shares, first through Snoras and later through RMC Convers Group Holdings Limited. He stepped down on 23 February 2010 when he sold all of these shares. Messrs Bondars and Stancikas (see below) retired at the same time.

During his term with Spyker Cars, Mr. Antonov also held the position of Chairman of the Supervisory Boards of UAB "SNORO turto valdymas" of Vilnius, Lithuania ("Snoras") and Conversbank Ltd., Russia. Mr. Antonov is main shareholder of Snoras and of Conversbank Ltd.

*Martins Bondars (1971, male, Latvian)*

Martins Bondars was appointed Supervisory Board member on 21 January 2008 and retired on 23 February 2010.

Also, Mr. Bondars was president and chairman of the board of JSC Latvijas Krajbanka in Latvia, a subsidiary of Snoras.

During his Supervisory Board membership, Mr. Bondars held no shares in Spyker Cars.

*Naglis Stancikas (1968, male, Lithuanian)*

Naglis Stancikas was member of the Supervisory Board from 23 April 2009 until 23 February 2010. During his term with Spyker Cars he worked for Snoras in the position of first Vice President, Deputy Head of Administration of Snoras as well as Director of Snoras' Investment Business Division. Mr. Stancikas held no shares in Spyker Cars.

*Pieter H. Heerema (1951, male, Dutch)*

Pieter Heerema was member of the Supervisory Board from 22 April 2010 until 21 March 2011, when he voluntarily stepped down.

Through a special purpose investment vehicle Mr. Heerema has made available to Spyker Cars a convertible loan of US$ 25 million, with a two year term and a conversion price of € 3.75 per share.

Per 31 March 2011, Mr. Heerema, through his personal holding company Epcote S.A, holds a right to acquire 4,852,013 shares under the € 18.2 million convertible loan.

## Members of the Management Board per 31 March 2011

Victor R. Muller (1959, male, Dutch), Chief Executive Officer

Victor Muller is the founder of Spyker Cars. As Chief Executive Officer he is responsible for implementing the overall strategy of Spyker.

Mr. Muller started his career in 1984 as a lawyer at Caron & Stevens/Baker & McKenzie, Amsterdam. In 1989, he became a member of the management team for the offshore company Heerema in Leiden and was involved in several acquisitions. He became partial owner of Wijsmuller Salvage and Towage, IJmuiden, as a member of a consortium through a management buy-out. From 1992, he has managed and restructured several companies including Emergo Fashions Group B.V. that went public under the name McGregor Fashion Group N.V. in April 1999.

Mr. Muller was appointed management board member for an indefinite period of time.

On February 23rd, 2010, Mr. Muller was appointed chairman of the Board of Saab Automobile AB, a 100% subsidiary of Spyker Cars.

Per 31 March 2011, through his personal holding company Investeringsmaatschappij Helvetia B.V. and through Tenaci Capital B.V., Mr. Muller held 6,967,162 ordinary shares in Spyker Cars and 1,505,632 option rights.

D. Hans (J.)C.Y.S. Go (1962, male, Dutch), Chief Financial Officer

Before joining Spyker Cars on 15 March 2009, Hans Go was Director Investment Banking at AB Capital Dubai, a subsidiary of the Arab Bank. Previously, he worked seven years for private investors, mainly in the function of CFO. As co-founder of the IMRA Network he worked as an independent financial advisor in several assignments. Up to 2000, Mr. Go worked for Unilever where he had management positions in finance, logistics, ICT and business development and was stationed in the Netherlands, China and Vietnam. Mr. Go holds a Master in Business Economics and graduated in Accountancy at the University of Amsterdam.

Mr. Go was appointed statutory member of the Management Board on 23 April 2009. The key focus areas of Mr. Go concern finance & control, risk management and organizational improvement.

Per 31 March 2011, Mr. Go held 5,000 shares in Spyker Cars. He has a right to acquire 59,782 shares under the ESOP if all ESOP requirements are fulfilled.*

* For further details about option rights under the Employee Share Option Plan (ESOP), see the Remuneration chapter in this annual report.

### Candidate for appointment as new member of the Management Board, nominated by the Supervisory Board

Robert Schuijt (1962, male, Dutch), Senior Vice President Corporate Development

Rob Schuijt currently is Senior Vice President Corporate Development at Spyker Cars. He is responsible for the strategy, business developments and alliances of the group. Together with Saab's Management Team his assignment is the implementation of Saab's business plan and the improvement of the group's performance.

As an independent consultant, Mr. Schuijt was hired by Spyker Cars to realize the acquisition of Saab Automobile. He was one of the key members of the acquisition team.

Prior to having his own independent consulting firm, Rob Schuijt was a Partner and Vice President at Booz Allen & Hamilton (now Booz & Company), a privately held international Management Consulting Company. Before that, Mr. Schuijt was a Partner at Heidrick & Struggles, an advisory firm focusing on providing quality leadership advisory solutions.

Rob Schuijt holds a Master's degree in Business Law (Universiteit Leiden) and has an MBA from Darthmouth College, USA.

Mr. Schuijt Works for Spyker Cars pursuant to a management agreement. As a part of Mr. Schuijt's remuneration package, Spyker Cars has granted him the right to subscribe for 300,000 ordinary shares, subject to the approval of the General Meeting of Shareholders of Spyker Cars. These shares will be issued in separate tranches of 100,000 shares each over the next three years. Per 31 March 2011, Mr. Schuijt held no shares in Spyker Cars.

## Five-year overview of the key figures

| Based on IFRS | 2010 | 2009 | 2008 | 2007 | 2006 [1] |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Revenues | 819,235 | 6,604 | 7,852 | 5,141 | 19,692 |
| Operating result | -140,128 | -19,237 | -21,797 | -29,689 | -3,620 |
| Result before taxes | -157,968 | -22,953 | -23,840 | -32,332 | -3,942 |
| Result from continued operations | -157,760 | -22,953 | -23,840 | -36,337 | -3,818 |
| Result from discontinued operations [2] | -60,523 | 0 | 0 | -35,738 | 2,477 |
| Result attributable to owners of the parent | -218,283 | -22,953 | -24,767 | -71,306 | -1,409 |
| | | | | | |
| **Average number of employees (in FTE)** [3] | 3,833 | 131 | 132 | 166 | 126 |
| | | | | | |
| **Balance sheet data** | | | | | |
| Non-current assets | 515,436 | 50,037 | 44,011 | 43,273 | 131,137 |
| Equity attributable to owners of the parent | -206,508 | 2,613 | 24,913 | 25,657 | 82,987 |
| Balance sheet total | 1,077,682 | 64,183 | 60,542 | 68,012 | 186,044 |
| | | | | | |
| **Net cash from operating activities** | -123,025 | -17,941 | -19,518 | -44,179 | -10,679 |
| | | | | | |
| **Shares of Spyker Cars N.V.** | | | | | |
| Outstanding shares as at 31 December with a par value of € 0.04 | 17,495,991 | 15,825,992 | 15,572,476 | 9,747,476 | 6,210,378 |
| Weighted average number of shares diluted | 25,736,819 | 16,908,690 | 16,714,321 | 7,122,869 | 4,679,963 |
| | | | | | |
| Weighted average number of shares | 17,207,306 | 15,671,799 | 15,295,962 | 6,929,401 | 4,563,658 |
| Group equity per share | € -12.00 | € 0.17 | € 1.63 | € 3.70 | € 18.66 |
| Result from continued operations per share | € -9.17 | € -1.46 | € -1.62 | € -5.13 | € -0.85 |
| Result from discontinued operations per share | € -3.52 | € 0.00 | € 0.00 | € -5.16 | € 1 |
| Result per share | € -12.69 | € -1.46 | € -1.62 | € -10.29 | € -0.31 |
| Cash flow from operating activities per share | € -7.15 | € -1.14 | € -1.28 | € -6.38 | € -2.34 |

[1] 2006 comparative figures have been adjusted due to the finalization of the PPA and the presentation of Formula One Racing as discontinued operations.
[2] Discontinued operations relate to the results of the Spyker Automotive activities for 2010, without adjusting the comparitive figures of previous years.
Discontinued operations of 2007 relate to the results of the Formula One Racing activities, the comparetive figures for 2006 have been adjusted.
[3] Only relates to the continued operations of 2010.

# INFORMATION FOR SHAREHOLDERS

## Key financial dates 2011

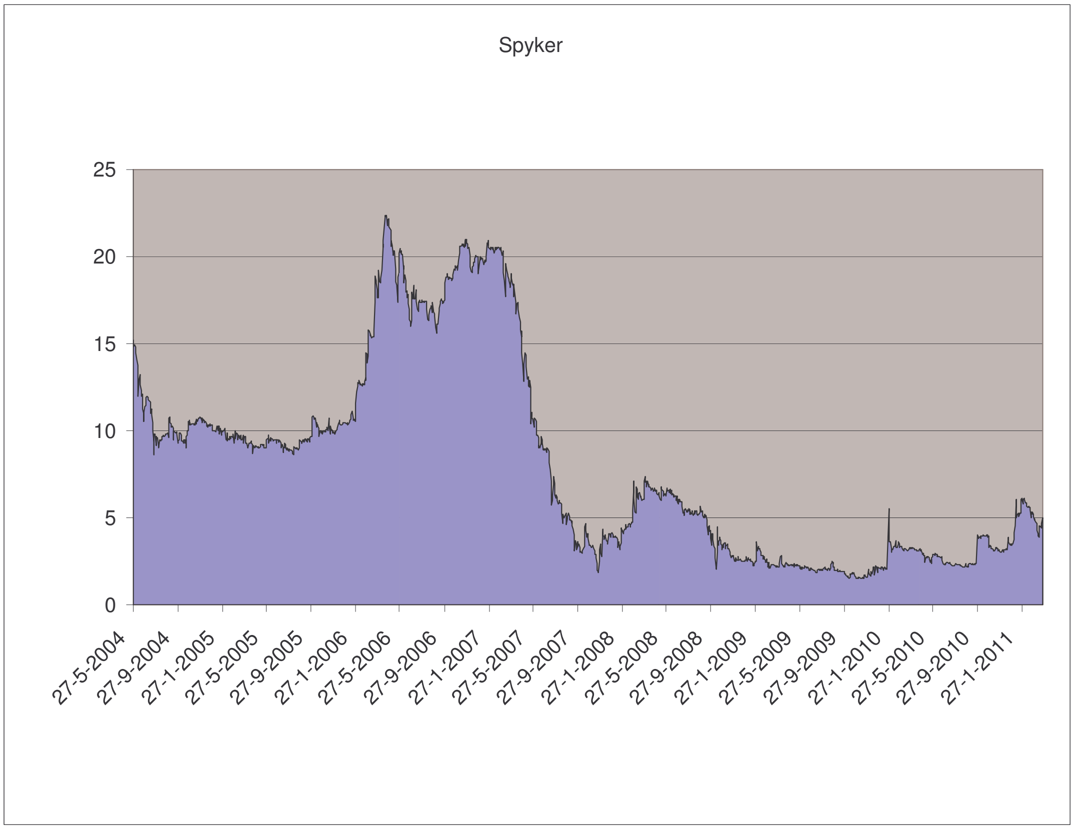
| | |
|---|---|
| 25 March 2011 | Publication year results 2010 |
| 29 April 2011 | Publication interim results Q1, 2011 |
| 19 May 2011 | Annual general meeting of shareholders |
| 26 August 2011 | Publication results first half year 2011 |
| 28 October 2011 | Publication interim results Q3, 2011 |

Note: these dates might be subject to change.

## Listing

Spyker Cars N.V. ("Spyker Cars") is listed on the Official Market of the NYSE Euronext Amsterdam Stock Exchange (ticker symbol SPYKR, fund code 38083, ISIN-code NL 0000380830). Spyker shares are included in the AScX index (Smallcap Index).

## Development share price from 27 May 2004 up to and including 25 March 2011




### Share capital movements during 2010

Spyker Cars' issued share capital consists of ordinary shares and shares class A. The priority share was cancelled on 22 April 2010. The nominal value of each share in Spyker Cars is € 0.04. Shares class A are registered shares and cannot be listed. Shares class A can be converted into ordinary shares if the shareholder so requires by means of an application to that effect to the Management Board.

In 2010, 1,380,000 ordinary shares and 130,000 shares class A were issued in connection with the € 150 million Equity Credit Line Facility between GEM Global Yield Fund Ltd. and Spyker Cars. In addition, 160,000 ordinary shares were issued as a bonus to three employees.

HSBC Bank required conversion of 133,181 shares class A into ordinary shares.

At year end, 17,495,991 (15,825,992 per end 2009) shares were in issue, divided by 17,232,657 ordinary shares and 263,334 shares class A.

| | Ordinary shares | Priority shares | Class A shares | Total shares |
|---|---|---|---|---|
| Issued shares per 1 January 2010 | 15,559,476 | 1 | 266,515 | 15,825,992 |
| Shares issued during 2010 | 1,540,000 | 0 | 130,000 | 1,670,000 |
| Cancelled in 2010 | 0 | -1 | 0 | -1 |
| Converted from class A to ordinary shares | 133,181 | 0 | -133,181 | 0 |
| Issued shares per 31 December 2010 | 17,232,657 | 0 | 263,334 | 17,495,991 |

### Substantial holdings in Spyker Cars

Under Dutch law, substantial holdings (equalling or exceeding 5% and multiples of 5%) have to be reported to the Dutch Authority for the Financial Markets ("AFM"). The overview hereunder shows the holding percentages (excluding option rights) in Spyker Cars per the end of 2009, per the end of 2010 and per the date of this annual report:

| | 31.03.2011 | 31.12.2010 | 31.12.2009 |
|---|---|---|---|
| Antonov, V. (RMC Convers Group Holding Limited) * | - | - | 25-30% |
| Gemini Investment Fund Ltd | 5-10% | 10-15% | 10-15% |
| Mubadala Development Company | 15-20% | 20-25% | 20-25% |
| B. `O Toole (Dorwing Solution Limited) | 5-10% | 5-10% | - |
| Muller, V.R. (Investeringsmaatschappij Helvetia B.V. and Tenaci Capital B.V.)** | 25-30% | 25-30% | 5-10% |

* Mr. Antonov is a major shareholder of RMC Convers Group Holding Limited ("RMC"), which company he acquired per 6 November 2009.

** Per 22 February 2010, Mr. Muller, through Tenaci Capital B.V., acquired all shares of Mr. Antonov.

### Overview of publications in the period 1 April 2010 – 31 March 2011

Art. 5: 25f Wft requires listed companies to publish an overview of all press releases or a reference to these press releases once a year, regarding the press releases of the last twelve months. The press releases mentioned overview hereunder can be found on Spyker cars' website www.spykercars.com under the heading investors.

30 March 2011 Statement on Saab Automobile production

25 March 2011 Spyker Cars issues 5.5 million shares

25 March 2011 Full year results 2010

25 March 2011 Jan Ake Jonsson retires as President and CEO of Saab

25 March 2011 Saab appoints distribution partner for Russia

25 March 2011 Saab signs contract with CATC for China import

21 March 2011 Change in Supervisory Board

10 March 2011 Guidance outlook statements not changed

25 February 2011 PPA of Saab acquisition finalized

24 February 2011 Potential sale Spyker Automotive business

05 January 2011 Saab 2010 sales

05 January 2011 Strengthening management team

20 December 2010 MoU signed between Saab and CATC

29 October 2010 Interim results Q3, 2010

29 September 2010 Contract on supply BMW engines

27 September 2010 Confirmation of possible supply BMW

| | |
|---|---|
| 27 August 2010 | Result first half year 2010 |
| 25 August 2010 | Equity reporting obligations |
| 31 May 2010 | Purchase Saab Great Britain Ltd. |
| 23 April 2010 | Interim results Q1, 2010 |

## Calendar 2011 events

| ***Auto show Calendar 2011*** | ***Spyker and Saab combined*** |
|---|---|
| 3 March – 13 March 2011 | Salon International de l'Auto, Geneva, Switzerland |
| 22 April – 1 May 2011 | New York International Auto Show, USA |
| 21 April – 28 April 2011 | Auto Shanghai, China |
| 21 August 2011 | Pebble Beach Concours d'Elegance, USA |
| 15 September – 25 September 2011 | Internationale Automobil-Ausstellung Frankfurt, Germany |
| 18 November – 27 November 2011 | Los Angeles Auto Show, USA |

# SUPERVISORY BOARD'S REPORT

**Dear shareholders,**

The financial statements prepared by the Management Board for the annual report 2010 of Spyker Cars N.V. ("Spyker Cars") have been audited by Ernst & Young Accountants LLP. Ernst & Young discussed their findings on the financial statements with our Board. We concur with the financial statements and recommend to the General Meeting of Shareholders:

To accordingly adopt the 2010 financial statements;

To deduct the net result over 2010 from the other reserves;

Not to declare any dividend.

The Supervisory Board is charged with the supervision of the Management Board, the general course of affairs of the Group and the business connected to it. We supervise and advise the Management Board in performing its management tasks, including (a) achievement of the objectives of the company, (b) corporate strategy and the risks inherent in the business activities, (c) the structure and operation of the internal risk management and control systems, (d) the financial reporting process, (e) compliance with primary and secondary legislation, (f) the company-shareholder relationship, and (g) corporate social responsibility issues that are relevant to the enterprise. Major management decisions and the Group's strategy are discussed with and approved by the Supervisory Board. The biographies of our members can be found in the Chapter Board Members.

According to the company's articles of association, the Management Board shall submit to the Supervisory Board for its approval (a) the operational and financial targets of the company, (b) the strategy applied to realize the objectives and (c) the parameters to be applied in relation to the strategy, for example in respect of the financial risks.

The application by Spyker Cars of the Corporate Governance Code is addressed in a separate chapter "Corporate Governance" in this Annual Report. It is the task of the Supervisory Board to discuss the corporate strategy and the risks of the business, the result of the assessment by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto at least once a year. In accordance with the current Dutch Corporate Governance Code, corporate social responsibility items that are relevant to the enterprise, are now subject to the supervision of the Supervisory Board.

The Financial Statements include a paragraph on related parties. In this paragraph, transactions with individual Management Board members and individual Supervisory Board members are reported. No member of the Management Board or Supervisory Board reported a transaction of material significance to Spyker Cars and/or relevant Board members, which required the approval of the Supervisory Board. There was an occasion where the chairman and a member of the Supervisory Board had to abstain from voting in view of a (potential) conflict of interest. It concerned a financial agreement between Spyker Cars and the companies of Mr. Antonov. Best practice provisions II.3.2 to II.3.4 inclusive have been complied with, as well as III.6.1 to III.6.3 inclusive.

Provision III.6.4 regards transactions with shareholders holding 10% or more of Spyker Cars' shares, which shall be on customary terms. It has been complied with.

The Supervisory Board has three permanent Supervisory Board Committees. According to the decision of the Supervisory Board in its meeting of 25 May 2010 each member of the Board has a seat in all committees. The committees are:

The Audit Committee, chaired by Mr. Hugenholtz;

The Remuneration & Nomination Committee, initially chaired by Mr. Stancikas and succeeded by Mr. La Noce; and

The Strategy Committee, initially chaired by Mr. Antonov and succeeded by Mr. Roepers.

### Meetings of the Supervisory Board and topics discussed

The acquisition of Saab Automobile AB ("Saab Automobile") per 23 February 2010 had a major impact on the supervising duties of our Board. The acquisition was formally approved by the Extraordinary General Meeting of Shareholders on 12 February 2010. Subsequently, this resulted in the resignation of Messrs. Antonov, Bondars and Stancikas as members of the Supervisory Board.

Considering the fact that the Saab automotive business had been part of General Motors for 20 years and had come to a complete stand-still situation, the set-up of new structures for Saab was an important focus point for the management. We extensively discussed reports on the developments within Saab Automobile with the Management Board and Saab Automobile's CEO, Mr. Jan Åke Jonsson, as well as the governance structure of Spyker Cars and Saab Automobile, fiscal implications and short and long-term financing. We focussed on the formation of a dedicated program office for the strategy execution of the business plan.

Further topics we discussed were the budget for 2010 and 2011, the acquisition of Saab Great Britain Ltd. ("Saab GB"), Saab's engine supply, resulting in a supply contract with BMW for gasoline engines, the investor relations policy of the Spyker group of companies (the "Group") and Saab Automobile's sales and marketing policy, especially in Sweden, the UK, USA and the agreement with China Automobile Trading Co. Ltd. ("CATC") regarding the import of Saab vehicles for the Chinese market.

Other subjects of discussion were the production and funding of Spyker vehicles, the joint-venture between Spyker Cars and CATC in China, the acceleration of the Saab car production, the implementation of a Saab Lean System, the Saab business plan 2011-2017 and the potential sale of the Spyker automotive business.

The General Meeting of Shareholders, in its meeting of 22 April 2010, approved our decision to appoint Ernst & Young Accountants LLP as the external auditor for the audit of the financial statements for 2010. Our Board concurred with the appointment of Ernst & Young for the Saab entities.

Spyker Cars issued a total of 1,540,000 ordinary shares and 130,000 shares class A in 2010.

The vacancies, which arose when Messrs. Antonov, Bondars and Stancikas stepped down, were fulfilled by the appointment of Messrs. Roepers and Heerema in the General Meeting of Shareholders, held 22 April 2010. Mr. Hugenholtz took over the Chairmanship from Mr. Antonov per 23 February 2010.

Without the Management Board members being present, our Board discussed the functioning of the Management Board as a separate body and of each individual Board member. In the same meeting we discussed the functioning of the Supervisory Board as a body, of the Committees and of each individual member. The composition of our Board and the desired profile was reassessed.

Our Supervisory Board met 10 times in 2010, in some cases by way of a conference call. None of our members was frequently absent. Spyker Cars held one Annual General Meeting of Shareholders on 22 April 2010 and one Extraordinary Meeting on 12 February 2010. Recently, we decided to propose to the next General Meeting of Shareholders to appoint Mr. Rob Schuijt as a member of the Management Board of Spyker Cars. Mr. Schuijt joined Spyker as senior Vice-President Corporate Development. With regret, our Board took notice of Mr. Heerema's wish to step down per 21 March 2011.

### 2010 Audit Committee

Chairman: Mr. Hugenholtz

Members: Messrs. La Noce, Heerema, Roepers

The Audit Committee assists the Supervisory Board in fulfilling its supervising responsibilities for the integrity of Spyker Cars' financial statements, the financial reporting process, the system of internal business controls and risk management, the external audit process, the external auditor's qualifications, independence and performance as well as Spyker Cars' process for monitoring compliance with laws and regulations and the Spyker Code of Conduct.

The Audit Committee reviewed and discussed Spyker's annual, semi-annual and quarterly financial statements and had various meetings with the independent auditors on their findings and recommendations, including capitalized development costs, impairment, funding, the finalisation of the Purchase Price Allocation regarding the acquisition of Saab and the Group's internal control and reporting structure. The IFRS reporting system, which applies to Spyker Cars, had to be implemented for the consolidated Saab figures. Until 23 February 2010, the available reporting systems at Saab were guided by Swedish GAAP.

Other points of discussions were the risk management and control system of Spyker Cars, which now also includes Saab. The Management Board is responsible for implementing a risk management and control system that is suitable for Spyker Cars and that is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the company's operations, by ensuring compliance with applicable laws and regulations and by safeguarding the reliability of the financial reporting and its disclosures. Before the take-over, the control of the Saab automotive business was exercised by General Motors. New internal control systems had to be and were set up, although this process has as yet not been finalized. Management currently revises the main risks list of the company and is executing actions needed to mitigate those risks.

Further optimization of the organization is on the agenda of the Audit Committee and will be carefully monitored. A description of Spyker Cars' risk management can be found in the chapter "Risk Management" in this Annual Report.

### 2010 Remuneration & Nomination Committee

Chairman: Mr. La Noce, formerly Mr. Stancikas

Members: Messrs. Hugenholtz, Heerema, Roepers

The Remuneration & Nomination Committee assists the Supervisory Board. The specific responsibilities of the Committee include the remuneration policy for the Management Board and its individual members, reviewing and preparing proposals concerning the corporate goals and objectives relevant under the ESOP, reviewing and making recommendations to the Supervisory Board relating to the corporate governance of Spyker Cars, reviewing the performance of the members of the Management Board and periodically assessing the size and composition of the Management Board and the Supervisory Board.

The dimensions of Spyker Cars became of a different magnitude when Saab became a subsidiary. Consequently, the tasks of the Management Board and the Supervisory Board expanded considerably. In view hereof, the Supervisory Board ordered to revise the remuneration policy and to bring remuneration in line with market practise. The remuneration structure continues to enhance the Group's longer term interests. A new salary structure was agreed, based on a benchmark research of the international bureau Mercer. As proposed by the Remuneration Committee, contracts with key employees now include Key Performance Indicators (KPI's), the object of which is to provide well-qualified incentives to the management to improve the Group's results.

It was proposed to the General Meeting to appoint Messrs. Roepers and Heerema and to bring their Supervisory Board remuneration in line with market practice. In 2011, it will be proposed to the General Meeting of Shareholders to bring the remuneration of Mr. Hugenholtz and Mr. La Noce retroactively in line with this remuneration structure.

More details can be found in a separate chapter "Remuneration Report" in this Annual Report.

Messrs. Antonov, Bondars and Stancikas Apockinas resigned respectively as chairman and members of the Supervisory Board per 23 February 2010. At the same time, Mr. Antonov stepped down as chairman of the Strategy and member of the Audit as well as the

Remuneration & Nomination Committee. Mr. Bondars stepped down as a member of the Audit Committee and Mr. Stancikas as chairman of the Remuneration & Nomination Committee.

### 2010 Strategy Committee

Chairman: Mr. Roepers, formerly Mr. Antonov

Members: Messrs. Hugenholtz, La Noce, Heerema

The specific responsibilities of the Strategy Committee include technology & production, marketing, dealer network, racing and the funding of Spyker Cars. In addition, the Strategy Committee determines the responsibilities of the Management Board members, reviews and monitors key performance indicators and approves business plans and partnerships. During the year, we advised on the business plan of Saab and Spyker and the timing of execution. Also, we discussed listing possibilities and the sale of the Spyker automotive business.

### Composition of the Supervisory Board

Supervisory Board members retire periodically in accordance with a rotation plan drawn up by our Board. Each Supervisory Board member who retires may be re-appointed. The rotation plan is placed on the website www.spykercars.com under the heading “Investors” and “Supervisory Board”.

The members of our Supervisory Board have signed the financial statements in this annual report pursuant to their statutory obligations under art 2:101(2) Dutch Civil Code.

## Remuneration report

### *General*

The remuneration which the Management Board members receive from Spyker Cars shall be such that qualified and expert managers can be recruited and retained. According to the policy, the remuneration consists of the following elements:

fixed salary;

option rights according to the Company's Employee Stock Option Plan (ESOP);

a cash bonus linked to short term KPI's;

a cash bonus linked to long (3 years) term KPI's;

The elements set out under point 2 to 4 are variable components, which are linked to pre-determined targets that can be easily measured and once achieved have the ability to make a positive and direct impact on Spyker Cars' results and performance. The importance of the variable remuneration component is to strengthen the Board members' commitment to the company and its objectives. Payment of the bonus, up to the amount of the base salary, is to be achieved by meeting the KPI's, linked to a corporate target (two-thirds) and an individual target (one-third). The variable bonus component shall be for a maximum of the base salary. The Supervisory Board determines whether targets have been met or not.
Options to acquire shares in Spyker Cars in principle (i) shall be granted to members of the Management Board and key employees and (ii) are a conditional remuneration component. The Supervisory Board may award incidental bonuses in cash or stock (performance shares) to members of the Management Board. Spyker Cars' remuneration policy was approved by the General Meeting of Shareholders in 2005 and further amended by the General Meeting of Shareholders in 2009 and 2010.

Shares held by members of the Management Board are long term investments and strengthen the Board Member's commitment to the company. The granting of shares however, which qualify as a variable bonus according to the remuneration policy, are not linked to a five year retain period.

Spyker Cars does not grant its Management Board members any personal loans or guarantees unless it is within the normal course of business. The terms will be applicable to individual personnel and only granted after approval from the Supervisory Board. Severance payments in employment contracts will not exceed one year's salary, unless this would be manifestly unreasonable in the circumstances.

### *Remuneration in the past financial year*

### *Remuneration Management Board*

Although there were no personal changes within the Management Board, their tasks expanded considerably after the acquisition of Saab per 23 February 2010.

Until 1 June 2010, Mr. Muller, CEO of Spyker Cars, worked for the company pursuant to a management contract between Spyker Cars and his management company. This contract was for an indefinite period of time and had a notice period of two months for both the company and Mr. Muller. Management contracts, contrary to employment contracts, do not contain an arrangement regarding severance payments. His new management contract between his management company and Saab automobile is also for an indefinite period of time. It has a notice period of two months for Mr. Muller and 4 months for Saab Automobile. It does not contain an arrangement on severance payments. The yearly management fee for Mr. Muller is € 600,000.
Spyker Cars has concluded an employment contract with Mr. Go for a period of four years, ending per the day of Spyker Cars' Annual General Meeting of 2013. The contract of Mr. Go contains a notice period of two months for himself and of four months for the company. It contains a provision that severance payments will not exceed one year's salary, unless this would be manifestly unreasonable in the circumstances. The base remuneration of Mr. Go is € 300,000 per year.
All members of the Management Board have been granted 59,782 option rights; those of Mr. Muller expired per 5 August 2010. For their contribution to the successful acquisition of Saab, Mr. Muller and Mr. Go received an incidental bonus of 120,000 shares and 20,000 shares respectively.

In addition to a fixed salary, the remuneration of the Management Board members includes a cash bonus linked to KPI's. The Supervisory Board set targets for the members of the Management Board, which relate to accomplishments of the Saab business plan. The Supervisory Board concluded that of the variety of targets, set for 2010, 40% was met.

No pension scheme has been set up for Mr. Muller. Mr. Go received a contribution of € 15,664 from the Group to build up a pension.

Members of the Management Board are compensated for the actual expenses regarding travelling and communication.

| **Remuneration Management Board** 2010 | Base salary | Bonus | Management fee | Total cash compensation | Vested stock options | As a % of base salary |
|---|---|---|---|---|---|---|
| | € | € | € | € | | |
| V.R. Muller | 0 | 508,571 | 550,000 | 1,058,571 | none | - |
| D.J.C.Y.S. Go | 282,000 | 52,000 | 0 | 334,000 | none | - |
| | 282,000 | 560,571 | 550,000 | 1,392,571 | | - |

The options expensed for the members of the Management Board amount to € 0.

Due to expiration of the term, Mr Muller's 59,782 option rights lapsed per 5 August 2010.

| **Remuneration Management Board** 2009 | Base salary | Bonus | Management fee | Total cash compensation | Vested stock options | As a % of base salary |
|---|---|---|---|---|---|---|
| | € | € | € | € | | |
| V.R. Muller | 0 | 0 | 240,000 | 240,000 | none | - |
| F.M.J.M. Liebregts | 178,890 | | 0 | 178,890 | none | - |
| A.A. Roukens | 22,778 | | 0 | 22,778 | none | - |
| D.J.C.Y.S. Go | 135,405 | 30,000 | 0 | 165,405 | none | - |
| | 337,073 | 30,000 | 240,000 | 607,073 | | - |

The options expensed for the members of the Management Board amount to € 0.

