



ANNUAL REPORT 2010

(H)ISTORY OF  
THE FUTURE

■ D'IETEREN AUTO

■ AVIS EUROPE

■ BELRON

# KEY INDICATORS

## Key figures

	IFRS						
Consolidated results (EUR million)	2010	2009	2008	2007	2006 <sup>1</sup>	2005 <sup>2</sup>	2004
Sales <sup>3,4</sup>	7,053.6	6,269.7	6,501.2	5,967.1	5,253.7	4,757.3	4,459.8
Current operating result <sup>3,5</sup>	456.4	384.7	375.1	361.7	291.6	255.7	274.4
Current result, group's share:							
- before tax <sup>3,5</sup>	305.4	214.2	191.7	194.3	149.3	118.6	124.0
- after tax <sup>5</sup>	234.2	182.8	159.0	166.3	134.3	97.6	94.0
Group's share in the result for the period <sup>6</sup>	218.8	158.5	32.2	127.7	97.9	76.2	43.2
Financial structure (EUR million)							
Equity of which:	1,464.7	1,154.6	1,030.8	1,140.2	1,019.2	945.5	990.8
- Capital and reserves attributable to equity holders	1,250.6	1,028.5	896.1	917.7	789.1	709.9	687.1
- Minority interest	214.1	126.1	134.7	222.5	230.1	235.6	303.7
Net debt	1,823.0	1,770.2	2,209.7	2,089.6	1,875.8	1,893.1	1,748.1
Data per share <sup>7</sup> (EUR)							
Current result after tax <sup>5,8</sup> , group's share	4.26	3.33	2.89	3.02	2.43	1.77	1.70
Group's share in the result for the period <sup>6,8</sup>	3.97	2.89	0.59	2.32	1.77	1.38	0.78
Gross dividend per ordinary share	0.425	0.325	0.300	0.300	0.264	0.240	0.231
Net dividend per ordinary share	0.319	0.244	0.225	0.225	0.198	0.180	0.173
Net dividend per ordinary share + strip VVPR	0.361	0.276	0.255	0.255	0.224	0.204	0.196
Capital and reserves attributable to equity holders	22.61	18.60	16.20	16.59	14.27	13.01	12.58
Share Information <sup>7</sup> (EUR)							
Highest share price	47.20	29.92	24.80	34.38	27.25	23.99	18.91
Lowest share price	28.84	7.56	7.22	23.67	21.85	13.85	13.51
Share price as at 31/12	47.20	27.91	7.51	24.60	26.97	23.25	13.65
Average share price	36.57	17.43	17.53	29.75	25.09	18.53	16.15
Average daily volume (in number of shares)	75,178	72,140	80,240	77,130	62,070	49,200	47,230
Market capitalisation as at 31/12 (EUR million)	2,610.3	1,543.5	415.3	1,360.4	1,491.5	1,285.8	754.9
Total number of shares issued	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,600
Average workforce (average full time equivalents)	31,537	29,283	28,450	26,004	20,578	18,690	17,453

1. As restated in 2006 following the malpractice identified in Portugal.  
2. As restated following application of IAS 21 revised.

3. Excluding in 2006 and 2007 the discontinued operation in Greece (application of IFRS 5).

4. Following the amendment to IAS 16 (see note 2.1. of the 2009 Consolidated Financial Statements), sales include from 2008 onwards the disposal proceeds of non-repurchase vehicles.  
5. Before unusual items and re-measurements.

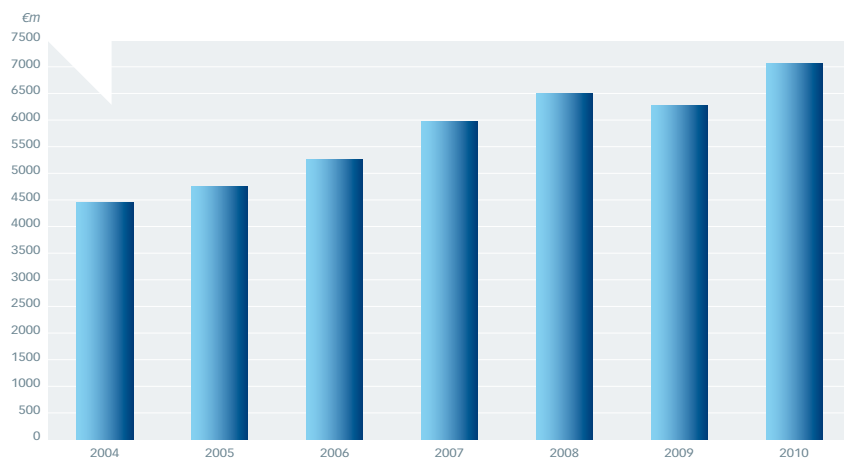
6. Result attributable to equity holders of D'Ieteren, as defined by IAS 1.  
7. Restated following the 10-to-1 share split in 2010

8. Calculated in accordance with IAS 33.

## D'Ieteren's share price since 2004 (in EUR)

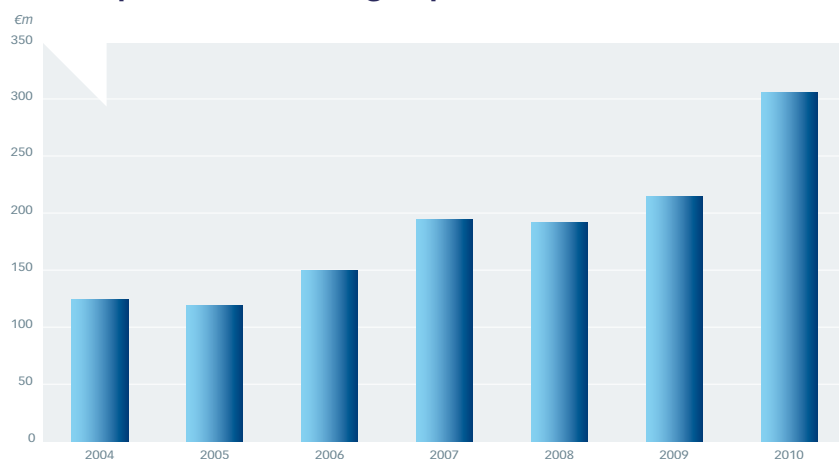


### Sales since 2004 (EUR million)



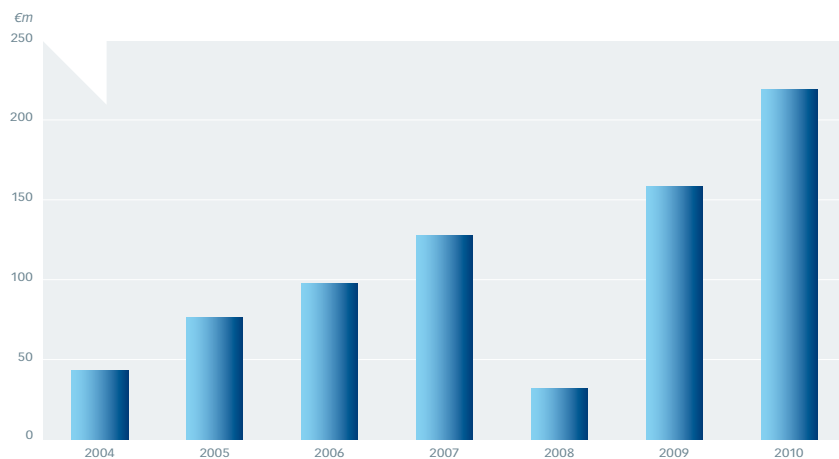
Compound  
annual growth:  
**7.9%**  
since 2004

### Current profit before tax, group's share since 2004 (EUR million)



Compound  
annual growth:  
**16.2%**  
since 2004

### Group's share in the result for the period since 2004 (EUR million)



Compound  
annual growth:  
**31.0%**  
since 2004





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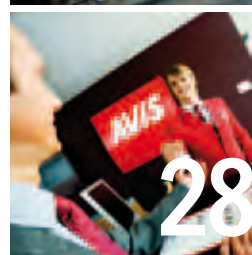
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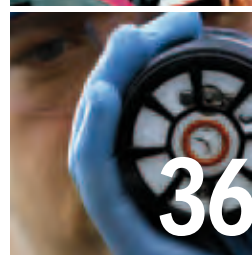
04



16



28



36

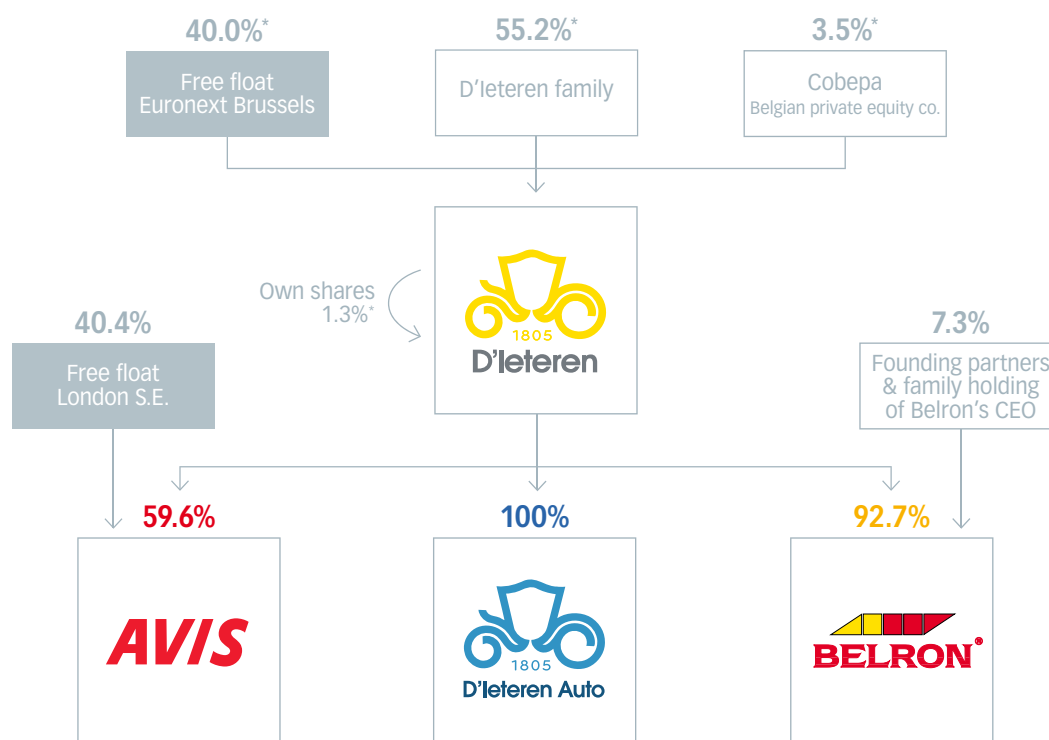


# D'IETEREN AT A GLANCE

D'Ieteren is a group of services to the motorist founded in 1805, serving over 19 million customers in some 120 countries in three areas:

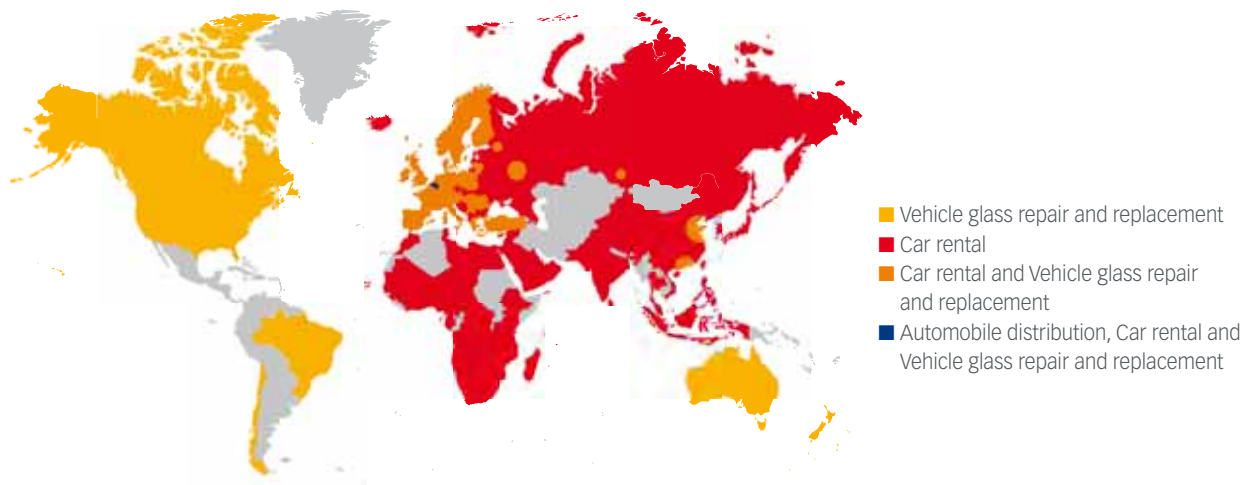
- > **D'IETEREN AUTO** distributes Volkswagen, Audi, Škoda, Seat, Porsche, Bentley, Lamborghini, Bugatti and Yamaha vehicles across Belgium. It is the country's number one car dealer, with a market share of over 20% and more than one million vehicles of the distributed makes on the road. Sales in 2010: 2.7 billion EUR.
- > **BELRON** (92.7% owned) is the worldwide leader in vehicle glass repair and replacement. 1,900 branches and 9,500 mobile vans, trading under more than 15 different brands including Carglass, Autoglass and Safelite, serve customers in 33 countries. Sales in 2010: 2.8 billion EUR.
- > **AVIS EUROPE** (59.6% owned, listed on the London Stock Exchange) is a leading short-term car rental company. With its Avis and Budget brands, it operates through more than 3,900 locations in Europe, Africa, the Middle East and Asia. Rental income in 2010: 1.2 billion EUR.

## A family-controlled, publicly listed company...



\* In voting rights.

## ...with an international presence



# 2010: A YEAR OF RECORDS

It is thanks to our remarkable teams that we were able to post record results in 2010. Our teams proved their agility during the crisis and continued to do so in 2010, thereby taking full advantage of the economic recovery. The teams at D'Ieteren Auto responded to an automotive market which was a lot more vigorous than expected, without cutting back on service quality. Avis Europe's teams showed great flexibility in managing unexpected events, such as the volcanic ash cloud in April, and satisfying customers under all circumstances. Belron's teams set their hearts on maintaining an unrivalled service for customers, insurers and fleet partners, while managing to complete several acquisitions, in its well-established countries as well as in China and Russia.

The Group ended 2010 with a current consolidated result before tax of 305.4 million EUR, up 42.6%, including the net impact of the additional interest acquired in Belron. An increase of 35.5% at constant consolidation perimeter.

**In automobile distribution,**

D'leteren Auto started the year counting on a stable or slightly growing automobile market. Finally, supported by incentives for cleaner vehicles, new car registrations in Belgium grew by almost 15% in 2010, reaching 547,347 registrations, a record level. In this exceptional market, D'leteren Auto's share of new car registrations increased to 20.13%, compared with 19.34% in 2009. The Volkswagen and Škoda makes contributed the most to this gain, with VW taking advantage of the recovery plan introduced in 2009 and Škoda benefitting in particular from the success of the new Superb. Most other brands distributed by D'leteren Auto recorded exceptional sales volumes in 2010. The marketing strategy put in place to attract customers bore fruit and enabled demand to be met. Several new models were also successfully launched in 2010.

More new models will be launched in 2011, supporting the growth objective for the share of new car registrations in a market which will likely be lower than in 2010.

**In vehicle glass,**

Belron again achieved strong organic growth due to favourable weather conditions, especially in Europe, to additional marketing investment and to its operational ability to meet the strong demand. In the United States, Belron heavily invested to improve its logistics efficiency and its customer service. A new distribution centre, Belron's biggest to date, was opened near Atlanta and a number of branches have been renovated or opened. A new call centre was also opened. These investments helped further improve penetration and customer service.

In addition to improving its market share in existing markets, Belron continued its geographic expansion. Notably, it acquired its franchisee in Turkey and entered the Russian market at the end of the year, through the acquisition of 17 branches in four large cities, including Moscow and Saint Petersburg. Belron is now present in 33 countries. In China, where Belron entered the market in 2009, it has consolidated its position by acquiring several service points in four large cities.