### Remuneration Supervisory Board

According to a resolution of the General Meeting of Shareholders in 2004, the Chairman is entitled to a remuneration of € 20,000 per year and each of the members to a remuneration of € 15,000 per year. In 2010, the General Meeting approved to bring the remuneration of the newly appointed Supervisory Board members Messrs. Heerema and Roepers in line with market practice: a fixed amount of € 50,000 per year, increased by € 4,000 per meeting in excess of eight meetings. As members of the Audit Committee, Messrs. Heerema and Roepers receive € 10.000 per year and as member/chairman of the other Committees € 5.000 per Committee per year. It will be proposed to the General Meeting of Shareholders in 2011 to bring the remuneration of Mr. Hugenholtz and Mr. La Noce retroactively in line with this remuneration structure. Retroactive payment per 23 February 2010 is reflected in the figures hereunder.

| Remuneration Supervisory Board | 2010 | 2009 |
|---|---|---|
| | € | € |
| V. Antonov | 3,333 | 20,000 |
| J.B.Th. Hugenholtz | 95,000 | 15,000 |
| M. La Noce | 62,333 | 15,000 |
| P.H. Heerema | 50,666 | 0 |
| A. Roepers | 50,666 | 0 |
| M. Bondars | 2,500 | 15,000 |
| N. Stancikas | 2,500 | 10,397 |
| D. Apockinas | 0 | 4,603 |
| | 266,998 | 80,000 |

### Employee's option rights

Spyker Cars has an Employee Share Option Plan (ESOP), which came into force in 2005 and was amended in 2006, 2008 and 2011. Under the five-year duration of the ESOP, option rights may be granted to acquire newly issued shares up to an aggregate amount of 10% of the issued share capital per the option date. As per 31 December 2010 83,782 ESOP-option rights (2009: 208,128 option rights) were granted to and accepted by members of the Management Board and a number of (key) employees. The exercise price for these options has been determined as follows: € 17.00 for 24,000 option rights and € 2.37 for 59,782 option rights. In 2010, no option rights were exercised and 124,346 option rights lapsed or expired. An employee is only allowed to convert its option rights into shares if he or she is still an employee of Spyker Cars or any of its subsidiaries. Each year 20% of the option rights will vest if the performance criteria for that year are met. These performance criteria are to be determined each year by the Supervisory Board. The Supervisory Board did not set targets for 2010 in view of the changed corporate situation as a consequence of the acquisition of Saab Automobile per 23 February 2010.

The appointment of key employee Mr. Rob Schuijt came into force per 1 June 2010. As a part of his remuneration package, Spyker Cars granted him the right to subscribe for 300,000 ordinary shares, to be issued in separate tranches of 100,000 shares each over the next three years at a certain issue price. The granting of these performance shares has been made subject to the approval of the General Meeting of Shareholders.

### Remuneration policy for the coming years

An adequate remuneration policy has been set for the statutory members of the Management Board and some key employees. The Remuneration Committee has decided that the ESOP shall be continued for the whole Group and approved to grant option rights to key employees of the Group.

In formulating the remuneration policy and setting targets, the company takes into consideration the principles and best practice provisions of the Dutch Corporate Governance Code.

Zeewolde, 31 March 2011

**J.B.Th. Hugenholtz, Chairman**

**M. La Noce, Vice Chairman**

**A.J. Roepers, member**

# MANAGEMENT BOARD'S REPORT

## Introduction

This annual report 2010 from Spyker Cars N.V. ("Spyker Cars" or the "Group") concerns mainly the business of Saab Automobile and its sister company Saab Great Britain Ltd. ("Saab GB") and to a lesser account the business related to the Spyker sports cars ("Spyker Automotive").

On 23 February 2010 Spyker Cars acquired all of the ordinary shares in Saab Automobile from General Motors and agreed to acquire all of the shares in Saab GB at a later stage by separate agreement. This was realised per 31 May 2010. The Saab business in all aspects outnumbers the Spyker business: for instance, the number of employees of Spyker Automotive is less than 2% of Saab Automobile and Saab GB and the ratio regarding number of cars sold in 2010 is not even 0.1%. Consequently, Spyker Automotive numbers are relatively insignificant.

Saab Automobile was acquired for an aggregate purchase price of € 54.4 million. Spyker Cars purchased Saab GB, the UK distributor of Saab cars, from General Motors UK Limited for a purchase price of £ 1. Under IFRS a company that acquires another company should perform a purchase price allocation (PPA), entailing that the acquirer recognizes the assets acquired and liabilities assumed at their fair values on closing. In this process management has been supported by an internationally recognized valuation firm.

On 25 February 2011 Spyker Cars' Management announced that the fair value of the net identifiable assets and liabilities of the acquired business combination exceeded the total purchase consideration of € 54.4 million by an amount of € 77.9 million. IFRS requires that Spyker recognizes the resulting gain as a profit on closing. The gain has no impact on the company's cash position, as it is a non-cash item. Further details on the final PPA, including the effect of key estimates and sensitivities thereon, are provided in the consolidated financial statements in Note 5.

Spyker Cars announced on 24 February 2011 that it had signed a memorandum of understanding to sell virtually all assets of the Spyker Business to the private UK holding CPP Global Holdings Limited (see also the chapter "Recent events" in the Management Board's report). When the sale shall be realized, the Group shall no longer report about the Spyker Automotive business.

Spyker Cars intends to change its name during the General Meeting of Shareholders 2011.

## Global automotive market

2010 saw a recovery of the vehicle market from the 2008/2009 economic crisis. 2010 global light vehicle sales increased to 60.5 million units (+12%), driven by a 25% market growth in the Asia-Pacific region, notably in China. The US posted a 11% growth to 11.5 million units from the 2009 low point. Europe backed 6% in 2010 versus 2009, following expired market support measures and sovereign debt issues in many countries. In 2010, Saab generated 78 percent of its sales in Europe (including the Nordic markets), while over 19 percent came from the Americas and almost 3 percent from other markets.

The Group expects the global recovery to continue through 2011, if at a slightly lower pace in the Asia-Pacific region. The global automotive market is predicted to grow by 6% in 2011 and another 8% in 2012. Growth expectations for light vehicle sales in the US are 13% in 2011 and 14% in 2012. Calculations show a slower and mixed recovery in Europe: the 2011 Europe light vehicle market as a whole will stay flat, but the development will vary strongly between countries. It is forecast that Central and Eastern Europe will grow faster, whereas exposed Western Europe markets are expected to still contract. A broader recovery in Western Europe is predicted for 2012, with vehicle market growth of 5 to 6%.

The premium vehicle sector developed strongly during 2010, with most premium brands gaining volume and market share. The total volume for segments with Saab representation is predicted to grow from 3.2 million in 2010 to 4.4 million (+38%) until 2015. Most of this growth will be in the US and the Asia-Pacific region. Europe will continue to be the largest market for premium brands, but Europe's share of global volume is expected to decrease.

The high-end luxury market exceeded general market growth, posting a 25% gain for 2010, over 2009. Expectations for 2015 are another 35% increase, driven by US, Asian and Middle East economies

Uncertainties remain about short- and mid-term economic growth. Conditions will remain volatile to energy/commodity prices, interest rates and the management of sovereign debt and trade imbalances. Oil is expected to cost in the $90 to $110 per barrel range, significantly higher than pre-crisis levels. The risks for sustainable, rapid growth in Asia are more on the down-side.

### Branding & marketing

Saab Automobile communication focuses on the core DNA of the brand (independent thinking, innovation, Scandinavian roots and aircraft heritage) and the brand pillars (progressive design, sporty driving focus and responsible performance). These values are deeply rooted in the Saab brand and are shared with its target audience of modern premium customers.

The main activity during 2010 was the launch of Saab's new flagship, the new Saab 9-5 Sedan, which was positively received and acclaimed for its design, technologies and driving characteristics. Within the existing Saab 9-3 range, some major improvements in $CO_2$ emissions were introduced in the markets by the end of the year, thereby improving the positioning of this car in a number of European fleet markets. During the year Saab Automobile focused on regaining trust among key stakeholders: dealers, customers and press, and on engaging these audiences through strong communication around its key product news. Management also focused on re-establishing the relation between Saab Automobile and its fleet customers, as fleet buyers form an important part of Saab Automobile’s customer base. By the end of the year this resulted in a significant number of fleet contracts being signed.

Experience marketing is the core focus of marketing of Saab Automobile. With its experience marketing approach the company strives to give its prospects and customers unique and personal experiences and stories to take part of and spread to others. Experience marketing is focused on events, dialogue and digital marketing, amongst which social media and viral marketing are key ingredients. In addition to this, Saab Automobile invests in high impact media campaigns at given moments such as product launches and high-profile events.

In 2010, The Group participated in a number of large international motor shows, among which the Salon International de l'Automobile in Geneva, the Mondiale de l'Automobile in Paris and the Los Angeles Motor Show. Saab Automobile and Spyker Cars also organized a number of driving events with respectively the Saab 9-5 Sedan and the Spyker C8 Aileron throughout the year, aimed at both members of the press as well as dealers and end customers.

Sponsorship is also an integral part of Saab Automobile's marketing strategy. In 2010, Saab continued to act as an official partner to The Ice Hotel in Jukkasjärvi, Sweden, the location of Saab's annual Arctic Adventure media and customer event. As part of the sponsorship agreement, Saab Automobile provides the hotel with Saab vehicles which are used for ice driving training sessions for hotel guests.

Saab Automobile also continued to act as a major sponsor of the Swedish Open Tennis Tournament, held every year in the town of Båstad. As in previous years, Saab Automobile was the exclusive courtesy car provider of the tournament and organized several marketing events around the tournament. Saab Automobile furthermore acted as a personal sponsor to renowned Swedish professional skier Kaj Zackrisson.

In 2011, Saab Automobile will continue its partnerships with The Ice Hotel, the Swedish Open and Kaj Zackrisson, while it remains open to finding new partners who give energy to the brand and broaden the target customer base.

### Investment policy, product research and product development

Saab Automobile's policy, as determined by the Saab Business Plan, focuses on delivering a competitive portfolio and creating a base for future Saab products, while concentrating its operations in Trollhättan, Sweden. In line with the objective of and market demand for shorter product lifecycles and a broadened portfolio, in 2011 alone four new models will come to showroom floors, while in 2012 the next generation Saab 9-3 will be launched. The current policy represents a Saab car product offensive never before.

During 2010 massive efforts were directed at finalizing the Saab 9-4X and the Saab 9-5 SportCombi. The development of the new Saab modular vehicle architecture was initiated; the first vehicle to use this new architecture is the next generation Saab 9-3. During the Mondiale de l'Automobile in Paris, Saab Automobile revealed a range of new TTiD turbo diesel engines for the existing 9-3 SportSedan, including a 180 hp variant with class-leading 119 g/km $CO_2$ emissions, making the 9-3 SportSedan a very attractive fleet offer in several European markets.

In Paris, the Saab e-Power concept car was revealed, the first fully electric Saab. The e-Power is based on the Saab 9-3 SportCombi and an initial test fleet of 50 prototypes was announced to test the viability and business model of electric vehicles. This test fleet is expected to become operational in the summer of 2011. The Saab e-Power is a result of a co-operation between Saab Automobile, American lithium-ion battery firm Boston Power and other external partners.

The Saab 9-4X crossover was launched at the Los Angeles Motor Show in November 2010 and represents an entry into a new segment for Saab Automobile. The crossover segment is a growing segment globally and the 9-4X will attract new and existing customers to the Saab brand. Production launch of the 9-4X will start in April 2011 for USA and Canada, while the global roll-out will continue in the autumn of 2011. The 9-4X is manufactured at a General Motors facility in Ramos Arizpe, Mexico.

In 2010, Saab Automobile started to develop a modular Saab platform, called Phoenix. The first vehicle to use this new architecture is the next generation Saab 9-3. This modular platform shall be the base for many future Saab products and features several advanced technologies. The architecture will for instance include the e-AWD system, a Saab Automobile invention that is being commercialized in a joint venture with American Axle Manufacturing (“AAM”).

Since its split from General Motors on February 23, 2010, Saab Automobile has worked intensively to revitalize its engineering department which until then was integrated in the General Motors structure. All employees within the department are primarily focused on Saab projects, unlike under the GM era. The new engineering organization is now well-equipped to support Saab Automobile’s extensive development program and current product offensive, while it will optimize Saab Automobile’s ability to build competitive premium cars for the 21st century and allow the company to realize its ambition of creating one of the most efficient engineering organizations in the automotive industry.

Complementing development activities in Saab Automobile’s own engineering department, Saab Automobile continues to benefit from the technology resources of General Motors and from (future) co-operations with other OEMs and other companies in the automotive industry. This fresh approach within Engineering is reflected in several strategic technology partnerships with parties such as BMW, Boston Power, AAM and VICURA, while Saab Automobile is also sharing its engineering know-how with third parties through its business unit Saab Engineering Services.

Management will continue the execution of its business plan, which covers product development until the end of 2012, including the successor to the current Saab 9-3. Saab Automobile will continue to enhance its unique and strong brand, relying on its heritage of innovation, aircraft inspiration and Scandinavian values. Management focus remains on the strategic positioning of Saab as a premium brand and to improve sales prices and higher profit margins through a rejuvenated product portfolio.

## Financial results and funding

The 2010 financials of the Group reflects the start-up and the restructuring process of turning Saab Automobile into a successful independent company.

The 2010 sales of € 819.2 million were lower than business plan due to the time between shut down mode at the acquisition date to normal production where Saab Automobile is now. Not only did the complete production facility had to be restarted, the sales channel needed to be reactivated after a stand still of months. This also impacted the margin negatively compared to business plan. The wholesale volumes in 2010 of Saab Automobile on full year basis grew from 3,630 in Q1 to 11,448 in Q4, 2010.

Due to the focus on cost control the operating expenses were significantly lower than anticipated. The operating result amounted to € - 140.1 million, which includes the gain on bargain purchase of € 77.9 million as the outcome of the PPA.

The financial result of € -17 million mainly consists of interest expenses on interest bearing borrowings (€ 40 million) and foreign exchange gains €- 27 million.

Result from discontinued operations of € 60.5 million includes the losses of Spyker Automotive and the effects of the planned sale to CPP Global Holding Ltd.

The net results amount to € -218.3 million.

The balance sheet total rose substantially from € 64.2 million to € 1,081.3 million per year end 2010, due to the acquisition of Saab Automobile. On consolidated level a negative equity is shown of € - 206.5 million.

On 23 February 2010, when Spyker Cars acquired Saab Automobile (“Closing”), General Motors converted US$ 326 million of pre-closing receivables on Saab Automobile into Redeemable Preference Shares (“RPSs”) in Saab Automobile. The voting rights attaching to these RPSs constitute 0.0005% of the total voting rights in Saab. The other 99.99% of the voting rights (100% of the ordinary shares) are held by Spyker Cars. The RPSs carry no dividend from Closing until 31 December 2011. A dividend entitlement of 6% starts from 1 January 2012 through 30 June 2013 and increases over time to 12% as from 1 July 2013 until the scheduled redemption date of 31 December 2016. The dividend over 2012 will be added to principal, but as from fiscal year 2013 the dividend is payable in cash. Should Saab Automobile have insufficient distributable reserves to pay the cash dividend it will be added to principal increased with a penalty factor of up to 4%, but such that the total dividend entitlement will never exceed 12%. In the period 2010-2016, the average dividend payable is about 7.3%.

Under Swedish law the RPSs qualify as equity. Consequently, if Saab Automobile cannot pay dividends or redeem the RPSs, Saab Automobile will not be in default but the RPSs will continue to accrue. The RPSs cannot be redeemed as long as the EIB loan is not yet fully repaid.

Under IFRS regulations the Group is required to classify the RPSs as liabilities instead of equity. The negative equity in the amount of € - 206.5 million has no direct impact on the execution of the Saab Automobile business plan, nor does it imply that the Group is legally required to issue new shares in its capital.

The agreement by which Spyker Cars purchased Saab Automobile was subject to the execution of a € 400 million loan agreement between Saab Automobile and the European Investment Bank (“EIB”), for which a guarantee was obtained from the Swedish Government. This loan will be issued to Saab Automobile in tranches. For each tranche Saab Automobile can chose the currency and a fixed or floating interest benchmarked against Libor or Stibor plus a spread. The Swedish National Debt Office has guaranteed the loan for which Saab pays a certain fee. The Swedish National Debt Office has required collateral from Saab Automobile, in the form of pledged shares and internal receivables in Saab Automobile Property AB, Saab Automobile Tools AB and Saab Automobile Parts AB. All amounts payable by the EIB are specifically earmarked for designated Saab projects and capital expenditures and represent 50% of these projects or capital expenditures. The projects mainly relate to safety, increasing fuel efficiency and clean car technology. The remaining 50% is funded by Saab itself pursuant to its business plan. Other Group companies than Saab do not have any access to the EIB funds which are completely ring-fenced nor could any part of the purchase price be paid with proceeds from the EIB loan. At year end 2010, € 183 million was drawn under this facility, leaving € 217 million as undrawn facility.

In 2010 the Group obtained a € 74 million loan with a five year maturity from Tenaci Capital B.V. (”Tenaci”), which was partially used for the acquisition of Saab Automobile. Tenaci used its right to collateralise its existing loan and Spyker Cars granted a security in Spyker’s intellectual property rights, cash deposits, moveable assets, trade and inter company receivables, insurances and real property. The security only relates to the Spyker automotive business and excludes the Saab companies. On 25 March 2011, Tenaci converted an amount of EUR 9.5 million of this loan into shares.

Tenaci’s share capital is majority-owned by Investeringsmaatschappij Helvetia B.V. (50.1% interest), the personal holding company of Mr. Victor Muller. Tenaci obtains its debt funding from RMC Convers Group Holding Ltd. Tenaci took over Mr. V. Antonov’s shareholding in Spyker Cars per 23 February 2010.

Spyker Cars granted an option over Spyker Cars' assets to Danforth Ventures Inc . If Tenaci has not prepaid at least Euro 31 million of the (direct and indirect) loans from its lendors on or before 30 April 2011, Danforth Ventures Inc. has the right to acquire all of the assets (and no liabilities) of Spyker Automotive, as carried on before the acquisition of Saab Automobile (excluding the shares in the subsidiaries of Spyker Cars and the shares in Saab Automobile), for € 31 million. This right will lapse upon the completion of the disposal of the Spyker Automotive business.

Additionally Spyker has agreed a negative and positive pledge undertaking vis-à-vis Tenaci’s lendors until all loans have been repaid by Tenaci.

As part of financing of the purchase price for Saab Automobile, Spyker Cars on 8 February 2010 entered into a $ 25 million convertible loan agreement with Epcote S.A., an investment company owned by Heerema Holding Company Inc. This loan has a 2 year term, an interest of Euribor +10% and is convertible into shares at an ordinary share price of € 3.75.

GM’s global purchasing and supply chain company has agreed to defer the collection of the Group’s accounts payable for an amount of SEK 273.2 million until 2 January 2013 without interest. From then on the amount shall bear interest of 6% per annum. As from January 2013 the amount shall be repayable under the condition that the Group has a certain level of cash available. No collateral has been provided.

Adam Opel GmbH has agreed to defer the collection of the Group's accounts payable for an amount of SEK 255.4 million until 2 January 2013 without interest. From then on the amount shall be repayable. No collateral has been provided.

As from 1 September 2010 GMAC provided the Group with a revolving credit facility to fund working capital requirements, associated with the UK vehicle stocking. The facility fluctuates between £ 7.4 million and £ 12 million, depending on the season. As security for the loan, Saab GB pledges cars which are in inventory in the UK. Interest is payable at 7.35% above LIBOR. At 31 December 2010 the facility was used for an amount of € 8.8 million. The facility matured on 7 January 2011, but an extension was agreed until 31 May 2011 with an increased loan amount of up to £ 20 million.

Spyker Cars and Global Yield Fund Ltd ("GEM") entered into a € 150 million Equity Credit Line Facility for a term of 3 years. According to this facility, Spyker can issue shares to GEM at 90 per cent of the average of the closing bid prices of the shares over a period of 15 days following a draw down notice sent to GEM by Spyker. In relation to this GEM facility, Spyker issued share warrants to GEM in respect of 1,570,000 ordinary shares at an exercise price of € 4 per share. GEM exercised 250,000 warrants in 2011. Of the € 150 million GEM Equity Standby Facility € 1.8 million was drawn in the first six months of 2010. The Group did not draw any funds under this facility in the second half of 2010. As Spyker Cars did not issue the contractually agreed warrants to GEM by 26 January 2011, GEM has the right to terminate this facility.

On 8 February 2010 and 14 December 2010 Spyker Cars (as lessee) entered into financial lease agreements with SIA LKB Lizings (as lessor) and CPP (manufacturing) Limited (as seller) in respect of the sale and lease of the tooling for the production of the Spyker C8 Aileron. The total purchase price of the tooling under these two lease agreements amounts to EUR 1,279,645 and EUR 1,063,829 (EUR 2,343,474 in total), financed by financial lease agreements with a maturity date of 28 January 2015 and 28 December 2013 respectively. The floating annual interest rate consists of a fixed part of 10.0% and a floating part of 3-month interbank credit interest rate index LIBOR EUR. Spyker Cars has provided the tooling of the Spyker C8 Aileron as collateral for the lease commitments. In addition, an amount of EUR 1.28 million is guaranteed by a third party. The existing financial lease agreements of 25 September 2009 and 29 September 2009 have been paid off in full as part of the refinancing by Tenaci on 23 February 2010.

Due to less available cash at year-end 2010 than anticipated because of lower sales volumes (to the extent that these were not fully off-set by cost reductions and working capital improvements), heavy investments in product launches and future product development, the Group's cash position is monitored very closely by management. To strengthen working capital in the short term, management is raising liquidity from current shareholders and other available sources. For further information on the continuity of the Group, we refer to Note 2.1 Continuity of the Group in the consolidated financial statements.

The equity facility agreement with Trafalgar has expired in March 2010. The Group did not make use of it in 2009 and 2010.

No employee share option rights were exercised in 2010.

Spyker issued a corporate guarantee of $ 10 million for Saab's obligations to and for the benefit of the financing company GMAC.

### Production and suppliers

On 23 February 2010 Saab Automobile effectively exited liquidation with no cars in production, no material on order very low global inventory, several product development projects on hold and limited marketing activities. In the direct period following this date, management focused on restarting operations and regaining the trust of dealers, customers and suppliers. Manufacturing was restarted on 22 March 2010 after a complete 7 week standstill. After resolving persistent parts shortages, capacity steadily increased. While Saab Automobile manufacturing was fully operational by this time, the company was still hampered by the disruption of the supply chain as a result of the liquidation phase.

In 2010, all Saab operational activities were centralised in Trollhättan, Sweden. The production of the Saab 9-3 Convertible was brought back to Trollhättan from Magna Steyr in Austria, and the first Convertible rolled off the Trollhättan production line on 12 January 2010. Also, production of the 9-5 Sedan was brought to Trollhättan from GM facilities in Rüsselsheim. Currently, the full Saab 9-3 and Saab 9-5 model ranges are built on a single production line in Trollhättan. Starting in 2011, the Saab 9-5 SportCombi will also be built in Trollhättan. The only Saab vehicle to be produced outside Sweden is the 9-4X crossover vehicle, which will be built at a General Motors facility in Mexico.

Full-year production in 2010 came in at 32,048 units, an increase of 53 percent compared to the 20,905 units produced in 2009. Given the effective shut down in Saab Automobile's operations during the first months of 2010, the year 2010 should not be seen as representative in terms of volumes, but as a necessary episode from which Saab Automobile will build going forward.

### Distribution network and sales development

Following the acquisition of Saab Automobile on 23 February 2010, the Group undertook a massive effort not only to restart production, but also to establish a global, Saab-controlled independent distribution network. In addition to Saab-owned distribution networks in Saab's largest markets (the US, the UK and Sweden) that were obtained in the acquisition, Saab Automobile successfully established its own controlled network in other key markets in and outside Europe. Wholesale and retail financing was secured through agreements with GMAC, Santander Consumer Bank and Banco Cetelem, enabling Saab Automobile to finance its own and its dealers' stock and offer retail financing programs to its end users. A complete carve-out of Saab Automobile's distribution network from General Motors was realized by July 1, 2010, two months earlier than anticipated.

One of the largest challenges in 2010 was to restock dealers around the world to normal levels again. This was especially vital in markets like the United States, where dealer stock is key in order to be able to sell cars. When Spyker acquired Saab Automobile in February 2010, there were a mere 500 cars left on the ground in the United States, while normal inventory levels in this market are substantially higher. Moreover, as production was considerably lower than sales in 2009, inventory levels around the globe were depleted by almost 19,000 units.

Saab Automobile also expanded its distribution network, by signing up new partners and re-launching the brand in a number of markets. On 27 July, the Group acquired 100% of the shares of Île de France Automobiles ("Saab Rive Gauche") from General Motors for an amount of € 0.7 million. Saab Rive Gauche is a is a Saab dealer located in the city center of Paris. On 2 August, Saab Automobile announced an importer agreement with Tokyo-based PCI Co. Ltd. for the Japanese market. On 31 August, Saab Automobile announced the appointment of Lisbon-based Hipogest Group as an importer for the Portuguese market. A re-launch of the Saab brand in the Canadian market was announced in the fall of 2010, while Saab Automobile also announced plans for a re-launch of the brand in the Australian market as of early 2011. Finally, on 20 December, Saab Automobile announced a principle agreement with CATC for the import of cars for the Chinese market. On 25 March 2011, Saab Automobile and CATC reached a final agreement in this respect. Also with CATC, Spyker concluded a joint venture agreement for the marketing and sale of Spyker automobiles in mainland China. At the end of 2010, Saab vehicles were sold in 40 reporting markets, covering 51 countries, through a network of around 900 dealerships.

Sales development was heavily influenced by events in the beginning of 2010, as Saab Automobile emerged from liquidation and restarted production at the end of March after a seven-week standstill. However, as the year proceeded, Saab Automobile continued to see sales momentum increase quarter by quarter in several key markets, with an especially strong performance in the fourth quarter. Full-year wholesale (revenue generating volume) increased 15% year-on-year to 31,696 cars, on the back of encouraging results in several key markets. Full-year retail sales amounted to 28,284 cars, down 29% year-on-year.

Management remains confident that the strong sales momentum as witnessed in the third and fourth quarter of 2010 will continue to build throughout 2011.

### Human resources

Overall, Saab Automobile saw its headcount increase during 2010. Following the separation from General Motors, the company needed to recalibrate a number of organizations which were until then strongly integrated with the General Motors organization, such as the sales and finance departments. The company also needed more manpower in order to start up production again, especially in the first half of the year. At the end of January 2010, combined FTE's within Saab Automobile, Saab Powertrain and Saab Parts stood at 3,458. Throughout the year, this rose to 3,662 FTE's by the end of December. At Spyker Automotive, however, the number of FTE's at year-end stood at 72, 12 FTE's less than at the start of the year. The average FTE number for the Group in 2010 was 3,949.

There were also a number of changes within the management of Saab Automobile. Adrian Hallmark was appointed at Saab Automobile as Executive Director Sales on March 5, but he left again later in the year. He was replaced by Matthias Seidl, whose appointment as Vice President Global Sales & Aftersales was announced on October 27. Seidl officially started on January 1, 2011, but already orientated himself within the company during the final months of 2010.

On 26 March 2010, Saab announced the appointment of Martin Larsson as Executive Director New Business Development, while Kjell Åke Eriksson was appointed head of Saab's purchasing organisation.

On 14 June, Magnus Hansson was appointed Regional Director Nordic and became responsible for sales, marketing, aftersales and business development in Sweden, Norway, Finland and Denmark. Furthermore, on 18 June, Saab announced the appointment of Jason Castriota as Executive Director Design. Castriota is responsible for exterior and interior design and leads the design activities at Saab.

The average age of a Saab employee in 2010 was 46 years old. Of the workforce employed at Saab at the end of 2010, 19.8 percent was female and 80.2 percent was male. This means that Saab employs slightly more women than other companies within the industry.

### Legal proceedings and other legal matters

During the restructuring of Saab Automobile the County Administrative Board of Västra Götaland paid wage guarantees in the amount of SEK 305,101,212. On 19 August 2010, the Swedish Crown represented by the County Administrative Board of Västra Götaland requested Saab Automobile to repay the wage guarantee that the Swedish Crown had disbursed during the first month when Saab was in reorganization. Saab has denied the request in a submission to the Enforcement Agency dated 3 November 2010 on the basis that the Swedish Crown's recourse claim relating the wage guarantees is fully covered by the composition established on 17 June 2009. Consequently, Saab Automobile's position is that the Crown's claim has been paid in full. The parties are currently in the process of exchanging written submissions and the Enforcement Agency has thus not yet arrived to a decision.

In addition to the recourse claim for wage guarantees, the Tax Agency has, by a letter dated 12 October 2010, formally demanded that Saab Automobile shall compensate the Swedish Crown for employers' contributions that accrue to the wage guarantee paid to Saab's employees paid during the reorganization. Saab Automobile has subsequently, objected to this recourse claim, stating that the claim lacks legal ground and that the claim in any event is covered by the composition. In response, the Tax Agency has declared that it maintains that Saab is liable to compensate the Swedish Crown for such employers' contribution. Allegedly, pending the outcome of an on-going, parallel case between the Swedish Crown and Fabec AB before the District Court of Gothenburg, the Tax Agency will not initiate legal proceedings to enforce this claim against Saab Automobile. Saab Automobile has applied for procedural intervention on the side of Fabec AB. The District Court of Gothenburg has thus not far made any ruling pertaining to this application.

In the share purchase agreement between Spyker Cars, Spyker Events & Branding B.V. (formerly: Spyker F1 Racing Holding B.V.) and Orange India Holdings Sarl ("OIH"), Spyker Cars has given certain warranties. Notice of a warranty claim must be given by or on behalf of OIH to Spyker Cars in the case of a claim relating to:

- the environment: on or before 5 October 2010;
- taxation: on or before 5 October 2014;
- a matter other than environment or taxation: on or before 5 October 2009.

On 2 October 2008 the company received from OIH a notice of a claim relating to taxation. The exposure for Spyker Cars is finally determined at £ 130,000 which amount has been paid.

In addition, Spyker Cars received various notices of claims from OIH in the total amount of about € 8.5 million. OIH did not start any proceedings. The aggregate liability of Spyker Cars in respect of any claim relating to the share purchase agreement shall not exceed € 16.7 million. Spyker Cars is presently close to a settlement with OIH and has recognized the position vis-à-vis OIH based upon the expected outcome of the settlement.