The outlook for 2011 is for continued organic sales growth. Belron remains committed to delivering outstanding service to its customers, its insurer and fleet partners and further improving its operational efficiency.

**In car rental,**

Avis Europe took advantage of a general stabilisation of economic conditions to improve its operational performance while continuing to respond flexibly to certain external events, such as the volcanic ash cloud in April. Actions undertaken by Avis Europe enabled an increase in both sales volumes and market share. In addition, investments made in revenue management continued to bear fruit and contributed to a further increase in utilisation rate and rental revenue per day. These operational developments, combined with continued tight cost discipline, enabled an increase in operating margin. What's more, the reduction in net financial charges resulting from the Rights Issue carried out in July 2010 enabled the current result before tax to record a strong growth.

With its two global brands, Avis and Budget, Avis Europe is well placed to benefit from the improving economic climate in most of its main markets

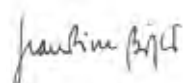
and expects overall volumes to further improve and will continue to seek to enhance pricing. Avis Europe will continue to control both its costs and its investments while taking advantage of growth opportunities. In particular, the company wants to invest in its ongoing expansion in China and other fast growing markets. Avis Europe also wants to develop new mobility customer offers.

the company significant additional strength and flexibility.


D'leteren's main asset, however, is our 30,000 staff, who are involved day-in day-out in satisfying the needs of motorists and providing them with an unmatched service. It is to our people that we owe our continued success. We warmly salute their commitment to making our businesses thrive day after day. We also wish to thank our customers, our shareholders as well as all our partners for their loyalty and their trust.

**"It is thanks to our remarkable teams that we were able to post record results in 2010."**

2010 has also been a decisive year for D'leteren, with the completion in January of the acquisition of 16.35% of Belron from Cobepa, signed in September 2009, and representing a total investment of close to 290 million EUR. This interest increase had an immediately positive effect, contributing 15 million EUR to the growth of our current result before tax in 2010. Our investment of 111 million EUR in Avis Europe's Rights Issue in June gave



Jean-Pierre Bizet  
Managing director



Roland D'leteren  
Chairman





## QUESTIONS TO JEAN-PIERRE BIZET, D'IETEREN'S CHIEF EXECUTIVE



In 2010, D'leteren achieved record results, thanks to favourable developments in its three activities. The perfect opportunity to reflect on the recent past and examine priorities for the near future with Jean-Pierre Bizet, CEO.

## 1. Following the excellent results achieved in 2010, what are your priorities for the next few years?

The situation is specific to each activity. In the Belgian car market, **D'leteren Auto's** ambition is to continue gaining market share, having exceeded 20% in 2010 – a record in the last decade – mainly reflecting the attractiveness of our product offering. We will be able to continue to rely on our highly dedicated dealers and D'leteren Auto teams, superior products and technologies, and high customer satisfaction with our level of service.

**Belron's** objective is to keep up with its growth by developing its presence even further in its existing markets, and through continued geographical expansion. Belron's ability to delight its customers and deliver value to insurers and fleet partners, is at the heart of this ambition, together with the sharing of best practices worldwide.

**Avis Europe** is emerging from the financial and economic crisis as a much fitter and stronger competitor. The differentiation of its two worldwide brands together with a continued focus on cost competitiveness, superior service, and fleet utilisation will support further profit recovery. Avis Europe will also focus on developing emerging markets, particularly China, and new mobility solutions, such as its 'Avis on Demand' and Business Pack initiatives (*more information on page 48*).

## 2.

D'leteren is said to be a highly cyclical group. Is this really the case? What are the main external factors influencing the earnings of the three activities?

D'leteren is less cyclical than many believe. Witness our profit resilience through the recent crisis. The situation is different among our activities, though. Belron, the largest contributor to our bottom line, is not very cyclical, as vehicle glass breakage is linked mostly to miles driven, which vary only slightly with the economy. **Belron**, is, however, sensitive to changes in weather conditions.

The Belgian car market is definitely impacted by changes in GDP growth, but the business fleet segment acts as a stabiliser. Many other factors play a role for **D'leteren Auto**, such as product innovation by car manufacturers, the modest but consistent growth of the car park, and government incentives.

At **Avis Europe**, volumes do fluctuate with the economy, and in particular with changes in enplanements as half the rentals are made at airports. The observed long-term increase in air traffic is, however, a positive catalyst.

## 3.

D'leteren Auto and Belron generate strong cash flows and Avis Europe no longer seems to need cash: what will these cash flows be used for in the future?

First let us not forget that over the last six years we have invested roughly 750 million EUR of these cash flows in raising our equity stake in Belron from 56% to 93%, and in participating to two Rights Issues of Avis Europe, in 2005 and 2010. Meanwhile, we have maintained a reasonable debt leverage in our three activities. Our priorities for the future are simple: (1) make sure we have the financing capacity to make any investments necessary to maintain the competitiveness of our three activities; (2) examine attractive investments which would fit closely with our group competences; (3) reduce our debt.

## D'leteren Auto



"D'leteren is less cyclical than many believe. Witness our profit resilience through the recent crisis."

### 4.

Public authorities are trying to reduce car usage in cities and tax CO<sub>2</sub> emissions. Has this policy affected D'leteren Auto?

We notice a trend towards the purchase of smaller vehicles and smaller engines. This is certainly linked to the increasing "green" awareness among motorists and to CO<sub>2</sub> incentives. Roughly one third of new cars sold in Belgium in 2010 benefited from the government incentives. The quality of the Volkswagen group's brand and model ranges enables us to play an active part in this development,

thanks to appealing small models and cleaner engines.

### 5.

Although many car manufacturers have launched or will shortly be launching electric vehicles, Volkswagen seems to be lagging behind. Doesn't this threaten D'leteren Auto's market share in Belgium?

Did you know that VW was a pioneer in this area? The fully electric Golf CitySTROMer was launched in 1993!

But the market is not ready yet for the electric car, with the lack of charging infrastructure and the uncompetitive total cost of ownership of electric vehicles compared to their diesel-engine equivalents. What's more, Belgium has been hesitant so far in offering incentives for electric vehicles. We'll have to be patient until electric vehicles become a significant part of the market and of the car park. That said, electrical vehicles are one of the priorities of the Volkswagen group, which announced the E-Up! for 2013. We'll therefore be ready when needed.

### 6.

Are you concerned that the import contract between the VW group and D'leteren may end at some point?

The VW group's practice is to distribute through importers in smaller European markets such as The Netherlands, Belgium or Switzerland. Our relationship with VW has been in place for 62 years now! And on several recent occasions, VW group presented us with the "Best Importer" award, thereby showing its appreciation for the role we play in Belgium and the 20% market share we achieved.



## Belron



7.

What is Belron's position in existing markets? Are there still opportunities for acquisitions and for organic growth?

Belron is the world number one in vehicle glass repair and replacement with a growing share in the markets in which it is present. The market being fragmented, there is significant potential for further growth. And there are many countries in which Belron has no presence and some, like China and Russia, which Belron has only just penetrated.

8.

Belron's success is based on partnerships with insurance companies. What are the benefits for them of working with Belron?

Working with Belron enables insurers to reduce their costs, most notably through the repair of windscreens, which avoids a replacement later on. It also enables insurers to offer their policy holders an unrivalled level of service.

## Avis Europe

9.

Avis Europe is gaining a foothold in emerging markets, predominantly in China. Is this a definite priority? What are the benefits for the group?

Emerging markets will become increasingly popular tourist and busi-

ness destinations. This is why we have been an early entrant into China almost a decade ago. Also, residents of emerging markets are travelling more frequently to western countries, providing a increasing source of inbound reservations.



1805

Jean-Joseph D'Iteren set up his own business as a wheelwright. It marks the beginning of the history of the Belgian company



1897

D'Iteren produces automobile bodyworks



1935

D'Iteren launches into yet a new activity: car assembly



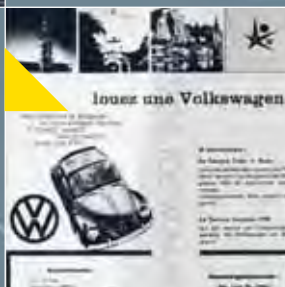
1948

Signature of the import contract with the Volkswagen group



1956

Launch of "Dit'Rent-a-Car", D'Iteren's first step into short-term car rental



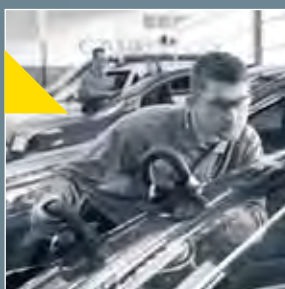
1989

Acquisition of Avis Europe, a leader in short-term car rental



1999

Acquisition of Belron, the vehicle glass repair and replacement specialist



# AUTOMOBILES, A BURNING PASSION FOR 205 YEARS

In 2010, the D'Iteren Group operated in some 120 countries spanning six continents, serving 19 million people. It employed more than 30,000 people and recorded sales over 7 billion EUR. The "small" Belgian enterprise has grown to a large international group, but D'Iteren's success story began back on the dawn of the 19<sup>th</sup> century...

## D'Iteren, wheelwright

The name D'Iteren is intimately linked to the automobile industry. In reality, the starting point of D'Iteren's history came before that of the automobile. It was in 1805 that Jean-Joseph D'Iteren, at just twenty years of age, established himself in the centre of Brussels to start as a wheelwright (manufacturing carriages, carts, etc.) and manufacturer of coach bodyworks and wheels as a subcontractor to various coach builders in Brussels. From generation to generation, the D'Iteren family expanded its commercial activities. It was in this manner that after adding a paintwork and trim

section, Alexandre D'Iteren moved into manufacturing horse-drawn coachworks in 1857. The company then forged an enviable reputation and became official supplier to the Court of Belgium in 1888.

## D'Iteren, automobile bodywork

In 1897, the horse gave way to the engine, and the brothers Alfred and Emile D'Iteren took their first steps in a new profession, that of manufacturing automobile bodyworks. In 1906, they moved to a larger workshop at the Rue du Mail, Brussels, which still houses the group's head office today. The production took off in 1911 but

the First World War slowed it down. In 1919, Emile and Lucien D'Iteren launched the "Société Anonyme Anciens Etablissements D'Iteren Frères", a new corporate name for the company which was also listed on the Brussels stock market the same year. The company began exporting car bodyworks in the twenties, a fruitful strategy as in 1928, more than 65% of the bodyworks were sold abroad.

## D'Iteren, assembly and import

In the early thirties, manufacturing of bodyworks was progressively abandoned and D'Iteren broke into importing American automobiles from Studebaker, Pierce-Arrow and Auburn, as well as, in 1935, assembly. 1948 was a red-letter year, as Pierre D'Iteren signed the import contract with Volkswagen, which marked the beginning of a long and fruitful partnership which is still in existence today!

This new partnership notably allowed D'Iteren to assemble the legendary Beetle in 1954 at the new factory in Forest (Brussels), which had been constructed six years earlier. From

late 1970 to 1976, D'Iteren progressively sold its share in the factory to the Volkswagen group and focused on its import activities. Between 1954 and 1970, close to 800,000 VWs were assembled in Forest by D'Iteren!

**"Today, D'Iteren Auto represents more than one in five registered new vehicles in Belgium!"**

In 1974, the company also began importing the Audi and NSU makes. One year later, the company changed its name into "S.A. D'Iteren N.V." Through the years, the Belgian company had the chance to distribute in Belgium all models of the German group, from the Latin Seat in 1984 to the sporty Lamborghini in 2001. Moreover, D'Iteren is the exclusive importer of Porsche since 1950, and the D'Iteren Sport department imports Yamaha motorcycles and mopeds since 1975.





### A FAMILY AFFAIR

D'eteren is one of the oldest Belgian family companies. The D'eteren family established the business and managed it for over two centuries! To date, the family character of the company is still ever-present, as the D'eteren family is still the company's majority shareholder. Without calling into question the family control, a major event takes place in 2005 when Roland D'eteren (sixth generation), who leads the company since 1975 and is the primary factor in its international expansion, hands over the reins to Jean-Pierre Bizet. The latter, experienced in international management, is the first non-family CEO in the history of D'eteren. The D'eteren family continues, however, to play a role as active shareholder and sits on the company's Board of Directors.



D'eteren Sport's scope of activity would later extend to motorized recreations in general.

Today, and more than ever, D'eteren celebrates its passion for automobiles: in 2010, the company represented more than one in five registered new vehicles in Belgium!

**"Whilst the acquisition of Avis Europe is merely the final stage in a long history, it turns D'eteren truly into an international group."**

### From Belgium... to the world

1989 marked a decisive turning point for D'eteren: after three decades of partnership, the Belgian company became majority shareholder in Avis Europe, a short-term car rental company listed on the London stock exchange since 1986. The relationship between the two companies was not by chance: in 1956, one decade after the establishment of Avis Rent-A-Car in the USA by Warren Avis, D'eteren broke into the short-term car rental business. A first partnership with Avis took place in 1958 at the Brussels World's Fair, as

Dit'Rent-a-Car, D'eteren's car rental division, becomes an Avis licensee. In 1971, the company Locadif s.a. is created in partnership between D'eteren and Avis Inc. Locadif quickly becomes leader on the Belgian short and long-term car and truck rental market.

Whilst the acquisition of Avis Europe, today held at 59.6%, is merely the final stage in a long history, it turns D'eteren truly into an international group. The rental company, through its two brands Avis and Budget, operates through more than 3,900 locations in more than 100 countries. With its internationally successful "We Try Harder." slogan, Avis Europe is the second largest short-term car rental company in Europe.

### Vehicle glass repair and replacement

In 1999, D'eteren continues its diversification strategy and invests in a new market by acquiring – in partnership with Cobepa – Belron, the vehicle glass repair and replacement specialist. The origins of the South-African family enterprise date back to 1897. At this time, Belron is still specialised in mirror making and decorative glass. From the sixties, the company transforms into an international group, un-

dergoing constant expansion. Today, Belron operates more than 15 different brands, of which the most widely known are Carglass, Autoglass and Safelite AutoGlass. Belron is the only global operator with a presence in 33 countries, 1,900 branches and around 9,500 mobile vans.

Whilst having initially acquired 56% of Belron, the D'eteren group gradually increased its stake. Today it holds 92.7% of the company, following the acquisition of Cobepa's shares and those from some Belron family shareholders. D'eteren intends to increase its share to at least 95% in 2014.

**"Just like D'eteren, Belron is a family business with a history of more than one century, as its origins date back to 1897."**



## Common values, different cultures

In its three businesses and throughout the world, the D'Ieteren Group recommends a certain number of values. These are the "benchmarks" which allow it to fulfil the expectations of its customers, personnel, partners and shareholders. Such is the case, for instance, of the business spirit, of professionalism and integrity, but also respect for the customer, the desire to remain attentive and to be trustworthy by offering the highest quality of service possible, D'Ieteren also makes all efforts to enable its personnel to work in a favourable environment and provides them with tools to improve their skills and progress within the company, whilst accepting that mistakes can occur. Finally, D'Ieteren

places a great deal of importance on its environmental impact and on its communities, by increasing initiatives in these two areas (*cf. pages 44 to 53 of this report*).

Whilst these values are shared throughout the three businesses of D'Ieteren, the group as a whole aims above all to preserve the different business cultures, in respect of their own identities. In this manner, D'Ieteren Auto, Avis Europe and Belron each have their own character, vision and method of working. Whilst aiming for overall joint excellence, the D'Ieteren Group respects the autonomy of each activity in achieving this goal.



**D'leteren Auto:**

share of new car registrations in Belgium of more than 20%

**Avis Europe:**

a fleet of more than 100,000 vehicles

**Belron:**

around 10,000 windscreens repaired every day worldwide





## Key figures by activity

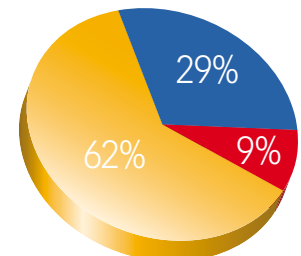
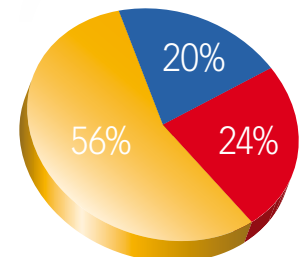
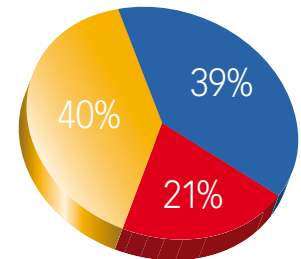
External sales (EUR million)	2010	2009	1 yr growth
D'Ieteren Auto	2,732.9	2,453.8	11.4%
Avis Europe	1,519.8	1,392.7	9.1%
Belron	2,800.9	2,423.2	15.6%
<b>Total</b>	<b>7,053.6</b>	<b>6,269.7</b>	<b>12.5%</b>

Current operating result <sup>1</sup> (EUR million)	2010	2009	1 yr growth
D'Ieteren Auto	92.6	65.8	40.7%
Avis Europe	108.2	103.4	4.6%
Belron	255.6	215.5	18.6%
<b>Total</b>	<b>456.4</b>	<b>384.7</b>	<b>18.6%</b>

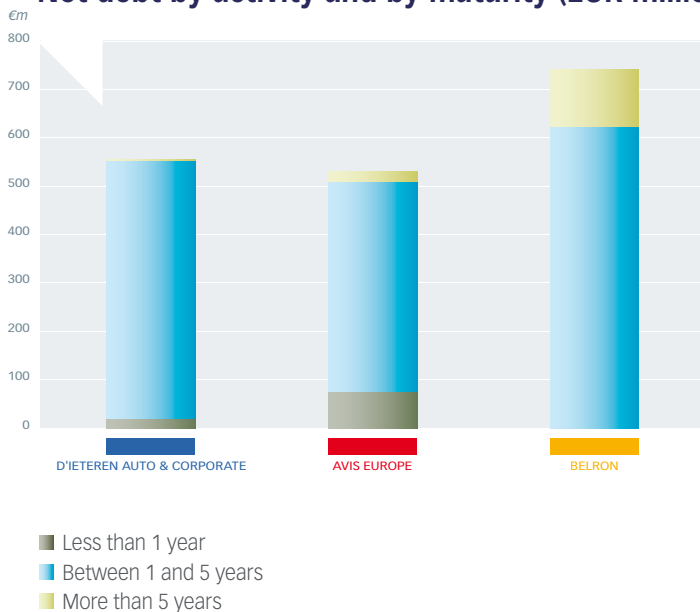
Current result before tax <sup>1,2</sup> , group's share	2010	2009
D'Ieteren Auto	29%	27%
Avis Europe	9%	9%
Belron	62%	64%
<b>Total</b>	<b>100%</b>	<b>100%</b>

1. Before unusual items and re-measurements.

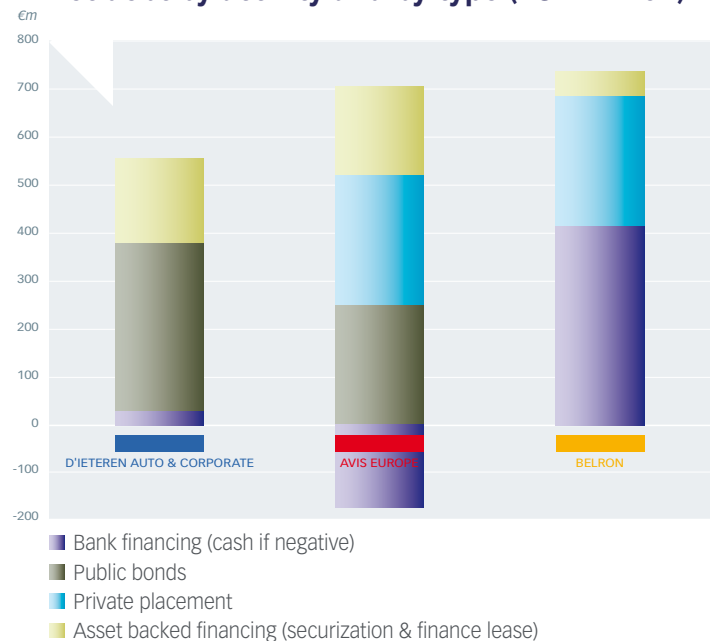
2. Before allocation of *pro forma* financial charges (34.5 millions EUR) to the Automobile distribution & Corporate segment, resulting from the net investment in the Car rental and Vehicle glass segments.



## Net debt by activity and by maturity (EUR million)



## Net debt by activity and by type (EUR million)



A volcanic ash cloud strikes the European skies and leads to flight cancellations in many countries. Avis Europe reacts to this situation energetically by proposing flexible solutions to enable passengers to reach their destination.



**January 2010:  
MOTOR SHOW OF THE  
RECOVERY**



As every year, D'Iteren Auto takes part in the Brussels Motor Show. This one has a special flavour though, since it gives a boost to the recovery of the automobile market, after a negative 2009.

**April 2010:  
A CAPRICIOUS VOLCANO**



**May 2010:  
BOLSTERED FAMILY TIES**



In view of the potential value enhancement of maintaining the founding family anchor in Belron long term, D'Iteren offers the family holding company of Belron's CEO, a member of the founding family, to acquire 1% of the company's equity. Existing shareholder agreements are also extended to 2024.

**June 2010:  
SUCCESSFUL REFINANCING**

Avis Europe announces a Rights Issue to raise 150 million GBP, net of expenses, to which D'Iteren, shareholder at 59.6%, subscribes to the full amount of its share, equating to 111 million EUR. In conjunction with the Rights Issue, Avis Europe agrees a new bank revolving credit facility for EUR 375 million with a 3-year maturity and a 1-year extension option exercisable at the lenders' discretion.





#### September 2010: A BIT MORE FREE FLOAT

Cobepa places 212,500 D'leteren shares among several institutional investors, equating to 3.8% of the company's capital (3.5% of voting rights), at a price of 385 EUR per share. Following this operation, D'leteren's free float increases and Cobepa still holds 3.8% of the company's capital.



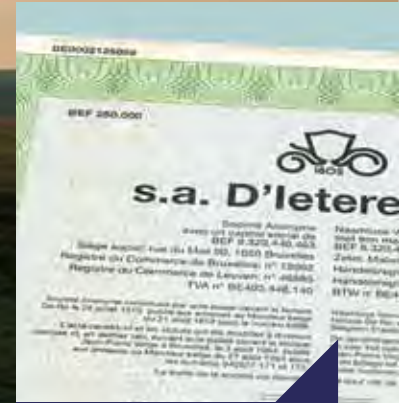
#### September 2010: A NEW "BIG" AUDI



The Audi A1, manufactured in Belgium, sparks a lot of enthusiasm. Several weeks after its launch, the model already enters Audi's top 3 of most sold models and achieves a market share of 1% in Belgium.

Belron announces the acquisition of seventeen vehicle glass repair and replacement branches in four major Russian cities, including Moscow and Saint-Petersburg.

#### November 2010: BELRON ENTERS THE RUSSIAN MARKET



#### December 2010: 10 FOR 1 SHARE SPLIT

The Extraordinary General Meeting held on 20 December 2010 approves the split of D'leteren shares by ten in order to improve its liquidity. The new shares, which only now exist in nominative and dematerialised form, are negotiated from 27 December 2010 on.



# D'IETEREN AUTO. BREAKING RECORDS.



Commercial  
Vehicles



Audi

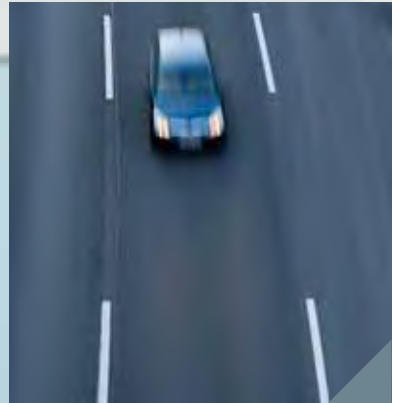


SEAT



BENTLEY





### OUR BUSINESS

Boasting a more than 60-year relationship with the Volkswagen group, D'Ieteren Auto imports and **distributes the vehicles** of Volkswagen, Audi, Seat, Škoda, Bentley, Lamborghini, Bugatti and Porsche across Belgium, along with spare parts and accessories, through a network of more than 300 independent and 16 corporately-owned dealers. The distributed makes account for more than 20% of the new car registrations and one million vehicles on the road. It sells **used vehicles** through two My Way centres on the outskirts of Brussels and 90 dealerships affiliated to the My Way Authorized Distributors network. In addition, its subsidiary **D'Ieteren Lease** provides long-term car rental services. Finally, D'Ieteren Auto distributes Yamaha products in Belgium and the Grand Duchy of Luxembourg through **D'Ieteren Sport**.



# Key figures

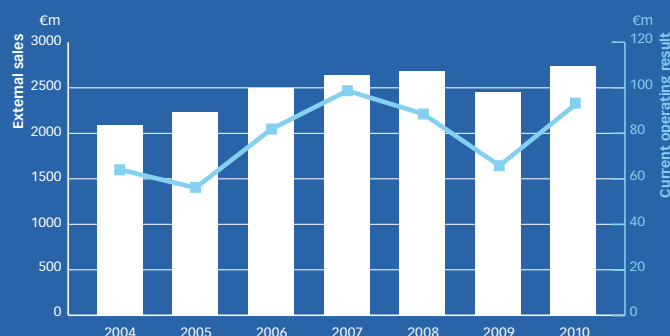
## KEY FIGURES (EUR million)

	IFRS						
	2010	2009	2008	2007	2006	2005	2004
New vehicles delivered (in units)	117,951	99,241	119,967	120,774	112,944	103,239	99,587
External sales	2,732.9	2,453.8	2,679.4	2,642.4	2,491.4	2,227.2	2,088.6
Current operating result <sup>1,2</sup>	92.6	65.8	88.5	98.7	81.9	56.1	64.1
Current operating margin	3.4%	2.7%	3.3%	3.7%	3.3%	2.5%	3.1%
Current result, group's share before tax <sup>1,2</sup>	64.9	42.9	60.6	74.7	59.5	36.1	48.7
after tax <sup>1,2</sup>	62.0	41.9	59.3	65.2	57.0	35.2	39.3
Average workforce (average full time equivalents)	1,584	1,565	1,650	1,601	1,571	1,505	1,493

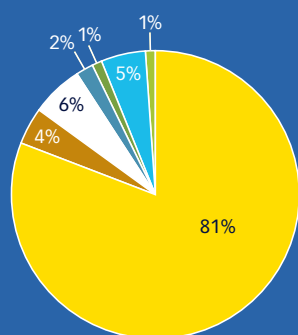
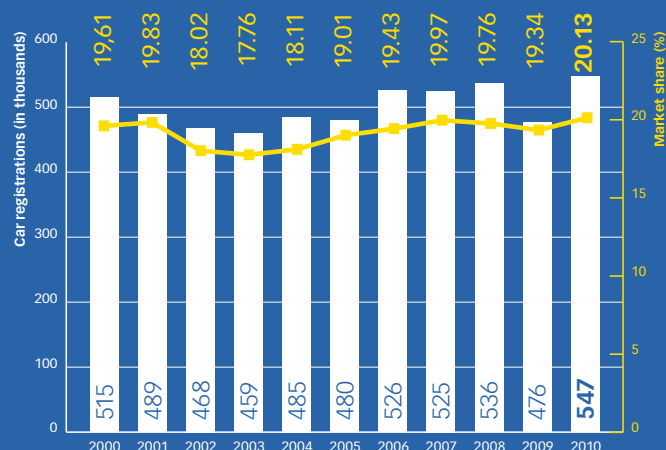
1. Before unusual items and re-measurements.

2. The Automobile Distribution segment includes all costs related to the corporate activities, including (concerning current result), finance costs resulting from the investment in the Car Rental and Vehicle Glass segments.

### EVOLUTION OF SALES AND CURRENT OPERATING RESULT OF D'IETEREN AUTO SINCE 2004 (EUR MILLION)



### NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTO



SALES EVOLUTION BY ACTIVITY (EUR MILLION)	2010	2009	CHANGE
New vehicles	2,204.4	1,929.7	14.2%
Used vehicles	103.9	117.0	-11.2%
Spare parts and accessories	167.6	149.4	12.2%
D'Ieteren Car Centers (after-sales)	54.7	51.6	6.0%
D'Ieteren Sport	35.8	40.2	-10.9%
D'Ieteren Lease	141.4	143.2	-1.3%
Others	25.1	22.7	10.6%
<b>D'IETEREN AUTO</b>	<b>2,732.9</b>	<b>2,453.8</b>	<b>11.4%</b>



A close-up portrait of Thierry van Kan, CEO of D'Ieteren Auto. He is an older man with grey hair, wearing a dark green herringbone jacket, a white shirt, and a red tie with a colorful pattern. He is looking slightly to the right with a thoughtful expression, and his right hand is partially visible in the foreground.

"The first few months of 2010 were characterised by a lack of visibility, but the year eventually ended with a record number of new car registrations. While the government incentives offered to buyers of environmentally-friendly vehicles propped up the market, D'Ieteren Auto's teams responded with genuine dynamism. We were therefore able to make the most of the recovery plan put in place at Volkswagen. Our other makes perfectly matched the government incentives criteria and, despite a shortfall in production, continued to make progress. These developments enabled us to achieve our growth objective, with a share in new car registrations of over 20% in 2010."

Thierry van Kan, CEO of D'Ieteren Auto



# D'IETEREN AUTO: BREAKING RECORDS

2010 was a particularly favourable year for the Belgian car market in general and for D'Ieteren Auto in particular.





## A buoyant Belgian market

In 2010, new car registrations were largely supported by the federal incentives offered for the purchase of environmentally-friendly cars. This financial incentive, in force since July 2007, amounted to 3% of the purchase price in 2010 for vehicles emitting between 105 and 115g of CO<sub>2</sub>/km, and even up to 15% for those emitting less than 105g of CO<sub>2</sub>/km. It was also possible to combine these federal bonuses with regional ones. Given the probability of intensive reform or cancelling of this incentive in 2011, many people anticipated their decision to purchase a new car, which explains, to a large extent, the strength of the Belgian market in 2010. The professional market also perked up in the 2<sup>nd</sup> half of the year, in the wake of the economic recovery.

Both of these factors, combined with the dynamism of car distributors, enabled the Belgian market to achieve a record of 547,347 new car registrations in 2010, an increase of 14.9% over 2009 and 2.1% over the previous record set in 2008 (535,947 registrations), the last "car show" year to date. In this market, 31.3% of registered cars emitted 115g of CO<sub>2</sub>/km or less, compared with 17.1% in 2009 and 8.2% in 2008.

## The Volkswagen group: number 1 in Europe

Compared to the other European countries, Belgium did pretty well. Within the European Union, 13.4 million vehicles were registered in 2010, a decline of 5.5%. However, this figure hides a significant disparity between countries, with some recording spectacular growth, such as Ireland (+54.7%) and Portugal (+38.8%), and others clearly declining, such as Greece (-35.8%), Bulgaria (-28.9%) and Germany (-23.4%).

Within the European Union, the Volkswagen group makes account for 2.8 million registrations, giving a market share of 21.2% and placing it the automobile group in 1<sup>st</sup> place amongst manufacturers. The French PSA (Peugeot and Citroën, 13.5% market share), and Renault (Renault and Dacia, 10.4% market share), follow in second and third place respectively.