In 2010, a former manager of the Spyker Formula One team issued preliminary proceedings against Force India F1 Racing, Spyker's former Formula One Team, claiming an amount of € 1.2 million. Spyker Cars indemnified OIH for these claims.

Furthermore, this provision represents management's best estimate of the liability to be recognized by the Group with regard to legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators.

**Risk control systems and reporting processes**

On an overall basis, improvements relating to internal control were accomplished in 2010 whereas others need to be addressed in 2011. Due to the acquisition of Saab Automobile and Saab GB, and the ongoing relocation of production of Spyker vehicles to the UK, the current improvements needed to be reassessed. Furthermore, the sale of the Spyker Automotive business will require reassessment of the control processes.

Process improvements have been initiated both at Saab Automobile and Saab GB and shall lead to further efficiencies, amongst others within reporting and administration. New staff has been hired to execute specific functions in the systems on a daily and ongoing basis.

At Saab Automobile an internal control project geared on risk management was set up in Q3 2010. A dedicated project team was appointed. Almost all department went through a tailor made workshop to assess, qualify and accept or mitigate the identified risks in their areas and to apply the same format in a reporting routine. To maintain focus on risk in the future after this project has been completed, a reporting structure with reference to the various KPI's is developed. This risk management control system is to become operative at the beginning of Q2 2011.

The current consolidation reporting process for the Group is mainly handled from Spyker Cars out of Zeewolde, the Netherlands. It has been decided to transfer this function to Saab Automobile in Trolhättan, Sweden, where the majority of reporting takes place and most resources are available. Process knowledge on consolidation has to be transferred in a controlled way. As per Semi-Annual Report 2011 this reporting routine as such should be operational in Trolhättan under supervision of Spyker Cars.

## Environment and corporate social responsibility

Saab Automobile and Spyker Cars are conscious of the fact that every company has a duty to respect the environment. This means that every company within its reasonable power must keep the environmental impact of its manufacturing activities to a minimum.

One of the main goals within the automotive industry is to reduce CO2 emissions. Worldwide, agreements led to four emission standards, of which regulation in the State of California set the most stringent demands. Both Saab and Spyker vehicles comply with these and all emission standards worldwide.

The Group supports the worldwide aim of further reducing CO2 emissions in the future. Within the current environmental conditions and economical climate it is essential to lower vehicle energy consumption levels. The Group consistently endeavors to reduce the weight of its cars hence reducing fuel consumption. Furthermore, Saab Automobile constantly investigates possibilities for the implementation of environmentally friendly technologies in future vehicles. The objective of this research is to develop technology which lowers energy consumption and CO2 emissions, while at the same time delivering on performance and driving experience. The Group is committed to responsible performance.

*Environment and waste management*

Saab Automobile has a history of proactive environmental engagement which has been further developed through a newly announced Saab Environmental Policy that provides the direction for the continued environmental initiatives.

The automotive sector aims to reduce the environmental impact of its activities through a variety of ways, and reducing CO2 emissions is a main parameter. The initiatives by Saab Automobile in this area include a range of concepts such as renewable fuel initiative BioPower and low emission technologies such as fuel-efficient diesels. In 2010 Saab Automobile introduced a Saab 9-3 SportSedan with a newly developed highly efficient turbo diesel (TTiD) engine which offers 130, 160 or 180 hp against an emission level of 119g CO2/km. Furthermore Saab Automobile is developing a test fleet of its e-Power fully electric vehicle and plans to launch this fleet for tests in the summer of 2011.

Developments in reducing the environmental impact from manufacturing operations include continued initiatives, also by Saab Automobile, in reducing energy usage as well as reducing the dependency on fossil fuels through the use of district heating generated by biomass.

A project in cooperation with the Swedish governmental R&D and innovation agency Vinnova is on its way to enable major reductions of energy usages in the paint shop operations by dynamically optimizing the airflow in the ventilation of the paint process in a way that has not been done before.

The total amount of CO2 emitted by Saab Automobile's plant in Trollhättan in 2010 was within the allocated allowances of the European Emissions Trading Scheme.

Reducing environmental impact from waste generated in the production of Saab cars goes beyond recycling via incineration by increasing the amount of waste that can be re-used through materials recovery. Materials recovery provides substantially bigger reductions in environmental impact compared to recycling through energy recovery. In 2010 Saab Automobile reached its objective to increase the materials recovery to a 50% of all collected plastics, paper cardboard and combustible materials. In 2011 a target is set for 60%.

Emissions to air and water are kept at low levels through the application of efficient methods such as water-based paint materials and waste water treatment with chemical and biological methods. The requirements of the existing operational permit in accordance with EU regulations are deemed to be fulfilled and no changes are expected with respect to the permit's validity in the near future.

Saab has proactively begun to phase out potentially hazardous substances that in the future might require authorization or be banned under the European Chemicals regulation REACH.

*Employees*

Employee rights are firmly anchored in Swedish law and Saab Automobile feels that employees have the right to be well-represented within the company. At top management level, Saab Automobile has two board seats reserved for union representatives, who are in constant dialogue with the company board and management to ensure a voice for employees in decisions about processes within the company.

In December 2005, Saab Automobile adopted an Equality Policy which was signed by all members of the then executive management. The policy aims to make Saab Automobile an attractive workplace for both men and women and states among other things that men and women have equal possibilities for employment, competence development and promotion and that there will be no unwarranted pay difference between men and women in similar positions.

As Saab Automobile aims to offer optimal circumstances for employees to perform their work, the company also offers a number of facilities to promote this. All Saab Automobile employees have free access to a fitness and health center, while Saab Automobile offers an extensive range of medical care to employees through its company medical center Saabhälsan.

*Traffic safety*

Saab Automobile feels it is important to promote safe driving and traffic safety and shows its commitment through a number of projects in this area. In 2010, Saab Automobile was a partner in a local Swedish project educating school children about the importance of being visible in the dark. Together with schools, the project aimed to educated young children about the dangers of invisibility and provided them with free safety vests and reflectors.

Another traffic safety project involved the support of local traffic education centers. Would-be drivers in Sweden are obligated to follow a special traffic risk course as part of their education before obtaining a drivers license. One part of this risk course is to show drivers how road, weather and car conditions can influence the behavior of the car, by having them perform a number of driving assignments in dry and wet conditions on a closed track. Saab Automobile provides two such traffic education centers in the region around Trollhättan with cars, which are used in these risk courses.

### Recent events

A major recent event was the global premiere of the Saab 9-5 SportCombi during the Salon International de l'Automobile in Geneva, Switzerland. The addition of the SportCombi considerably broadens the potential of the 9-5 range in several markets around the globe. Production of the 9-5 SportCombi will start in July 2011. In Geneva, Saab Automobile also officially launched the Saab 9-3 Griffin range and the special Independence Day edition of the Saab 9-3 Convertible, celebrating one year of independence for the company. The 9-3 Griffin range will be equipped with a new turbocharged SIDI engine that will further increase performance and reduce fuel consumption, while the 9-3 SportCombi TTiD now also emits only 119g $CO_2$/km, making it a very attractive fleet offer in several European markets.

At the Geneva event, Saab Automobile also showed the Saab PhoeniX concept car to the public for the first time. Designed by Saab Automobile's design chief Jason Castriota, the car gives a clear indication of Saab's design language for future models such as the successor to the current Saab 9-3, which will be launched in Q4 2012. In addition the Saab PhoeniX concept showcased a revolutionary infotainment system that pioneers open source innovation in cars, called IQon. This Android-based system is open to third-party service providers and application developers, allowing Saab drivers to upgrade and download applications and fully personalize their car's infotainment system. Also, e-AWD was featured in this concept vehicle, a Saab-innovated system that brings the benefits of traditional AWD but with greater fuel efficiency.

The restructuring of Saab Automobile on the road to successful independence continued during the first months of 2011, as the company announced new structures for both its engineering department and the sales organization. Engineering has become a revitalized, more efficient and independent organization following the disintegration from General Motors, and is now well-equipped to support Saab Automobile's extensive development program and product offensive.

The sales structure was reformed by introducing four global regions, each led by a regional director based in Trollhättan and responsible for market development, sales and aftersales. The four regional directors all report directly to the Vice President for Global Sales and Aftersales. This new structure gives individual markets a direct link with company headquarters through their regional organizations, creating shorter lines of communication and a more effective decision-making process.

On 5 January 2011, it was announced that Mr. Rob Schuijt had strengthened the management team of the Group as Senior Vice President Corporate Development. His appointment as statutory member of the Management Board of the Group will be proposed at the General Shareholders Meeting on 19 May 2011.

Mr. Karl G. Lindström served as (interim) CFO of Saab Automobile until 16 February 2011. On 31 March 2011 Saab Automobile has not yet appointed a successor.

On 24 February 2011 Spyker Cars signed a memorandum of understanding to sell virtually all of the assets of the Spyker Automotive business to the private UK holding CPP Global Holdings Limited. This company is owned by Vladimir Antonov, a former investor and shareholder of Spyker Cars. Indicative terms include a purchase price of € 15 million plus a € 17 million earn-out. Within 6 months of completion of the sale and subject to certain conditions, it is envisaged that Tenaci Capital B.V. shall convert an amount of € 7.5 million of its existing loan to Spyker Cars at € 5.50 per share, in addition to the conversion of the € 9.5 million loan that took place on 25 March 2011.

The potential sale would be structured as an asset purchase of virtually all assets related to the Spyker Automobile business, excluding the D-line for which Spyker Cars will grant a license (which includes a transfer of ownership of the D-line after licence payment for a total amount of € 3.5 million). This transaction would allow the Group to focus on the its Saab Automobile business while reducing debt and improving operating results through reduced interest expenses and removing the operating losses related to the Spyker Automotive business. The Group intends to change its name (Spyker Cars N.V.) during the General Meeting of Shareholders 2011.

On 18 March 2011,Saab Automobile announced an innovative supply agreement with ZF Chassis Systems, a leading international supplier of driveline and chassis systems. Under this agreement, ZF will set up a sub-assembly plant close to the Saab Automobile factory for the supply of advanced front sub-frames and complete rear axles for installation in the next generation of Saab cars.

Mr. Heerema stepped down as Supervisory Board member of Spyker Cars per 21 March 2011.

On 25 March 2011 Saab Automobile signed an agreement with China Automobile Trading Co. Ltd. ("CATC") regarding the import of Saab vehicles and spare parts for the Chinese market. The contract is the formalization of the memorandum of understanding (MOU) with CATC, which was signed in December 2010.

Also per 25 March 2011, Saab Automobile decided to appoint a new importer and distributor for the highly important Russian market. Effective immediately, Moscow-based Armand Import will take over all marketing, sales and distribution responsibilities from GM CIS. Official sales are expected to start mid-2011.

Jan Åke Jonsson, President and CEO of Saab Automobile AB, announced his retirement on 25 March 2011, effective as of the Group's Annual General Shareholders meeting to be held on 19 May 2011. A search for a successor to Jan Åke Jonsson has already been initiated and he agreed to assist Saab Automobile's Management with a smooth transition to his successor. He will remain available as such until 1 September 2011. Until a successor to Jan Åke Jonsson is appointed, Victor Muller will temporarily assume the role of President and CEO of Saab Automobile in addition to his role as Chairman of Saab Automobile's Board.

On 25 March 2011, Spyker Cars announced that it will issue a total of 5,555,555 shares to Tenaci, Dorwing Solution Limited (Dorwing) and Trenton International Limited (Trenton). The share issue consisted of the following transactions:

issue of 2,533,333 shares to Tenaci, converting EUR 9.5 million of its existing EUR 74 million loan into 2,533,333 shares at a conversion price of EUR 3.75 per share, in accordance with the terms of that loan agreement;

issue of 2,164,722 shares to Trenton at a price of EUR 4.50 per share, and

issue of 857,500 to Dorwing at a price of EUR 4.50 per share.

The conversion of the EUR 9.5 million convertible loan by Tenaci will reduce the principle amount of the existing EUR 74 million loan and the interest thereon. Of the proceeds of the share issue to Trenton and Dorwing in the total amount of EUR 13.6 million the majority will be used to redeem an intercompany loan that Spyker took out with its 100 per cent subsidiary Saab Great Britain Limited, which loan was - amongst others - used to pay the second installment of the purchase price for Saab Automobile AB in July 2010.

## Outlook for 2011

Given the increasing sales momentum in 2010 and the planned re-entry of markets such as Russia and China, Management remains confident that this momentum will continue to build throughout 2011 and 2012. However, 2011 and 2012 are build-up years for Saab Automobile and although volume and markets share are important, Management's key objective is to renew and expand the product portfolio, enhance the distribution organization and build an independent company, while remaining within the financial boundaries set in its business plan. The Group's medium term goal is to establish Saab Automobile as an independent, financially viable, niche premium car manufacturer. The Group also foresees a net loss for 2011, after which profitability is expected for 2012.

The Group's research and development focuses on development of more energy efficient car models and will continue to do so in the future, in order to be leading in this field. Also the enhancement of safety for people in and around the vehicle is a focus point of R&D.

A large part of the investment budget is dedicated hereto.

The Group acknowledges that people form a highly important asset; this which was clearly proven for the Saab entities during the turbulent year 2010 as many stayed loyal to the brand and the companies during difficult times. It will maintain its aim to ensure a safe, people friendly and compelling working environment for its employees.

## Risk Management

During 2010, management continuously assessed the various risks related to the business, the economic climate and financial outlook of the Saab and Spyker businesses. The purpose of risk management is to reduce the uncertainty regarding the achievement of corporate, divisional and subsidiaries' objectives. The risk management process identifies the most significant and emerging risks and focuses management attention on the action plans to mitigate risk and maximize opportunities.

Overall during 2010 improvements relating to internal controls were accomplished and other improvements will still need to be addressed during 2011. The anticipated sale of the Spyker Automobile business will cause a reassessment of the risk and control processes.

Before the Saab Automobile acquisition risk management at Spyker Cars as a stand alone company was always a trade off due to the small size of the organization, between realization of certain segregation of duties and economic efficiencies. Also the dependence on a few individuals entailed a risk when these persons are absent or would resign. Because Saab Automobile has significantly more resources these inherent risks due to economies of scale can be addressed much better.

Process improvements have been initiated both at Saab Automobile and Saab GB which will lead to further efficiencies, amongst others within reporting and administration. Also new staff has been hired to execute specific functions in the systems on an ongoing basis.

The most significant strategic and operational risks related to the business of the Group are explained hereunder. This risk overview is not exhaustive. It should be noted that some risks may not yet be known to management, or may currently not believed to be material, but at a later date could potentially turn out to have a major impact on the Group's business.

Information on financial risks can be found in paragraph 37 in the consolidated financial statements.

### *Strategic risks*

*Acquisition of Saab*

For the Group the acquisition of Saab Automobile due its size represents a substantial risk as such. The size of Saab Automobile is very significant to the Group and will have a critical impact on the Group's future financial performance and position. Not only the accounting policies and procedures will be affected by this acquisition but also the Group's financial risk management objectives, policies and exposures. The Saab Business Plan requires funding for Saab Automobile until a return to profitability, forecasted to occur by 2012. The funding is provided in part by GM, through set-off of pre-closing receivables on Saab against $ 326 million Redeemable Preference Shares ("RPSs"), and in part through other contributions, such as favorable terms for supplies by GM to Saab Automobile and deferred payments from Saab Automobile to GM. Also Saab was granted a € 400 million ($ 556 million) loan facility from the European Investment Bank for co-funding of certain R&D projects at Saab Automobile of which € 183 million has been drawn at year end 2010. In addition, Saab Automobile had a net cash position of USD 200 million at acquisition date. Including cash flow from normal operations peak funding requirement is expected to occur after the second quarter of 2011. At the time of the acquisition of Saab Automobile it was forecasted that the Business Plan was fully funded on the basis of available sources mentioned above. Due to lower sales volumes and revenues to the extent that these were not fully off-set by cost reductions and working capital improvements, heavy investments in product launches and future product development, the Group's available cash position is monitored very closely by management. To strengthen working capital in the short term, management is raising liquidity from current shareholders and other available sources such as the GEM standby equity facility. To ensure adequate liquidity for the remainder of this year and to further improve its capital structure, management is currently pursuing various options to improve the Group's funding, accelerate the execution of its business plan and strengthen the Group's balance sheet going forward. We refer further to Note 2 of the consolidated financial statements. Accordingly proactive working capital management remains a high priority for management.

*Sector risks*

Market factors, such as the recent turmoil in the Middle East and North Africa and governmental fiscal policies influence the fuel price for consumers. In combination with increasingly stringent requirements to safety and emissions standards, these remain the main challenges for the Saab Automobile product development activities. While Saab Automobile is anticipating on these developments by investigating alternative fuel systems as well as energy reduction and safety improving measures in the products the above are a risk factors for the sector as a whole, outside the direct control of Saab Automobile. The discovery of defects in vehicles or of non-compliance with safety standards may result in recall campaigns, increased warranty costs or litigation which could have a material adverse effect on Saab Automobile's business, financial condition and/or results of operations.

*Exposure to adverse economic conditions*

Saab Automobile operates and competes in markets that are subject to considerable volatility in demand. This volatility has a high correlation with cycles in the overall business and economic environment in general and in the automotive and high-end consumer goods sectors in particular. Since Saab Automobile distributes its products internationally, a significant decline in the general economy or in consumer sentiment in especially in Europe and the US could have a material adverse effect on the Group.

*Saab relies on external suppliers*

Saab Automobile depends on suppliers for its car components. In principle the relations have been re-established and normalized after the stand still  period before the acquisition on 23 February 2010. Most payment terms are normalized again, but the general attitude with suppliers is a cautious one as Saab Automobile still needs to demonstrate long term viability in the view of certain suppliers. Some major auto parts suppliers are key for certain part like General Motors ("GM"), Lear, Valeo and Bosch. The normalized trade relation with these kind of suppliers is extremely important for Saab Automobile's normal operations. Management continuously works on its relationships with suppliers. The Saab Automobile operations were up to the acquisition integrated in the GM structure and several operations were performed by GM. In agreement with GM, Saab Automobile has operated under Transitional Service Agreements during 2010 while gradually taking over this responsibility. This gradually minimizes the dependency on GM operations and incorporates the control within Saab Automobile.

### *Operational risks*

Saab relies upon certain key personnel and upon its ability to find and retain skilled personnel

Saab Automobile’s success depends to a certain degree upon the efforts and abilities of members of its management team and its workforce. Also Saab Automobile relies on its ability to attract, train and retain skilled personnel for the specific departments like design, engineering, manufacturing sales & marketing. Although Saab Automobile has shown to be able to hire and retain employees even in difficult times, no assurances can be given that this will be the case in the future. The inability to attract the required skills could hamper Saab Automobile in its efforts to develop new models and grow at the necessary speed. The restart after 23 February 2010 has put extra effort upon the Saab management team and workforce. Also the centralization to Trollhättan of all office functions could be a risk as many skilled persons live in the Gothenburg area, which is a long way to commute.

Limited production capacity

Saab Automobile’s capacity to produce cars has been secured at Trollhättan. All facilities have been centralized in order to be run in a coordinated way. Future growth of operations depends on Saab Automobile’s success regarding sales of the model range. As the factory does not yet run on more than one shift, the risk of limited production capacity is low.

U.S. Business

The U.S. is an important market for Saab Automobile. Due to a long standstill and lack of available new cars in the US market during much of 2009 U.S. sales are still well below historical levels and market share was lost. Currently the U.S. sales organization has been reorganized and renewed energy is put into the sales efforts. Uncertainty remains as to how much and how fast sales will recover and this could have a negative effect on short term earnings and liquidity.

Pressure on dealers and residual values

Over the years, Saab Automobile has developed a network of over 900 dealers globally. Many of the Saab dealers have suffered economically from the global recession and the Saab standstill period prior to the acquisition. In several markets Saab Automobile’s dealers will need to strengthen financially and recover sales volumes to normal levels for their regions. Also the restructuring of Saab Automobile during 2009 and GM’s decision prior to the sale of Saab Automobile to Spyker has created uncertainty which has affected residual values of used Saab cars. Although significant recovery of residual values is evident, it is still below those at competitive brands. This limits Saab Automobile’s market competitiveness in the important fleet and lease markets until the residual values improve further.

Consumer’s brand awareness and confidence.

Due to the standstill Saab Automobile experiences a certain hesitation with new car buyers. Also, existing Saab owners may hesitate in purchasing another Saab car due to the same fact. A risk exists that brand awareness and consideration stays below the expected for some time to come which could effect sales negatively.

Information and IT risks

The protection of information data, business secrets and innovative development is of great importance. To safeguard against unauthorized access, damage and misuse internal controls have been improved and implemented. However as due to the carve out of the previous owner not all systems are completely run by Saab Automobile itself and some reliance on system and controls of third parties remains.  Also our IT systems are being transferred and migrated to own platforms and infrastructures. There is a risk that some controls, either inside or outside the control of Saab Automobile or migrations may fail, despite that all measures are being taken to prevent and avoid this.

## Corporate governance

### *I. The Corporate Governance Code*

In this report, Spyker Cars addresses its overall corporate governance structure and states to what extent it applies the provisions of the revised Dutch Corporate Governance Code of December 10, 2008 applicable to the financial year 2010 (the "Code").

Spyker Cars' statements in this report also relate to Saab, as Saab is part of the Spyker Group since the acquisition per 23 February 2010.

Spyker Cars endorses the principles of the Code. The Management Board and the Supervisory Board are responsible for the corporate governance structure of Spyker Cars and compliance with the Code.

The Boards are of the opinion that the principles and best practice provisions of the Code, which are addressed to the Management Board and the Supervisory Board, interpreted and implemented in line with the best practices followed by Spyker Cars, are being applied.

Deviations from aspects of the corporate governance structure of Spyker Cars, when deemed necessary in the interests of the company, will be disclosed in the annual report. Substantial changes in Spyker Cars' corporate governance structure and in Spyker Cars' compliance with the Code are submitted to the General Meeting of Shareholders for discussion under a separate agenda item. In line with the recommendation included in the Code an explanation of the Company's corporate governance structure as outlined in this report will be discussed at the 2011 General Meeting of Shareholders.

Hereunder, Spyker Cars will give a brief overview of its present managerial structure.

Spyker Cars has a two-tier governance structure with a Supervisory Board and a Management Board. Each board is a separate body.

### *II. Management Board*

#### II.1 Role and procedure

The executive management of Spyker Cars is entrusted to its Management Board. It consists of one or more managing directors (in the year under review the CEO and CFO). The members of the Management Board have collective powers and responsibilities. They share responsibility for the management of the company, the deployment of its strategy and policies and the achievement of its objectives and results. The Management Board has divided its tasks for practical purposes but remains collectively responsible for decisions. The division of tasks must be approved by the Supervisory Board.

According to Dutch law and Spyker Cars' corporate objectives, the Management Board is guided by the interests of the company and its affiliated enterprises within the Group, taking into consideration the interests of the company's stakeholders, and is accountable for the performance of its assignment to the Supervisory Board and the General Meeting of Shareholders. Furthermore, the Management Board follows its By-Laws. These By-Laws are published on Spyker Cars' website.

Members of the Management Board are appointed by the General Meeting of Shareholders. The nomination, suspension and dismissal rights of the priority with regard to Management Board members are exercised by the Supervisory Board, since the priority share has been cancelled per 22 April 2010. The CEO, who was appointed before the first Corporate Governance Code 2003 applied, was appointed for an indefinite period of time. The CFO was appointed in 2009 for a term of four years, which expires at the end of the General Meeting of Shareholders to be held in 2013. Members may be suspended by the Supervisory Board and the General Meeting of Shareholders and dismissed by the latter.

The Management Board is supervised by the Supervisory Board. Major decisions require the approval of the supervisory Board; these include decisions concerning (a) the operational and financial targets of the company, (b) the strategy applied to realize the objectives, (c) if necessary, the parameters to be applied in relation to the strategy and (d) corporate social responsibility issues that are relevant to Spyker Cars.

The Management Board is responsible for implementing a risk management and control system that is suitable for Spyker Cars and that is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the company's operations, by ensuring compliance with applicable laws and regulations and by safeguarding the reliability of the financial reporting and its disclosures. The Management Board reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee.

Regular management reviews, reviews of the effectiveness of internal controls and reviews by the financial administration department are integral parts of the company's risk management approach. On the basis thereof, the Management Board confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls have properly functioned in 2010. The financial statements fairly represent the financial condition and result of operations of the company and provide the required disclosures. It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliances with rules and regulations.

In view of the above the Management Board believes that it is in compliance with the requirements of recommendation II.1.4. of the Dutch Corporate Governance Code.

Risk factors and the risk management approach, as well as the sensitivity of the company's results to external factors and variables, are described in the chapter on Risk Management in this Annual Report.

The Management Board has adopted a Whistleblower Policy and a Code of Conduct. Both regulations are posted on the company's website.

No member of the Management Board holds more than two supervisory board memberships of listed companies, or is a chairman of such supervisory board, other than of an affiliate. The acceptance by a Management Board member of membership of the supervisory board of another company requires the approval of the Supervisory Board. The Supervisory Board is required to be notified of other important positions held by a member of the Management Board.

In 2010, no shareholder exercised the right to put an item on the agenda of the General Meeting of Shareholders.

### II.2 Remuneration

The remuneration and contractual terms of employment or management contracts with Management Board members are determined by the Supervisory Board in accordance with article 17 of the Company's articles of association and clause 10 of the By-Laws of the Supervisory Board, within the scope of the remuneration policy adopted by the General Meeting of Shareholders. The remuneration policy applicable to the Board of Management was adopted by the General Meeting of Shareholders in 2005 and lastly amended in 2010. It is published on the company's website. A full and detailed description of the composition of the remuneration of the individual members of the Management Board is included in the chapter on Remuneration in this Annual Report.

The remuneration structure, including severance pay, promotes the interests of Spyker Cars in the medium and long term, does not encourage members of the Management Board to act in their own interests or take risks that are not in keeping with the adopted strategy, and does not reward failing members of the Management Board upon termination of their employment. The level and structure of remuneration are determined by the Supervisory Board in the light of factors such as the results and other developments relevant to the company. The main elements of the contract of employment of the members of the Management Board are posted on Spyker Cars' website.

The set-up of Spyker Cars' share option plan (ESOP) is as follows. Options granted under the ESOP do not have a three-year, but a five-year term. However, each year only one fifth of the granted option rights can be exercised if the predetermined targets for that year are met. Options are granted at fair market value, based on the closing price of NYSE Euronext Amsterdam. The value of the options granted to members of the Board of Management and other personnel and the method followed in calculating this value are stated in the notes to the annual accounts. For top management, a new remuneration plan was implemented.

Shares held by members of the Management Board are long term investments. The granting of shares however, which qualify as a variable bonus according to the remuneration policy, as approved by the General Meeting of shareholders, are not linked to a five year retain period.

The company and its subsidiaries do not grant personal loans, guarantees or the like to Management Board members except within the framework of its usual business operations, on conditions which apply to all employees and with the approval of the Supervisory Board. Loans are not remitted.

Unless the law provides otherwise, the Management and Supervisory Board members shall be reimbursed by the company for various costs and expenses. The company has also taken out liability insurance (D&O - Directors & Officers) for the persons concerned.

### II.3 Conflicts of interest

Rules are laid-down in the By-Laws to avoid conflicts of interests between the Company and members of the Management Board. A Management Board member shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of interest with the company. Decisions to enter into transactions in which there are conflicts of interest with Management Board members that are of material significance to the Company and/or the relevant Management Board members require the approval of the Supervisory Board. The By-Laws of the Management Board establish further rules on the reporting of conflicts of interests. No such reports have occurred during the financial year 2010.

## *III. Supervisory Board*

### III.1 Role and procedure

The Supervisory Board supervises and advises the Management Board in performing its management tasks, including (a) achievement of the Company's objectives, (b) corporate strategy and the risks inherent in the business activities, (c) the structure and operation of the internal risk management and control systems, (d) the financial reporting process, (e) compliance with primary and secondary legislation, (f) the company-shareholder relationship, and – as from the fiscal year 2010 - (g) corporate social responsibility issues that are relevant to the enterprise. Major management decisions and the Group's strategy are discussed with and approved by the Supervisory Board. In its report, the Supervisory Board describes its activities in the financial year 2010. In the year under review, three Supervisory Board committees were in operation: the Strategy Committee, the Audit Committee and the Remuneration & Nomination Committee.

The Supervisory Board shall meet as often as deemed necessary for the proper functioning of the Supervisory Board with a minimum of four meetings per year.

The Management Board members and the company secretary shall be requested to attend as many of the Supervisory Board meetings as possible, to the extent that the Supervisory Board does not indicate that it wishes to meet in their absence. The Supervisory Board, being responsible for the quality of its own performance, discusses, at least once a year on its own, without the members of the Management Board being present, both its own functioning and that of the individual members, and the conclusions that must be drawn on the basis thereof. The Supervisory Board shall discuss the corporate strategy and the risks of the business, the result of the assessment by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto at least once a year.

Individual data on the members of the Supervisory Board are published in the annual report, and updated on the Spyker Cars website.

### III.2 Independence

The Supervisory Board's By-Laws set forth its own governance rules (including meetings, items to be discussed, resolutions, appointment and re-election, committees, conflicts of interests, trading in securities, profile of the Supervisory Board). The Supervisory Board shall endeavour to ensure, within the limits of its powers, that it is at all times composed so that its members are able to act critically and independently of one another, the Management Board and any particular interest. The independent criteria are summarized in article 1.4 of the By-Laws. According to this criterion, one member does not qualify as independent.

### III.3 Expertise and composition

The Supervisory Board consists of at least two members (in the year under review five which was reduced to four), including a chairman and deputy chairman. Members are elected by the

General Meeting of Shareholders for a maximum term of three four-year terms. The nomination, suspension and dismissal rights of the priority with regard to Supervisory Board members are exercised by the Supervisory Board, since the priority share has been cancelled. A Supervisory Board member shall retire early in the event of unacceptable performance, structural incompatibility of interests, and in any other instances where deemed necessary by the Supervisory Board.

The composition of the Board follows the profile, which aims for an appropriate combination of knowledge and experience among its members in relation to the Group's businesses. The Supervisory Board attaches great importance to diversity in its composition. More particularly, it aims at having members with a European and non-European background (nationality, working experience or otherwise).

In accordance with the By-Laws adopted by the Supervisory Board, no member of the Supervisory Board shall hold more than five supervisory board memberships of Dutch listed companies, the chairmanship of a supervisory board counting as two regular memberships.

Its profile and rotation schedule are posted on the website.

### III.4 The chairman of the Supervisory Board and the company secretary

The Supervisory Board is assisted by the Director Corporate Affairs, whose tasks include the secretariat of Spyker Cars. He sees to it that correct procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations and its obligations under the articles of association. Furthermore, the Director Corporate Affairs assists the Chairman of the Supervisory Board in the actual organization of the affairs of the Supervisory Board (information, agenda, evaluation, introductory program). The company secretary, with the approval of the Supervisory Board, shall be appointed and removed by the Management Board. The Chairman's tasks are described in the By-Laws of the Supervisory Board.