### New passenger car registrations in Europe

	2010	2009	% Change
Austria	328,563	319,403	+2.9%
Belgium	547,347	476,194	+14.9%
Bulgaria	16,257	22,869	-28.9%
Czech Republic	169,236	161,659	+4.7%
Denmark	151,550	112,454	+34.8%
Estonia	8,848	8,234	+7.5%
Finland	111,968	90,575	+23.6%
France	2,251,669	2,302,398	-2.2%
Germany	2,916,260	3,807,175	-23.4%
Greece	141,499	220,548	-35.8%
Hungary	45,081	60,189	-25.1%
Ireland*	88,373	57,118	+54.7%
Italy	1,960,282	2,159,464	-9.2%
Latvia	4,976	3,745	+32.9%
Lithuania	7,970	7,003	+13.8%
Luxembourg	49,726	47,265	+5.2%
Netherlands	483,619	387,155	+24.9%
Poland**	333,539	320,261	+4.1%
Portugal	223,491	161,013	+38.8%
Romania	94,541	116,016	-18.5%
Slovakia	64,033	74,717	-14.3%
Slovenia	59,226	55,712	+6.3%
Spain	982,015	952,772	+3.1%
Sweden	289,684	213,408	+35.7%
United Kingdom	2,030,846	1,994,999	+1.8%
<b>European Union (EU27)***</b>	<b>13,360,599</b>	<b>14,132,346</b>	<b>-5.5%</b>

\* ACEA estimates.

\*\* Figures reported in Poland correspond to sales.

\*\*\* Data for Malta and Cyprus not available.

Source: ACEA





## Over 20% market share

Thanks to top quality ranges, a specialised network and committed teams, D'Ieteren Auto recorded 110,199 new car registrations in 2010, equivalent to a market share of 20.13%, up 0.79% year-on-year. This constituted the highest level of the decade, yet still below the historic record set in 1997 (20.48% market share).

Volkswagen and Škoda recorded an excellent performance in 2010. Volkswagen is number two in the ranking of makes in Belgium. However, excluding unregistrations (vehicles unregistered less than one month after being registered), Volkswagen comes in first place, with a market share of over 10%. Volkswagen's light commercial vehicles are also gaining ground with their market share reaching 9.33%. Škoda is becoming more and more known for its excellent price-quality ratio, enabling it to achieve an

historic record in terms of volumes and market share.

Audi's market share fell back very slightly, as production could not meet the significant unexpected growth in the market. Nevertheless, the make continues to hold first place in the "Premium" segment and has achieved record registrations. Seat saw its 2009 lead, in terms of CO<sub>2</sub> emissions, eroded. Porsche gained market share, mainly due to the spectacular increase in registrations of the Panamera and Cayenne models.

Makes	Average CO <sub>2</sub> emissions per km (2010)	Change 2002-2010
Volkswagen	125g	-19%
Audi	136g	-14%
Seat	117g	-19%
Škoda	128g	-12%
<b>Total market</b>	<b>134g</b>	<b>-13%</b>

Source: Jato/Febiac

## New models and lower emissions

A series of new models were successfully introduced in 2010. Volkswagen renewed its "mid-range" models. The Caddy, Passat, Touran, Sharan and Touareg were all renewed. Audi's launch of the A7 Sportback will have made an impression on just about everyone. Just like the launch of the A1, manufactured in Brussels in the factory built by D'Ieteren and owned by the company until the 1970s (see page 8). This launch was a runaway success with the luxury city car very quickly achieving a 1% market share in Belgium. At Seat, the new Alhambra was introduced, while Škoda's Superb Combi became the reference in its segment. Finally, buyers were found within a matter of months for the 500 (including a dozen for Belgium) factory-produced Porsche's 911 GT2 RS.

D'Ieteren Auto also wants to adopt a responsible policy aimed at limiting CO<sub>2</sub> emissions. The Volkswagen group works intensively to develop increasingly environmentally-friendly vehicles and D'Ieteren Auto actively promotes them in Belgium. As a result, vehicles emitting 115g of CO<sub>2</sub>/km or less accounted for 38.6% of the number of vehicles sold by VW, Audi, Seat and Škoda in 2010, against 31.3% for the entire market. This is logical given that, at the end of 2010, these four makes consistently posted lower average emissions than their direct competitors in their segment.

Share in new car registrations		
	2010	2009
New car market (in units)	547,347	476,194
% change yoy	14.9%	-11.1%
<b>D'Ieteren Auto total</b>	<b>20.13%</b>	<b>19.34%</b>
Volkswagen	9.78%	8.92%
Audi	5.38%	5.64%
Seat	1.85%	1.99%
Škoda	2.87%	2.57%
Bentley/Lamborghini	0.01%	0.01%
Porsche	0.24%	0.21%
Commercial vehicles	9.33%	9.12%

## A profitable evolution

The increase in its overall market share, coupled with positive trends in the Belgian market, enabled D'Ieteren Auto to reach 2.7 billion EUR sales in 2010, a 11.4% improvement over last year. Deliveries of new vehicles, including light commercial vehicles, rose by 18.9%, to 117,951 units, generating sales of 2.2 billion EUR, up 14.2%. A similar trend could be seen in sales of parts and accessories, which generated revenue of 168 million EUR (+12.2%). Used vehicles sales declined (-11.2%, to 104 million EUR),

reflecting the defleeting decrease at D'Ieteren Lease. The after-sales activities by the D'Ieteren Car Centers grew by 6.0% to 55 million EUR while sales of D'Ieteren Lease remained stable at 141 million EUR and those of D'Ieteren Sport (import of Yamaha motorbikes, scooters and quads) fell by 10.9%, to 36 million EUR, reflecting a declining market and a major trend towards the purchase of smaller models (from motorbikes to scooters), as well as an unfavourable exchange rate for all Japanese makes.

Current operating result increased by 40.7%, to 92.6 million EUR and current result before tax, group's share, increased by 51.3%, to 64.9 million EUR.



## Outlook

It is always difficult to accurately forecast vehicle registrations, as was evidenced in 2010. D'Ieteren Auto is counting on circa 530,000 registrations in 2011. The level of sales seen in 2010 is most likely a maximum given the high probability of the incentives being reviewed. The trend towards buying more environmentally-friendly vehicles should continue but will probably not increase.

D'Ieteren Auto's ambition is to gain even more market share, having achieved over 20% in 2010. In order to achieve this, D'Ieteren Auto can rely on dynamic staff and networks, its customers' satisfaction with the service and top quality product ranges which are entering and expanding into new segments. Volkswagen, for instance, will enter the pickup segment with the Amarok. In addition, numerous new models are being or will be updated, like Volkswagen's Jetta, Eos, Golf Cabriolet, Beetle and Tiguan, and Audi's A6, while the A1 will be fitted with new engines. Škoda will



also launch the 2<sup>nd</sup> generation of the GreenLine eco range this year while Porsche is expected to launch the hybrid version of the Panamera.

The increase in its overall market share, coupled with positive trends in the Belgian market, enabled D'Ieteren Auto to reach 2.7 billion EUR sales in 2010, a

**11.4%**  
**improvement**  
over last year.



### Volkswagen Passat

With over 15 million cars sold since 1973, the Passat is one of the most successful automobiles in the world ever. The new, seventh generation impresses with a combined fuel consumption of only 4.1 l/100 km, a completely re-interpreted styling with the front end showing parallels to the Phaeton and assistance systems usually only being found in upper and luxury class cars.



**Audi**

### Audi A6

High-tech, precision and sporty elegance: the new Audi A6 made its market debut in early 2011. With its light body featuring numerous aluminium components, sporty chassis and a wide array of new assistance and multimedia systems, the full-sized sedan is packed with innovative solutions in every area of technology. The range of available engines and drivetrains is equally extensive.





### Škoda GreenLine Range

For the first time, Škoda is offering variants optimised for fuel consumption in its entire model range. From the Fabia via the Roomster, the Octavia and the Yeti, through to the Superb and Superb Combi, customers can now opt for the GreenLine variant. Škoda has always made fuel economy a priority in its vehicles. With the arrival of the GreenLine versions, the make is now offering cars with even better fuel economy and extremely low CO<sub>2</sub> emissions.



**SEAT**

### Seat Ibiza ST

In creating the Ibiza ST, SEAT designers have taken a highly functional concept and clad it in the Spanish company's unique design language. It retains the youthfully sporty character of the Ibiza model range despite the estate principle with its large luggage compartment. With an overall length of 4.23 metres, the Ibiza ST is longer than the 5-door version by 18 centimetres – allowing plenty of load space to meet all the demands of a sporty and mobile lifestyle.



BENTLEY

### Bentley New Continental GT Coupé

In 2003, the Continental GT revolutionised the luxury coupé market, combining supercar performance and dynamism with remarkable everyday practicality. Now, the new Continental GT coupé is an opportunity to set a bold and exciting direction for one of Bentley's most revered names. Indeed, the coupe stands out with a more sporting character while keeping a total comfort for its four passengers.



### Lamborghini Aventador LP 700-4

Lamborghini's V12 has a long and glorious history. 2011 marks the beginning of a new chapter with the LP 700-4 Aventador. The new flagship has a full carbon-fiber monocoque, a permanent all-wheel drive and a 7-speed robotized gearbox. Its twelve-cylinder of 700 bhp blasts its way to a top speed of 350 km/h and an acceleration from 0 to 100 km/h in 2.9 seconds.





## PORSCHE

### Porsche 911 Speedster

Extremely compact, extremely sporty and very rare: the new 911 Speedster limited edition meets these three terms. In tribute to the first Speedster of Porsche (the 356 Speedster), the new model will only be produced in 356 copies. It was designed by Porsche Exclusive, the "home" designer of the make, specialised in the personalisation of production models, which will celebrate its 25 years existence in 2011.



### Yamaha XTZ 1200 Super Ténéré

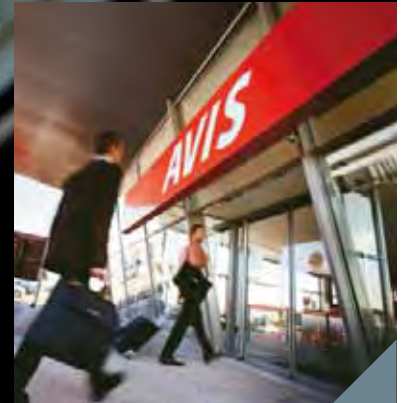
The new Super Ténéré with its twin-cylinder engine and shaft drive brings Yamaha renewed in pole position in the heavy trail bike segment. This model offers in standard version a broad range of technological assets to support the rider in all conditions: ABS, 3-stage traction control, dual touring/sport engine mode... A large group of high demanding touring and adventure motorcyclists will find their ideal bike with this model.





# AVIS EUROPE. CONTROL OF THE ELEMENTS.

**AVIS**<sup>®</sup>**Budget**



## OUR BUSINESS

Avis Europe (listed on the London Stock Exchange) is a leading short-term car rental company in Europe, Africa, the Middle East and Asia, operating the Avis and Budget brands. The rights to these **two brands** are owned by the Avis Budget Group (listed in the U.S. and with no cross-shareholding with Avis Europe). Avis Europe is active in **over 100 countries** through a network of more than 3,900 locations, both corporately-owned and licensed, notably at major airports and train stations. Thanks to its close collaboration with the Avis Budget Group, its many partnerships with the travel industry and its ethos of always doing better (hence the slogan '**We try harder.**'), Avis Europe has repeatedly won various prestigious awards. This strategy allows Avis Europe to be number 2 in its sector in Europe with a market share of 17.2%.



# Key figures

## KEY FIGURES (EUR million)

	IFRS						
	2010	2009	2008	2007	2006 <sup>1</sup>	2005	2004
External sales <sup>2,3</sup>	1,519.8	1,392.7	1,655.7	1,324.7	1,255.0	1,276.4	1,252.8
Of which rental income	1,198.2	1,159.6	1,311.3	1,324.7	1,255.0	1,276.4	1,252.8
Current operating result <sup>2,4</sup>	108.2	103.4	112.7	106.5	89.8	100.4	114.2
Current operating margin	9.0%	8.9%	8.6%	8.0%	7.2%	7.9%	9.1%
Current result, group's share before tax <sup>2,4</sup>	29.2	20.9	22.5	22.0	17.8	22.7	31.1
after tax <sup>4</sup>	16.7	14.8	13.0	17.7	14.6	16.6	23.3
Average workforce (average full time equivalents)	5,163	5,319	5,967	6,122	6,276	6,253	6,166

1. As restated in 2006 following the malpractice identified in Portugal.

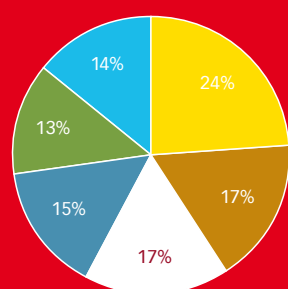
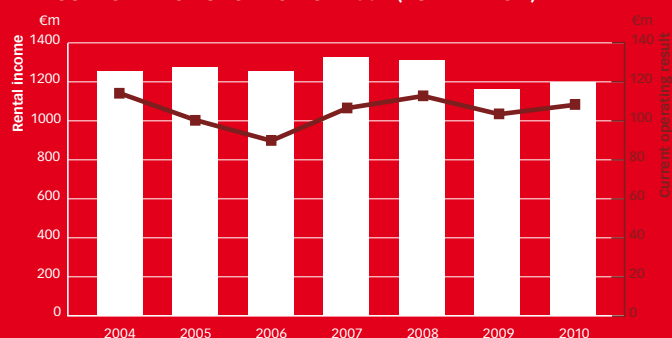
2. Excluding in 2006 and 2007 the discontinued operation in Greece (application of IFRS 5).

3. Following the amendment to IAS 16 (see note 2.1. of the 2009 Consolidated Financial Statements), external sales include from 2008 onwards the disposal proceeds of non-repurchase vehicles.

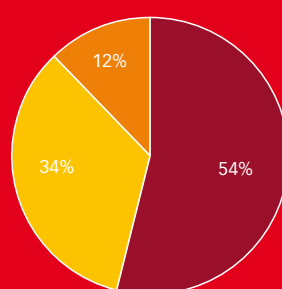
4. Before unusual items and re-measurements.

5. Current operating margin is calculated as the current operating result divided by the rental income.

## EVOLUTION OF RENTAL INCOME AND CURRENT OPERATING RESULT OF AVIS EUROPE SINCE 2004 (EUR MILLION)




CORPORATE SALES BREAKDOWN BY REGION	2010	2009
France	24%	24%
Italy	17%	17%
Germany	17%	16%
UK	15%	16%
Spain	13%	13%
Other	14%	14%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>



CUSTOMER BREAKDOWN	2010	2009
Individual	54%	55%
Corporate	34%	34%
Insurance/Replacement	12%	11%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>





"During the past two years we have engineered a significant turnaround of Avis Europe, effectively restructuring the company and reorganising the Avis and Budget brands for future growth. At the same time we have continued to invest into both customer service innovation and product differentiation. Together with our Rights Issue in the summer, this provides a very strong platform to further drive profitable growth. We now intend to maximise opportunities from the improving trends we are seeing across the industry as a whole, which will support our continued push for improved margins and cash generation. The strength of our brands, service and innovative offer to customers position Avis Europe well to take full advantage of opportunities in both our traditional core and emerging markets and in growing our new mobility offers."

Pascal Bazin, CEO of Avis Europe



## AVIS EUROPE: CONTROL OF THE ELEMENTS

2010 has seen a progressive return to growth in the car rental industry as global economic conditions have stabilised, albeit with a number of unforeseen disruptions to the travel industry during the year. This has enabled Avis Europe to continue its focus on driving further improvements in pricing together with a tight control of costs and capital. At the same time, Avis Europe invested in future growth opportunities, continuing expansion in China and introducing new mobility customer offerings.





Avis Europe invested in future growth opportunities, continuing expansion in

# China

and introducing new mobility customer offerings.

## Progressive improvement in rental income

Key performance indicators	Evol. yoy
Utilisation rate	<b>+100 bp</b>
Billed days (like-for-like)	<b>+0.80%</b>
Rental Revenue per Day (at constant currency)	<b>+1.60%</b>
Return on Capital Employed	<b>+250 bp</b>
Operating margin	<b>+10 bp</b>

Through both market recovery and its own actions to gain market share, Avis Europe saw a progressive improvement in volumes in its corporately-owned segment during the year with billed days turning positive in the second half, leading to a like-for-like increase of 0.8% for the full year. An improving macroeconomic environment, geographic diversification, brand leadership and service differentiation all contributed to this performance which was achieved despite the disruptions to travel caused by adverse weather conditions across Northern Europe at

both the beginning and end of the year and the Icelandic ash cloud in April. Avis Europe saw an improving trend in the majority of countries, the main exception being Spain where the trading environment continues to remain difficult. Avis Europe achieved the highest growth in the UK largely as a result of winning several major new corporate contracts and gaining share in the less seasonal and off-airport Insurance/Replacement customer group.

Avis Europe is focused on differentiating and strengthening its brands.

Recent initiatives have included the re-launch of the customer booking websites, enhancing online customer invoice portals, introducing an iPhone rental reservation application and the development of a Blackberry booking solution. These enhancements and innovations complement the continued success of the "3-minute promise" under which Avis Europe guarantees its "Avis Preferred" customers their keys and rental agreement within three minutes of entering the rental station. This service remains unmatched in the rental industry.

In addition, Avis Europe saw further substantial growth in the recently introduced customer offer "Avis Flex", a versatile monthly rental product to satisfy increasing demand for greater flexibility from the Corporate customers.

Avis Europe has continued to moni-



tor capacity levels closely, capitalising on the investments made in revenue management and seeking to optimise customer mix. These actions have all helped to achieve a 1.6% improvement in constant currency rental revenue per day.

Fee income from Licensee segments was 8.6% higher. Most Avis regions were ahead of prior year, benefiting from earlier volume recovery and favourable exchange rates. Reported Budget income was lower year-on-year as two markets were reorganised as corporately-owned operations.





## Tight cost and capital discipline

Following the substantial reduction of the fixed cost base in 2009, Avis Europe continued to focus on maintaining discipline over all cost lines. The average number of staff was reduced by a further 2.9% and Avis Europe extended the salary freeze of the previous year through the first quarter of 2010.

During the year, Avis Europe increased the operational integration of the corporately-owned Budget rental locations with Avis to now include Germany and Holland, further maximising synergies by fully combining fleet and back office functions.

Avis Europe has also driven further efficiencies in business processes. The company extended the implementa-

tion of an improved systems interface for rental station staff, thereby reducing training needs and improving the customer experience. The strong focus on fleet costs remains and Avis Europe is presently rolling out a new system to help minimise vehicle holding costs by further optimising the rotation of vehicles in the rental fleet.

## Further improvement in utilisation and continued momentum of growing margins and returns

Avis Europe has increased utilisation by a further 100 basis points to 73.9%, in addition to the 390 basis points step-change improvement achieved in the prior year. This is despite the operational challenges arising from the ash cloud and a progressive re-balancing of holding periods for the non-repurchase vehicles. Introduction of a non-cancellation fee is also helping improve utilisation, as Avis Europe now receives more advance notice of customers' changed travel plans.

As a result of the above actions, underlying operating margin further im-

proved by 10 basis points to 9.0%. Net finance costs substantially reduced as a result of both lower debt levels (reduced by the Rights Issue and continued capital discipline) and reduced interest rates. As a consequence, underlying pre-tax margin was strongly increased by 120 basis points to 4.2%.

Underlying return on capital employed was ahead by 250 basis points to 12.4% driven by both the improvement in operating margin and the focus on capital employed.



# Strategic development

In addition to the continued focus on the traditional markets in Western Europe, Avis Europe continues to invest in its international operations. This includes continued licensee network development (for example, the recent opening in Vietnam) and rapidly expanding the joint venture in China. In addition to the long-term growth potential in these markets, Avis Europe is

already beginning to benefit from the very strong growth rates in outbound international travel of these customers into the traditional markets.

Furthermore, Avis Europe has identified growth opportunities as consumers and businesses begin to seek to move away from existing vehicle ownership patterns, recognising that the company is well placed to help shape the evolution of environmentally compatible mobility. Current investment and development activity in such mobility offers includes the acquisition of Vinci Park's interest in the Paris car sharing operation, now being re-launched as "Avis on Demand"; the launch of home delivery and collection in the UK and the development in France of an alternative short-term solution for leasing customers of a French make.



## 2010 results at a glance

Rental income was 3.3% higher at 1,200 million EUR, primarily reflecting the improved pricing performance in the corporately-owned business and the resumption of growth from the Avis licensees segment. Rental income from the corporately-owned business segment was 3.1% higher at 1,153.4 million EUR in reported currency and 2.3% higher on a constant currency basis.

Billed days were 0.1% lower overall and 0.8% ahead on a like-for-like basis. Avis Europe has seen an improving trend in the majority of countries throughout the year, with billed days well ahead in the second half, offsetting a softer first half.

Avis Europe increased rental revenue per day by 2.4% on a reported basis and 1.6% on a constant currency basis with a particularly strong performance in the first half, which included a circa 1% pt benefit from one-way rentals during the ash cloud period. Avis Europe successfully yielded the business across the summer, but since August reported rental revenue per day was lower, due to the longer rental length of-

**Avis Europe guarantees its "Avis Preferred" customers their keys and rental agreement within three minutes of entering the rental station.**

fered by the success of "Avis Flex" and customers extending rentals during adverse weather conditions.

Underlying operating profit was 4.8 million EUR higher than the comparative period reflecting operating profit flow from the improvements in rental rate per day, and continued tight control of costs. The underlying net finance costs of 59.5 million EUR were 8.8 million EUR lower, reflecting the reduction in the underlying average net debt for the year and the benefit of lower interest rates, as existing hedging expired, partly offset by lower deposit rates on the higher average gross cash deposits held. The effective borrowing rate was 6.5% (2009: 6.7%) and deposit rate was 0.5% (2009: 1.2%).

# Outlook

Avis Europe's dual-brand strategy and global reach are well placed to drive growth and benefit from the improving economic climate in most of its main markets. While visibility remains limited, particularly in Spain, the company expects overall volumes to further improve and will continue to seek to enhance pricing.

Costs and capital discipline also remain key and Avis Europe continues to focus on improving utilisation. Furthermore, net finance costs will reduce year-on-year, benefiting from cash flow performance and the full year effect of the Rights Issue. Avis Europe therefore expects a further in-

crease in its underlying pre-tax margin during 2011.

In addition to the focus on the traditional core markets, benefiting from the Avis and Budget brands strengths and close attention to quality of service, Avis Europe will also continue to invest in future profitable growth opportunities, particularly its ongoing expansion in China and other fast growing markets, and innovate through the introduction of further new mobility customer offers. The Board of Avis Europe remains confident of further progress in the year ahead.



# BELRON. NEW YEAR, NEW ACHIEVEMENTS.







### OUR BUSINESS

Belron is the worldwide leader in vehicle glass repair and replacement. With **more than fifteen brands** – including Carglass, Auto Glass and Safelite Auto Glass – and a network of subsidiaries and franchisees in 33 countries on five continents, the company covers 76% of the world's car park. 1,900 branches and 9,500 mobile units, **available 24/7**, enable its glass repair and replacement service teams to meet customer demand anywhere, any time. This focus on **service quality** generates a very high level of customer satisfaction. Belron has also forged long-term partnerships with the largest insurance companies and fleet managers, enabling it to handle claim events from start to finish and greatly simplifying the administration process.

**SPEEDY GLASS**  
Auto, Residential & Commercial

**APPLE**  
AutoGlass  
— novus

**Lebeau**  
Vitres d'autos

# Key figures

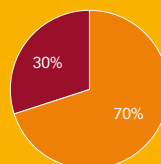
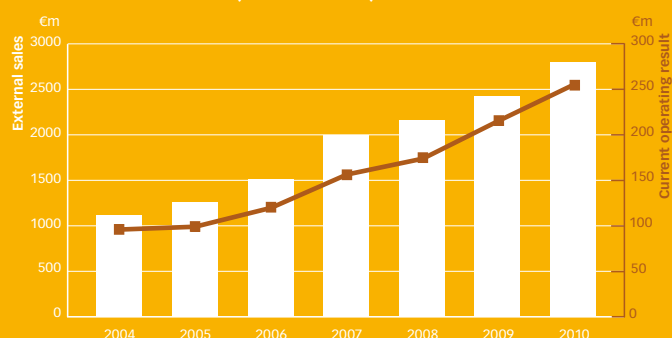
## KEY FIGURES (EUR million)

	IFRS						
	2010	2009	2008	2007	2006	2005	2004
Total jobs (in million units)	11.7	10.7	9.4	8.4	6.1	5.3	4.9
External sales	2,800.9	2,423.2	2,156.1	2,000.0	1,507.3	1,253.7	1,118.4
Current operating result <sup>1,2</sup>	255.6	215.5	173.9	156.5	119.9	99.2	96.1
Current operating margin	9.1%	8.9%	8.1%	7.8%	8.0%	7.9%	8.6%
Current result, group's share							
before tax <sup>1</sup>	211.3	150.4	108.6	97.6	72.0	59.8	44.2
after tax <sup>1</sup>	155.5	126.1	86.7	83.4	62.7	45.8	31.4
Average workforce (average full time equivalents)	24,790	22,399	20,833	18,281	12,731	10,932	9,794

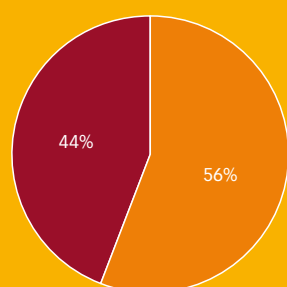
1. Before unusual items and re-measurements.

2. Including, from 2005 on, a charge associated with the long-term incentive plan for management.

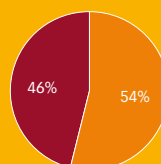
## EVOLUTION OF SALES AND CURRENT OPERATING RESULT OF BELRON SINCE 2004 (EUR MILLION)



JOB BREAKDOWN BY TYPE (IN MILLION UNITS)	2010	2009	Change
Replacement	8.2	7.6	7.9%
Repair	3.5	3.1	12.9%
<b>TOTAL</b>	<b>11.7</b>	<b>10.7</b>	<b>9.3%</b>



SALES EVOLUTION BY REGION (EUR MILLION)	2010	2009	Change
Europe	1,575.4	1,380.8	14.1%
Rest of the world	1,225.5	1,042.4	17.6%
<b>TOTAL</b>	<b>2,800.9</b>	<b>2,423.2</b>	<b>15.6%</b>



JOB BREAKDOWN BY TYPE (IN MILLION UNITS)	2010	2009	Change
Mobile	6.3	5.7	10.5%
Non-mobile	5.4	5.0	8.0%
<b>TOTAL</b>	<b>11.7</b>	<b>10.7</b>	<b>9.3%</b>



"2010 was another challenging yet successful year for Belron. We continued to pursue our goal of delighting our customers despite the challenge of extreme winter weather and high levels of breakage. We also made significant progress on our geographic expansion and on our corporate responsibility agenda. It is through the hard work and dedication of the Belron people throughout the world that we are able to again report significant progress."

Gary Lubner, CEO of Belron



# BELRON: NEW YEAR, NEW ACHIEVEMENTS

The world's largest vehicle glass repair and replacement company has recorded another good set of results in 2010 with sales increasing by 15.6% and the current operating result up 18.6% compared to 2009.





- > Every **3** seconds, a vehicle glass repair or replacement is completed
- > On average, **9,600** windscreens are repaired each day
- > **121,000** mobile jobs are completed every week

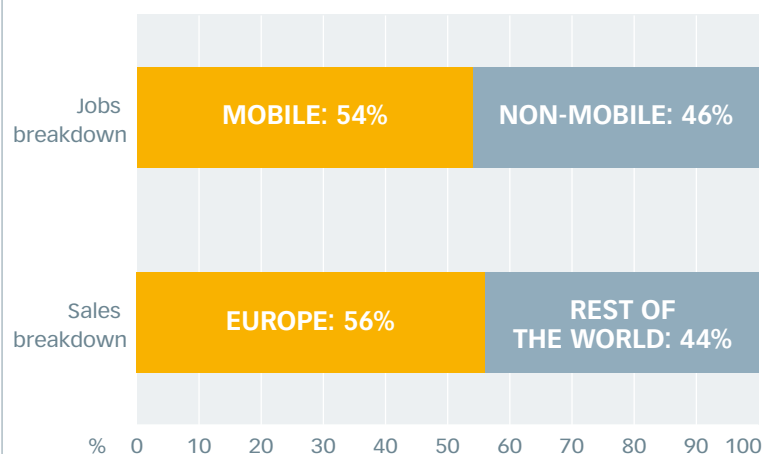
## Trading overview

2010 was another challenging yet successful year for Belron. In Europe, sales growth was largely organic, reflecting harsh winter weather, with associated higher levels of glass damage, together with market share gains following increased investments in television and radio advertising. Acquired growth was primarily due to acquisitions in Turkey and France during the first half of the year. Outside Europe, organic growth was moderated by very mild winter conditions in Canada and a challenging market environment in Brazil. Acquired growth was due mainly to the acquisition in early October 2009 of Iowa Glass in the U.S.

In addition to the margin fall through from higher sales, the increased current operating result of 255.6 million EUR (up 18.6% on the previous year) was due to tight cost control, lower long term executive incentive scheme costs and favourable currency impacts. In contrast, the business experienced higher glass costs driv-

en by supply shortages, higher media costs and adverse impacts from the market conditions in Canada and Brazil.

The outlook for 2011 is for continued organic sales growth albeit mitigated by a less severe winter in Europe. The company will again focus on delivering an outstanding quality of service to its customers whilst working in partnership with insurance companies and fleet managers, and improving its operating efficiency.



	2010	2009
Mobile units	9,447	8,565
Branches	1,945	1,820
Employees	24,790	22,399





## Pursuit of excellence: The "Best of Belron"

The sixth "Best of Belron" competition was held in June 2010. This competition, held every two years, recognises and rewards the best technicians in the group. Twenty-seven technicians from twenty-seven countries competed for the coveted title in 2010, watched by over 900 colleagues, suppliers and partners from across the insurance and fleet sectors.

The "Best of Belron" was the largest event in the company's 2010 calendar and rewarded the best technician at the end of a particularly demanding series of competition el-



ements. Participants were judged on the quality of their work in a grueling practical test which included repairing and replacing a windscreen. In addition, participants completed a written exercise covering all aspects of their job, including customer service, working methods and safety. The result was that, over the course of the competition, contestants were judged on no fewer than 1,027 criteria! The judges rated the customer communication aspects with equal importance to the technical work.

The "Best of Belron" allows the group to drive improvement in the skills of its technicians and demonstrates its focus on delivering a high level of quality and safety with every customer served.

The winner of the 2010 "Best of Belron" was Benoit Deckers from Carglass Belgium (picture).



## World class service

Belron continued to pursue its goal of providing a world class service to every one of its customers. It continued to use the net promoter score ('NPS') methodology to measure and provide feedback on its service, using the results for training, development and reward. Over 1 million customers were surveyed in 2010 providing exceptional levels of feedback on which the business could act.

In order to support the world class service goal, the company recognises

employees who are providing exceptional service – the Every Day Heroes – through the Belron Exceptional Customer Service Awards. Employees who deliver exceptional service in their own country are nominated for global recognition based on criteria of going the extra mile, showing long-term consistency or moving a service process forward in a significant way.

## Supply chain development

In order to deliver world class service, the business needs a world class supply chain. During 2010 Belron completed the upgrade of its North American supply chain operations with the opening of two further distribution centres. In September, Safelite Auto Glass opened a distribution centre in Atlanta, Georgia (USA). Covering an area of 31,000 m<sup>2</sup> and with a capacity of over 3 million pieces of glass per year, this is by far Belron's largest distribution centre to date. In December, a third North American distribution centre was opened in Calgary, Canada. This distribution centre also benefited from a new warehouse management system. This system is set to be rolled out in all the company's major distribution centres worldwide in the next few years.

The two new facilities not only improve customer service by ensuring greater availability of glass, they also significantly reduce the distances travelled, thereby improving Belron's energy efficiency.



## Belron online

During 2010 Belron continued to enhance its e-commerce offering in response to the growing demand from motorists throughout the world. In just a few clicks, customers can book online their vehicle glass repair or replacement to be carried out either in a service centre or by a mobile unit.

Over 800,000 replacements/repairs were booked through the internet in 2010 and this figure is growing fast. In addition to enhancing its internet service offering, Belron sought to optimise its search engine marketing and also its use of social networking. Within the social networking field,

Belron implemented tools that allow it to engage with its customers and to link unhappy customers with its service recovery teams.