### III.5 Composition and role of three key committees of the Supervisory Board

The By-Laws of the Supervisory Board are published on the company's website, as well as the By-Laws of its committees, to which the plenary Supervisory Board, while retaining overall responsibility, has assigned certain tasks: the Remuneration & Nomination Committee, the Audit Committee and the Strategy Committee. Each committee reports, and submits its minutes for information, to the Supervisory Board.

Audit Committee

The Supervisory Board supervises compliance with internal procedures established by the Management Board for the preparation and publication of the Annual Report, the Annual Accounts, the quarterly (insofar as required) and half-yearly figures and ad hoc financial information. The Supervisory Board also supervises the establishment and maintenance of internal control mechanisms for external financial reporting as described in the By-Laws of the Management Board. The line of contact between the Supervisory Board and the External Auditor is in principle through the chairman of the Audit Committee of the Supervisory Board. The Audit Committee is the first contact for the External Auditor if any irregularities in the contents of the financial reports are discovered.

Remuneration & Nomination Committee

The Supervisory Board has decided to delegate certain of her tasks to the Remuneration & Nomination Committee. The Committee (a) draws up selection criteria and appointment

procedures for members of the Supervisory Board and the Management Board; (b) periodically

assesses the size and composition of the Supervisory Board and the Management Board, and makes recommendations relating to the profile of the Supervisory Board; (c) periodically assesses the functioning of individual members of the Supervisory Board, Management Board, and reports on this to the Supervisory Board (d) makes proposals to the Supervisory Board for the (re)appointment of members of the Supervisory Board and the Management Board, and (e) supervises the policy on the selection and appointment of the executives within the Spyker group.

Strategy Committee

The specific responsibilities of the Strategy Committee include technology & production, marketing, dealer network, racing and the funding of Spyker Cars. In addition, the Strategy Committee determines the responsibilities of the Management Board members, reviews and monitors key performance indicators and approves business plans and partnerships.

### III.6 Conflicts of interest

In compliance with the Dutch Corporate Governance Code, the company has formalized strict rules to avoid conflicts of interest between the company and members of the Supervisory Board; all information about a conflict of interest situation is to be provided to the chairman of the Supervisory Board. There were occasions where the chairman and a member of the Supervisory Board had to abstain from voting in view of a (potential) conflict of interest. In some instances, a Supervisory Board member did not take part in a discussion or decision-making that involved a subject or transaction in relation to which he had a conflict of interest with the company.

### III.7 Remuneration

The remuneration of each member of the Supervisory Board is determined by the General Meeting of Shareholders. The remuneration of a Supervisory Board member is not dependent on the results of the company. A Supervisory Board member shall not be granted any shares and/or rights to shares in the company's capital by way of remuneration. Shares in the company held by a Supervisory Board member are long-term investments. The Supervisory Board has adopted a policy on ownership (and notification) of transactions in non-Spyker securities by members of the Supervisory and Management Board.

Spyker Cars and its subsidiaries may not grant personal loans, guarantees or the like to Supervisory Board members, save as part of its usual business operations. Loans are not remitted. No such (remissions of) loans and guarantees were granted to the members in 2010, nor were any outstanding as per December 31, 2010.

The Supervisory Board shall determine the remuneration of the individual Management Board members on a proposal by the Remuneration Committee, within the scope of the remuneration policy adopted by the General Meeting of Shareholders.

### III.8 One-tier management structure

Spyker Cars does not have a one-tier management structure.

## *IV. General Meeting of Shareholders*

### IV.1 Powers

The main powers of the General Meeting of Shareholders are to appoint, suspend and dismiss

members of the Board of Management and of the Supervisory Board, to adopt the annual accounts, declare dividends and to discharge the Board of Management and the Supervisory Board from responsibility for the performance of their respective duties for the previous financial year, to appoint the external auditor as required by Dutch law, to adopt amendments to the articles of association and proposals to dissolve or liquidate the Company, to issue shares or rights to shares, to restrict or exclude pre-emptive rights of shareholders and to repurchase or cancel outstanding shares.

All outstanding shares carry voting rights.

As a separate agenda item and in application of Dutch law, the General Meeting of Shareholders discusses the discharge of the members of the Management Board and of the Supervisory Board from responsibility for the performance of their respective duties in the preceding financial year. This discharge only covers matters that are known to the company and the General Meeting of Shareholders when the resolution is adopted.

The policy of the company on reserves and on dividends and any changes to this policy shall be dealt with and explained as a separate agenda item at the General Meeting of Shareholders, as well as a resolution to pay a dividend.

### IV.2 Depositary receipt for shares

Spyker Cars has not issued preference shares, financing preference shares or depositary receipts for shares.

### IV.3 Provision of information to and logistics of the General Meeting

A General Meeting of Shareholders is held at least once a year to discuss the annual report, including the Supervisory Board's Report, the Management Board's report, the annual financial statements with explanatory notes thereto and additional information required by law.

The Management Board shall procure that each substantial change in the corporate governance structure of the company or in the company's compliance with the Dutch Corporate Governance Code is submitted to the General Meeting of Shareholders for discussion under a separate agenda item.

When a meeting is convened, the company determines a registration date for the exercise of the voting rights and the rights attached to meetings. The company gives the shareholders the opportunity to vote by proxy according to the instructions given on the voting instruction form.

The Management Board shall provide the General Meeting of Shareholders with all requested information, unless this would be contrary to an overriding interest of the Company. If the Management Board invokes an overriding interest, it shall state the reasons.

The annual report, the financial statements and other regulated information such as defined in the Dutch Act on Financial Supervision, are solely published in English.

If a right of approval is granted to the General Meeting of Shareholders by law or under the articles of association (e.g. in the case of option schemes, far-reaching decisions as referred to in Section 2:107a of the Dutch Civil Code), or the Management Board or the Supervisory Board requests a delegation of powers (e.g. issue of shares or authorisation for the repurchase of shares), the Management Board and the Supervisory Board shall inform the General Meeting of Shareholders by means of a shareholders' circular of all facts relevant to the approval, delegation or authorisation to be granted.

If a serious private bid is made for a business unit or a participating interest and the value of the bid exceeds the threshold referred to in Section 2:107a paragraph 1(c) of the Dutch Civil Code, and the bid is made public, the Management Board shall, at its earliest convenience, make public its position on the bid and the reasons for this position.

## *V. The audit of the financial reporting and the position of the internal audit function and the external auditor*

### V.1 Financial reporting

The annual financial statements are prepared by the Management Board and reviewed by the Supervisory Board. The supervisory board issues a preliminary report on the annual accounts to the general meeting. The company instructs the external auditor to examine the annual accounts. The external auditor shall report to the Management Board and Supervisory Board on the result of his audit. The external auditor shall lay down the results of his audit in a statement on the fairness of the annual accounts.

### V.2 Role, appointment, remuneration and assessment of the functioning of the external auditor

The external auditor is appointed by the General Meeting of Shareholders. The Supervisory Board nominates a candidate for this appointment to the General Meeting of Shareholders and may recommend replacement of the External Auditor. The Management Board and the Audit Committee shall both advise the Supervisory Board in this regard.

The Management Board and the Audit Committee shall report their dealings with the External Auditor to the Supervisory Board on an annual basis, including their assessment of the External Auditor's independence (for example, the desirability of rotating the responsible partners of the External Auditor and the desirability of the External Auditor providing both auditing and non-audit services to the Company). The Supervisory Board shall take this into account when deciding its nomination to the General Meeting of Shareholders for the appointment of an External Auditor.

At least once every four years the Management Board and the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment are communicated to the General Meeting of Shareholders for the purpose of assessing the nomination for the appointment of the external auditor. The current auditor of the Company, Ernst & Young Accountants LLP, has been appointed by the General Meeting of Shareholders on 22 April 2010 to audit the Financial Statements for the financial year 2010. The external auditor attends the Annual General Meeting of Shareholders. Questions may be put to him at the meeting about his report. The Management Board and the Audit Committee of the Supervisory Board shall report on their dealings with the external auditor to the Supervisory Board on an annual basis, particularly with regard to the auditor's independence.

### V.3 Internal audit function

Internal procedures, compliance with which is supervised by the Supervisory Board, are in place for the preparation and publication of the annual report, the half year results, the quarterly figures and ad hoc financial information. A formal internal audit function has not yet been established, but is being prepared for set up.

### V.4 Relationship and communication of the external auditor with the organs of the company

The external auditor attends, in principle, all meetings of the Audit Committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. The external auditor attends the meeting of the Supervisory Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed. In its audit report on the annual accounts to the Board of Management and the Supervisory Board, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters, as appropriate.

## Website Spyker Cars

The following items are posted on Spyker's website (www.spykercars.com under the heading "Investors"):

(i) By-laws for the Management Board (2011)

(ii) Main elements of the contracts with the Management Board members (2010)

(iii) By-laws for the Supervisory Board (2011)

(iv) Rules on transactions in securities in other listed companies (2008)

(v) Remuneration report 2010

(vi) Code for the Audit Committee (2007)

(vii) Code for the Remuneration & Nomination Committee (2007)

(viii) Code for the Strategy Committee (2008)

(ix) Profile Supervisory Board (2011)

(x) Rotation schedule Supervisory Board (2011)

(xi) Insider Trading Code (2010)

(xii) Whistleblower policy (2008)

(xiii) Code of Conduct (2006).

## Compliance with the Dutch Corporate Governance Code

Spyker Cars complies with the Dutch Corporate Governance Code and applies all its principles and best practice provisions that are addressed to the Board of Management and the Supervisory Board. The full text of the Dutch Corporate Governance Code can be found at the website of the Monitoring Commission Corporate Governance Code (www.commissiecorporategovernance.nl).

On the basis of the above and in accordance with the best practices of the Dutch Corporate Governance Code of 10 December 2008 and Article 5:25c of the Financial Market

Supervision Act the Management Board confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and confirm that material controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. The company's Management is fully aware of the necessity of realizing further improvements in the internal control and risk management systems and procedures in view of the magnitude of the Saab acquisition and the uncertainties that are inherent to the carve out from the former shareholder.

In view of the above, the Management Board confirms that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and loss of the company and the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principle risks and uncertainties that the company faces.

Zeewolde, 31 March 2011

Spyker Cars N.V.

The Management Board:

**V.R. (Victor) Muller, Chief Executive Officer**

**D.J.C.Y.S. (Hans) Go, Chief Financial Officer**

# Spyker Cars N.V.

*Consolidated Financial Statements*

*31 December 2010*

# Contents

## Consolidated income statement

*For the year ended 31 December 2010*

| | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Net Sales | 8 | 819,235 | 0 |
| Cost of sales | 9 | -755,045 | 0 |
| **Gross Margin** | | **64,190** | **0** |
| Other operating income | 10 | 34,098 | 10 |
| Gain from bargain purchase | 10 | 77,923 | 0 |
| Selling expenses | 11 | -151,150 | 0 |
| Administrative expenses | 12 | -76,413 | -2,484 |
| Product development expenses | 13 | -74,533 | 0 |
| Other operating expenses | 14 | -14,243 | 0 |
| **Operating result** | | **-140,128** | **-2,474** |
| Financial income | 16 | 34,842 | 0 |
| Financial expenses | 16 | -52,105 | -3,647 |
| Share of result of associates | 6 | -577 | 0 |
| **Result before taxation** | | **-157,968** | **-6,121** |
| Taxation | 17 | 208 | 0 |
| **Result from continued operations** | | **-157,760** | **-6,121** |
| Result after tax from discontinued operations | 18 | -60,523 | -16,832 |
| **Result for the period** | | **-218,283** | **-22,953** |
| **Attributable to:** | | | |
| Owners of the parent | | -218,283 | -22,953 |
| Non-controlling interests | | 0 | 0 |
| **Result for the period** | | **-218,283** | **-22,953** |
| Result: | | | |
| - for the year per weighted average number of shares | € | -12.69 € | -1.46 |
| - for the year per weighted average number of shares diluted | € | -12.69 € | -1.46 |
| Result from continued operations | | | |
| - for the year per weighted average number of shares | € | -9.17 € | -0.39 |
| - for the year per weighted average number of shares diluted | € | -9.17 € | -0.39 |

# Consolidated statement of comprehensive income

*For the year ended 31 December 2010*

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| **Result for the period** | **-218,283** | **-22,953** |
| Other comprehensive income: | | |
| Exchange rate differences on translating of foreign operations | -2,876 | 153 |
| Income tax effect | 0 | 0 |
| | -2,876 | 153 |
| **Total comprehensive income for the period** | **-221,159** | **-22,800** |
| **Attributable to:** | | |
| Owners of the parent | -221,159 | -22,800 |
| Non-controlling interest | 0 | 0 |
| **Total comprehensive income for the period** | **-221,159** | **-22,800** |

# Consolidated statement of financial position

*As at 31 December 2010*

| Assets | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Property, plant and equipment | 20 | 282,364 | 4,658 |
| Intangible assets | 21 | 199,372 | 45,379 |
| Investments in associates | | 6,067 | 0 |
| Deferred tax assets | | 394 | 0 |
| Reserved cash | 28 | 24,264 | 0 |
| Financial assets | 24 | 1,146 | 0 |
| Other non-current assets | 23 | 1,829 | 0 |
| **Non-current assets** | | **515,436** | **50,037** |
| Inventories | 25 | 289,960 | 8,020 |
| Trade and other receivables | 26 | 117,432 | 5,108 |
| Reserved cash | 28 | 67,401 | 0 |
| Cash and cash equivalents | 29 | 70,057 | 1,018 |
| **Current assets** | | **544,850** | **14,146** |
| Assets held for sale | 5 | 17,396 | 0 |
| **Total assets** | | **1,077,682** | **64,183** |

| Equity and liabilities | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Issued capital | 30 | 700 | 633 |
| Share premium | 30 | 137,405 | 135,647 |
| Reserves | 30 | -126,330 | -110,714 |
| Unappropriated net result | | -218,283 | -22,953 |
| **Total equity attributable to owners of the parent** | | **-206,508** | **2,613** |
| Redeemable preference shares | 31 | 171,540 | 0 |
| Interest bearing borrowings | 31 | 323,580 | 15,675 |
| Employee benefit liability | 32 | 77,498 | 0 |
| Provisions | 33 | 41,737 | 150 |
| Deferred tax liability | 17 | 2,654 | 0 |
| Other non-current liabilities | | 27,326 | 0 |
| **Non-current provisions and liabilities** | | **644,335** | **15,825** |
| Interest bearing borrowings | 31 | 9,026 | 39,112 |
| Provisions | 33 | 48,862 | 96 |
| Trade and other payables | 34 | 578,669 | 6,537 |
| **Current provisions and liabilities** | | **636,557** | **45,745** |
| Liabilities directly associated with the assets classified as held for sale | | 3,298 | 0 |
| **Total equity and liabilities** | | **1,077,682** | **64,183** |

# Consolidated statement of changes in equity

## *For the year ended 31 December 2010*

| | Attributed to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Translation reserve | Other reserves | Un-appropriated net result | Total |
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| **Balance at 1 January 2010** | **633** | **135,647** | **156** | **-110,870** | **-22,953** | **2,613** |
| Result for the period ended 31 December 2010 | 0 | 0 | 0 | 0 | -218,283 | -218,283 |
| Other comprehensive income | 0 | 0 | -2,876 | 0 | 0 | -2,876 |
| **Total comprehensive income** | **0** | **0** | **-2,876** | **0** | **-218,283** | **-221,159** |
| Allocation of net result prior year | 0 | 0 | 0 | -22,953 | 22,953 | 0 |
| Proceeds from new share issues * | 67 | 1,758 | 0 | 2,268 | 0 | 4,093 |
| Costs of share issues | 0 | 0 | 0 | 0 | 0 | 0 |
| Recognition of equity component of convertible notes | 0 | 0 | 0 | 5,755 | 0 | 5,755 |
| Warrants | 0 | 0 | 0 | 1,680 | 0 | 1,680 |
| Share based payments | 0 | 0 | 0 | 510 | 0 | 510 |
| | **67** | **1,758** | **0** | **-12,740** | **22,953** | **12,038** |
| **Balance at 31 December 2010** | **700** | **137,405** | **-2,720** | **-123,610** | **-218,283** | **-206,508** |

* The proceeds from new share issues include an non cash amount of € 2,305,000. These shares are issued to GEM by means of paying the commitment fee.

## *For the year ended 31 December 2009*

| | Attributed to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Translation reserve | Other reserves | Un-appropriated net result | Total |
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| **Balance at 1 January 2009** | **623** | **135,157** | **3** | **-86,103** | **-24,767** | **24,913** |
| Result for the period ended 31 December 2009 | 0 | 0 | 0 | 0 | -22,953 | -22,953 |
| Other comprehensive income | 0 | 0 | 153 | 0 | 0 | 153 |
| **Total comprehensive income** | **0** | **0** | **153** | **0** | **-22,953** | **-22,800** |
| Allocation of net result prior year | 0 | 0 | 0 | -24,767 | 24,767 | 0 |
| Proceeds from new share issues | 10 | 490 | 0 | 0 | 0 | 500 |
| Costs of share issues | 0 | 0 | 0 | 0 | 0 | 0 |
| Recognition of equity component of convertible notes | 0 | 0 | 0 | 0 | 0 | 0 |
| Warrants | 0 | 0 | 0 | 0 | 0 | 0 |
| Share based payments | 0 | 0 | 0 | 0 | 0 | 0 |
| | **10** | **490** | **0** | **-24,767** | **24,767** | **500** |
| **Balance at 31 December 2009** | **633** | **135,647** | **156** | **-110,870** | **-22,953** | **2,613** |

# Consolidated statement of cash flows

*For the year ended 31 December 2010*

(under the indirect method)

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| **Cash flows from operating activities** | | |
| Result for the year | -218,283 | -22,953 |
| | | |
| Adjustments for: | | |
| Depreciation | 45,808 | 1,746 |
| Amortization of intangible assets | 7,496 | 646 |
| Impairment charges | 42,558 | 1,493 |
| Net financing costs | 17,263 | 3,645 |
| Gain on sale of property, plant and equipment | -831 | -10 |
| Gain from bargain purchase | -77,923 | 0 |
| Equity-settled share-based expenses | 510 | 0 |
| Movements in working capital: | | |
| Change in inventories | -108,388 | 1,007 |
| Change in current assets | -69,679 | 1,489 |
| Change in current liabilities | 250,208 | -2,605 |
| Change in reserved cash | 9,036 | 0 |
| Change in provisions, employee benefit liabilities and deferred tax liabilities | -14,896 | 100 |
| **Cash generated from operations** | **-117,121** | **-15,442** |
| Interest paid | -9,206 | -2,536 |
| Interest received | 3,302 | 37 |
| Income tax paid | 0 | 0 |
| **Net cash from operating activities** | **-123,025** | **-17,941** |
| | | |
| **Cash flows from investing activities** | | |
| Acquisition of subsidiaries, net of cash acquired | 91,394 | 23 |
| Acquisition of property, plant and equipment | -62,915 | 0 |
| Proceeds from sale of property, plant and equipment | 9,740 | -144 |
| Acquisition of other investments | -1,014 | -5 |
| Development expenditure | -82,755 | -8,595 |
| **Net cash used in investing activities** | **-45,550** | **-8,721** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | 1,788 | 0 |
| Proceeds from borrowings | 229,716 | 28,255 |
| Repayment of borrowings | -2,237 | -1,638 |
| **Net cash from (used in) financing activities** | **229,267** | **26,617** |
| | | |
| **Net increase in cash and cash equivalents** | **60,692** | **-45** |
| Cash and cash equivalents at 1 January | 1,018 | 907 |
| Effect of exchange rate fluctuations | 8,347 | 156 |
| **Cash and cash equivalents at 31 December** | **70,057** | **1,018** |
| | | |
| **For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of the following at 31 December:** | | |
| Cash at banks and on hand | 70,057 | 1,018 |
| Bank overdraft | 0 | 0 |
| **Cash and cash equivalents** | **70,057** | **1,018** |

# Notes to the consolidated financial statements

## 1. Corporate information

The consolidated financial statements of Spyker Cars N.V. (Spyker Cars) for the year ended 31 December 2010 were approved for issue by both Supervisory Board and Managament Board on 31 March 2011. The financial statements are subject to adoption by the Annual General Meeting of Shareholders on 19 May 2011. Spyker Cars is a public limited company incorporated and domiciled in The Netherlands whose shares are publicly traded at the Euronext Amsterdam Stock Exchange since 27 May 2004. The registered office is located at Edisonweg 2 in Zeewolde.

The consolidated financial statements of Spyker Cars as at and for the year ended 31 December 2010 comprise the company and its subsidiaries (together referred to as the "Group"). The principal activities of the Group changed significantly in 2010 after the acquisitions of subsidiaries. Presentation is different due to anticipated disposal of business and presentation as discontinued operations.

Up to 2009, the main activities of the Group consisted of designing, engineering, manufacturing, marketing and distributing of high-end sports cars ("Spyker activities"). These activities are intended to be sold in 2011. As per 31 December 2010, the assets and liabilities related to the Spyker activities are presented as "Assets held for sale" and "Liabilities directly associated with the assets classified as held for sale". Results of the Spyker activities are presented as "Results after tax from discontinued operations". Reference is made to Note 18. Discontinued operations.

In 2010, Spyker Cars purchased all of the ordinary shares in Saab Automobile AB ( "Saab Automobile") and Saab Great Britain Ltd ("Saab GB") which changed the main activities into designing, engineering, manufacturing, marketing and distributing of Saab automobiles. The production and world wide sales is conducted by Saab Automobile, which is by far the largest company in the group. The distribution in the UK is done via Saab GB. Reference is made to Note 5. Business combinations.

The activities of the Group are described in Note 7. Operating segment information.

In accordance with Section 402, Book 2 of the Dutch Civil Code, in the income statement the result on subsidiaries after taxation is the only item shown separately.

## 2. Significant accounting policies

### 2.1 Continuity of the Group

The Group has, as set out in the cash flow statement, been cash flow negative in 2010 due to, amongst others, the operating losses of Saab Automobile and Spyker, as well as the investments made in the development of new vehicles and technologies. Although it was already envisaged in the overall Business Plan that Saab Automobile would be cash flow negative during its rejuvenation phase in the coming years, the actual cash deficit turned out higher than planned. This was mainly caused by the fact that more time and efforts (and thus costs) were needed to get Saab Automobile's production restarted after the standstill and to get Saab Automobile's organization fully operational again, after the carve out from General Motors, i.e. on a stand-alone basis. These delays had also its impact on the sales volume, which ended up below expectations.

The Group is expected to remain cash flow negative for most of 2011, due to the ramp up of the new 9-3 and certain other engineering projects, as well as the fact that the level of sales, although steadily increasing, are not yet expected to be sufficient to reach a break-even level this year. The cash flow forecast is marked by a number of uncertainties, in particular in connection with the envisaged volume and build up of the sales, weakening of the USD and GBP, for which the Company can presently not shelter itself via derivative financial instruments, and working capital terms and conditions.

The funding situation of the Group is as a result of the aforementioned currently tight. Management is accordingly arranging for some direct relief via, in particular, additional funding, in form of equity or similar facilities. Management however recognizes that substantial further funding is still required and is presently working on certain specific transactions to improve the Group's funding position in a more structural manner and to strengthen its balance sheet going forward, also from a more strategic perspective. Negotiations around these transactions are in an advanced stage. These transactions are also subject to, among others, approval by the Swedish Government.

Management is accordingly confident that it will be able to generate the necessary additional funding and expects to be able to come with further announcements soon. Therefore the accounting principles applied in these financial statements are based on the assumption that the Group will be able to continue on a going concern basis. In case management will (unexpectedly) not be successful in this, or in case of adverse developments in respect of the aforementioned uncertainties, the continuity of the Group will become uncertain.

### 2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU)

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€ '000), except when otherwise indicated.

Spyker Cars has changed its analysis of its expenses in the income statement from a classification based on the nature of expenses to a classification based on the function of expenses. Spyker Cars made this change as a result of the acquisition of Saab. Saab had a classification based on the function of the expenses prior to the acquisition. Additionally the classification by function of expenses is more commonly used in the industry.

The reconciliation from the nature of expense presentation to the function of expense presentation for the continued operations of Spyker Cars for the year ended 31 December 2009 can be summarized as follows:

| | Other operating income | Administrative expenses | Total operating result |
|---|---|---|---|
| Other income | 23 | 0 | 23 |
| Raw materials and consumables | -13 | 0 | -13 |
| Employee benefits | 0 | -1,195 | -1,195 |
| Amortization and depreciation | 0 | -1,672 | -1,672 |
| Other operating expense | 0 | 383 | 383 |
| **Total operating result** | **10** | **-2,484** | **-2,474** |

The table above relates to the continued operations of Spyker Cars, the discontinued operations are presented as result from discontinued operations.

Other than the change in the reconciliation from the nature of expense presentation to the function of expense presentation, there have been no reclassifications.

### 2.3 Basis of consolidation

#### *Basis of consolidation from 1 January 2010*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### *Basis of consolidation prior to 1 January 2010*

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at 1 January 2010 has not been restated.

### 2.4 Summary of significant accounting policies

### a) Business combinations and goodwill

#### *Business combinations from 1 January 2010*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non- controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss in a separate line item, part of operating result.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### *Business combinations prior to 1 January 2010*

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

### b) Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of result of an associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of result of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

### d) Foreign currency translation

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.
Foreign exchange gains and losses resulting from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies are presented as Other operating expense or Other operating income. Foreign exchange gains and losses from measurement of assets and liabilities at the closing rate are presented as part of Financial income or Financial expenses.

#### *i) Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

***ii) Group companies***

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

**e) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods: this corresponds generally to the date when the vehicles are made available to non-group dealers, or the delivery date in the case of direct sales.

New vehicle sales with a buy-back commitment are not recognized at the time of delivery but are accounted for as operating leases when the significant risk and rewards have not been transferred. This is the case when it is probable that the vehicle will be bought back. More specifically, vehicles sold with a buy-back commitment are accounted for as assets in Inventory (agreements with normally a short-term buy back commitment). The difference between the carrying value (corresponding to the manufacturing cost) and the estimated resale value (net of refurbishing costs) over the buy-back period is depreciated at the end of the buy-back period. The initial sale price received is recognized as an advance payment (liability). The difference between the initial sale price and the buy-back price is recognized as rental revenue on a straight-line basis over the term of the operating lease.

***Rendering of services***

Revenue from services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

***Interest income***

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

***Dividends***

Revenue is recognized when the Group's right to receive the payment is established.

**f) Cost of sales**

Cost of sales comprises the cost of manufacturing products, which has been sold. It includes all directly attributable material and production costs and all production overheads. These include the depreciation of property, plant and equipment and the amortization of intangible assets relating to production and write-downs of inventories. Cost of sales also includes freight and insurance costs relating to deliveries to dealer and agency fees in the case of direct sales.

Cost of sales also includes provisions made to cover the estimated cost of product warranties at the time of sale to dealer networks or to the end customer. Revenues from the sale of extended warranties and maintenance contracts are recognized over the period during which the service is provided.

**g) Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

**h) Taxes**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity or other comprehensive income are recognized in equity or other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Sales tax***

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### i) Discontinued operations

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement for the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

### j) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Land an buildings | 25 to 40 years |
| Plant and machinery | 5 to 15 years |
| Equipment | 3 to 15 years |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

### k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### *Group as a lessee*

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

### l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives (Trademarks) are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

### *Research and development costs*

Research costs are expensed as incurred. Changes to the existing model (facelifts) are also expensed. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit on a straight-line basis for Saab Vehicles and on a unit of production basis for Spyker Automotive. Amortization is recorded in product development expenses. During the period of development, the asset is tested for impairment annually.

### *Technology*

Technology relates to engine and power train calibration and special technologies of Saab Automobile. Amortization of the asset begins when the technologies are used. It is amortized over the period of expected future benefits on a straight line basis. Amortization is recorded in cost of sales.

### *Trademarks*

Trademarks relate to the trademark "Saab" and the product–specific trademarks "9-5" and "9-3". Trademarks have an indefinite useful life and are not amortized. The asset is tested for impairment annually.

### *Proprietary software*

Proprietary software relates to Saab's internally developed series of software applications and platforms. Amortization of the asset begins when the software is used. It is amortized over the period of expected future benefits on a straight line basis. Amortization is recorded in cost of sales and product development expenses.

A summary of the policies applied to the Group's intangible assets is as follows:

| | Development costs | Technology | Trademarks | Proprietary software |
|---|---|---|---|---|
| Useful lives | Finite | Finite | Indefinite | Finite |
| Amortization method used | Saab Vehicles: Amortized over the period of expected future sales from the related project on straight-line basis<br><br>Spyker Automotive: Amortized on the basis of unit of production | Saab Vehicles: Amortized over the period of expected future sales from the related project on straight-line basis | No amortization | Amortized on a straight-line basis over the period of the patent |
| Internally generated and/or acquired | Internally generated/acquired | Acquired | Acquired | Acquired |

## n) Financial instruments – initial recognition and subsequent measurement

### *i) Financial assets*

#### Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

**Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

***ii) Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

**Available-for-sale financial investments**

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

***iii) Financial liabilities***

**Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables, other liabilities, and interest bearing and borrowings.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in the income statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

*Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

*Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

### *iv) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### *v) Fair value of financial instruments*

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24. Other financial assets .

## o) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:

- Purchase cost on a first in, first out basis

Finished goods and work in progress:

- Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and intangible assets with indefinite useful life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

### q) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if applicable).

Cash restricted in use, in the sense that the group can only access this cash under certain circumstances and with approval from the counterparties, is classified as reserved cash. Depending on the length of the restriction the reserved cash is presented as current or non-current asset.

### r) Redeemable preference shares

Redeemable preference shares are recognized as liability based on the terms of the contract.

On issuance of the redeemable preference shares, the fair value of the liability is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on redemption.

### s) Provisions

#### *General*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, there imbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

#### *Warranty provisions*

Provisions for warranty-related costs are recognized when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### *Restructuring provisions*

Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the Group needs to follow a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate time-line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### *Contingent liabilities recognized in a business combination*

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognized in accordance with the general guidance for provisions above (IAS 37) or
- The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition (IAS 18)

### t) Employee benefit liability and other post employment benefits

The Group operates three defined benefit pension plans, which require contributions to be made to separately administered funds. These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. If the accumulated unrecognized actuarial gains and losses exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets, a portion of that net gain or loss is recognized immediately as income or expense. The portion recognized is the excess divided by the expected average remaining working lives of the participating employees. Actuarial calculations are done periodically by external advisors. Actuarial gains and losses that do not breach the 10% limits described above (the 'corridor') are not recognized.

The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate and government bonds, as explained in Note 32. Employee benefits), less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

### u) Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### *Equity-settled transactions*

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense (Note 32. Employee benefits).