## Geographic expansion

Belron continued to pursue its geographical expansion strategy in 2010, notably in emerging markets. In China, after the acquisition in Qingdao in the third quarter of 2009, Belron added businesses in Jinan, Hangzhou, Shenzhen and Dongguan during 2010. The former Turkish franchisee was acquired at the beginning of the year, giving Belron a corporate presence of 12 branches in the growing Turkish market. In the third quarter Belron entered the Russian market through the acquisition of the fitting operations of Mobiscar, comprising 17 branches in four of the largest cities, including Moscow and Saint Petersburg. Further small acquisitions were also made in Brazil as the business expanded its

footprint into additional cities.

Although these emerging markets only form a small part of Belron's current results, they have significant potential for the future and should be viewed as long-term investments.

Belron also signed a franchise agreement in Estonia, but terminated its franchise agreement in the Czech Republic at the end of the year. These transactions brought the total number of countries in which Belron operates to 33 at the end of 2010.



### Ten years of geographic expansion (2000-2010)

**2000:** Switzerland, Greece\*

**2001:** Denmark, Turkey\*, Slovenia\*

**2002:** Sweden, Italy

**2003:** Norway, Poland\*, Serbia-Montenegro\*

**2005:** Hungary\*, United States

**2006:** Romania\*, Greece\*\*

**2007:** Acquisition of Safelite Auto Glass (USA)

**2009:** China, Chile\*, Finland\*, Lithuania\*

**2010:** Turkey\*\*, Estonia\*, Russia

\* Franchise

\*\* Acquisition of former franchisee





## A SOCIALLY RESPONSIBLE GROUP



## Global Reporting Initiative (GRI)

[www.globalreporting.org](http://www.globalreporting.org)

The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. The Reporting Framework sets out the principles and Performance Indicators that organizations can use to measure and report their economic, environmental, and social performance.

D'leteren is phasing in developments to comply with the GRI's Sustainability Reporting Guidelines. Its self-assessment puts it at level C. 13 GRI indicators are measured by the three activities, 11 of which concern the environment. This reporting information is available on the company's website ([www.dieteren.com](http://www.dieteren.com)).

D'leteren is aware of the impact of its activities on its environment and is developing practical initiatives to reduce its footprint. The group's three corporate responsibility priorities at present are:

1. Reducing its **environmental footprint**;
2. **Ethics and values** to guarantee the sustainability of D'leteren and its activities;
3. Sponsorship and **social solidarity** projects.

Corporate social responsibility is independently organised in each of the Group's activities to ensure consistency with their own business cultures. Engagement of all the teams in the Group's activities is central to its CSR strategy.

2010 saw new progress made in all areas of social responsibility.



# ENVIRONMENT: REDUCING OUR ENVIRON- MENTAL FOOTPRINT

D'leteren Auto, Avis Europe and Belron have for several years taken measures to reduce their direct and indirect environmental impacts, aimed primarily at reducing CO<sub>2</sub> and waste.

To achieve this objective, the approach taken by the three activities encompasses:

- > their range of products and services;
- > their corporate ecological footprint.

## D'leteren Auto Products and services

### Products: the Volkswagen group

D'leteren Auto distributes the products of the Volkswagen group, which offers increasingly fuel efficient and lower CO<sub>2</sub> vehicles. More than 130 Volkswagen group models currently emit under 140g of CO<sub>2</sub>/km, while the majority of its makes have an ever expanding range of low-CO<sub>2</sub> vehicles, BlueMotion at Volkswagen, GreenLine at Škoda and Ecomotive at Seat.

With the combination of increasingly green models, environmentally aware motorists and government CO<sub>2</sub>-based incentives, the CO<sub>2</sub> emission profile for the makes distributed by D'leteren Auto in 2010 is:

- > some 32,000 new vehicle registrations with emissions of less than

105g of CO<sub>2</sub>/km, compared with approximately 5,600 in 2009;

- > more than 10,000 new vehicle registrations with emissions of 105 to 115g of CO<sub>2</sub>/km, compared with roughly 6,200 in 2009.

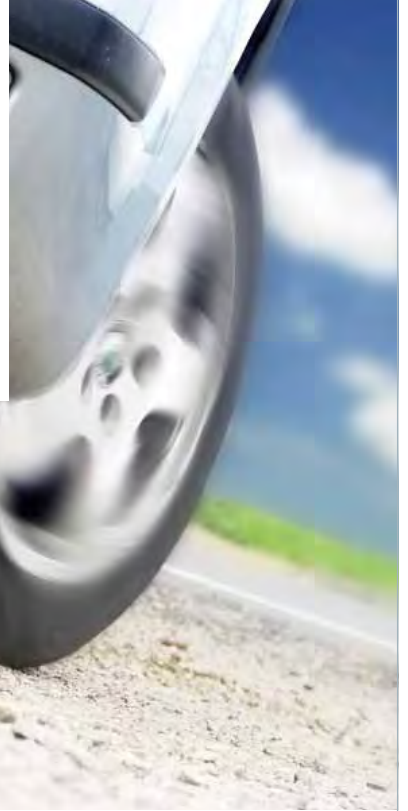
### Services: own initiatives

D'leteren Auto is developing a range of different solutions to help its customers to reduce their own footprint. For instance:

- > makes are offering customers eco-driving classes;
- > Volkswagen is asking customers to offset the impact on the environment of their car by helping to finance environmental projects in emerging countries;
- > D'leteren Car Centers offer courte-

sy bikes and scooters, in addition to courtesy cars, when customers' vehicles are in for repair or service;

- > to further cut out unnecessary mileage, dealerships have also installed fully equipped areas designed for customers waiting for their cars to be serviced or repaired;
- > D'leteren Lease CO<sub>2</sub> emissions and fuel consumption are monitored and a report sent to customers on a monthly basis;
- > D'leteren Auto launched a pilot of a new mobility solution, known as My Move, in early-2011. The project is a vehicle-sharing and management system for users in the workplace or in residential buildings. Using a sophisticated system for managing bookings and routing, the system



aims to optimise sustainable mobility in increasingly congested urban areas. During the first phase of the pilot, the shared My Move fleet includes Volkswagen BlueMotion vehicles and a number of electric cars and bikes. The pilot is limited to a few companies in the Brussels area. My Move is set to continue until mid-2011, when the project will be assessed.

# Operations

## Energy efficiency

To control energy consumption at its sites, D'leteren Auto has adopted a three-prong strategy: monitoring of energy consumption, the use of alternative energy sources and rational energy use.

Energy audits were conducted at each site and a number of energy saving initiatives were identified, including:

- > installation of photovoltaic panels that generated 271 MWh of power in 2010, or 24.2% of the total consumption of these sites;
- > onlining of cogeneration plants and the use of gas as an alternative with the acquisition of new boilers;
- > installation of dusk-to-dawn switches, timers and quick-close workshop entrance doors;
- > zoned lighting and heating systems;
- > awareness campaign on the rational use of energy at a number of sites.

Since 2006, D'leteren Auto has driven down its electricity consumption by 28% and its gas and fuel consumption by 11% (on a like-for-like basis <sup>1</sup>).

In line with its increasing real estate portfolio, D'leteren Auto has set the following quantitative objectives for 2015 (compared to 2006):

- > 20% reduction in energy consumption;
- > own energy generation covering 25% of total electricity consumption.

## Transport

To reduce the environmental impact generated by its transport (car fleet, employees' travel, to and from work, business travel) D'leteren Auto is committed to the following measures amongst others:

- > diversifying the fleet of service vehicles and informing personnel about the CO<sub>2</sub> emissions of the vehicle they choose;
- > organising eco-driving classes;
- > extending its mobility policy from 2011 onwards by encouraging employees to use responsible travel solutions, such as a combination of public transport and company car, or carpooling.

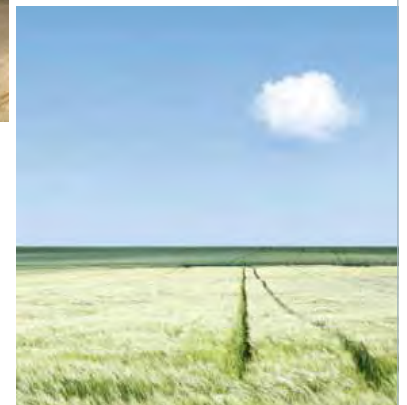
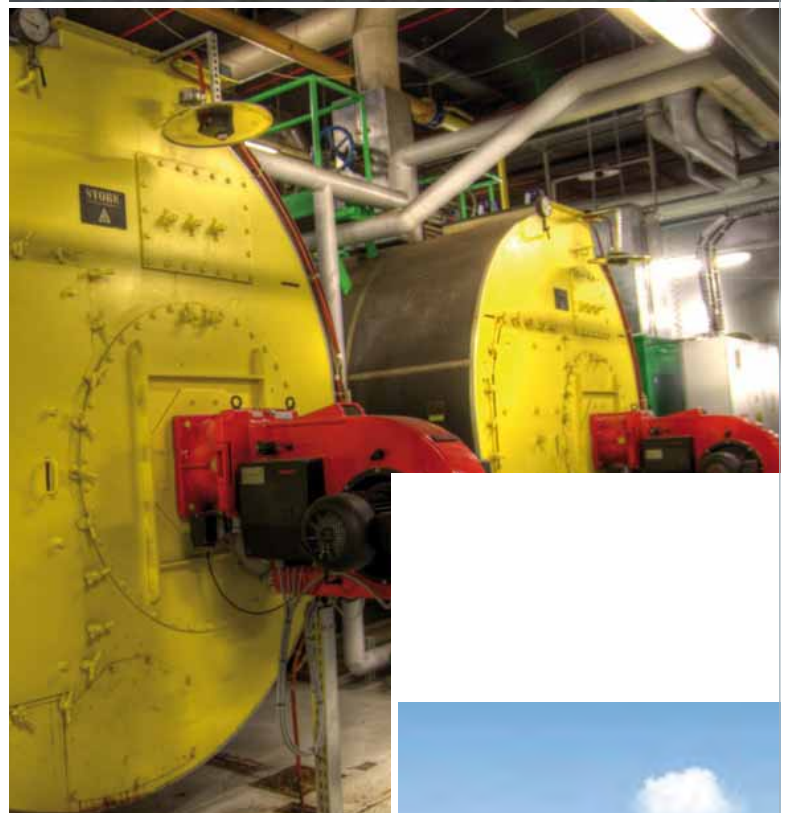
In 2010, D'leteren started a study to determine the environmental footprint of subcontracted transport, notably for the delivery of new vehicles and spare parts to dealers, with a view to identifying ways and means of reducing this footprint.

## Waste

D'leteren Auto promotes selective sorting and collection of waste, as well as the safe storage of hazardous products. D'leteren Auto is working actively with Febiac's <sup>2</sup> Febelauto <sup>3</sup> initiative to recycle end-of-life vehicles which currently recycles 90% by weight of vehicles in an approved and inspected recycling system, placing Belgium amongst the top of the European table for ELV recycling.

## Independent dealers

D'leteren Auto is committed to supporting and assisting its independent dealers to reduce their impact on the environment. In 2011, the Group will work with a number of independent dealers to draw up an environmental charter aimed at identifying best practices, notably in the area of energy-efficiency investment for buildings and waste management processes, and to assist dealers in conducting energy audits.



1. Taking account of degree-days.

2. Belgian Automotive and Cycle Industry Federation ([www.febiac.be](http://www.febiac.be))

3. Febelauto was created in 1999 to organise and monitor management of end-of-life vehicles, in accordance with the European Directive in force ([www.febelauto.be](http://www.febelauto.be)).





## ENVIRONMENT: REDUCING OUR ENVIRONMENTAL FOOTPRINT

### Avis Europe

Avis Europe is committed to measuring the effects of its business operations on the environment – the largest of its impact being greenhouse gas emissions – and progressively reducing these effects.

### Services

#### Fleet 'greening'

Avis Europe has extended the low-emission Avis Eco Collection launched in the UK in late 2009. This guarantees customers a fuel-efficient, sub-120g CO<sub>2</sub>/km emission diesel model every time they rent a car from the new collection.

55% of the fleet purchases in 2010 emitted less than 140g CO<sub>2</sub>/km, on a par with European norms. Based on fleet purchases this represents a 5.4% reduction in the average CO<sub>2</sub> emissions per vehicle over the last 2 years.

The Avis Europe fleet includes several hundred new and environmentally friendly 'green' cars that run on fuels other than petrol or diesel, or use advanced emission-reducing technologies. By frequently updating its fleet, Avis Europe ensures that it is using the latest low-CO<sub>2</sub>-emission vehicles available, and checks them after every rental to maintain an optimum operating efficiency.

Avis Europe also signed a pre-order for 500 electric vehicles. These will join the Avis fleet in late 2011 and will be available to Avis customers in seven countries.

#### Environmentally compatible mobility

As a service provider to motorists, Avis Europe is aware of the possibility of offering customers alternative mobility solutions, in addition to a greener fleet, such as those developed in 2010:

- > The Paris-based car-sharing initiative Okigo, now rebranded as "Avis on Demand". Customers pay a subscription to have an Avis car available 24/7 for rental periods as short as one hour.
- > "Business Pack", whereby Avis Europe offers leasing customers a different car for a period – such as family vacation – where their needs are different from normal working days. This way, customers have an economic alternative to owning a larger vehicle, while still retaining flexible mobility.



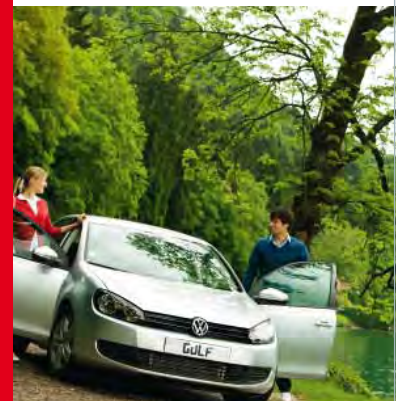
### New urban mobility: "Avis on Demand"

Avis took over Vinci Park's stake in Okigo, raising its shareholding to 100%. Under the "Avis on Demand" brand, the business is being rolled out first in France before being extended to other countries in Europe and will leverage operational and commercial synergies with Avis. Vinci Park remains a strategic partner for the development of the network for this service, with its extensive parking lot operations across Europe.

"Avis on Demand" now operates 45 stations offering self-service car rental to customers for periods from one hour to several days, available 24 hours a day, seven days a week. "Avis on Demand" targets a wide potential group of customers and covers business and personal use. The service offers a simple and flexible solution on an as-needed basis, without the inconveniences associated with owning a car (insurance, parking, service and repair, etc.), and without a one-day minimum rental. The rental includes mileage, insur-

ance, fuel and GPS.

Research shows that such vehicle-sharing schemes can replace up to eight individual cars! Moreover, the average CO<sub>2</sub> emissions of the "Avis on Demand" vehicles are less than 120g per km.





# Operations

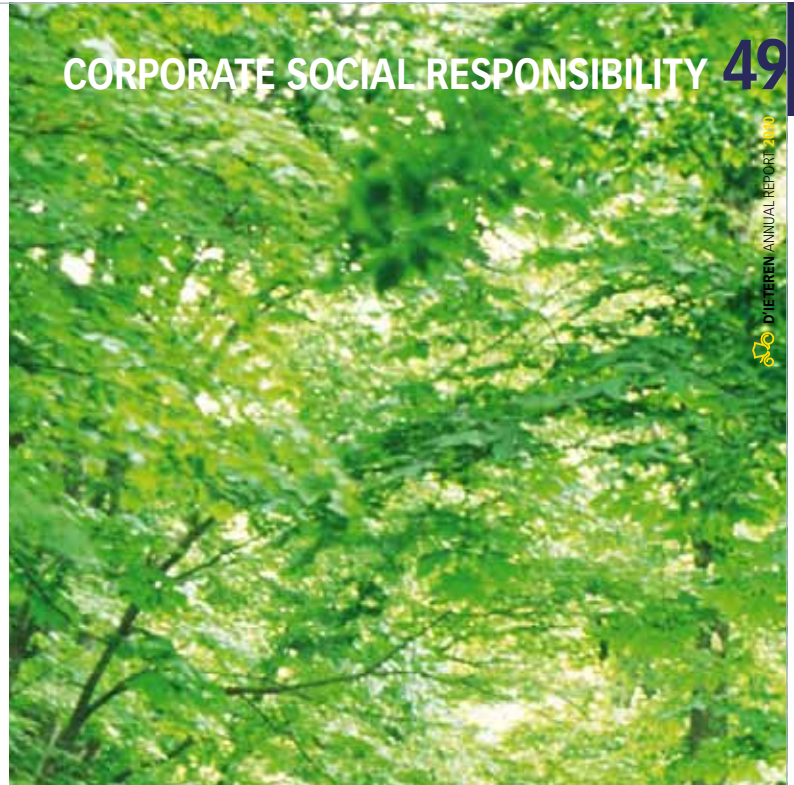
In many rental stations, particularly at airports, locations are shared with other users, therefore limiting Avis Europe's ability to calculate its own energy use. However, where possible, its corporately-owned country headquarters, rental stations and shared service centres have set individual targets for energy consumption. In addition, Avis Europe has forged closer links with certain airport operators to introduce joint environmental initiatives.

During 2010, actions were taken to make buildings more environmentally friendly and make it easier for staff to play their part. Initiatives included:

- > Reducing energy consumption by conducting an internal CO<sub>2</sub> emissions reduction programme. This included energy audits, installing motion sensors into lighting, and changing to lower electricity consumption technology. Measurements in Germany indicate that converting fascia signs to LED technology delivers energy savings of some 85%;
- > Signing the first green electricity contract, under which the entire electricity needs of the European headquarters from April 2011 to March 2012 will be met from 100%

- renewable resources such as wind turbine, biomass and hydro systems;
- > Moving from the current 60-80% towards a 100% target for recycling the company's refuse. Avis Europe recycles all paper, plastic and cans, and where possible has become totally paperless;
- > Using e-learning and video-conferencing to reduce travel. Seven countries now participate, with a resulting significant reduction in European travel;
- > Encouraging carsharing at European headquarters by allocating priority parking spaces for staff who travel together; and
- > Re-cycling water by washing cars with recycled rain water.

**THE  
CARBON  
NEUTRAL  
COMPANY**



ENVIRONMENT: REDUCING OUR ENVIRONMENTAL FOOTPRINT

Belron

Belron has identified two key objectives for minimising its impact on the environment:

- > minimising its glass waste by reducing waste volumes and recycling glass in every Belron business;
- > reducing CO<sub>2</sub> emissions.

Service offer

Repair first

To reduce glass waste Belron continues to actively promote its “Repair first” approach. Repairing a windscreen generates approximately ten times less CO<sub>2</sub> emissions than a replacement and produces significantly less waste.

Mobile service

During 2010, Belron completed a study in France to evaluate the difference in CO<sub>2</sub> produced when a motorist visits a Belron branch compared to using the Belron mobile service. The results estimated that the mobile service produced approximately 35% less CO<sub>2</sub> as a result of the reduction in the number of miles driven.

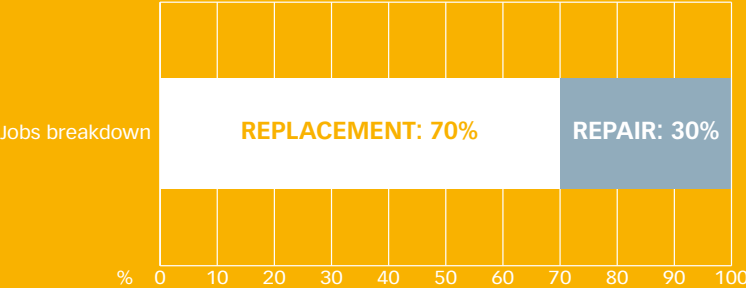
vice produced approximately 35% less CO<sub>2</sub> as a result of the reduction in the number of miles driven.



“Repair first” approach

Belron’s repair first policy saves its customers and insurance partners money. At the same time if the company can repair rather than replace, it has less impact on the environment.

Repairing generates 2,000 times less waste and emits 10 times less CO<sub>2</sub> than replacing a windscreen.





# Operations

## Reducing waste

Belron disposes of glass and other waste using the most environmentally responsible option available and is looking to establish commercial relationships to introduce new vehicle glass recycling plants to some of the countries that it operates in. Belron continues to focus on the impact of its supply chain and is actively reducing product packaging wherever possible. The use of reusable crates in the transportation of glass will have particular significance in the future.

## Reducing CO<sub>2</sub> emissions

To understand, manage and best reduce its CO<sub>2</sub> emissions, Belron has developed its own environmental reporting system. This is a web-based platform allowing business units to reliably monitor and report on their environmental impacts. Thanks to this rigorous and consistent approach, Belron is able to monitor its global emissions and identify the key actions to reduce them.

In 2011 Belron will focus on reducing its fleet emissions (the largest single source of emissions within Belron). This will include reviewing and testing a number of driver-focussed initiatives such as driver training with the objective of not only avoiding unnecessary fuel usage but also to promote and encourage safe driving behaviours.

Belron will also continue to reduce the emissions of its buildings and is implementing new technologies into both new and refurbished facilities as well as adopting formal environmental management systems. A project for 2011 is to develop a set of standards and guidelines for new buildings and refurbishments designed to yield maximum environmental savings.





## ETHICS AND VALUES

To incorporate and sustain corporate social responsibility in the Group, the activities are encouraged to draw up codes of conduct founded on the principles of integrity and transparency to establish the individual and collective ground rules for employees' responsibilities and their relations with internal and external stakeholders.

### D'leteren Auto

At end-2010, D'leteren Auto drew up the bases of a code of conduct, based on values that all employees are asked to subscribe to on joining the company. The code sets out best practices designed to ensure a high-quality

working environment, and to guide relations between members of staff and suppliers, customers and other stakeholders, based on mutual respect and ethics.

### Avis Europe

Avis Europe developed its code of ethics in 2008. It is designed to provide all employees with clear and straightforward guidance about expected standards of behaviour in one document. It includes for instance service standards, brand reputation, payments and gifts, competition policy and share dealing. There is a common core Avis Europe policy although countries are free to add any additional local requirements. The code of conduct is

issued as part of the employment contract and signed by new employees. The company also promotes the code of conduct on country intranets and location noticeboards. Each country was tasked with setting an annual plan to remind employees on the code of conduct. This would use existing country communication channels (e.g. station manager meetings, local road shows, etc.).

### Belron

2010 was a defining year for Belron with the rollout across the world of its global code of ethics known as "Our Way of Working". This has been translated into every group language and launched with a specifically designed awareness session in every Belron business. The majority of Belron employees have been made aware of "Our Way of Working" during 2010 and the target is for every Belron employee to have attended an awareness session by the end of the first quarter



of 2011. To support the rollout and reinforce the importance of "Our Way of Working", Belron has also developed an ethics website.

### Give & Gain

D'leteren Auto organised its first corporate volunteering days at the end of November 2010. During these "Give & Gain" Days, employees devoted an entire working day to helping charitable, social or environmental organisations and discovering the work that they do.

More than 260 employees across all levels in the company enthusiastically agreed to take part as teams in all types of work: social catering, care of the disabled, counselling and coaching for job seekers with poor educational backgrounds, redecorat-



ing, organisation of excursions, site cleaning and maintenance.

All found the experience of volunteering one's time and the team work involved to be exceptionally rewarding.

# SPONSORSHIP AND SOCIAL SOLIDARITY

D'leteren aims to play its part in improving the quality of life in its communities in all three of its activities:

- > by implementing a sponsorship policy;
- > by encouraging its employees to engage personally with communities, especially through corporate volunteering.

## D'leteren Auto

In 2010 the company organised the "Give & Gain" volunteer days for the first time, which were a resounding success. Due to be repeated in 2011, the initiative provided the opportunity for D'leteren Auto personnel to engage personally with the company's corporate social responsibility.

In addition to these "Give & Gain" days, D'leteren Auto also continued to provide financial and practical support (loans of vehicles) for many social projects and charitable organi-

sations, such as the Red Cross, Cap 48 (fundraising for associations for the disabled), Child Focus (Foundation for Missing and Sexually Exploited Children), Médecins du Monde, Make-a-Wish (dedicated to granting the wishes of seriously ill children), Dream (organising meetings between young people completing their education and professionals), Think-Pink (fight against breast cancer), Smiles (medical care to children affected by HIV), etc.

## Avis Europe

On community matters, Avis Europe's corporately-owned operations have made good progress in providing vehicles for community purposes and local environmental improvements. Local management has discretion to support staff who volunteer and fundraise for causes of their choice, and 2010 has seen a lively cross-section of

charitable activities through the company's operations. Examples include staff volunteers running for Action Against Hunger in France or for a hospice care in the UK, and employees supporting the Fairtrade association in Italy. In addition, Avis Europe supports UNICEF on a variety of projects.

## Belron

Caring for communities continues to gain momentum globally and within the business units. An example of this was in Carglass Italy where over a third of employees volunteered their time to open up branches on a Sunday serving over 300 customers. All proceeds raised were donated to Carglass Italy's charity partner "I Bambini delle Fate" foundation. In addition money was raised by selling small Christmas gifts in the branches.

At a global level, 900 Belron employees from 16 countries took part in the London Triathlon on Saturday 7<sup>th</sup> August to raise money for MaAfrika Tikkun. This was the 9<sup>th</sup> year that Belron has taken part in the London Triathlon and was the largest corporate team entry into the largest triathlon in the world. The total amount of money raised by the Belron team was 729,000 EUR, beating the target of 700,000 EUR and 2009 record of 500,000 EUR.

The money raised will go to help support disadvantaged communities in South Africa and more specifically the community centre in Alexandra that was opened in June 2010. This year the Belron competitors were joined by three of the youth leaders for MaAfrika Tikkun who work at the community centre in Alexandra, Johannesburg.



In 2011 Belron will continue to drive ownership for "Giving Back" in every business unit. Working in conjunction with the European Year of Volunteering 2011, Belron will continue to encourage volunteering and skills sharing opportunities throughout the organisation. Once again Belron plans to participate in the London Triathlon with even more employees taking part.





# MANAGEMENT REPORT

## SUMMARY

- > Sales up 12,5%<sup>1</sup> year-on-year to a record 7.1 billion EUR.
- > Current consolidated result before tax, group's share, up 42.6% to 305.4 million EUR, (+35.5% at constant consolidation perimeter, excluding the net impact of the additional interest acquired in Belron, end 2009). This record result is due to outstanding performances in the three segments:
  - D'leteren Auto and corporate activities: 64.9 million EUR, up 51.3% (+76.2% excluding the additional financial charge resulting from the additional interest acquired in Belron, end 2009), due to the strong growth (+14.9%) of the Belgian car market and the market share increase to 20.13% of the makes distributed by D'leteren Auto.
  - Belron: 211.3 million EUR, up 40.5% (+23.3%, excluding the impact of the additional interest acquired in Belron, end 2009), due to higher sales and good cost control, despite higher glass costs, due to supply shortages, and media costs and adverse conditions in certain markets.
  - Avis Europe: 29.2 million EUR, up 39.7%, due to the increase in rental revenue per day and utilisation rate, and lower financial charges. On a like-for-like basis, volumes are up.
- > Group's share in the result for the period<sup>2</sup> up 38.0% to 218.8 million EUR.
- > Group's net debt almost stable at 1.8 billion EUR.
- > Proposed gross dividend: 0.425 EUR per share (2009: 0.325 EUR per share).
- > 2011 current consolidated result before tax, group's share, expected to be flat or slightly up after a record year 2010.

## 1. AUTOMOBILE DISTRIBUTION & CORPORATE ACTIVITIES – D'ITEREN AUTO

- > Belgian market up 14.9% to 547,347 new car registrations.
- > D'Ieteren Auto's share of new car registrations up to 20.13% compared with 19.34% in 2009. This increase is primarily due to the market share gains by Volkswagen, which benefited from the recovery plan introduced in 2009, and by Škoda.
- > New vehicle sales up 14.2% to 2.2 billion EUR, with a trend towards smaller vehicles. Total sales up 11.4% to 2.7 billion EUR.
- > Current operating result up 40.7% to 92.6 million EUR, reflecting higher sales and stable costs.
- > Current result before tax, group's share, up 51.3% to 64.9 million EUR (+76.2% at constant consolidation perimeter).
- > 2011 Belgian market forecast of some 530,000 new car registrations.

### 1.1. Activities and results

D'Ieteren Auto sales stood at 2,732.9 million EUR, a year on year growth of 11.4%. This increase is due to the exceptional Belgian car market in 2010 as it hit a historical high level, together with the increase in market share of the makes distributed by D'Ieteren Auto.

#### New vehicles

2010 new car registrations in Belgium totalled 547,347 units, up 14.9% on the previous year and 2.1% compared with 2008, the previous "car show year". The market was buoyed by CO<sub>2</sub> incentives and the upturn in the fleet market in the second half of the year.

Makes distributed by D'Ieteren Auto reached a market share of 20.13% in 2010, highest level of the decade, compared with 19.34% a year earlier. This increase mainly reflects the progress made by Volkswagen following the recovery plan introduced in 2009 and a substantial destocking campaign in the first semester. Škoda also gained market share, buoyed by good sales of the

Superb. Audi fell back very slightly, as plants were unable to fully meet the increase in demand. Seat's 2009 advance in terms of CO<sub>2</sub> emissions eroded.

The light commercial vehicle market gained 3.1% to 53,343 new registrations. Delivery delays during the first six months were absorbed during the second half of the year. D'Ieteren Auto's share in this market grew from 9.12% in 2009 to 9.33% in 2010.

Total new vehicles, including commercial vehicles, delivered by D'Ieteren Auto in 2010 amounted to 117,951 units, up 18.9% year-on-year. New vehicle sales were up 14.2% to 2,204.4 million EUR, with a strong volume growth partially offset by a less favourable sales mix reflecting the trend towards smaller vehicles, which benefit from environmental premiums.

#### Other activities

Used vehicle sales were down 11.2% to 103.9 million EUR. This decline reflects the defleeting decrease at D'Ieteren Lease.

Sales of spare parts and accessories rose 12.2% to 167.6 million EUR. This strong increase is due to a price increase, favourable weather conditions (sales of body parts and tyres) and to the higher sales of new vehicles (sales of accessories).

After-sales activities by the D'Ieteren Car Centers grew 6.0% to 54.7 million EUR.

Sales by D'Ieteren Lease, active in the long-term rental of D'Ieteren Auto makes, amounted to 141.4 million EUR, down 1.3%.

Sales by D'Ieteren Sport, mainly Yamaha motorbikes, quads and scooters, decreased by 10.9% to 35.8 million EUR, reflecting a declining market and an unfavourable ¥/€ exchange rate. Yamaha retained its No. 2 position in a market characterised by a marked trend to downsize from motorbikes to scooters.

#### Results

The current operating result stood at 92.6 million EUR, up 40.7% year-on-

year. This increase is mainly due to a combination of higher sales of new vehicles, parts and accessories and stable costs.

Total net financial costs were 24.7 million EUR, compared with 21.7 million EUR the previous year. Excluding re-measurements of financial instruments (mainly interest rate swaps and the revaluation of puts granted to the family holding company of Belron's CEO) at fair value, current net financial costs stood at 28.0 million EUR, up 4.9 million EUR from 2009. This increase reflects the combined effect of the increase in average net debt (mainly due to the acquisition of Cobepa's 16.35% shareholding in Belron, partially offset by the reduction in the average debt of D'Ieteren Auto) and the average interest rate.

The current result before tax, group's share, of the Automobile distribution & Corporate segment stood at 64.9 million EUR, an increase of 51.3% year-on-year. Excluding the financial charge of the additional interest acquired in Belron, the increase was 76.2%.



## 1.2. Key developments

A series of new models were successfully launched in 2010, with Volkswagen revamping its entire mid-range (Passat, Touran and Sharan models in particular) at the end of the year. Audi launched the A7 Sportback

and A1, Seat the Alhambra, Škoda the Superb Combi and Porsche the Boxster Spyder.