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 19. Earnings per share).

## 2.5 Changes in accounting policy and disclosures

### New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except the following changes which affect current year's business combination.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended), effective 1 July 2009.
- IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Arrangements, effective 1 January 2010
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items, effective 1 July 2009
- IFRIC 12 Service Concession Arrangements, effective 1 April 2009
- IFRIC 15 Agreements for the Construction of Real Estate, effective 1 January 2010
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective 1 July 2009
- IFRIC 17 Distributions on Non-cash Assets to Owners, effective 1 November 2009
- IFRIC 18 Transfers of Assets from Customers, effective 1 November 2009
- Improvements to IFRSs (Issued May 2008), effective 1 January 2010
- Improvements to IFRSs (Issued April 2009), effective 1 January 2010

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or the performance of the Group, its impact is described below:

### *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will be applied prospectively and will affect future business combinations or loss of control of subsidiaries and transactions with non-controlling interests.

### *Improvements to IFRSs*

In May 2008 and April 2009, the IASB issued its omnibuses of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

**Issued in May 2008**

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

**Issued in April 2009**

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The amendment is applied by the Group in the disclosure of the discontinued operations.
- *IFRS 8 Operating Segment Information*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 7. Operating segment information
- *IAS 36 Impairment of Assets*: Clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- *IAS 38 Intangible Assets*: Clarifies that valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive in the

methods that can be used. The Group has concluded that the amendment does not have any impact on the financial position or the performance of the Group.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or the performance of the Group:

- IFRS 2 Share-based Payment
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

## 3. Significant accounting judgments, estimates and assumptions

Management discussed the development, selection and disclosure of the Group's critical accounting judgments, estimates and assumptions and are described below:

### Purchase price allocation

For the calculation of the purchase price allocation the fair value concept as defined in IFRS 3-R, was used as the standard to be applied to the valuation of the assets acquired and liabilities assumed. Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. As basis for the calculations were used among others historical financial statements, operating results, financial statistics, projected financial information and public general and industry market data. Management were assisted by an independent valuator firm for the calculation of the purchase price allocation. Certain assets and liabilities acquired are very specific to the company, requiring management judgment to be applied in determining the respective fair values. For information on certain key judgments and estimates and the sensitivity of the purchase price allocation of Saab Automobile, reference is made to Note 5. Business combinations.

### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The fair value of financial instruments have been relevant to the Company due to first recognition, as part of the funding of the acquisitions of Saab Automobile and Saab GB in 2010. Reference is made to Note 24. Other financial assets  for the fair value of the loans. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Development costs

Development costs are capitalized in accordance with the accounting policy in Note 2.4 Summary of significant accounting policies. Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December

2010, the carrying amount of capitalized development costs was € 81 million excluding capitalized development as part of assets held for sale (2009: € 45 million).

### Impairment of intangible assets and property, plant and equipment

The Group reviews assets for impairment annually. Assets subject to this review include intangible assets and property, plant and equipment totaling € 482 million at the 2010 balance sheet date (2009: € 50 million). In determining impairments, management makes significant judgments and estimates to determine if the recoverable amount, based on future cash flows expected to be generated by those assets, is less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in the Group's strategic plans and long-range planning forecasts. The data necessary for the execution of the impairment tests are based on management's best estimates of future cash flows, which require estimating revenue growth rates and profit margins. Additionally an assessment needs to be made for the discount rate to be applied in these discounted cash flow calculations. Management bases itself in its forecasts as much as possible on external evidence, like industry specific study reports, opinions from external industry experts and strategic consultants. However, due to the unique activities of the Group and the niche market in which it operates significant management judgment is necessary. In Note 21. Intangible assets the impairment tests performed and the assumptions used have been described in more detail.

Since the budget and projections relate to the future, actual results are likely to be different from the projected results because events and circumstances frequently do not occur as expected, and the differences may be material.

### Residual values of assets leased out under operating lease arrangements or sold with a buy-back commitment

The Group reports assets rented or leased to customers under operating leases as a part of inventories. Furthermore, new vehicle sales with a buy-back commitment are not recognized as sales at the time of delivery but are accounted for as operating leases if it is probable that the vehicle will be bought back. The Group recognizes income from such operating leases over the term of the lease on a straight-line basis. Depreciation expense for assets subject to operating leases is recognized on a straight-line basis over the term of the lease in amounts necessary to reduce the cost of the assets to its estimated residual value at the end of the lease term. The estimated residual value of the leased assets is calculated at the lease inception date on the basis of published industry information and historical experience.

Realization of the residual values is dependent on the Group's future ability to market the assets under the then-prevailing market conditions. The Group continually evaluates whether events and circumstances have occurred which impact the estimated residual values of the assets on operating leases.

### Deferred tax assets

The Group has significant tax loss carry forwards available, for which management has to assess to what extent it is probable that they will be realized. Although management is positive about the future developments of the Group, it feels it only to be appropriate to recognize the deferred tax asset again once these expected developments have been sufficiently realized.

### Product warranties

The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information on the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimize warranty expenses arising from claims.

### Pension and other post-retirement benefits

Group companies sponsor pension and other post-retirement benefits in various countries. In Sweden and the United Kingdom the Group has major defined benefit plans. Management uses several statistical and judgmental factors that attempt to anticipate future events in calculating the expense, the liability and the assets related to these plans. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases and health care cost trend rates. In addition, the Group's actuarial consultants also use subjective factors such as withdrawal and mortality rates in making relevant estimates. Regarding the discount rate, yields of corporate bonds are subject to volatility. It cannot be excluded, though, that future significant changes in the yields of corporate bonds may lead to effects on liabilities and unrecognized actuarial gains and losses, taking into account however any simultaneous changes in the returns of plan assets where these may exist.

## 4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

### IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government- related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

### IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

### IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

### IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

### IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

### Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

## 5. Business combinations

### Acquisition of Saab

On 23 February 2010 Spyker Cars N.V. Cars purchased all of the ordinary shares (99.9995% of all shares) in Saab Automobile AB from General Motors for an aggregate purchase price of $ 74 million, comprising an amount of $ 50 million, which was paid on Closing, and $ 24 million, which was paid on 5 July 2010 (plus interest at 5% per annum).

As part of the acquisition of Saab, Spyker Cars N.V. also entered on 23 February 2010 into a separate agreement with General Motors UK Limited for the purchase of all the shares in Saab GB, the UK distributor of Saab cars. The shares of Saab GB are held directly by Spyker Cars N.V. The purchase price for the shares was £ 1. The acquisition of Saab GB was finalized on 31 May 2010.

Spyker believes that through the purchase of Saab Automobile it has a rare opportunity to acquire and rebuild a global car brand that will be repositioned towards an independent performance-oriented niche car company with an industry-leading environmental strategy.

The acquisition of Saab Automobile and Saab GB has been accounted for using the acquisition method.

The financial statements include the results of Saab Automobile as from 23 February 2010 and the results of Saab GB as from 31 May 2010.

The final fair value of the identifiable assets and liabilities of the Saab Automobile and Saab GB as at the date of acquisition was:

| | Saab Automobile | Saab GB | Total |
|---|---|---|---|
| | € ('000) | € ('000) | € ('000) |
| Intangible assets | 120,192 | 0 | 120,192 |
| Property, plant and equipment | 248,407 | 633 | 249,040 |
| Reserved cash, non current | 13,649 | 3,411 | 17,060 |
| Other non-current assets | 2,540 | 0 | 2,540 |
| Inventories | 159,311 | 19,318 | 178,629 |
| Current receivables | 37,964 | 2,656 | 40,620 |
| Reserved cash, current | 83,641 | 0 | 83,641 |
| Cash and cash equivalents | 111,295 | 35,175 | 146,470 |
| Total assets | 776,999 | 61,193 | 838,192 |
| Redeemable Preference Shares | 149,001 | 0 | 149,001 |
| Other non-current liabilities and provisions | 186,033 | 11,522 | 197,555 |
| Accounts payable | 136,701 | 12,876 | 149,577 |
| Accruals and other liabilities | 194,945 | 14,815 | 209,760 |
| Total liabilities | 666,680 | 39,213 | 705,893 |
| Total identifiable net assets as fair value | 110,319 | 21,980 | 132,299 |
| Total consideration | | | 54,376 |
| Excess of total identifiable net assets at fair value and total consideration | | | 77,923 |
| Analysis of cash flows on acquisition: | | | |
| Net cash acquired with the subsidiary (including reserved cash) | | | 247,171 |
| Less: total consideration | | | 54,376 |
| Sub total | | | 192,795 |
| Less: reserved cash | | | 100,701 |
| Net cash inflow | | | 92,094 |

According to Management the excess of the total identifiable net assets at fair value and total consideration is appropriate as the seller had been under compulsion to sell Saab GB and the insolvent Saab Automobile in a limited period of time and maximizing the value of the transaction was not the prevailing goal.

From the date of Closing, Saab Automobile and Saab GB have contributed € 819 million of revenue and - € 223 million to the net result before tax of the Group (excluding the bargain purchase of € 77.9 million). If the combination had taken place at the beginning of the year, revenue from continuing operations would have been € 860 million and the result for the period from continuing operations would have been - € 192 million (including the bargain purchase of € 77.9 million).

The transaction costs of € 3.5 million have been expensed and are included in administrative expenses in the income statement and are part of operating cash flows in the statement of cash flows. The fair value of the trade receivables amounts to € 17 million. The gross amount of trade receivables is € 23 million. The difference between the gross amount and the fair value of the trade receivables was not expected to be collected.

Spyker Cars has obtained additional loans for the acquisition of the Saab Automobile. Reference is made to Note 24. Other financial assets  for more details on the loans. The acquisition has impact on the income statement, accounting policies, determination of the operating segments and the financial risks. Reference is made to respectively Note 2.4 Summary of significant accounting policies, Note 7. Operating segment information and Note 39. Risk management.

### *Fair value approach and sensitivity analysis*

The acquisition has been conducted by management with support of an external independent valuator. Due to the specific nature of the assets and liabilities an important step in determining the fair value of the identifiable assets and liabilities has been the determination of the business enterprise value as at the acquisition date, based on a discounted cash flow analysis.

Apart from the outcome as presented in this consolidated financial statements, certain sensitivities were carried out. Due to the large number of possible sensitivity factors and the complexity of the interdependency of these factors, the most influential factors are disclosed below.

The business enterprise value amounted to € 680 million, based on a best estimate of the discount rate of 14.5% (post-tax). If this discount rate would be lowered or raised by 1%, the business enterprise value would have been respectively € 772 million and € 602 million. This would result in an increase of the bargain purchase by € 92 million, respectively a decrease of the bargain purchase by € 78 million.

As similar sensitivity for terminal growth rate, compared to applied rate of 1.5%, would result in the following. A 0.5% lower or higher rate would result in a concluded value of respectively € 662 million and € 700 million. This would result in a decrease of the bargain purchase by € 18 million, respectively an increase of the bargain purchase by € 20 million.

### Acquisition Saab Rive Gauche

On 27 July 2010, the Group acquired 100% of the shares of Île de France Automobiles (Saab Rive Gauche) from GM for an amount of € 0.7 million. Saab Rive Gauche is a Saab dealer located in the city center of Paris and was acquired by the Group to further strengthen dealer locations in key markets.

The acquisition of Saab Rive Gauche has been accounted for using the acquisition method.

The financial statements include the results of Saab Rive Gauche as from 27 July 2010.

The identifiable net assets of the acquired company consist of the rental rights for the dealer's leaseholds of which the fair value at the date of acquisition was € 0.7 million, equal to the amount of the consideration. The net cash outflow on acquisition amounted to € 0.7 million.

From the date of Closing, Saab Rive Gauche has contributed € 3.8 million of revenue and € (0.9) million to the net result before tax of the Group. If the combination had taken place at the beginning of the year, the result for the period from continuing operations would have been € (0.8) million lower and revenue from continuing operations would have been € 4.6 million higher. The acquisition carried no transaction costs.

## 6. Investment in an associate

As from 1 October 2010 the Group has a 33% interest in e-AAM Driveline Systems AB, a company headquartered in Trollhättan Sweden, that develops and markets an innovative electric all-wheel drive system in a full service package.e-AAM Driveline Systems AB is a private entity that is not listed on any public exchange.

The Group's 45% interest in Tenaci Engineering Pvt. Ltd, India has been sold and the shares are in process to be transferred to the buyer. Tenaci Engineering Pvt. Ltd was a dormant company of insignificant value during 2010.

The following table illustrates summarized financial information of the Group's investment in e-AAM Driveline Systems AB:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Share of the associate's statement of financial position: | | |
| Current assets | 6,118 | 0 |
| Non current assets | 1,111 | 0 |
| Current liabilities | -658 | 0 |
| Non-current liabilities | -504 | 0 |
| Equity | 6,067 | 0 |
| | | |
| Share of the associate's revenue and profit: | | |
| Revenue | 0 | 0 |
| Expenses | -577 | 0 |
| Profit | -577 | 0 |
| Carrying amount of the investment | 6,067 | 0 |
| | | |
| Investment in associates per 1 January | 0 | 0 |
| Additions | 6,331 | 0 |
| Share of result of associates | -577 | 0 |
| FX change | 313 | 0 |
| Investment in associates per 31 December | 6,067 | 0 |

## 7. Operating segment information

For the purposes of presenting segment information, the activities of the Group are divided into operating segments in accordance with the rules contained in IFRS 8 (Operating Segments). Operating segments are identified on the same basis that is used internally to manage and report on performance and takes account of the organizational structure of the Group based on the various products and services of the reportable segments.

Compared to the Group's financial statements of 2009, the operating segments of the Group are changed. As result of the acquisition of Saab, the operating segment "Spyker GT racing" is incorporated in the segment "Spyker Automotive", since these activities are no longer reviewed individually by the management. The acquired activities of Saab Automobile resulted in two additional operating segments "Saab Vehicles" and "Saab Parts".

As a result hereof, the activities of the Group are broken down into the operating segments Saab Vehicles, Saab Parts and Spyker (continued).

### Saab Vehicles

The Saab Vehicles operating segment comprises the design, development, manufacturing and selling of Saab cars.

### Saab Parts

The Saab Parts operating segment comprises the manufacturing and sale of Saab spare parts and accessories. This segment also comprises the sale of Opel spare parts for the areas Scandinavia and South East Asia.

### Spyker Automotive

The Spyker Automotive operating segment comprises the design, development, production and sale of motorcars in the broadest sense and GT racing under the brand Spyker.

However, due to management's intention to sell the activities of Spyker Automotive, the discontinued operations are no longer part of this segment. For information on the discontinued operations of Spyker Automotive reference is made to Note 18. Discontinued operations.

The continued activities of Spyker Automotive relate to corporate and general financing companies and are expected to be integrated into Saab Automobile.

### Eliminations

Eliminations comprise the effects of eliminating business relationships between the operating segments.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Group consolidated financial statements. There were no changes in accounting policies compared to previous periods. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated in the column “Eliminations”. Inter-segment sales take place at arm’s length prices.

The Group measures segment profit or loss on the basis of operating results. The assets of the segments comprise all of the assets allocated to the individual activities.

The following tables include the 2010 operating segment information.

| Year ended 31 December 2010 | Saab Vehicles | Saab Parts | Spyker (continued) | Eliminations | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Total external revenues | 637,229 | 182,006 | 0 | 0 | 819,235 |
| Inter segment | 0 | 35,695 | 0 | -35,695 | 0 |
| **Total segment revenue** | **637,229** | **217,701** | **0** | **-35,695** | **819,235** |
| Segment result from operating activities | -257,331 | 42,298 | -3,018 | 0 | -218,051 |
| **Unallocated:** | | | | | |
| Gain from bargain purchase | | | | | 77,923 |
| Net finance costs | | | | | -17,263 |
| Share of result of associates | | | | | -577 |
| Income tax expense | | | | | 208 |
| **Result from continued operations** | | | | | **-157,760** |
| Result from discontinued operations | | | | | -60,523 |
| **Result for the period** | | | | | **-218,283** |
| Segment assets | 874,480 | 185,059 | 6,655 | -5,908 | 1,060,286 |
| Assets held for sale | | | | | 17,396 |
| Unallocated assets | | | | | 0 |
| **Total assets** | | | | | **1,077,682** |
| Segment liabilities | 1,110,727 | 68,362 | 101,803 | | 1,280,892 |
| Liabilities directly associated with the assets classified as held for sale | | | | | 3,298 |
| Unallocated liabilities | | | | | 0 |
| **Total liabilities** | | | | | **1,284,190** |
| Other disclosures: | | | | | |
| Capital expenditure * | 129,792 | 8,072 | 7,598 | 0 | 145,462 |
| Investment in an associate | 6,067 | 0 | 0 | 0 | 6,067 |
| Share of result of an associate | -577 | 0 | 0 | 0 | -577 |
| Depreciation of tangible assets | -44,196 | -903 | -472 | 0 | -45,571 |
| Amortization of intangible assets | -7,225 | 0 | 0 | 0 | -7,225 |
| Impairment charges | -3,545 | 0 | -409 | 0 | -3,954 |

* The Capital expenditure of Spyker are part of the assets held for sale.

### Geographic information

| Year ended 31 December 2010 | Europe and Asia | Scandinavia | North and South America | Africa and Middle East | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| External revenues | 368,399 | 210,093 | 240,743 | 0 | 819,235 |
| Non-current assets | 9,666 | 505,692 | 78 | 0 | 515,436 |

The external revenues and non-current assets attributable to The Netherlands amounts to € 0 and € 0.4 million respectively.

The non-current assets attributable to Sweden amount to € 505.6 million. The revenue attributable for Sweden amounts to € 224.5 million.

| Year ended 31 December 2009 | Saab Vehicles | Saab Parts | Spyker (continued) | Eliminations | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Total external revenues | 0 | 0 | 0 | 0 | 0 |
| Inter segment | 0 | 0 | 0 | 0 | 0 |
| **Total segment revenue** | **0** | **0** | **0** | **0** | **0** |
| Segment result from operating activities | 0 | 0 | -2,474 | 0 | -2,474 |
| Net finance costs | | | | | -3,647 |
| Income tax expense | | | | | 0 |
| **Result from continued operations** | | | | | **-6,121** |
| Result from discontinued operations | | | | | -16,832 |
| **Result for the period** | | | | | **-22,953** |
| Segment assets | 0 | 0 | 64,183 | 0 | 64,183 |
| Unallocated assets | | | | | 0 |
| **Total assets** | | | | | **64,183** |
| Segment liabilities | 0 | 0 | 61,570 | 0 | 61,570 |
| Unallocated liabilities | | | | | 0 |
| **Total liabilities** | | | | | **61,570** |
| Other disclosures: | | | | | |
| Capital expenditure | 0 | 0 | 9,927 | 0 | 9,927 |
| Investment in an associate | 0 | 0 | 0 | 0 | 0 |
| Share of result of an associate | 0 | 0 | 0 | 0 | 0 |
| Depreciation of tangible assets | 0 | 0 | -684 | 0 | -684 |
| Amortization of intangible assets | 0 | 0 | 0 | 0 | 0 |
| Impairment charges | 0 | 0 | -988 | 0 | -988 |

## Geographic information

| Year ended 31 December 2009 | Europe and Asia | Scandinavia | North and South America | Africa and Middle East | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| External revenues | 0 | 0 | 0 | 0 | 0 |
| Non-current assets | 50,037 | 0 | 0 | 0 | 50,037 |

The external revenues and non-current assets attributable to The Netherlands amounts to € 0 and € 50.0 million respectively.

# 8. Net sales

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Net sales comprises: | | |
| Sales of goods | 637,246 | 0 |
| Parts (After Sales) | 181,989 | 0 |
| | 819,235 | 0 |

# 9. Cost of sales

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Cost of sales comprises: | | |
| Material costs | 503,376 | 0 |
| Manufacturing costs – value added | 204,171 | 0 |
| Depreciation and amortization | 47,182 | 0 |
| Impairment charges (on property, plant and equipment) | 316 | 0 |
| | 755,045 | 0 |

## 10. Other operating income

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Other operating income comprises: | | |
| Foreign exchange gains | 16,562 | 0 |
| Services charged | 13,002 | 0 |
| Sundry operating income | 4,534 | 10 |
| | 34,098 | 10 |

This item consists of income arising from operations, which is not attributable to the sale of goods and services such as foreign exchange gains and gains on disposals of assets.

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies. Foreign exchange losses from these items are included in other operating expenses.

## 11. Selling expenses

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Selling expenses comprises: | | |
| Marketing and advertising | 118,378 | 0 |
| Depreciation and amortization | 1,462 | 0 |
| Other selling expenses | 31,310 | 0 |
| | 151,150 | 0 |

Selling expenses comprise mainly marketing, advertising and sales personnel costs.

## 12. Administrative expenses

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Administration expenses comprises: | | |
| Depreciation and amortization | 2,054 | 1,330 |
| Personnel costs | 30,321 | 1,195 |
| Other administrative expenses | 44,038 | -41 |
| | 76,413 | 2,484 |

Administrative expenses comprise mainly expenses for administration, which are not attributable to sales, production and research and development functions.

## 13. Product development expenses

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Research and development expenditure (*) | 151,597 | 0 |
| There of: | | |
| Capitalized | -79,162 | 0 |
| Expensed | 72,435 | 0 |
| Amortization | 2,098 | 0 |
| | 74,533 | 0 |
| *Included in Product development expenses:* | | |
| Public sector subsidies (government grants electrical vehicles) | 6,513 | 0 |

(*) including personnel costs, external services and other product development expenses

## 14. Other operating expenses

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Foreign exchange losses | 1,685 | 0 |
| Expenses relating to payment settlements | 10,764 | 0 |
| Sundry operating expenses | 1,794 | 0 |
| | 14,243 | 0 |

This item consists of expenses, which cannot be allocated to specific functional areas, such as foreign exchange losses and expenses not attributable to other items of Cost of sales, or Selling and Administrative expenses.

## 15. Other information by nature

### Employee benefits

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Wages and salaries | 140,193 | 1,276 |
| Social security contributions | 47,210 | 110 |
| Contributions to employee pension benefits | 25,810 | 39 |
| Management fees | 193 | 273 |
| Hired personnel and other personnel costs | 365 | 558 |
| Equity settles share based payments | 510 | 0 |
| | 214,281 | 2,256 |

The remuneration of the individual members of the Management Board and the members of the Supervisory Board of Spyker Cars is explained in the Note 40. Related parties. In 2010 an amount of € 9 million (2009: € 115 thousand) is recorded relating to restructuring costs.

Reference is made to Notes 9, 11,12 and 13 for the amounts of depreciation and amortization.

### Staff

The Group employed at average 3,833 full-time equivalents in 2010 for continued operations and 55 full-time equivalents for discontinued operations (2009: 127 for discontinued operations).

## 16. Financial income and expenses

### Financial income

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Interest income | 7,156 | 0 |
| Foreign exchange results | 27,686 | 0 |
| | 34,842 | 0 |

Foreign exchange results mainly relate to foreign exchange gains on the Redeemable Preference Shares.

### Financial expenses

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Interest expenses | 51,915 | 3,633 |
| Foreign exchange results | 190 | 14 |
| | 52,105 | 3,647 |

Interest expenses mainly relate to interest expenses on RPSs, EIB, Tenaci and Epcote loans. Borrowing costs attributable to development costs is capitalized for an amount of € 1.5 million in 2010 (2009: € 969 thousand). Another amount of € 1.6 million is capitalized and included in the assets held for sale.

## 17. Deferred and current income tax

### Consolidated income statement

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Current tax financial year | -186 | 0 |
| Adjustment in respect of current income tax prior years and other adjustments | 0 | 0 |
| Total current tax in the income statement | -186 | 0 |
| Deferred tax, current year | 394 | 0 |
| Relating to originating and reversal of temporary differences | 0 | 0 |
| Total deferred tax in the income statement | 394 | 0 |
| Total | 208 | 0 |

### Consolidated statement of changes in equity

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Deferred income tax related to items directly charged to equity | | |
| - in respect of transaction costs | 0 | 0 |
| | 0 | 0 |

The difference between the income tax expense provided in the consolidated financial statements and the expected income charge at statutory rates is reconciled as follows:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Result before income tax from continuing operations | -157,968 | -6,121 |
| Result before income tax from discontinuing operations | -60,523 | -16,832 |
| Result before income tax | -218,491 | -22,953 |
| Nominal tax rate in % | 25.5 | 25.5 |
| Nominal tax amount | 55,715 | 5,853 |
| Effect of different tax rates for the different countries | 1,781 | 0 |
| Non taxable income (gain on bargain purchase) | -19,870 | 0 |
| Unrecognized tax losses | -37,418 | -5,853 |
| Effective tax amount in the income statement | 208 | 0 |

### Deferred tax assets and liabilities

The deferred tax asset arising from tax-deductible losses can be specified as follows:

| Deferred tax assets and liabilities | 31-dec-10 Deferred tax assets | Deferred tax liabilities | Net |
|---|---|---|---|
| | € ('000) | € ('000) | € ('000) |
| Temporary differences US operations | 394 | 0 | 394 |
| Untaxed reserves | 0 | 2,654 | -2,654 |
| | 394 | 2,654 | -2,260 |

Tax losses available for offset against future taxable profits:

| Tax losses available for offset against future taxable profits | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Sweden | 237,432 | 0 |
| Netherlands | 169,648 | 97,070 |
| UK | 0 | 0 |
| Germany | 0 | 0 |
| USA | 0 | 0 |
| France | 1 | 0 |
| Spain | 0 | 0 |
| | 407,081 | 97,070 |

The total tax-deductable net operating losses in Sweden do not expire and will be deductible against future operating profits. However, the change of ownership to Spyker Cars, being a foreign participant, meant that all former tax losses of Saab Automobile were lost.

The total tax-deductible net operating losses in The Netherlands can be carried forward for a period of nine years. This implies that the carry forward losses will expire between 2011 and 2018 depending on the year during which these losses were created.

The movement in the deferred tax asset is as follows:

| 2010 | 01-jan | Acquisiton throufgh business combinations | Recognized in income statement | Recognized in other compre-hensive income | transfer to current tax | 31-dec |
|---|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Temporary differences US operations | 0 | 0 | 394 | 0 | 0 | 394 |
| Untaxed reserves | 0 | -2,654 | 0 | 0 | 0 | -2,654 |
| | 0 | -2,654 | 394 | 0 | 0 | -2,260 |

The Group has significant tax loss carry forwards available, for which management has to assess to what extent it is probable that they will be realized. Given the uncertainty of future taxable income, management decided not to recognize deferred tax assets. Although management is positive about the future developments of the Group, it feels it only to be appropriate to recognize the deferred tax asset again once these expected developments have been sufficiently realized.

Some minor tax losses in other foreign countries have not been recognized since future usage is depending on, among other things, profit-earning capacity.

### Tax company liability

In Sweden all companies constitute their own tax unit. This means that any company has to clear outstanding positions of VAT and corporate tax with the tax authority. The exception from this is that a taxable profit can be offset against a taxable loss arising from another group company. When meeting certain requirements it is then possible to use the taxable loss by giving a group contribution from the company with a taxable profit. As all Saab companies in Sweden meet those requirements there is no liability for corporate tax.

Spyker Cars N.V. together with its subsidiaries Spyker Automobielen B.V., Spyker Squadron B.V. and Spyker Events & Branding B.V., constitutes a single tax entity for corporate tax. With respect to the VAT purposes, Spyker Cars N.V. together with its subsidiaries Spyker Automobielen B.V. and Spyker Squadron B.V. constitute a single tax entity. All companies within this single tax entity are jointly and severally liable for corporate tax debts and VAT debts stemming from the relevant tax entities.

## 18. Discontinued operations

Spyker Cars announced on 24 February 2011 that it has signed a memorandum of understanding to sell the assets of the Spyker Automotive business to the private UK holding CPP Global Holdings Limited. This company is owned by Vladimir Antonov, a former investor and shareholder of Spyker Cars. Indicative terms include a purchase price of € 15 million plus a € 17 million earn-out. Within 6 months of completion of the sale and subject to certain conditions, it is envisaged that Tenaci Capital B.V. shall convert an amount of € 7.5 million of its existing loan to Spyker Cars at € 5.50 per share, in addition to the conversion of the € 9.5 million loan that took place on 25 March 2011.

The potential sale would be structured as an asset purchase of virtually all assets related to the Spyker Automobile business, excluding the D-line for which Spyker Cars will grant a license (which includes a transfer of ownership of the D-line after license payments for a total amount of €3.5 million). This transaction would allow the Group to focus on the its Saab Automobile business while reducing debt and improving operating results through reduced interest expenses and removing the operating losses related to the Spyker Automotive business.

The disposal of Spyker Automotive is due to be completed soon, as per 31 March 2011, final negotiations for the sale are in progress. Based on the decisions taken and the actions initiated as at 31 December 2010, Spyker Automotive was classified as a disposal group held for sale and as a discontinued operation. The results of Spyker Automotive for the year are presented below:

| **Consolidated Income Statement** | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Revenue | 3,625 | 6,604 |
| Expenses | -22,679 | -23,368 |
| **Operating result** | -19,054 | -16,764 |
| Finance costs | 365 | 3 |
| Share of result of associates | 0 | -71 |
| Impairment loss recognized on the remeasurement to fair value less costs to sell | -41,834 | 0 |
| **Result before taxation from a discontinued operation** | -60,523 | -16,832 |
| Taxation | 0 | 0 |
| **Result for the period from a discontinued operation** | -60,523 | -16,832 |
| Earnings per share from a discontinued operation: | | |
| - for the year per weighted average number of shares | -€ 3.52 | -€ 1.07 |
| - for the year per weighted average number of shares diluted * | -€ 3.52 | -€ 1.07 |

The operating result above also includes certain losses in respect of the planned settlement of the warranties in respect of the sale of the F1 activities to OIH in 2007. As the disposal at the time was reported as a discontinued operation, this result has been included in discontinued operations as well.

The major classes of assets and liabilities of Spyker Automotive classified as held for sale as at 31 December are as follows:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| **Assets** | | |
| | | |
| **Non-current assets** | | |
| Property, plant and equipment | 3,095 | 0 |
| Intangible assets | 9,224 | 0 |
| | 12,319 | 0 |
| **Current assets** | | |
| Inventories | 5,077 | 0 |
| | 5,077 | 0 |
| | | |
| **Assets classified as held for sale** | 17,396 | 0 |
| | | |
| **Liabilities** | | |
| | | |
| **Non-current provisions and liabilities** | | |
| Interest bearing borrowings | 2,185 | 0 |
| | 2,185 | 0 |
| **Current provisions and liabilities** | | |
| Other liabilities | 1,113 | 0 |
| | 1,113 | 0 |
| | | |
| **Liabilities directly associated with assets classified as held for sale** | 3,298 | 0 |

The net cash flows incurred by Spyker Automotive are as follows:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Operating | -16,404 | -12,969 |
| Investing | -9,615 | -8,721 |
| Financing | 0 | 0 |
| Net cash (outflow)/inflow | -26,019 | -21,690 |

### Impairment of assets of Spyker Automotive

As at the reporting date an impairment loss of € 41.8 million was recognized to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in the income statement in the line item 'Result after tax from discontinued operations'. An independent valuation was obtained to determine the fair value of the assets and liabilities of Spyker Automotive, which was used as the basis for the transaction consideration in the memorandum of understanding. The loss has been determined based on the fair value of the expected proceeds as agreed in the memorandum of understanding, which include a best estimate of the future earn-out proceeds discounted at a pre-tax rate of 21.8%, as well as the expected license proceeds from the D-line, and the costs for Spyker to conduct the Spyker Automotive business until the transaction is completed. The loss was mainly the result of the fact that management had to devote all of its resources to Saab's rejuvenation and the delays that have arisen in executing the Spyker Automotive business plan as a result thereof.

## 19. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Net profit attributable to ordinary equity holders of the parent for basic earnings | -218,283 | -22,953 |
| Interest on convertible loans | 4,156 | 929 |
| Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution | -214,127 | -22,024 |

| | 2010 | 2009 |
|---|---|---|
| Weighted average number of ordinary shares for basic earnings per share | 17,207,306 | 15,671,799 |
| *Effect dilution :* | | |
| Share options | 83,782 | 41,891 |
| Convertible loans | 8,445,731 | 1,195,000 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 25,736,819 | 16,908,690 |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Since the Group was in a loss in 2010 the result per weighted average number of shares diluted is determined on - € 12.96 (calculated: - € 8.32) in 2010. Since the potentially dilutive instruments decrease the loss per share, they qualify as anti-dilutive. As a result diluted result per share equals basic result per share. The calculated result per weighted average number of shares diluted includes result attributable to owners of the parent adjusted for the interest charges relating to convertible notes. For earnings from discontinued operations, reference is made to Note 18. Discontinued operations.

The earnings per share is influenced by the events as part of financing the acquisition of Saab as entered into by the Group: the convertible loan agreements with Epcote and Tenaci and the warrants issued to GEM.

## 20. Property, plant and equipment

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Property, plant and equipment comprises: | | |
| Land and buildings | 117,500 | 1,005 |
| Plant and machinery | 148,154 | 0 |
| Equipment | 16,710 | 3,653 |
| | 282,364 | 4,658 |

| 31 December 2010 | Land and buildings | Plant and machinery | Equipment | Total |
|---|---|---|---|---|
| | ('000) | ('000) | ('000) | ('000) |
| At 1 January, net of accumulated depreciation | 1,005 | 0 | 3,653 | 4,658 |
| Acquisitions through business combination | 117,338 | 118,158 | 13,544 | 249,040 |
| Additions | 1,620 | 48,340 | 13,680 | 63,640 |
| Depreciation charge for the year | -12,035 | -25,511 | -8,262 | -45,808 |
| Impairment charges | -409 | -316 | 0 | -725 |
| Disposals and retirements | 0 | -4,467 | -4,443 | -8,910 |
| Disposals as result of discontinued operations | -95 | 0 | -3,000 | -3,095 |
| Effect of movements in exchange rates | 10,076 | 11,950 | 1,538 | 23,564 |
| At 31 December, net of accumulated depreciation | 117,500 | 148,154 | 16,710 | 282,364 |
| At 1 January: | | | | |
| Cost | 1,900 | 0 | 11,428 | 13,328 |
| Accumulated depreciation and impairment | -895 | 0 | -7,775 | -8,670 |
| Net carrying amount | 1,005 | 0 | 3,653 | 4,658 |
| At 31 December: | | | | |
| Cost | 130,736 | 174,176 | 24,618 | 329,530 |
| Accumulated depreciation and impairment | -13,236 | -26,022 | -7,908 | -47,166 |
| Net carrying amount | 117,500 | 148,154 | 16,710 | 282,364 |

## Property, plant and equipment pledged as security for liabilities

Almost all fixed assets of Saab are placed in three direct subsidiaries of Saab Automobile AB, namely Saab Automobile Tools AB, Saab Automobile Property AB and Saab Automobile Parts AB. The shares in these three subsidiaries are pledged in favor of the Swedish National Debt Office ("NDO") as security for the guarantee NDO is providing to EIB in relation to the up to € 400 million financing from EIB to Saab Automobile AB. Saab Automobile AB has also provided a business mortgage in the amount of $ 75 million in favor of GMAC Financial Services AB ("GMAC") in relation to the wholesale financing that GMAC is providing. As of 4 January 2011 Saab Automobile Powertrain AB ("Powertrain") has provided a share pledge over its shares in Saab Automobile Powertrain and Tools AB ("Powertrain Tools") in favour of Vicura AB, where Vicura AB also has an option to purchase certain assets transferred from Powertrain to Powertrain Tools. Reference is made to Note 41. Events after the reporting date

Up to 31 December 2010, the group was committed to acquire equipment for the amount of € 30.6 million.

| 31 December 2009 | Land and buildings | Plant and machinery | Equipment | Total |
|---|---|---|---|---|
| | ('000) | ('000) | ('000) | ('000) |
| At 1 January, net of accumulated depreciation | 1,430 | 0 | 6,243 | 7,673 |
| Additions | 0 | 0 | 144 | 144 |
| Depreciation charge for the year | -425 | 0 | -1,321 | -1,746 |
| Impairment charges | 0 | 0 | -1,397 | -1,397 |
| Disposals and retirements | 0 | 0 | -13 | -13 |
| Effect of movements in exchange rates | 0 | 0 | -3 | -3 |
| At 31 December, net of accumulated depreciation | 1,005 | 0 | 3,653 | 4,658 |
| At 1 January: | | | | |
| Cost | 1,900 | 0 | 11,421 | 13,321 |
| Accumulated depreciation and impairment | -470 | 0 | -5,178 | -5,648 |
| Net carrying amount | 1,430 | 0 | 6,243 | 7,673 |
| At 31 December: | | | | |
| Cost | 1,900 | 0 | 11,428 | 13,328 |
| Accumulated depreciation and impairment | -895 | 0 | -7,775 | -8,670 |
| Net carrying amount | 1,005 | 0 | 3,653 | 4,658 |

## 21. Intangible assets

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Intangible assets comprises: | | |
| Development costs | 81,256 | 45,094 |
| Technology | 66,498 | 0 |
| Trademarks, patents and licenses | 41,358 | 285 |
| Proprietary software | 10,260 | 0 |
| | 199,372 | 45,379 |

| 31 December 2010 | Development costs | Technology | Trademarks, patents and licences | Proprietary software | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Cost as at 1 January net of accumulated amortization and impairment | 45,094 | 0 | 285 | 0 | 45,379 |
| Acquisitions through business combination | 4,767 | 43,973 | 60,875 | 11,277 | 120,892 |
| Additions - internally developed | 81,817 | 0 | 5 | 0 | 81,822 |
| Amortization charge for the year | -2,322 | -3,162 | -75 | -1,937 | -7,496 |
| Impairment charges | -41,833 | 0 | 0 | 0 | -41,833 |
| Disposal | 0 | -3,109 | 0 | 0 | -3,109 |
| Disposal as result of discontinued operations | -10,616 | 0 | -244 | 0 | -10,860 |
| Effect of movements in exchange rates | 4,349 | 3,656 | 5,652 | 920 | 14,577 |
| At 31 December , net of accumulated amortization and impairment | 81,256 | 41,358 | 66,498 | 10,260 | 199,372 |
| | | | | | |
| At 1 January : | | | | | |
| Cost | 49,669 | 0 | 456 | 0 | 50,125 |
| Accumulated amortization and impairment | -4,575 | 0 | -171 | 0 | -4,746 |
| Net carrying amount | 45,094 | 0 | 285 | 0 | 45,379 |
| | | | | | |
| At 31 December : | | | | | |
| Cost | 83,353 | 47,629 | 66,527 | 12,197 | 209,706 |
| Accumulated amortization and impairment | -2,097 | -6,271 | -29 | -1,937 | -10,334 |
| Net carrying amount | 81,256 | 41,358 | 66,498 | 10,260 | 199,372 |

The development costs in 2010 relate to the development of the new generation Saab models "9-5", "9-4x" and "9-3".

Technology relates to engine and power train calibration and special technologies of Saab Automobile.

Trademarks relates to the trademark "Saab" and the product-specific trademarks "9-5" and "9-3".

Proprietary software relates to Saab's internally developed series of software applications and platforms.

Borrowing costs attributable to development costs is capitalized for an amount of € 1.5 million in 2010 (2009: € 969 thousand). The rate used to determine the amount of borrowing costs eligible for capitalization was 10% (2009: 10%), which is the effective interest rate of the specific borrowing.

The impairment charges and the disposal as result of discontinued operations fully relates to the planned disposal of the Spyker Automotive business as further disclosed in Note 18. Discontinued operations.

All of the intangible assets at the reporting date relate to Saab and have either been initially measured at fair value as part of the recently completed purchase price allocation (Reference is made to Note 5. Business Combinations) or have been capitalized as part of the development projects performed during the year. For that reason there were no specific indicators of impairment at year-end. The required impairment tests for intangibles with an indefinite life (mainly trademarks of € 65.6 million) and intangible assets not yet available for use (mainly development costs of € 58.6 million) did not reveal any impairment losses. The impairment tests were performed based on a discount rate of 18.6% (pre-tax).

| 31 December 2009 | Development costs | Technology | Trademarks, patents and licences | Proprietary software | Total |
|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Cost as at 1 January net of accumulated amortization and impairment | 36,012 | 0 | 326 | 0 | 36,338 |
| Additions - internally developed | 9,778 | 0 | 5 | 0 | 9,783 |
| Amortization charge for the year | -600 | 0 | -46 | 0 | -646 |
| Impairment charges | -96 | 0 | 0 | 0 | -96 |
| Effect of movements in exchange rates | 0 | 0 | 0 | 0 | 0 |
| At 31 December, net of accumulated amortization and impairment | 45,094 | 0 | 285 | 0 | 45,379 |
| At 1 January : | | | | | |
| Cost | 39,987 | 0 | 451 | 0 | 40,438 |
| Accumulated amortization and impairment | -3,975 | 0 | -125 | 0 | -4,100 |
| Net carrying amount | 36,012 | 0 | 326 | 0 | 36,338 |
| At 31 December : | | | | | |
| Cost | 49,669 | 0 | 456 | 0 | 50,125 |
| Accumulated amortization and impairment | -4,575 | 0 | -171 | 0 | -4,746 |
| Net carrying amount | 45,094 | 0 | 285 | 0 | 45,379 |

The intangible assets as at 31 December 2009 fully relate to the Spyker Automotive business as further discussed in Note 18. Discontinued operations.

## 22. Impairment testing of intangibles with indefinite lives

Intangibles with indefinite lives have been allocated to two cash-generating units, which are also operating and reportable segments, for impairment testing as follows:

- Saab Vehicles
- Spyker Automotive

Carrying amount of intangibles allocated to each of the cash-generating units:

| | Saab Vehicles | | Spyker Automotive | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| Development, not in use | 58,582 | 0 | 0 | 9,183 | 58,582 | 9,183 |
| Trademarks | 65,645 | 0 | 0 | 0 | 65,645 | 0 |
| | 124,227 | 0 | 0 | 9,183 | 124,227 | 9,183 |

Reference is made to Note 21. Intangible assets on impairment considerations.

## 23. Other non current assets

The other non current assets comprises:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| **Other non current assets:** | | |
| Deposits | 413 | 0 |
| Favorable contracts | 1,416 | 0 |
| | 1,829 | 0 |

## 24. Other financial assets

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| **Loans and receivables** | | |
| Non current receivable from GM | 1,131 | 0 |
| Loans receivable | 15 | 0 |
| **Total loans and receivables** | 1,146 | 0 |
| **Total other financial assets** | 1,146 | 0 |
| **Total current** | 0 | 0 |
| **Total non-current** | 1,146 | 0 |

## 25. Inventories

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Inventories comprises: | | |
| Raw materials | 70,743 | 4,333 |
| Work in progress | 8,261 | 816 |
| Finished goods (including company cars) | 210,956 | 2,871 |
| | 289,960 | 8,020 |

The amount of write-down of inventories recognized as an expense amounts to € 13.1 million (2009: € 0.5 million), which is recognized in cost of sales.

Inventories include a carrying value of € 49.2 million relating to vehicles that are financed by a financing company by means of a sale and lease back arrangement. Due to the nature of the arrangements (financial lease), economic ownership of these assets is attributable to the Group. Minimum lease payments of the relevant leases are as follows:

| | 31 December 2010 | |
|---|---|---|
| | Minimum payments | Present value of payments |
| | € ('000) | € ('000) |
| Within one year | 50,561 | 49,192 |
| Between one and five years | 0 | 0 |
| Later than five years | 0 | 0 |
| Total minimum lease payments | 50,561 | 49,192 |
| Less amounts representing finance charges | 1,369 | 0 |
| Present value of minimum lease payments | 49,192 | 49,192 |

## 26. Trade receivable and other assets

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Trade receivable and other assets comprises: | | |
| Trade receivables | 84,807 | 1,089 |
| VAT receivables | 11,273 | 103 |
| Deposits | 3,071 | 0 |
| Other receivables | 7,335 | 3,228 |
| Government grants | 1,259 | 0 |
| Prepaid material | 3,464 | 0 |
| Prepaid expenses | 6,223 | 688 |
| | 117,432 | 5,108 |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The trade and other receivables contain a provision for impaired assets. The movement of this provision is as follows:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Provision for bad debts per 1 January | 155 | 112 |
| Acquisitions through business combination | 6,731 | 0 |
| Additions | 2,711 | 100 |
| Utilization | -7,362 | -57 |
| FX change | 1,061 | 0 |
| Provision for bad debts per 31 December | 3,296 | 155 |

As at 31 December the ageing of the trade receivables is as follows:

| | | Neither past due | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| | Total | nor impaired | Past due < 30 days | Past due 30-120 | Past due 120-360 | Past due >360 days |
| | € ('000 | € ('000 | € ('000 | € ('000 | € ('000 | € ('000 |
| 2010: | | | | | | |
| Trade receivables | 84,807 | 76,578 | 6,324 | 1,301 | 278 | 326 |
| of which related parties | 367 | 234 | 1 | | | 132 |
| 2009: | | | | | | |
| Total | 1,089 | 50 | 0 | 19 | 635 | 385 |
| of which related parties | 830 | 0 | 0 | 0 | 600 | 230 |

For explanations on the Group's credit risk management processes, reference is made to Note 39.2 Financial risks.

## 27. Government grants

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| At 1 January | 0 | 0 |
| Acquisitions through business combination | -329 | 0 |
| Received during the year | -5,279 | 0 |
| Released to the income statement | 6,867 | 0 |
| At 31 December | 1,259 | 0 |
| | | |
| Current | 1,259 | 0 |
| Non-current | 0 | 0 |
| | 1,259 | 0 |

Saab received grants from the Swedish government for advanced technology research & development programs. There are no unfulfilled conditions or contingencies related to the grants received.

The government grants as per 31 December 2010 are included in the other receivables, as part of the other assets (Note 26. Trade receivable and other assets)

## 28. Reserved cash

The Group has reserved an amount of € 91.7 million of its cash position on separate bank accounts for covering the liabilities of some creditors. This part of the cash is reserved in the sense that the Group can only access the reserved cash under certain circumstances and with approval from the counterparty. Of the reserved cash an amount € 20.8 million relates to non-current liabilities and € 70.9 million to current liabilities.

## 29. Cash and cash equivalents

This comprises free available cash at bank of € 39.6 million and € 30.4 million on short term deposit accounts.

## 30. Issued capital and reserves

| | Ordinary shares | Priority shares | Class A shares | Total shares |
|---|---|---|---|---|
| Issued shares per 1 January 2010 | 15,559,476 | 1 | 266,515 | 15,825,992 |
| Shares issued during 2010 | 1,540,000 | 0 | 130,000 | 1,670,000 |
| Cancelled in 2010 | 0 | -1 | 0 | -1 |
| Converted from class A to ordinary shares | 133,181 | 0 | -133,181 | 0 |
| Issued shares per 31 December 2010 | 17,232,657 | 0 | 263,334 | 17,495,991 |

| | Ordinary shares | Priority shares | Class A shares | Total shares |
|---|---|---|---|---|
| Issued shares per 1 January 2009 | 10,662,210 | 1 | 4,910,265 | 15,572,476 |
| Shares issued during 2009 | 253,516 | 0 | 0 | 253,516 |
| Converted from class A to ordinary shares | 4,643,750 | 0 | -4,643,750 | 0 |
| Issued shares per 31 December 2009 | 15,559,476 | 1 | 266,515 | 15,825,992 |

Spyker Cars issued share capital consists of ordinary shares and shares class A. The Priority Share was cancelled on 22 April 2010 during the Annual General Meeting of Shareholders. The nominal value of each share in Spyker Cars is € 0.04. Shares class A are registered shares and cannot be listed. Shares class A can, however, be converted into ordinary shares if the shareholder so requires by means of an application to that effect to the Management Board.

As per 31 December 2010, the authorized share capital of the Company amounts to a sum of € 1,760,000 (2009: € 1,760,000), divided into 32,999,999 (2009: 32,999,999) ordinary shares and 11,000,000 shares class A (2009: 11,000,000), with a nominal value of € 0.04 each. The Priority Share was cancelled on 22 April 2010 during the Annual General Meeting of Shareholders.

Per 31 December 2010, 17,232,657 ordinary shares (2009: 15,559,476) and 263,334 shares class A (2009: 266,515) were issued and paid in full.

During the year 2010, 1,540,000 ordinary shares and 130,000 shares class A were issued, 133,181 shares class A were converted to ordinary shares and one priority share was cancelled, all as described in the “Information for Shareholders” chapter of the Annual Report.

During the year 2009 253,516 ordinary shares were issued to Affaires Financières SA / Bank Sarasin & Cie by the conversion of convertible notes to shares at a conversion rate of € 1.97 per share. Also during 2009, 4,643,750 shares class A were converted to ordinary shares by RMC Convers Group Holding Ltd.

### Priority Share

The Priority Share was transferred to Spyker Cars on 22 February 2010. The Priority Share was cancelled during the Annual General Meeting of Shareholders held on 22 April 2010.

On 24 February 2010, Spyker Cars’ articles of association were amended and a new article 42 was introduced, stating: “If, and as long the voting rights attached to the priority share cannot be exercised, the rights attributed to the priority in these articles of association, will be exercised by the Supervisory Board.”

### Share premium reserve

In 2010, the new issue of 1,540,000 ordinary shares and 130,000 shares class A resulted in a share premium reserve addition of € 1,758 thousand.

In 2009, the new issue of 253,516 shares at an issue price of € 1.97 resulted in a share premium reserve addition of € 489 thousand.

Shares class A are registered shares; these shares are not to be listed. Shares class A can, however, be converted into ordinary shares if the shareholder so requires by means of an application to that effect to the Management Board.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations having a functional currency other than the Euro.

### Other reserves

The other reserve comprises allocated net result of prior years and share based payments.

### Non controlling interest

The losses applicable to the non controlling interests exceed the non controlling interest in the equity of the subsidiaries. The non controlling interest is no longer deemed to make additional investments to cover the losses. Therefore the excess of € 127 thousand in 2009 and any further losses attributable to the non controlling interest is charged to the Group. In 2010 the profit attributable to the non controlling interest is contributed to the Group for an amount of € 53 thousand.

### Dividends

The Company did not issue any dividend in 2010 and 2009.

For further details on the share capital reference is made to the Company financial statements, which are a part of this Annual Report.

### GEM facility

At 16 January 2010, Spyker Cars N.V. and Global Yield Fund Ltd ("GEM") entered into a € 150 million Equity Credit Line Facility for a term of 3 years. According to this facility, Spyker can issue shares to GEM at 90 per cent of the average of the closing bid prices of the shares over a period of 15 days following a draw down notice sent to GEM by Spyker. In relation to this GEM facility, Spyker issued share warrants to GEM in respect of 1,570,000 ordinary shares at an exercise price of € 4 per share. The warrants have a 5 year term. Up to 31 March 2011, GEM exercised 250,000 warrants.

In 2010, a commitment fee of € 2.3 million was paid by means of issuing shares. Spyker Cars N.V. did not issue further warrants for 3,430,000 shares to GEM by 26 January 2011, therefore GEM has the right to terminate this facility.

# 31. Financial liabilities

## 31.1 Interest-bearing loans and borrowings

| | Maturity | Interest rate % | 2010 ('000) | 2009 ('000) |
|---|---|---|---|---|
| Current interest-bearing loans and borrowings | | | | |
| GMAC revolving credit facility | 7-1-2011 | Libor + 7.35% | 8,825 | 0 |
| Loan agreements Snoras and related companies | 25-01-2010 - 28-12-2010 | 10.0% - 11.0% | 0 | 36,740 |
| Leaseplan, financial lease | 28-1-2010 | 6.3% - 7.0% | 0 | 370 |
| Amstellease, financial lease | 21-11-2011 | 4.6% - 7.0% | 201 | 2,002 |
| Total current interest-bearing loans and borrowings | | | 9,026 | 39,112 |
| | | | | |
| Non-current interest-bearing loans and borrowings | | | | |
| Redeemable preference shares | 31-12-2016 | 7.3% | 171,540 | 0 |
| EIB loan | 31-12-2017 | 9.0% - 10.0% | 188,331 | 0 |
| GPSC, deferred accounts payable | 2-1-2013 | 0.0% | 27,019 | 0 |
| Adam Opel GmbH deferred accounts payable | 2-1-2013 | 0.0% | 25,216 | 0 |
| Tenaci loan | 23-2-2015 | Euribor+ 6 - 10% | 67,060 | 0 |
| Epcote loan | 29-2-2012 | Euribor+ 10% | 15,953 | 0 |
| Convertible notes Snoras | 31-1-2011 | 10.0% | 0 | 9,295 |
| Loan agreements Snoras and related companies | 31-01-2011 - 26-10-2014 | 4.0% - 11.0% | 0 | 5,155 |
| LKB Lizings, financial lease | 28-9-2014 | 10.70% | 0 | 1,024 |
| Amstellease, financial lease | 21-1-2011 | 4.6% - 7.0% | 0 | 201 |
| Total non-current interest-bearing loans and borrowings | | | 495,119 | 15,675 |

### Redeemable Preference Shares

At Closing, GM converted $ 326 million of pre-closing receivables on Saab Automobile into RPSs in Saab Automobile. The issue of the RPSs therefore does not cause any dilution for the shareholders in the Group. The voting rights attaching to these RPSs constitute 0.0005% of the total voting rights in Saab. The other 99.99% of the voting rights (100% of the ordinary shares) are held by Spyker Cars. The RPSs carry no dividend from Closing until 31 December 2011. A dividend entitlement of 6% starts from 1 January 2012 through 30 June 2013 and increases over time to 12% as from 1 July 2013 until the scheduled redemption date of 31 December 2016. The dividend over 2012 will be added to principal, but as from fiscal year 2013 the dividend is payable in cash. Should Saab have insufficient distributable reserves to pay the cash dividend it will be added to principal increased with a penalty factor of up to 4%, but such that the total dividend entitlement will never exceed 12%.

In the period 2010-2016, the average dividend payable is about 7.3%, which is considerably below the average interest on a comparable subordinated loan.

Under Swedish law the RPSs qualify as equity and therefore, if Saab cannot pay dividends or redeem the RPSs, Saab will not be in default but the RPSs will simply continue to accrue. Also, the RPSs cannot be redeemed as long as the EIB loan is not yet fully repaid. The Saab business plan envisages redemption of the RPSs per 2016 out of retained profit, without additional funding (from Spyker Cars or anyone else) being required.

Under IFRS the RPSs qualify as a non-current liability. At issuance the RPSs are valued at fair value as part of the PPA. After initial recognition, the RPSs are measured at amortized costs, based on the original effective interest rate, being the market interest rate at the date of issuance for similar instruments with a similar risk profile (15%).

### Epcote

As part of financing Saab's purchase price, Spyker Cars entered on 8 February 2010 into a $ 25 million convertible loan agreement with Epcote SA ("Epcote"), an investment company owned by Heerema Holding Company Inc. This loan has a 2 year term, an interest of 6 months Euribor +10% and is convertible into shares at an ordinary share price of € 3.75. After the loan was provided, Spyker Cars and Epcote agreed to convert the loan from $ 25 million into € 18.2 million.

### Tenaci

In relation to the Saab acquisition Tenaci Capital B.V. ("Tenaci) granted Spyker Cars on 23 February 2010 a loan for an amount of € 57 million for repayment of all of Spyker Cars' excisting pre Closing outstanding loans to banks and other financial institutions controlled directly, or indirectly by Mr. V. Antonov as well as the financial lease between Spyker Cars, SIA LKB Lîzings and CPP (Manufacturing) Limited. In general the terms and conditions of the Tenaci loan are comparable to those of the Snoras loans which the Tenaci loan replaces, including the right to convert € 9.5 million into ordinary shares at € 3.75 per share. The term of the loan is 5 years and the interest 10 percent above 6 months Euribor.

In addition, as part of financing Saab's purchase price, Spyker Cars borrowed at Closing $ 25 million from Tenaci at an interest rate of 6 percent above Euribor. As collateral Spyker Cars granted a security right in Spyker's intellectual property rights, cash deposits, moveable assets, trade and inter company receivables, insurances and real property. The security only relates to the Spyker Automotive business and excludes Saab.

In 2011, Tenaci converted its € 9.5 million loan into 2,533,333 shares at a conversion price of € 3.75 per share, in accordance with the terms of that loan agreement. The conversion of the € 9.5 million convertible loan by Tenaci reduces the principle amount of the existing € 74 million loan and the interest thereon.

### EIB

The agreement by which the Spyker Cars purchased Saab Automobile was subject to the execution of a € 400 million loan agreement between Saab and the European Investment Bank ("EIB"), for which a guarantee was obtained from the Swedish Government. This loan will be issued to Saab Automobile in tranches. At each tranch Saab Automobile can chose the currency and a fixed or floating interest benchmarked against Libor or Stibor plus a spread. The Swedish National Debt Office ("NDO") has guaranteed the loan for which Saab Automobile pays a certain fee. The National Swedish Debt Office has, in turn, required collateral from Saab Automobile AB, in the from of pledged shares and internal receivables in Saab Automobile Property AB, Saab Automobile Tools AB and Saab Automobile Parts AB. All amounts payable by the EIB are specifically earmarked for designated Saab projects and capital expenditures and represent 50% of these projects or capital expenditures. The projects mainly relate to safety, increasing fuel efficiency and clean car technology. The remaining 50% is funded by Saab itself pursuant to its business plan. Other Group companies than Saab will not have any access to the EIB funds which are completely ring-fenced nor could any part of the purchase price be paid with proceeds from the EIB loan. It should be noted that the EIB loan does not contain a government grant. The underlying agreements stipulate various other restrictions, in particular with regard to the change in (business) plans, ownership and the transfer or sale of assets. In addition, there are certain solvency requirements. Both NDO and EIB have during March 2011 been fully informed of certain delays in payments, however, this is not expected to have any impact on the arrangements with NDO and EIB.

### Snoras

Spyker Cars' existing bank loans prior to the Closing in the aggregate amount of € 57 million are refinanced by Tenaci. Reference is made to the note above on the Tenaci.

### GPSC, deferred accounts payable

GM's Global Purchasing and Supply Chain company has agreed to defer the collection of the Group's accounts payable for an amount of SEK 273.2 million until 2 January 2013 without interest. From then on the amount shall bear interest of 6% per annum. As from January 2013 the amount shall be repayable under the condition that the Group has a minimum level of cash available. No collateral has been provided. This loan is measured based on an effective interest rate of 6.0%.

### Adam Opel GmbH, deferred accounts payable

Adam Opel GmbH has agreed to defer the collection of the Group's accounts payable for an amount of SEK 255.4 million until 2 January 2013 without interest. From then on the amount shall be repayable. No collateral has been provided. This loan is measured based on an effective interest rate of 6.0%.

### GMAC revolving credit facility

As from 1 September 2010 GMAC provides the Group with a revolving credit facility to fund working capital requirements, associated with the UK vehicle stocking. The facility fluctuates between £ 7.4 million and £ 12 million, depending on the season. As security for the loan, Saab Great Britain Ltd. pledges cars which are in inventory in the UK. Interest is payable at 7.35% above LIBOR. At 31 December 2010 the facility was used for an amount of € 8.8 million. The facility is matured at 7 January 2011 and immediately extended to 31 May 2011 with the main terms remaining the same.

### ABN Amro lease

Spyker entered into financial lease agreements with ABN Amro lease N.V. ("ABN Amro lease") in respect of produced but unsold cars, including test models and finished cars held in stock including sale and lease back transactions. At the end of 2010, the total amount owed to ABN Amro lease is € 201 thousand (2009: € 3.6 million). The interest payments vary from 4.6% to 7.0% per year. Spyker granted ABN Amro lease with a first ranking pledge in Spyker's (not Saab's) intellectual property, inventories, stock and receivables. The carrying amount of these collaterals exceeds the carrying amounts of the respective lease liabilities.

### 31.2 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statement.

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | € ('000) | € ('000) | € ('000) | € ('000) |
| **Financial assets** | | | | |
| Non-current financial assets | 1,146 | 0 | 1,020 | 0 |
| Trade receivables and other assets | 96,472 | 3,383 | 96,472 | 3,383 |
| Reserved cash | 91,665 | 0 | 91,665 | 0 |
| Cash and cash equivalents | 70,057 | 1,018 | 70,057 | 1,018 |
| | 259,340 | 4,401 | 259,214 | 4,401 |
| **Financial liabilities** | | | | |
| Redeemable preference shares | 171,540 | 0 | 171,540 | 0 |
| Non-current interest bearing borrowings | 332,606 | 54,787 | 332,606 | 49,747 |
| Trade and other payables | 171,657 | 6,537 | 171,657 | 6,537 |
| Lease liability (inventory) | 49,192 | 0 | 49,192 | 0 |
| | 724,995 | 61,324 | 724,995 | 56,284 |

Most financial instruments of the group are based on fair value at initial measurement in 2010. Therefore no significant difference can be observed between the fair value and the carrying amount.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2010, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

### Fair value hierarchy

As at 31 December 2010 and 31 December 2009, the Group held no financial instruments carried at fair value on the statement of financial position.

## 32. Employee benefits

The expense recognized in the income statement is disclosed in Note 15. Other information by nature.

### ESOP

Spyker has an Employee Share Option Plan (ESOP), which came into force in 2005 and was amended in 2006 and 2008 with respect to the definition of some words and expressions in the plan. Under the five-year duration of the ESOP, option rights may be granted to acquire newly issued shares up to an aggregate amount of 10% of the issued share capital per the option date. Per 31 December 2010, 83,782 option rights (2009: 208,128 option rights) were granted to and accepted by members of the Management Board and an employee. The Exercise price for these options has been determined as follows: € 17.00 for 24,000 option rights and € 2.37 for 59,782 options rights. An employee is only allowed to convert its option rights into shares if it is still an employee of the Group. Each year 20% of the option rights will vest if the performance criteria for that year are met. These performance criteria are determined each year by the Supervisory Board. The Supervisory Board has postponed to set the targets for 2010 in view of the acquisition of Saab Automobile and Saab GB. The appointment of key employee Mr. Schuijt came into force per 1 June 2010. As a part of his remuneration package, Spyker Cars N.V. granted him the rights to subscribe for 300,000 ordinary shares, to be issued in separate tranches of 100,000 each over the next 3 years and which are linked to a certain performance. The granting of these performance shares will be subject to the approval of the General Meeting of Shareholders at 19 May 2011.

As at 27 May 2004, the Employee Share Option Plan (ESOP) was established. The first option rights under the ESOP were granted on 5 July 2005. The amount of the share-based payment is determined based on the increase in the share price of the Company from grant date until vesting time. All options are settled by physical delivery of shares.

The terms and conditions of the current options at 31 December 2010 are as follows:

| Grant date / employee entitled | Exercise price | Number of options | Vesting conditions | Contractual life of options |
|---|---|---|---|---|
| Option granted to key management at 31 December 2007 | € 17.00 | 24,000 | Yearly, max 20% can vest if performance criteria set by the Supervisory Board are met. Employee has to be in service at moment of vesting. The performance criteria are set annually. | 5 years + 1 month |
| Options granted to key management at 23 April 2009 | € 2.37 | 59,782 | Yearly, max 20% can vest if performance criteria set by the Supervisory Borad are met. Employee has to be in service at moment of vesting. The performance criteria are set annually. | 5 years + 1 month |
| | | 83,782 | | |

The number and weighted average exercise prices of share options are as follows:

| | As per 1 January | Granted during period | Exercised | Expired / lapsed during period | As per 31 December |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Exercise price € 17.00 | 24,000 | 0 | 0 | 0 | 24,000 |
| Exercise price € 9.30 | 124,346 | 0 | 0 | 124,346 | 0 |
| Exercise price € 2.37 | 59,782 | 0 | 0 | 0 | 59,782 |
| **2009** | | | | | |
| Exercise price € 17.00 | 24,000 | 0 | 0 | 0 | 24,000 |
| Exercise price € 15.50 | 59,782 | 0 | 0 | 59,782 | 0 |
| Exercise price € 9.30 | 130,324 | 0 | 0 | 5,978 | 124,346 |
| Exercise price € 7.01 | 59,782 | 0 | 0 | 59,782 | 0 |
| Exercise price € 4.56 | 59,782 | 0 | 0 | 59,782 | 0 |
| Exercise price € 2.37 | 0 | 59,782 | 0 | 0 | 59,782 |

The fair values for the granted options in the respective years were calculated using the Black-Scholes option-pricing model. The inputs into the model were as follows (in 2010 and 2006 no options were granted):

| | 2009 | 2008 | 2007 | 2005 |
|---|---|---|---|---|
| Weighted average fair value of share options at measurement date | € 1.15 | € 2.80 | € 2.13 | € 2.37 |
| Weighted average exercise price | € 2.37 | € 5.79 | € 17.00 | € 9.30 |
| Expected volatility | 77% | 67% | 40% | 20% |
| Risk free rate | 3.498% | 3.498% | 3.498% | 3.498% |
| Expected dividend yield | 0% | 0% | 0% | 0% |

Expected volatility was determined by calculating the historical volatility of the Company's share price over the period it was listed on the stock exchange adjusted for the fact that the Company's volatility in the first years of existing is to be expected higher than in the coming years.

Based on management's best estimate the expected duration of these option rights used in the model has been adjusted for the effects of non-transferability between employees, exercise restrictions and resignations.

In 2010, 160,000 shares were issued to employees as a bonus. An amount of € 510 thousand is recognized as share based payment in the consolidated statement of changes in equity.

In 2010 the Group recognized as employee benefits a total expense of € 0 (2009: € 0) related to equity-settled share-based payment transactions during the year.

### Pension benefits

Group companies provide post-employment benefits for their active employees and for retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates, the benefits generally being based on the employees' remuneration and years of service.

The Group provides post-employment benefits both under defined benefit plans and defined contribution plans.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer and from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment.

The item Pension plans consists principally of the obligations of Group companies operating in Sweden, the United Kingdom and in The Netherlands towards certain employees and former employees of the Group.

Under these plans a contribution is generally made to a separate fund (trust), which independently administers the plan assets. The Group's funding policy is to contribute amounts to the plan equal to the amounts required to satisfy the minimum funding requirements prescribed by the laws and regulations of each individual country. Prudently the Group makes discretionary contributions in addition to the funding requirements. If these funds are over funded, that is if they present a surplus compared to the requirements of law, the Group companies concerned may not be required to contribute to the plan in respect of the minimum performance requirement as long as the fund is in surplus.

The investment strategy for these assets depends on the features of the plan and on the maturity of the obligations. Typically long-term plan benefit obligations are funded by investing mainly in equity securities; short and medium-term plan benefit obligations are funded by investing in fixed income securities, which are less volatile.

Saab Automobile has a defined contribution plan for all blue-collar employees and has two defined benefit pension plans: one funded through a pension foundation and one insured by mutual insurance company Alecta. As from 2010 the obligation funded by the pension foundation will be transferred to Alecta over a five years period up to 2015. The plan insured via Alecta is a multi-employer plan, accounted and presented as a defined contribution plan since Alecta is unable to present specific information for Saab's obligations and assets based on IAS 19 accounting principles.

Saab Great Britain Ltd. has a defined benefit plan for all its employees funded through a pension foundation.

The pension plan for employees of parent company Spyker Cars N.V. qualifies as a defined contribution plan. Under this plan a fixed agreed amount is paid to the insurance company. There is no commitment either enforceable by law or otherwise to pay additional contributions, pension benefits and related investments.

The pension plans for employees of Spyker Automobielen B.V. and Spyker Squadron B.V qualify as a defined benefit plan. However the respective pension fund, Pensioenfonds Metaal & Techniek (PMT), is unable to calculate the pension commitments and related investments on the basis of required IAS 19 accounting principles. Therefore these pension commitments are accounted for as a defined contribution plan. As at 31 December 2010 coverage ratio was 96%. The deficit of the plan and plan to increase coverage ratio may result in higher contributions in the coming years.

The results presented have been determined based on calculations carried out by a qualified external actuary.

Although the calculations have been carried out for the Group, the latter does not have any direct control over the relevant funds nor can it directly claim any part of them, unless the Management Board of the pension fund decides this.

The Projected Unit Credit Method has been used for the purposes of determining the present value of the defined benefit obligation. The Group expects to contribute in 2011 € 6.5 million to the plan of Saab Automobile and € 2.9 million to the plan of Saab GB.

The information below relates to the defined benefit pension plans of both Saab Automobile AB and Saab Great Britain Ltd.

### Actuarial assumptions

The most important actuarial assumptions expressed in % as at December 31 are as follows:

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Discount rate for liabilities | 3.75% | 5.30% | 3.75% - 5.30% |
| Inflation | 2.00% | 2.60% | 2.00% - 2.60% |
| Expected wage increases | N/A | 4.50% | 4.5% |
| Increase in income base amount | N/A | | N/A |
| Expected Employee benefit liability increases | 2.00% | 3.30% | 2.00% - 3.30% |
| Long term expected return on fund investments | 4.25% | 7.10% | 4.25% - 7.10% |

The overall expected rate of return on fund investments is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

### Employee benefit liability

The employee benefit liability is specified as follows:

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Present value of obligations | 211,741 | 55,361 | 267,102 |
| Fair value of the fund investments | 172,677 | 54,270 | 226,947 |
| Present value of the net obligation | -39,064 | -1,091 | -40,155 |
| Unrecognized net actuarial (gain)/loss | -20,158 | -4,134 | -24,292 |
| Net liability | -59,222 | -5,225 | -64,447 |
| Special payroll tax | -13,051 | 0 | -13,051 |
| Unrecognized past service cost | 0 | 0 | 0 |
| Liabilities recognized on the balance sheet at the end of the year | -72,273 | -5,225 | -77,498 |

Special payroll tax is a Swedish tax mainly payable on the company's annual increase in Sweden pension liability, premiums paid to pension insurance, contribution to pension foundations and pension payments made to pensioners by the company.

### Present value of defined benefit obligation

The movement of the present value of defined benefit obligation is specified as follows:

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Present value of defined benefit obligation as at 1 January | 0 | 0 | 0 |
| Acquisition of a subsidiary | 222,611 | 54,060 | 276,671 |
| Employee benefit liability costs allocated to service year | 0 | 377 | 377 |
| Interest expenses | 6,485 | 1,788 | 8,273 |
| Employees' contributions | 0 | 57 | 57 |
| Benefit payments and disbursements | -6,459 | -946 | -7,405 |
| Settlements and curtailments | -18,051 | 0 | -18,051 |
| Actuarial losses/(gain) | -13,303 | -1,144 | -14,447 |
| Effects of movements in exchange rates | 20,458 | 1,169 | 21,627 |
| Present value of defined benefit obligation as at 31 December | 211,741 | 55,361 | 267,102 |

## Fund investments

The movements of the fair value of the funds investments is specified as follows:

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Fair value of the funds as at 1 January | 0 | 0 | 0 |
| Acquisition of a subsidiary | 164,218 | 42,538 | 206,756 |
| Expected return on funds investments | 5,734 | 1,839 | 7,573 |
| Actuarial gains/(losses) on fund investments | 5,816 | 3,074 | 8,890 |
| Employers' contributions including benefits paid directly by the Group | 6,459 | 7,005 | 13,464 |
| Employees contributions | 0 | 57 | 57 |
| Settlements and curtailments | -17,686 | 0 | -17,686 |
| Benefit payments and disbursements | -6,459 | -946 | -7,405 |
| Effects of movements in exchange rates | 14,595 | 703 | 15,298 |
| Employee benefit liabilities as at 31 December | 172,677 | 54,270 | 226,947 |

The actual return on fund investments amounted to € 16.5 million in 2010 (Saab Automobile: € 11.6 million, Saab GB: € 4.9 million). Investments are made for the largest part in equity securities and government bonds, for which the breakdown is as follows:

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Equity securities | 59,072 | 36,410 | 95,482 |
| Government bonds | 103,721 | 17,860 | 121,581 |
| Other investments | 9,884 | 0 | 9,884 |
| Fair value of the funds investments as at 31 December | 172,677 | 54,270 | 226,947 |

## Net pension costs recognized in the income statement

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Employee benefit liability costs allocated to service year | 0 | 377 | 377 |
| Interest expenses | 6,485 | 1,788 | 8,273 |
| Expected return on fund investments | -5,735 | -1,839 | -7,574 |
| Recognized actuarial (gains)/losses | 0 | 0 | 0 |
| Recognized past service costs | 0 | 0 | 0 |
| Effect of settlement | -364 | 0 | -364 |
| Expenses recognized in the income statement | 386 | 326 | 712 |
| Special payroll tax release | -2,721 | 0 | -2,721 |
| Expenses recognized in the income statement, including tax | -2,335 | 326 | -2,009 |

## Historical information

| | 2010 | | |
|---|---|---|---|
| | Saab Automobile | Saab GB | Total |
| | € ('000) | € ('000) | € ('000) |
| Fair value of plan assets, end of year | 172,677 | 54,270 | 226,947 |
| Defined benefit obligations, end of year | -211,741 | -55,361 | -267,102 |
| Surplus/(deficit) in the plan | -39,064 | -1,091 | -40,155 |
| Experience gain/(loss) on plan assets | 5,816 | 3,074 | 8,890 |
| Experience (gain)/loss on defined benefit obligation | 0 | 0 | 0 |

# 33. Provisions

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Provisions comprises: | | |
| Warranty provisions | 69,223 | 196 |
| Provisions for legal proceedings | 12,097 | 0 |
| Other | 9,279 | 50 |
| | 90,599 | 246 |

The following table illustrates the movements in the provisions:

| | Warranty | Legal | Other | Total |
|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) |
| As per 1 January 2010 | 196 | 0 | 50 | 246 |
| Acquisition of a subsidiary | 57,033 | 10,200 | 11,220 | 78,453 |
| Additions | 33,854 | 934 | 8,754 | 43,542 |
| Utilization | -27,317 | 0 | -11,594 | -38,911 |
| Fx change | 5,457 | 963 | 849 | 7,269 |
| As per 31 December 2010 | 69,223 | 12,097 | 9,279 | 90,599 |
| Non-current | 36,147 | 1,667 | 3,923 | 41,737 |
| Current | 33,076 | 10,430 | 5,356 | 48,862 |
| | 69,223 | 12,097 | 9,279 | 90,599 |

| | Warranty | Legal | Other | Total |
|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) |
| As per 1 January 2009 | 146 | 0 | 0 | 146 |
| Acquisitions | 0 | 0 | 0 | 0 |
| Additions | 103 | 0 | 50 | 153 |
| Utilization | -53 | 0 | 0 | -53 |
| As per 31 December 2009 | 196 | 0 | 50 | 246 |
| Non-current | 100 | 0 | 50 | 150 |
| Current | 96 | 0 | 0 | 96 |
| | 196 | 0 | 50 | 246 |

### Warranty

The warranty provision represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations arising from product warranties given for a specified period of time which begins at the date of delivery to the customer. This estimate has been calculated considering past experience and specific contractual terms. This provision also includes management's best estimate of the costs that are expected to be incurred in connection with product defects. This provision for risks is developed through an assessment of reported damages or returns on a case-by-case basis.

### Legal proceedings

This provision represents management's best estimate of the liability to be recognized by the Group with regard to legal proceedings arising in the ordinary course of business with (ex) dealers, customers, suppliers or regulators.

Each Group company recognizes a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the probable liability, each Group company evaluates their legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the Group and others in similar situations and the Group's intentions with regard to further action in each proceeding. The Group's consolidated provision aggregates these individual provisions established by each of the Group's companies.

The provision for legal proceedings comprises the following significant claim:

During the restructuring of Saab Automobile the Swedish County Administrative Board paid wage guarantees in a total of approximately € 30 million. The County Administrative Board is of the opinion that since the reconstruction has been finalized, wage guarantees paid after the reconstruction decision shall be repaid. Such wage guarantees corresponds to one months wages, amounting to € 12,3 million plus accrued interest. Saab paid the amount corresponding to the composition (25% of the claimed amount). The dispute will be settled at the Swedish the Court of Law.

### Other

The provision for other risks represents the amounts set aside by the individual companies of the Group principally in connection with risks and disputes and for restructuring. The most significant balance as at 31 December 2010 relate to the provision for restructuring. This provision relates to the direct expenditures caused by the restructuring of Saab Automobile's engineering department.

## 34. Trade and other payables

| | 2010 € ('000) | 2009 € ('000) |
|---|---|---|
| Trade payables | 171,657 | 2,507 |
| Corporate income tax | 681 | 0 |
| Other taxes and social security contributions | 13,298 | 346 |
| Installments invoiced | 365 | 869 |
| Lease liability (inventory) | 49,192 | 0 |
| Non trade payables and accrued expenses | 343,476 | 2,815 |
| At 31 December | 578,669 | 6,537 |

Terms and conditions of the above financial liabilities:

- Trade payables and other payables are non-interest bearing and are normally settled on an average 47-day terms
- Interest payable is normally settled quarterly throughout the financial year
- For terms and conditions relating to related parties, reference is made to Note 40. Related parties.

Saab Automobile AB obtained € 77 million from Opel to use for payments to suppliers of the 9-5 tooling transferred from Adam Opel as part of the acquisition. The cash obtained is kept on an escrow account (part of Reserved cash) and the corresponding amount is recognized as a liability to Adam Opel (part of Trade and other liabilities).

For explanations on the Group's credit risk management processes, reference is made to Note 39.2 Financial risks.

## 35. Contingencies

As a global company with a diverse business portfolio, the Group is exposed to various legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters. The outcome of the current (see captions legal proceedings above) or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results. At 31 December 2010, contingent liabilities estimated by the Group amount to approximately € 10.2 million relating to Swedish pension commitments and the transfer of a rental agreement, for which no provisions have been recognized since an outflow of resources is not considered to be probable.

Instead, when it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognizes specific provision for this purpose.

### Tax exposure

The Group operates or will operate in various countries and is therefore subject to the risk of tax audits and assessments in these countries for various taxes like value added taxes, wage taxes and corporate income taxes. The Group seeks to manage its tax affairs in compliance with all applicable laws. However, it is possible that authorities may disagree with positions taken by the Group, and consequently the Group may be exposed to tax assessments in excess of those provided in the financial statements for tax assets or liabilities, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

### Warranties and escrow account

In the share purchase agreement between the Spyker Cars N.V. "Spyker", Spyker Events & Branding B.V. (formerly: Spyker F1 Racing Holding B.V.) and Orange India Holdings Sarl

("OIH"), Spyker has given certain warranties. Notice of a warranty claim must be given by or on behalf of OIH to Spyker in the case of a claim relating to:

- the environment: on or before 5 October 2010;
- taxation: on or before 5 October 2014;
- a matter other than environment or taxation: on or before 5 October 2009.

On 2 October 2008 Spyker received from OIH a notice of a claim relating to taxation. The exposure for Spyker is finally determined at £ 130,000 which amount has been paid.

In addition, Spyker received various notices of claims from OIH in the total amount of about € 8.5 million. OIH did not start any proceedings. The aggregate liability of Spyker in respect of any claim relating to the share purchase agreement shall not exceed € 16.7 million. Spyker Cars is presently close to a settlement with OIH and has recognized the position vis-à-vis OIH based upon the expected outcome of the settlement.

In 2010, Colin Kolles – the former manager of the Spyker Formula One team – issued preliminary proceedings against Force India F1 Racing, Spyker's former Formula One Team, claiming an amount of € 1.2 million. Spyker indemnified OIH for the claims of Colin Kolles.

### Legal proceedings

In addition to the recourse claim for wage guarantees, the Swedish Tax Agency has demanded that Saab shall compensate the Swedish Crown for employers' contributions that accrue to the wage guarantee paid to Saab's employees during the reorganization of the company. Saab has objected to this claim and the Swedish Crown has not yet initiated legal proceedings against Saab in relation to the claim, pending the outcome in an ongoing case. The claim amounts to approximately € 1 million and may still be adjusted. The Group has not provided for this legal proceeding yet in relation to this claim since an outflow of resources is not considered to be probable.

The Group has legal proceedings arising with three ex-dealers on terminated dealer contracts. Taken into account the views of legal counsel and other experts, the experience of the Group and others in similar situations, the Group considers an outflow of resources not to be probable.

### Equity facility

Up to March 2010 the Group had access to an equity facility agreement with Trafalgar entered into in March 2007. On the basis of this agreement, Trafalgar was committed to purchase up to € 25 million common stock of Spyker Cars during a three year period, if and when requested by the Group. In 2009 and 2010 the Group did not call on this facility. The agreement ended in March 2010.

### Corporate guarantee

Spyker cars N.V. issued a corporate guarantee of $ 10 million for Saab's obligations to and for the benefit of the financing company GMAC.

## 36. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows is adjusted for non cash items. These non cash items mainly relate to, unpaid interest on loans, debt extinguishment of Snoras loans, -commitment fee GEM, conversion of accounts payables of GM to long term libility.

## 37. Commitments not included in the statement of financial position

### Operating leases – Group as lessee

The Group enters into operating lease contracts for the right to use industrial buildings and equipment. The total future minimum lease payments under non- cancelable lease contracts are as follows:

| | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Less than 1 year | 11,067 | 603 |
| Between 1 and 5 years | 10,685 | 779 |
| More than 5 years | 6,845 | 0 |
| | 28,597 | 1,382 |

## 38. Subsidiaries and associates

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

| Subsidiaries and associates | Country of incorporation | % equity interest 2010 | 2009 |
|---|---|---|---|
| Spyker Cars N.V. | Netherlands | | |
| -Spyker Automobielen B.V. | Netherlands | 100.0% | 100.0% |
| -Spyker Squadron B.V. | Netherlands | 100.0% | 100.0% |
| -Spyker Events & Branding B.V. | Netherlands | 100.0% | 100.0% |
| -Spyker Holding B.V. | Netherlands | 100.0% | 0.0% |
| -Spyker of North America LLc | United States | 100.0% | 100.0% |
| -Spyker Cars UK Ltd | United Kingdom | 100.0% | 100.0% |
| -Spyker of China Ltd | Hong Kong | 51.0% | 51.0% |
| -Tenaci Engineering Pvt. Ltd | India | 45.0% | 45.0% |
| -Saab Automobile Holding I S.a.r.l. | Luxembourg | 100.0% | 0.0% |
| -Saab Automobile AB | Sweden | 100.0% | 0.0% |
| -Saab Automobile Distribution AB (*) | Sweden | 100.0% | 0.0% |
| -Saab Automobile Parts AB | Sweden | 100.0% | 0.0% |
| -Saab Automobile Powertrain AB | Sweden | 100.0% | 0.0% |
| -Saab Automobile Powertrain Tools AB (*) | Sweden | 100.0% | 0.0% |
| -Saab Automobile Transmission AB(sold in 2011) (*) | Sweden | 100.0% | 0.0% |
| -Saab Automobile Property AB | Sweden | 100.0% | 0.0% |
| -Saab Automobile Tools AB | Sweden | 100.0% | 0.0% |
| -Saab Cars Australia Pty. Ltd | Australia | 100.0% | 0.0% |
| -Saab Canada Inc(dormant) | Canada | 100.0% | 0.0% |
| -Ilde de France Automobile | France | 100.0% | 0.0% |
| -SAAB Deutschland GmbH | Germany | 100.0% | 0.0% |
| -Autohaus SAAB GmbH | Germany | 100.0% | 0.0% |
| -Saab Automobile Italy SRL | Italy | 100.0% | 0.0% |
| -General Motors Nordiska AB(dormant) | Norway | 100.0% | 0.0% |
| -Saab Automobile Spain SL | Spain | 100.0% | 0.0% |
| -Saab Cars North America, Inc. | United States | 100.0% | 0.0% |
| -e-AAM Driveline Systems AB | Sweden | 33.0% | 0.0% |
| -SAAB Great Britain Ltd | United Kingdom | 100.0% | 0.0% |
| -Saab City | United Kingdom | 100.0% | 0.0% |

(*) The statutory names of these companies have changed in 2011

## 39. Risk management

### 39.1 General

During 2010, management continuously assessed the various risks related to the business, the economic climate and financial outlook of the Saab and Spyker businesses. The purpose of risk management is to reduce the uncertainty regarding the achievement of corporate, divisional and subsidiaries' objectives. The risk management process identifies the most significant and emerging risks and focuses management attention on the action plans to mitigate risk and maximize opportunities.

Overall during 2010 improvements relating to internal controls were accomplished and other improvements will still need to be addressed during 2011. The anticipated sale of the Spyker Automobile business will cause a reassessment of the risk and control processes

Before the Saab Automobile acquisition risk management at Spyker Cars as a stand alone company was always a trade off due to the small size of the organization, between realization of certain segregation of duties and economic efficiencies. Also the dependence on a few individuals entailed a risk when these persons are absent or would resign. Because Saab Automobile has significantly more resources these inherent risks due to economies of scale can be addressed much better.

Process improvements have been initiated both at Saab Automobile and Saab GB which will lead to further efficiencies, amongst others within reporting and administration. Also new staff has been hired to execute specific functions in the systems on an ongoing basis.

The most significant financial risks related to the business of the Group are explained hereunder. This risk overview is not exhaustive. It should be noted that some risks may not yet be known to management, or may currently not believed to be material, but at a later date could potentially turn out to have a major impact on the Group's business. The information on strategic and operational risks can be found in the Management Board's report.

### 39.2 Financial risks

The Group has assets and liabilities such as trade receivables, trade payables and cash, which arise directly from its operations. Accordingly the Group is exposed to the following financial risks connected with its operations:

- Liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- Market risk relating to changes in foreign currency and interest rates, since the Group operates at an international level in different currencies and markets and therefore uses financial instruments which generate interest;
- Credit risk, regarding its normal business relations with customers and dealers and its related financing activities.

The financial risks of the Group are monitored on a centralized basis, under the control of Group Treasury. The Group constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance, assess them properly and take the necessary actions to mitigate them.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group.

### Liquidity risk

The Group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The Group has adopted a Financial Policy and procedures to optimize the management of funds and to reduce the liquidity risk, such as:

- Continuously monitoring the Group's future liquidity needs on the basis of business planning;
- Intention to diversifying the means by which funds are obtained and to build up an active presence on the capital markets;
- Centralizing the management of receipts and payments, where it is economical viable in relation to local financial and fiscal regulations of the countries where the Group is present;
- Strive to maintaining an adequate level of available liquidity;
- Pursue to obtain adequate (banking) credit lines.

The Group has been cash flow negative in 2010 mainly due to operating losses at Saab Automobile and the Spyker Automotives business, its capital expenditure program for the new Saab models and the re-activation of the production and sales and marketing operation of Saab Automobiles. Although this was anticipated in the business plan the actual cash need was higher than planned, caused by lower sales volumes as the restart after the standstill situation took longer and more efforts than expected. As the situation is expected to be the similar for the first half of 2011, there is a risk that when additional funding of its ongoing operations and execution of the business plan is not timely secured, continuity of the Group could become uncertain.

As disclosed in the paragraph on continuity of the Group, uncertainties exist as to Saab Automobile's funding requirements. As to the identified uncertainties, management will continue to closely monitor the developments in its cash position and will, if and when needed, timely adjust the spending on costs to ensure that the Group remains sufficiently liquid.

To ensure adequate liquidity for the remainder of this year and to further improve its capital structure, management is currently pursuing various options to improve the Group's funding, accelerate the execution of its business plan and strengthen the Group's balance sheet going forward.. On continuing basis working capital management remains a high priority for management, as is development of adequate cash flow forecasting tools and credit management policies and processes. Knowledge transfer to the employees in the financial departments is part of this priority.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

| | Less then 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) |
| At 31 December 2010: | | | | |
| Redeemable preference shares | 0 | 0 | 0 | 245,371 |
| Interest bearing borrowings | 8,825 | 39,026 | 195,533 | 125,534 |
| Interest | 6,286 | 31,010 | 111,830 | 35,438 |
| Trade payables | 585,169 | 0 | 0 | 0 |
| | 600,280 | 70,036 | 307,363 | 406,343 |
| | | | | |
| At 31 December 2009: | | | | |
| Interest bearing borrowings | 39,112 | 11,295 | 4,380 | 0 |
| Interest | 2,951 | 372 | 308 | 0 |
| Trade and other payables | 6,537 | 0 | 0 | 0 |
| | 48,600 | 11,667 | 4,688 | 0 |

## Foreign currency risk

The Group is exposed to risk resulting from changes in foreign exchange rates, which can affect its earnings and equity. In particular the following situations.

- Where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating profit/(loss) of that company. The principal exchange rates to which the Group is exposed are the following:
  - SEK/USD, relating to sales in US dollars made by Saab Automobile to the North American market and to other markets in which the US dollar is the trading currency;
  - SEK/GBP, principally in relation to sales by Saab Automobile in the UK market;
  - SEK/EUR, relating to sales and costs incurred in the Euro area.

  Other significant exposures regard the exchange rates EUR/USD and EUR/GBP. Although currently not being allowed it is the Group's policy to hedge for exchange risk exposures if possible. Natural hedges are used where possible.
- Group companies may find themselves with trade receivables or payables denominated in a currency different from the functional currency of the company itself. In addition, in a limited number of cases, it may be convenient from an economic point of view for companies to obtain finance or use funds in a currency different from the company's functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations.
- Certain Group's subsidiaries are located in countries which are not members of the European monetary union, in particular Sweden, the United States and United Kingdom. As the Group's functional currency is the Euro, the income statements of those countries

are converted into Euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euros.

- The assets and liabilities of consolidated companies whose functional currency is different from the Euros, may acquire converted values in Euros which differ as a function of the variations in exchange rates. The effects of these changes are recognized directly in the item Exchange rate differences on translating of foreign operations, included in Equity.

The Group monitors its principal exposure to exchange risk, although there was no specific hedging in this respect at the balance sheet date.

The main foreign exchange exposure on monetary items is within Saab Automobile as expressed in the following table;

| **Exposure of foreign currency** | Assets | Liabilities | Exposure |
|---|---|---|---|
| | € ('000) | € ('000) | € ('000) |
| **to SEK (converted to EUR)** | | | |
| USD | 28,793 | -306,332 | -277,539 |
| GBP | 88,578 | -173,273 | -84,695 |
| EUR | 16,691 | -108,517 | -91,826 |
| Other | 9,820 | -33,106 | -23,286 |
| | | | -477,346 |
| **to EUR** | | | |
| GBP | 0 | -33,208 | -33,208 |
| | | | -33,208 |

### *Sensitivity analysis*

The potential loss in fair value of financial instruments held by the Group at 31 December 2010, which would arise in the case of a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the major foreign currencies against the SEK and of GBP against the EURO, amounts to approximately € 47.8 million and € 3.3 million respectively (€ 0 million and € 0 million respectively at 31 December 2009).

### Interest rate risk

The Group makes use of external funds obtained in the form of financing. Changes in market interest rates can affect the cost of the various forms of financing, including the employment of funds, causing an impact on the level of net financial expenses incurred by the Group. Interest rate risk is defined as the risk that financial costs and financial assets and liabilities are negatively affected by fluctuations in interest rate levels.

### *Sensitivity analysis*

In assessing the potential impact of changes in interest rates, the Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

Floating rate financial instruments include principally cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt.

A hypothetical, unfavorable and instantaneous change of 50 basis points in short term interest rates at 31 December 2010, applied to floating rate financial assets and liabilities and operations for the sale of receivables, would have caused increased net expenses before taxes, on an annual basis, of approximately € 0.5 million (€ 0 million at 31 December 2009).

This analysis is based on the assumption that there is a parallel shift on the interest rate curve of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

### Credit Risk

The Group's credit concentration risk differs in relation to the activities carried out by the individual operational segments and various sales markets in which the Group operates. The risk is mitigated by credit verification procedures, financing sales to the dealers by major and diverse financial institutions and by the large number of counterparties and customers.

Financial assets are recognized in the statement of financial position net of write-downs for the risk that counterparties will be unable to fulfill their contractual obligations, determined on the basis of the available information as to the creditworthiness of the customer and historical data.

### Capital management

From a management perspective capital includes redeemable preference shares and equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it obtains sufficient solvency in order to support its business and maximize shareholder value.

The negative equity position of the Group under IFRS of € 207 million has no direct impact on the execution of the Saab business plan, nor does it imply that the Group is legally required to issue new shares in its capital.

## 40. Related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| | | Sales to related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties |
|---|---|---|---|---|---|
| | | € ('000) | € ('000) | € ('000) | € ('000) |
| **Transactions** | | | | | |
| *Entities with significant influence over the Group :* | | | | | |
| Companies controlled by Mr. V. Antonov | 2010 | 382 | 156 | 230 | 59 |
| | 2009 | 1,024 | 0 | 0 | 0 |
| *Associate* | | | | | |
| e-AAM Drive Line Systems AB | 2010 | 308 | 0 | 376 | 0 |
| | 2009 | 0 | 0 | 0 | 0 |
| *Key management personnel of the Group:* | | | | | |
| Companies related to Mr. V. Muller (others then Tenaci Cap | 2010 | 229 | 702 | 708 | 0 |
| | 2009 | 0 | 0 | 675 | 0 |
| *Certain third parties:* | | | | | |
| General Motors | 2010 | 138,571 | 246,747 | 17,989 | 99,214 |
| | 2009 | 0 | 0 | 0 | 0 |
| CATC | 2010 | 1,024 | 0 | 0 | 0 |
| | 2009 | 0 | 0 | 0 | 0 |
| Other | 2010 | 0 | 0 | 0 | 0 |
| | 2009 | 800 | 769 | 1,200 | 0 |

| | | Interest received | Amounts owed by related parties | Interest paid | Amounts owed to related parties |
|---|---|---|---|---|---|
| | | € ('000) | € ('000) | € ('000) | € ('000) |
| **Loans from/to related parties** | | | | | |
| *Entities with significant influence over the Group:* | | | | | |
| Tenaci Capital B.V. | 2010 | 0 | 0 | 6,530 | 67,060 |
| | 2009 | 0 | 0 | 0 | 0 |
| Companies controlled by Mr. V. Antonov | 2010 | 0 | 0 | 0 | 0 |
| | 2009 | 0 | 0 | 3,651 | 52,214 |
| *Certain related parties:* | | | | | |
| General Motors | 2010 | 0 | 1,131 | 0 | 223,778 |
| | 2009 | 0 | 0 | 0 | 0 |
| Epcote | 2010 | 0 | 0 | 1,773 | 15,953 |
| | 2009 | 0 | 0 | 0 | 0 |

## The ultimate parent

Spyker Cars N.V. is the ultimate parent of the Group, based and listed in The Netherlands.

## Entities with significant influence over the Group

### *Tenaci Capital B.V.*

As from Closing Tenaci Capital B.V. has a 23.9% interest in the Group. This company is partly owned by the CEO of the Group, Mr. V.R. Muller.

### *Companies, controlled by Mr. V. Antonov*

Up to Closing Mr. V. Antonov had, via RMC Convers Group Holding, a 23.9% interest in the Group and financed the Group via banks and other financial institutions controlled directly, or indirectly by him.

## Associate

### *e-AAM Drive Line Systems AB*

The Group has a 33% interest in e-AAM Drive Line Systems AB and entered in 2010 into a long-term supply agreement for the e-AWD System.

## Certain third parties

### *General Motors*

At Closing, GM converted $ 326 million of pre-closing receivables on Saab into RPSs in Saab. The voting rights attaching to these RPSs constitute 0.0005% of the total voting rights in Saab. See Note 24. Other financial assets  for further details.

The Group will pay GM for the 9-4X development costs and fixed assets for a total amount of $ 48.6 million of which $ 6.2 million already has been paid or accrued as per 31 December 2010. Saab will also pay GM an agreed price per car produced for the coverage of the costs relating to additional special tooling equipment. For future model year changes Saab committed itself to pay GM a total amount of $ 9.3 million.

Besides above transactions the Group conducts regular business with GM relating to material purchases, services, engineering development and sales activities.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. Except for Tenaci (see Note 24. Other financial assets ) there have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2010, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2009: € Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### Remuneration of key management personnel of the Group

Managers in key positions with the Group comprise the members of the Supervisory Board, Management Board and the statutory directors of Saab Automobile AB. Transactions with these individuals constitute related-party transactions.

| Remuneration Supervisory Board | 2010 | 2009 |
|---|---|---|
| | € | € |
| V. Antonov | 3,333 | 20,000 |
| J.B.Th. Hugenholtz | 95,000 | 15,000 |
| M. La Noce | 62,333 | 15,000 |
| P.H. Heerema | 50,666 | 0 |
| A. Roepers | 50,666 | 0 |
| M. Bondars | 2,500 | 15,000 |
| N. Stancikas | 2,500 | 10,397 |
| D. Apockinas | 0 | 4,603 |
| | 266,998 | 80,000 |

| Remuneration Management Board 2010 | Base salary | Bonus | Management fee | Total cash compensation | Vested stock options | As a % of base salary |
|---|---|---|---|---|---|---|
| | € | € | € | € | | |
| V.R. Muller | 0 | 508,571 | 550,000 | 1,058,571 | none | - |
| D.J.C.Y.S. Go | 282,000 | 52,000 | 0 | 334,000 | none | - |
| | 282,000 | 560,571 | 550,000 | 1,392,571 | | - |

| Remuneration Management Board 2009 | Base salary | Bonus | Management fee | Total cash compensation | Vested stock options | As a % of base salary |
|---|---|---|---|---|---|---|
| | € | € | € | € | | |
| V.R. Muller | 0 | 0 | 240,000 | 240,000 | none | - |
| F.M.J.M. Liebregts | 178,890 | | 0 | 178,890 | none | - |
| A.A. Roukens | 22,778 | | 0 | 22,778 | none | - |
| D.J.C.Y.S. Go | 135,405 | 30,000 | 0 | 165,405 | none | - |
| | 337,073 | 30,000 | 240,000 | 607,073 | | - |

| Remuneration key management personnel of the group | 2010 | 2009 |
|---|---|---|
| | € ('000) | € ('000) |
| Short-term employee benefits | 2,055 | 687 |
| Post-employment pension benefits | 188 | 12 |
| Bonus: | | |
| - paid in cash | 371 | 30 |
| - share-based payments | 364 | 0 |
| Total compensation paid to key management personnel | 2,978 | 729 |

## 41. Events after the reporting date

On 4 January 2011 Saab Automobile sold its shares in Saab Automobile Transmission AB (later on renamed into Vicura AB) to venture capital investor Fouriertransform. Vicura AB is staffed by more than 50 former Saab Automobile Powertrain engineers and will develop transmission systems for the international automotive industry, including Saab Automobile. VICURA also holds an option to buy specific assets from Saab Automobile Powertrain Tools AB.

On 5 January 2011, it was announced that Mr. Rob Schuijt strengthens the management team of the Group as Senior Vice President Corporate Development. His appointment to the Management Board of the Group will be proposed at the General Shareholders Meeting on 19 May 2011.

Spyker Cars announced on 24 February 2011 that it had signed a memorandum of understanding to sell the assets of the Spyker Automotive business to the private UK holding CPP Global Holdings Limited. This company is owned by Vladimir Antonov, a former investor and shareholder of Spyker Cars. Indicative terms include a purchase price of € 15 million plus a € 17 million earn-out. Within 6 months of completion of the sale and subject to certain conditions, it is envisaged that Tenaci Capital B.V. shall convert an amount of € 7.5 million of its existing loan to  Spyker Cars at € 5.50 per share, in addition to the conversion of the € 9.5 million loan that took place on 25 March 2011.

The potential sale would be structured as an asset purchase of virtually all assets related to the Spyker Automobile business, excluding the D-line for which Spyker Cars will grant a license.. This transaction would allow Spyker Cars the Group to focus on the its Saab Automobile business while reducing debt and improving operating results through reduced interest expenses and removing the operating losses related to the Spyker Automotive business.

On 18 March 2011, Saab Automobile announced an innovative supply agreement with ZF Chassis Systems, a leading international supplier of driveline and chassis systems. Under the agreement, ZF will set up a sub-assembly plant close to the Saab Automobile factory for the supply of advanced front sub-frames and complete rear axles for installation in the next generation of Saab cars.

Mr. Heerema elected to step down as Supervisory Board member of Spyker Cars N.V. per 21 March 2011.

On 25 March 2011 Saab Automobile announced the formal signing of an agreement with China Automobile Trading Co. Ltd (‘CATC‘) regarding the import of Saab vehicles and spare parts for the Chinese market. The contract is the formalization of the memorandum of understanding (MOU) with CATC, which was signed and publicly announced in December 2010.

On 25 March 2011 Saab Automobile also announced the appointment of a new importer and distributor for the highly important Russian market. Effective immediately, Moscow-based Armand Import will take over all marketing, sales and distribution responsibilities from GM CIS. Official sales are expected to start mid-2011.

Mr. Jonsson, President and CEO of Saab Automobile AB, announced his retirement  on 25 March 2011, effective as of the Group’s Annual General Shareholders meeting to be held on 19 May 2011. A search for a successor to Mr. Jonsson has already been initiated and he agreed to assist Saab Automobile’s Management with a smooth transition to his successor. He will remain available as such until 1 September 2011. Until a successor to Mr. Jonsson is appointed, Mr. Muller will temporarily assume the role of President and CEO of Saab Automobile in addition to his role as Chairman of Saab Automobile’s Board.

# Company income statement

*For the year ended 31 December 2010*

| | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Result after taxation * | | 13,769 | -8,848 |
| Result from investments in subidiaries after taxation | | -116,977 | -14,105 |
| **Net result** | | **-103,208** | **-22,953** |

* Including gain on bargain purchase

# Company statement of financial position

*As at 31 December 2010*

*(Before appropriation of the net result)*

| **Assets** | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Property, plant and equipment | 2 | 3,495 | 4,629 |
| Intangible assets | 3 | 10,860 | 45,379 |
| Investments in subsidiairies and associates | 4 | 22,697 | 812 |
| Other non-current assets | | 15 | 0 |
| **Non-current assets** | | **37,067** | **50,820** |
| Trade receivables | | 0 | 2,945 |
| Receivable from related companies | | 5,344 | 12,548 |
| Other assets | | 1,684 | 493 |
| Cash and cash equivalents | | 74 | 700 |
| **Current assets** | | **7,102** | **16,686** |
| **Total assets** | | **44,169** | **67,506** |

| **Equity and liabilities** | Note | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Issued capital | 5 | 700 | 633 |
| Share premium | 5 | 126,789 | 90,552 |
| Legal reserve | 5 | 7,895 | 45,250 |
| Other reserves | 5 | -123,609 | -110,869 |
| Unappropriated net result | 5 | -103,208 | -22,953 |
| **Equity of the company** | | **-91,433** | **2,613** |
| Interest bearing borrowings | | 85,198 | 15,675 |
| Provisions | | 1,129 | 6,861 |
| **Non-current provisions and liabilities** | | **86,327** | **22,536** |
| Interest bearing borrowings | | 201 | 39,112 |
| Trade payables | | 1,265 | 754 |
| Payable to related companies | | 33,054 | 521 |
| Other liabilities | | 14,755 | 1,970 |
| **Current provisions and liabilities** | | **49,275** | **42,357** |
| **Total equity and liabilities** | | **44,169** | **67,506** |

# Notes to the company financial statements

## 1. General

The company financial statements comprise the financial statement of the company only.

The company has prepared its company financial statements based in accordance with Dutch GAAP and the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. Based on the opportunity offered in section 362-8 of the Dutch Civil Code, Book 2, Title 9, the company has drawn up its company financial statements according to the same recognition and measurement principles as used in the consolidated financial statements. The company has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. For those recognition and measurement principles reference is made to Note 2.4 Summary of significant accounting policies to the consolidated financial statements. Investments in subsidiaries are carried at net asset value.

When the share of losses exceeds the interest in the investment, the carrying value is eliminated and recognition of further losses is discontinued, unless the company has incurred legal or constructive obligations on behalf of the investment.

For additional information on items not explained further in the notes to the company balance sheet, reference is made to the notes to the consolidated balance sheet.

In accordance with Section 402, Book 2 of the Dutch Civil Code, in the income statement the result on subsidiaries after taxation is the only item shown separately.

The company's financial statements are presented in Euros, rounded to the nearest thousand, unless stated otherwise.

## 2. Property, plant and equipment

| 31 December 2010 | Buildings | Plant and equipment | Prototypes, test models and demo's | Racing cars | Furniture, fixtures and equipment | Total |
|---|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| At 1 January, net of accumulated depreciation | 1,005 | 2,314 | 265 | 424 | 621 | 4,629 |
| Additions | 0 | 24 | 0 | 0 | 11 | 35 |
| Depreciation charge for the year | -100 | -152 | -13 | -79 | -339 | -683 |
| Impairment charges | -409 | 0 | 0 | 0 | 0 | -409 |
| Disposals and retirements | 0 | -76 | 0 | 0 | -1 | -77 |
| At 31 December, net of accumulated depreciation | 496 | 2,110 | 252 | 345 | 292 | 3,495 |
| At 1 January: | | | | | | |
| Cost | 1,900 | 3,828 | 1,729 | 1,382 | 4,445 | 13,284 |
| Accumulated depreciation and impairment | -895 | -1,514 | -1,464 | -958 | -3,824 | -8,655 |
| Net carrying amount | 1,005 | 2,314 | 265 | 424 | 621 | 4,629 |
| At 31 December: | | | | | | |
| Cost | 1,900 | 3,615 | 1,729 | 1,382 | 4,408 | 13,034 |
| Accumulated depreciation and impairment | -1,404 | -1,505 | -1,477 | -1,037 | -4,116 | -9,539 |
| Net carrying amount | 496 | 2,110 | 252 | 345 | 292 | 3,495 |

| 31 December 2009 | Buildings | Plant and equipment | Prototypes, test models and demo's | Racing cars | Furniture, fixtures and equipment | Total |
|---|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| At 1 January, net of accumulated depreciation | 1,430 | 3,380 | 827 | 823 | 1,144 | 7,604 |
| Additions | 0 | 0 | 0 | 0 | 112 | 112 |
| to intangible assets | 0 | -13 | 0 | 0 | 0 | -13 |
| Depreciation charge for the year | 0 | -893 | -504 | 0 | 0 | -1,397 |
| Disposals and retirements | -425 | -160 | -58 | -399 | -635 | -1,677 |
| At 31 December, net of accumulated depreciation | 1,005 | 2,314 | 265 | 424 | 621 | 4,629 |
| At 1 January: | | | | | | |
| Cost | 1,900 | 3,942 | 1,823 | 1,529 | 4,360 | 13,554 |
| Accumulated depreciation and impairment | -470 | -562 | -996 | -706 | -3,216 | -5,950 |
| Net carrying amount | 1,430 | 3,380 | 827 | 823 | 1,144 | 7,604 |
| At 31 December: | | | | | | |
| Cost | 1,900 | 3,828 | 1,729 | 1,382 | 4,445 | 13,284 |
| Accumulated depreciation and impairment | -895 | -1,514 | -1,464 | -958 | -3,824 | -8,655 |
| Net carrying amount | 1,005 | 2,314 | 265 | 424 | 621 | 4,629 |

## 3. Intangible assets

| 31 December 2010 | Development costs | Patents and licenses | Total |
|---|---|---|---|
| | € ('000) | € ('000) | € ('000) |
| Cost as at 1 January net of accumulated amortization and impairment | 45,094 | 285 | 45,379 |
| Additions - internally developed | 7,580 | 5 | 7,585 |
| Disposals as result of discontinued operations | 0 | 0 | 0 |
| Amortization | -225 | -46 | -271 |
| Impairment charges | -41,833 | 0 | -41,833 |
| At 31 December, net of accumulated amortization and impairment | 10,616 | 244 | 10,860 |
| At 1 January: | | | |
| Cost | 49,669 | 465 | 50,134 |
| Accumulated amortization and impairment | -4,575 | -180 | -4,755 |
| Net carrying amount | 45,094 | 285 | 45,379 |
| At 31 December: | | | |
| Cost | 18,480 | 470 | 18,950 |
| Accumulated amortization and impairment | -7,864 | -226 | -8,090 |
| Net carrying amount | 10,616 | 244 | 10,860 |

| 31 December 2009 | Development costs | Patents and licenses | Total |
|---|---|---|---|
| | € ('000) | € ('000) | € ('000) |
| Cost as at 1 January net of accumulated amortization and impairment | 36,012 | 326 | 36,338 |
| Additions - internally developed | 9,778 | 5 | 9,783 |
| Amortization | -600 | -46 | -646 |
| Impairment charges | -96 | 0 | -96 |
| At 31 December, net of accumulated amortization and impairment | 45,094 | 285 | 45,379 |
| At 1 January: | | | |
| Cost | 39,987 | 460 | 40,447 |
| Accumulated amortization and impairment | -3,975 | -134 | -4,109 |
| Net carrying amount | 36,012 | 326 | 36,338 |
| At 31 December: | | | |
| Cost | 49,669 | 465 | 50,134 |
| Accumulated amortization and impairment | -4,575 | -180 | -4,755 |
| Net carrying amount | 45,094 | 285 | 45,379 |

## 4. Investments in subsidiaries and associates

The item investments in subsidiaries and associates includes the following companies:

| | Share in issued capital | 2010 | 2009 |
|---|---|---|---|
| | | € ('000) | € ('000) |
| Spyker Automobielen B.V. | 100% | 0 | 812 |
| Spyker Squadron B.V. | 100% | 0 | 0 |
| Spyker Events & Branding B.V. | 100% | 0 | 0 |
| Spyker of North America LLC, USA | 100% | 0 | 0 |
| Spyker Cars UK Ltd | 100% | 0 | 0 |
| Spyker of China Ltd | 51% | 0 | 0 |
| Tenaci Engineering Pvt. Ltd. (associate) | 45% | 0 | 0 |
| Spyker Holding | 100% | 13 | 0 |
| Saab Automobile AB | 100% | 0 | 0 |
| Saab Great Britain Ltd | 100% | 22,662 | 0 |
| Saab Automobile Holding I S.a.r.l. | 100% | 22 | 0 |
| | | 22,697 | 812 |

Except Saab Automobile AB, Saab Great Britain Ltd and Saab Automobile Holding I S.a.r.l., all the other investments in subsidiaries have a negative net asset value, due to negative results up and until 2010.

The preference shares held by GM have precedence over all other shares in relation to the equity of Saab Automobile AB. The preference shares are also subject to dividend according to the terms in the agreement. All other dividend payments or other transfer of value to shareholders outside the group headed by Saab Automobile AB are not allowed for as long as the agreement with the NDO is in effect (i.e. until the loan to EIB is fully repaid).

| | Net Equity value as at 31-dec-09 | Translation reserve | Investment | Badwill | Results from participating interests | Net Equity value as at 31-dec-10 | Loans receivable | Provision | Book-value as at 31-dec-10 |
|---|---|---|---|---|---|---|---|---|---|
| Spyker Automobielen B.V. | 812 | 0 | 0 | 0 | -5,126 | -4,314 | 4,314 | 0 | 0 |
| Spyker Squadron B.V. | -3,779 | 0 | 0 | 0 | -2,527 | -6,306 | 6,306 | 0 | 0 |
| Spyker Events & Branding B.V. | -36,128 | 0 | 0 | 0 | -757 | -36,885 | 36,880 | 5 | 0 |
| Spyker of North America LLC | -5,589 | -458 | 0 | 0 | -1,211 | -7,258 | 7,250 | 8 | 0 |
| Spyker Cars UK Ltd | -92 | -4 | 0 | 0 | -14 | -110 | 110 | 0 | 0 |
| Spyker of China Ltd | -2,880 | -335 | 0 | 0 | 222 | -2,993 | 1,928 | 1,065 | 0 |
| Tenaci Engineering Pvt. Ltd | -162 | 0 | 0 | 0 | 0 | -162 | 162 | 0 | 0 |
| Spyker Holding B.V. | 0 | 0 | 18 | 0 | -5 | 13 | 0 | 0 | 13 |
| Saab Automobile AB | 0 | -2,550 | 54,376 | 55,943 | -107,769 | 0 | 0 | 0 | 0 |
| Saab Great Britain Ltd | 0 | 472 | 0 | 21,980 | 210 | 22,662 | 0 | 0 | 22,662 |
| Saab Automobile Holding I S.a.r.l. | 0 | 0 | 22 | 0 | 0 | 22 | 0 | 0 | 22 |
| | -47,818 | -2,875 | 54,416 | 77,923 | -116,977 | -35,331 | 56,950 | 1,078 | 22,697 |

### Recapitalization Spyker Automobielen

During 2009 all of the debt of Spyker Automobielen B.V. towards Spyker Cars is converted into equity, resulting in a stronger balance sheet position for Spyker Automobielen B.V..

## 5. Shareholders' equity

| | Issued capital | Share premium | Legal reserve | Other reserves | appropriated net result | Total |
|---|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| **Balance at 1 January 2010** | **633** | **90,552** | **45,250** | **-110,869** | **-22,953** | **2,613** |
| Result for the year | 0 | 0 | 0 | 0 | -103,208 | -103,208 |
| Other comprehensive income | 0 | 0 | -2,876 | 0 | 0 | -2,876 |
| **Total comprehensive income** | **0** | **0** | **-2,876** | **0** | **-103,208** | **-106,084** |
| Allocation of net result prior year | 0 | 0 | 0 | -22,953 | 22,953 | 0 |
| Proceeds from new share issues | 67 | 1,758 | 0 | 2,268 | 0 | 4,093 |
| Recognition of equity component of convertible notes | 0 | 0 | 0 | 5,755 | 0 | 5,755 |
| Warrants | 0 | 0 | 0 | 1,680 | 0 | 1,680 |
| Legal reserve | 0 | 34,479 | -34,479 | 0 | 0 | 0 |
| Share based payments | 0 | 0 | 0 | 510 | 0 | 510 |
| | **67** | **36,237** | **-34,479** | **-12,740** | **22,953** | **12,038** |
| **Balance at 31 December 2010** | **700** | **126,789** | **7,895** | **-123,609** | **-103,208** | **-91,433** |

| | |
|---|---|
| Balance at 31 December 2010 in the statutory statement of changes in equity | -91,433 |
| Losses incured by subsidiary not recognized (zero net equity value of Saab Automobile) | -115,075 |
| Balance at 31 December 2010 in the consolidated statement of changes in equity | -206,508 |

| | Issued capital | Share premium | Legal reserve | Other reserves | Un-appropriated net result | Total |
|---|---|---|---|---|---|---|
| | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) | € ('000) |
| **Balance at 1 January 2009** | **623** | **99,144** | **36,016** | **-86,103** | **-24,767** | **24,913** |
| Result for the year | 0 | 0 | 0 | 0 | -22,953 | -22,953 |
| Other comprehensive income | 0 | 0 | 153 | 0 | 0 | 153 |
| **Total comprehensive income** | **0** | **0** | **153** | **0** | **-22,953** | **-22,800** |
| Allocation of net result prior year | 0 | 0 | 0 | -24,767 | 24,767 | 0 |
| Proceeds from new share issues | 10 | 489 | 0 | 1 | 0 | 500 |
| Legal reserve | 0 | -9,081 | 9,081 | 0 | 0 | 0 |
| | **10** | **-8,592** | **9,081** | **-24,766** | **24,767** | **500** |
| **Balance at 31 December 2009** | **633** | **90,552** | **45,250** | **-110,869** | **-22,953** | **2,613** |

### Issued share capital

The Company's issued share capital consists of ordinary shares and shares class A. On 22 April 2010 the Priority Share was cancelled during the Annual General Meeting of Shareholders. The nominal value of each share in Spyker Cars is € 0.04. Shares class A are registered shares and cannot be listed. Shares class A can, however, be converted into ordinary shares if the shareholder so requires by means of an application to that effect to the Management Board.

As per 31 December 2010, the authorized share capital of the Company amounts to a sum of € 1,760,000 (2009: € 1,760,000), divided into 32,999,999 (2009: 32,999,999) ordinary shares and 11,000,000 shares class A (2009: 11,000,000), with a nominal value of € 0.04 each. The priority share was cancelled during 2010.

Per 31 December 2010, 17,232,657 ordinary shares (2009: 15,559,476) and 263,334 shares class A (2009: 266,515) were issued and paid in full. During the year 2010, 1,540,000 ordinary shares and 130,000 shares class A were issued, 133,181 shares class A were converted to ordinary shares and one priority share was cancelled, all as described in the "Information for Shareholders" chapter of the Annual Report.

### Share premium reserve

Shares class A are registered shares; these shares are not to be listed. Shares class A can, however, be converted into ordinary shares if the shareholder so requires by means of an application to that effect to the Management Board. The legal reserve has been charged against share premium reserve as other reserves were not sufficient.

Cost of share issues represents an adjustment on fees charged in connection with the 2007 Snoras financing.

### Legal reserve

Pursuant to Section 365(2) of Book 2 of the Netherlands Civil Code, a legally-required reserve of € 7.9 is formed for capitalized development costs to the amount of € 10.6 million (2009: € 45.2 million) and for foreign currency translations to the amount of - € 2.7 million (2009: € 156 thousand).

## 6. Staff and remuneration of Supervisory Board and Management Board

During 2010, the Spyker Cars N.V. employed at average 19 full-time equivalents (2009: 27). The remuneration of the individual members of the Management Board and the members of the Supervisory Board of Spyker Cars is explained in Note 40. Related parties.

## 7. Guarantees

### Guarantees

Spyker Cars N.V. together with its subsidiaries Spyker Automobielen B.V., Spyker Squadron B.V. and Spyker Events & Branding B.V., constitutes a single tax entity for corporate tax. With respect to the VAT purposes, Spyker Cars N.V. together with its subsidiaries Spyker Automobielen B.V. and Spyker Squadron B.V. constitute a single tax entity. All companies within this single tax entity are jointly and severally liable for corporate tax debts and VAT debts stemming from the relevant tax entities.

## 8. Audit fees

In the financial year, the following fees of the audit firm Ernst & Young Accountants LLP were invoiced to the company and its subsidiaries, all this as referred to in Book 2, Section 382a of the Dutch Civil Code:

| 31 December 2010 | Ernst & Young |
|---|---|
| | € ('000) |
| Statutory audit of the annual accounts, including the audit of the financial statements and other statutory audits of subsidiaries and other consolidated entities: | |
| - 2010 | 400 |
| - 2009 | 151 |
| - 2008 | 51 |
| Other non-audit services | |
| Total | 602 |

| 31 December 2009 | Ernst & Young |
|---|---|
| | € ('000) |
| Statutory audit of the annual accounts, including the audit of the financial statements and other statutory audits of subsidiaries and other consolidated entities: | |
| - 2008 | 380 |
| - 2007 | 44 |
| Other non-audit services | 4 |
| Total | 428 |

## 9. Subsequent events

Subsequent events are indicated in the notes to the consolidated financial statements

## Signing of the financial statements

The members of the Management Board have signed the financial statements in this annual report pursuant to their statutory obligations under art. 2:101(2) Dutch Civil Code and art. 5:25c(2) (c) Financial Markets Supervision Act. To the best of their knowledge, the financial statements give a true and fair value of the assets, liabilities, financial position and profit or loss of the company and its subsidiaries in accordance with the International Financial Reporting Standards (IFRS) as adopted with the European Union as well as in accordance with Title 9 Book 2 of the Dutch Civil Code, and the management board's report gives a true and fair view of the position and performance of the business of the company and its subsidiaries, and reflects the significant risks related to the business.

The members of our Supervisory Board have signed the financial statements in this annual report pursuant to their statutory obligations under art 2:101(2) Dutch Civil Code.

Zeewolde, 31 March 2011

Management Board:

**V.R. Muller**

Chief Executive Officer

**D.J.C.Y.S. Go**

Chief Financial Officer

Supervisory Board:

**J.B.Th. Hugenholtz**

chairman

**M. La Noce**

vice-chairman

## Additional information

### Statutory rules concerning appropriation of result

Article 29 of Spyker Cars' articles of association includes the following provisions regarding result appropriation:

1. The Management Board shall annually, with the approval of the Supervisory Board, determine which part of the result - the positive balance on the income statement - is added to the reserves.
2. From the results remaining after transfer to the reserves in accordance with the previous paragraph, a dividend is distributed on the priority share of six percent (6%) of the nominal paid up amount.
3. Any remaining result after application of paragraph 1 and 2 of this article is available to the general meeting.

### Statutory rules concerning issue of new shares and acquisition by SpykerCars of its shares.

New shares may be issued pursuant to a resolution of the Management Board. The authority to issue new shares has been delegated to the Management Board by resolution of the General Meeting of Shareholders for a period of 18 months, ending on 22 October 2010. A resolution to issue new shares, whether by the General Meeting of Shareholders or by the Management Board upon delegation, can only be taken upon proposal of the Management Board with approval of the Supervisory Board. The resolution by the General Meeting of Shareholders to delegate the issue-authority to a different body than the Management Board can only be taken upon proposal of the Management Board with approval of the Supervisory Board.

Spyker may acquire fully paid shares at any time for no consideration, or, subject to certain provisions of Dutch law and the Articles of Association, if (i) Spyker Cars' shareholders equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-up share capital and any statutory reserves, and (ii) Spyker Cars and its subsidiaries would thereafter not hold shares or hold a pledge with an aggregate nominal value exceeding 10% of its issued share capital.

An acquisition of shares may be effected by a resolution of the Management Board, subject to approval of the Supervisory Board. Other than for no consideration, shares including the Priority Share may only be acquired subject to a resolution of the Management Board, authorized thereto by the General Meeting of Shareholders. Such authorization may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. On 23 April 2009, the General Meeting of Shareholders has authorized the Management Board to acquire the maximum number of shares by law, for a period of 18 months against a purchase price between the nominal value per share, as a minimum, and certain average price of the shares as quoted at Eurolist by Euronext Amsterdam, as a maximum. No such authority is required for the acquisition by Spyker of fully paid shares for the purpose of transferring these shares to Spyker Cars' employees or employees of a group company.

Any shares held by Spyker Cars may not be voted on or counted for quorum purposes.

### Proposed allocation of the result for the financial year 2010

A proposal will be made to allocate the loss for 2010 to the other reserves (deficit). This proposal has not yet been reflected in the balance sheet.

**Appointment of members of the Management Board and Supervisory Board.**

Members of the Management board and members of the Supervisory board are appointed by the General Meeting of Shareholders.

# Independent auditor's report

To: the Shareholders of Spyker Cars N.V.

## Report on the financial statements

We have audited the accompanying financial statements 2010 of Spyker Cars N.V., Zeewolde.The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

*Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code . Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinionwith respect to the consolidated financial statements*
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Spyker Cars N.V. as at 31 December 2010 its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

*Opinion with respect to the company financial statements*
In our opinion, the company financial statements give a true and fair view of the financial position of Spyker Cars N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

*Emphasis of matter with regard to the continuity of the Group*
We draw attention to note 2 to the financial statements, which describes the continuity of the Group. As set out in this note, there are a number of uncertainties regarding the funding of the Group, which implies that if management may not be able to generate the necessary additional funding, or adverse developments occur, the continuity of the Group will become uncertain.

## Report on other legal and regulatory requirements

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

Rotterdam, 31 March 2011

Ernst & Young Accountants LLP

signed by J.J.J. Sluijter