## 1.3. Activity outlook 2011

Considering the current trend, the Belgian car market is expected to

reach 530,000 new car registrations in 2011. In this market, D'leteren Auto pursues its objective of market share improvement. This year will see a number of models launched or revamped: the Amarok, Golf Cabriolet, New Beetle and Tiguan at Volkswagen and the A6 Saloon at Audi. Škoda is

also set to launch the 2<sup>nd</sup> generation of its ecological GreenLine range, while Porsche will unveil the hybrid version of the Panamera.

# 2. VEHICLE GLASS REPAIR AND REPLACEMENT (VGRR) – BELRON

- > External sales up 15.6% comprising 8.3% organic, fuelled by favourable weather conditions, strong key account relationships and additional marketing investment, 2.4% acquired growth and 4.9% due to currency translation.
- > Current operating result up 18.6%, due to higher sales and good cost control, despite higher glass, due to supply shortages, and media costs and adverse conditions in certain markets.
- > Current result before tax, group's share, up 40.5% to 211.3 million EUR (+23.3% at constant consolidation scope).
- > Acquired growth mainly in the US, Turkey and France where the integration of acquisitions is now complete.
- > Continued organic sales growth anticipated in 2011.

## 2.1. Activities and results

Sales grew by 15.6% to 2,800.9 million EUR consisting of 8.3% organic, 2.4% from acquisitions and 4.9% from currency translations. The currency impact was driven by the Euro weakening against most currencies, most notably the US dollar, the Australian dollar, the Canadian dollar, and the Brazilian real. Total repair and replacement jobs grew by 9.3% to 11.7 million.

In Europe, after both acquisitions and currency translation, sales growth was 14% which consisted of 11% organic growth, 2% acquired growth and a positive currency impact of 1% due to the stronger GBP. The European businesses benefited from favourable winter weather conditions. The sales growth was also delivered through increased marketing activities and by

maintaining close relationships with insurers and fleet partners. The acquisition growth is predominantly due to acquisitions in Turkey and France during the first quarter.

Outside Europe, after both acquisitions and currency translation, sales growth amounted to 18%. This consisted of 5% organic growth, 3% acquired growth and 10% from currency translation. The organic growth was moderate, due to adverse weather conditions in Canada, and market conditions in Brazil. The acquired growth is primarily due to the acquisition of the US VGRR business of IGD Industries which was effective from the beginning of October 2009.

Compared to an exceptional year 2009, current operating result increased to 255.6 million EUR (2009: 215.5 million

EUR) as a result of higher sales across the portfolio of businesses, lower long term executive incentive scheme costs and a favourable currency impact and despite higher glass costs due to supply shortages, higher media costs and adverse market conditions in Canada and Brazil.

Unusual costs before tax were 6.4 million EUR and mainly relate to the integration of the US IGD acquisition as well as the recent French acquisition. Re-measurements include the amortization of intangibles resulting from acquisitions and changes in the fair value of derivatives.

Net finance costs were 28.9 million EUR (2009: 27.4 million EUR). Before re-measurements resulting from the changes in the fair value of derivatives, current net finance costs in-

creased from 28.5 million EUR in 2009 to 29.0 million EUR with lower interest rates offsetting the impact of higher borrowings.

Current result before tax, group's share, rose by 40.5% to 211.3 million EUR (2009: 150.4 million EUR).

During the second quarter of 2010, Belron paid dividends relating to 2009 profits of 100 million EUR to its shareholders, of which D'leteren's share was 93.7 million EUR.

## 2.2. Key developments

Belron seeks to deliver an outstanding and convenient service to every customer it serves. The group continued to build strong relationships with its insurer and fleet partners. These relationships are built upon Belron provid-



ing value to its partners by preventing future replacements through promoting repair, by working in a responsible manner and by making the customer service experience exceptional. During 2010, the business continued to develop its brands primarily through television and radio advertising. In addition, Belron has further refined its internet presence making it easier for customers to access the business and book appointments on line.

The business has further developed and rolled out new tools and processes to ensure that the work it performs is to the highest standard. This

included the opening of new distribution centres in Calgary and Atlanta, the latter being the largest Belron facility to date. This completes the major upgrade of its North American distribution centres which, apart from providing a better service to the customers, significantly reduces the mileage travelled and improves energy efficiency.

At the start of the year the former Turkish franchisee was acquired and towards the end of the year Belron entered the Russian market through the acquisition of the VGRR operations of Mobiscar, the leading

Russian VGRR and wholesale business with 17 branches in four major Russian cities including Moscow and St Petersburg. During the year Belron also acquired businesses based in China with branches located in Jinan, Hangzhou, Shenzhen and Dongguan which complement the existing operation in Qingdao. Elsewhere Belron completed several bolt-on acquisitions and signed a franchise agreement in Estonia. The business terminated its franchise agreement in the Czech Republic. Belron now operates in 33 countries.

### 2.3. Activity outlook 2011

The outlook for 2011 is for continued organic sales growth. Belron remains committed to delivering outstanding service to its customers, its insurer and fleet partners, and improving its operational efficiency.

## 3. SHORT-TERM CAR RENTAL – AVIS EUROPE

- > Progressive improvement in like-for-like<sup>4</sup> volumes.
- > Rental revenue per day ahead by 1.6% at constant currency.
- > Continued tight cost discipline and with full benefits of prior year restructuring actions delivered.
- > Utilisation rate up 100 bp to 73.9%.
- > Substantial reduction in net finance costs as a result of both lower debt levels and reduced interest rates.
- > Current operating result growth of 4.6% to 108.2 million EUR.
- > Current result before tax, group's share, 39.7% higher to 29.2 million EUR.

*The following extracts are taken from the press release issued by Avis Europe plc on 28 February 2011 (full version available on Avis Europe's website: [www.avis-europe.com](http://www.avis-europe.com)).*

### 3.1. Activities and results

"Rental income<sup>5</sup> was 3.3% higher at 1,200 million EUR, primarily reflecting the improved pricing performance in the corporately-owned segment and the resumption of growth from the Avis licensees segment. Rental income from the corporately-owned business segment was 3.1% higher at 1,153.4 million EUR in reported currency and 2.3% higher on a constant

currency basis.

Billed days were 0.1% lower overall and 0.8% ahead on a like-for-like<sup>4</sup> basis. Avis Europe has seen an improving trend in the majority of countries throughout the year, with billed days well ahead in the second half, offsetting a softer first half.

Avis Europe increased rental revenue per day by 2.4% on a reported basis and 1.6% on a constant currency basis with a particularly strong performance in the first half, which included a circa 1% pt benefit from one-way rentals during the ash cloud period. Avis

Europe successfully yielded the business across the summer, but since August reported rental revenue per day was lower, due to the longer rental length offered by the success of Avis Flex and customers extending rentals during adverse weather conditions.

Revenue from the Avis licensee segment was 4.6% higher on a constant currency basis, with most regions ahead of prior year, and 13.4% higher on a reported basis as a consequence of the translation benefit from favourable exchange rates. Reported Budget licensee segment revenue was 6.8% lower, with the reduction in fees due to

the transfer of Holland and Germany to corporately-owned operations being partially offset by the continued growth of the diverse network.

Underlying operating profit was 4.8 million EUR higher than the comparative period reflecting operating profit flow from the improvements in rental rate per day, and continued tight control of costs. Cost of sales of 665.8 million EUR was 23.6 million EUR or 3.7% higher than prior year. Fleet costs only increased by 8.2 million EUR or 2.0%, benefiting from the 100 basis points improvement in utilisation. During the year, Avis Europe



took advantage of continued stabilisation in the used car markets to accelerate the rotation of its fleet post the peak summer period, thereby reducing the age of its vehicles. Other cost of sales was 15.5 million EUR or 6.4% higher, partly reflecting the increase in the market price of fuel, higher level of gas sales and the resumption of investment in marketing activities to support the brands. Administrative expenses of 419.1 million EUR were 10.2 million EUR or 2.5% above prior year. Staff costs were 4.6 million EUR or 1.8% higher. At constant currency and excluding the impact of share option and related charges and ordinary restructuring costs, staff costs were 1.1% lower. Avis Europe further maintained tight control of recruitment, with average staff numbers in the year reduced by 2.9% to 5,163, and continued the prior year salary freeze for the first quarter of the year. Overheads were marginally higher reflecting higher receivable provisions given the economic climate, and the translation effect on sterling-denominated head-office costs.

The underlying net finance costs of 59.5 million EUR were 8.8 million EUR lower, reflecting the reduction in the underlying average net debt for the year and the benefit of lower interest rates, as existing hedging expired, partly offset by lower deposit rates on the higher average gross cash deposits held. The effective borrowing rate was 6.5% (2009: 6.7%) and deposit rate was 0.5% (2009: 1.2%).

An exceptional charge before taxation of 0.6 million EUR was recognised in the year. Certain costs expensed in the year in conjunction with the Rights Issue and refinancing are recognised as exceptional costs. These were largely offset by the gain on disposal of a material leasehold interest in a UK property. In the prior year, 21.8 million EUR of restructuring costs were recognised in respect of rationalisation of operations.

### 3.2. Operational review

2010 has seen a progressive return to growth in the car rental industry as global economic conditions have stabilised, albeit with a number of unforeseen disruptions to the travel industry during the year. This has enabled Avis Europe to continue its focus on driving further improvements in pricing together with a tight control of costs and capital. At the same time, Avis Europe invested in future growth opportunities, particularly its continued expansion in China and introducing new mobility customer offerings.

#### ***Progressive improvement in rental income***

Through both market recovery and own actions to gain market share, Avis Europe saw a progressive improvement in volumes in its corporately-owned segment during the year with billed days turning positive in the second half, leading to a like-for-like<sup>4</sup> increase of 0.8% for the full year. An improving macroeconomic environment, geographic diversification, brand leadership and service differentiation all contributed to this performance.

Avis Europe has continued to monitor capacity levels closely, capitalising on the investments made in revenue management and seeking to optimise customer mix. These actions have all helped to achieve a 1.6% improvement in constant currency rental revenue per day.

#### ***Tight cost discipline and further improvement in utilisation***

Following the substantial reduction of the fixed cost base in 2009, Avis Europe continued to focus on maintaining discipline over all cost lines. The strong focus on fleet costs remains and Avis Europe is presently rolling out a new system to help minimise vehicle holding costs by further

optimising the rotation of vehicles on the rental fleet. Avis Europe has increased utilisation by a further 100 basis points to 73.9%, in addition to the 390 basis point step-change improvement achieved in the prior year.

### 3.3. Activity outlook 2011

Avis Europe's dual-brand strategy and global reach is well placed to drive growth and benefit from the improving economic climate in most of its main markets. While visibility remains limited, particularly in Spain, Avis Europe expects overall volumes to further improve and will continue to seek to enhance pricing.

Costs and capital discipline also remain key and Avis Europe continues to focus on improving utilisation. Furthermore, net finance costs will reduce year-on-year, benefiting from cash flow performance and the full year effect of the Rights Issue. Avis Europe therefore expects further increase in its underlying pre-tax margin during 2011.

In addition to the focus on its traditional core markets, benefiting from the Avis and Budget brand strengths and close attention to quality of service, Avis Europe will also continue to invest in future profitable growth opportunities, particularly its ongoing expansion in China and other fast growing markets, and innovate through the introduction of further new mobility customer offers. The Board of Avis Europe remains confident of further progress in the year ahead."

*End of extracts.*

## NOTE ON THE FINANCING OF D'ITEREN'S ACTIVITIES

The three activities of the D'iteren Group are financed autonomously and independently of each other.

Net debt of the D'iteren Auto / Corporate segment declined slightly from 570.5 to 555.1 million EUR, despite D'iteren's full exercise of its rights entitlement (111 million EUR) in Avis Europe's Rights Issue.

Belron's net debt rose from 449.4 to 736.8 million EUR, mainly due to payment of the dividend, the long-term incentive plan for management for the period 2005 - 2009 and acquisitions. In early-2011, Belron took out a new 250 million USD loan from US institutional investors (maturities in 2018, 2021 and 2023).

At Avis Europe, the Rights Issue of 150 million GBP, net of costs, conducted in conjunction with the 375 million EUR refinancing of its revolving credit facility, and the cash flow generated during the year brought down net debt by 219.2 million EUR to 531.1 million EUR.

## OUTLOOK FOR FY 2011 CURRENT CONSOLIDATED RESULT BEFORE TAX, GROUP'S SHARE

Based on the current outlook for the three activities, and absent unforeseen events, D'iteren expects its current consolidated result before tax, group's share, to be flat or slightly up, after a record year 2010.

### Notes:

1. External sales of Avis Europe include rental income and the disposal proceeds on non-repurchase vehicles. Excluding disposal proceeds on non-repurchase vehicles at Avis Europe, Group sales are up 11.5% to 6.7 billion EUR.
2. Result attributable to equity holders of D'iteren, as defined by IAS 1.
3. At constant consolidation perimeter.
4. Like-for-like measures include only subsidiaries and rental agencies that were in operation throughout all of the current and previous years.
5. As published by Avis Europe.



# CONSOLIDATED FINANCIAL STATEMENTS 2010.





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# CONSOLIDATED INCOME STATEMENT

Year ended 31 December

EUR million	Notes	2010			2009		
		Current items <sup>(1)</sup>	Unusual items and re-measurements <sup>(1)</sup>	Total	Current items <sup>(1)</sup>	Unusual items and re-measurements <sup>(1)</sup>	Total
<b>Sales</b>	4	<b>7,053.6</b>	<b>-</b>	<b>7,053.6</b>	<b>6,269.7</b>	<b>-</b>	<b>6,269.7</b>
Cost of sales		-4,821.7	1.2	-4,820.5	-4,249.0	8.4	-4,240.6
<b>Gross margin</b>		<b>2,231.9</b>	<b>1.2</b>	<b>2,233.1</b>	<b>2,020.7</b>	<b>8.4</b>	<b>2,029.1</b>
Commercial and administrative expenses		-1,762.5	-22.4	-1,784.9	-1,618.6	-23.8	-1,642.4
Other operating income		0.6	4.8	5.4	0.7	0.1	0.8
Other operating expenses		-13.6	-20.0	-33.6	-18.1	-39.6	-57.7
<b>Operating result</b>	5	<b>456.4</b>	<b>-36.4</b>	<b>420.0</b>	<b>384.7</b>	<b>-54.9</b>	<b>329.8</b>
Net finance costs	6	-116.5	4.6	-111.9	-119.9	5.3	-114.6
<b>Result before tax</b>	9	<b>339.9</b>	<b>-31.8</b>	<b>308.1</b>	<b>264.8</b>	<b>-49.6</b>	<b>215.2</b>
Share of result of entities accounted for using the equity method	7	2.8	-	2.8	0.8	-	0.8
Tax expense	8	-86.3	11.6	-74.7	-44.0	11.0	-33.0
<b>Result from continuing operations</b>		<b>256.4</b>	<b>-20.2</b>	<b>236.2</b>	<b>221.6</b>	<b>-38.6</b>	<b>183.0</b>
Discontinued operations		-	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>		<b>256.4</b>	<b>-20.2</b>	<b>236.2</b>	<b>221.6</b>	<b>-38.6</b>	<b>183.0</b>
<b>Result attributable to:</b>							
<b>Equity holders of the Parent</b>	9	<b>234.2</b>	<b>-15.4</b>	<b>218.8</b>	<b>182.8</b>	<b>-24.3</b>	<b>158.5</b>
Non-controlling interest		22.2	-4.8	17.4	38.8	-14.3	24.5
Earnings per share for result for the period attributable to equity holders of the Parent							
Basic (EUR)	10	4.26	-0.29	3.97	3.33	-0.44	2.89
Diluted (EUR)	10	4.23	-0.28	3.95	3.32	-0.44	2.88

(1) See summary of significant accounting policies in note 2 and unusual items and re-measurements in note 9.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

EUR million	Notes	2010	2009
Result for the period		236.2	183.0
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations	20	22.6	-32.8
Translation differences		10.7	11.8
Fair value of available-for-sale financial instruments		0.1	-
Cash flow hedges: fair value gains (losses) in equity		-9.4	-4.8
Cash flow hedges: transferred to income statement		10.0	2.6
Share-based payments		2.7	0.9
Tax relating to actuarial gains (losses) on employee benefit obligations		-8.6	8.9
Tax relating to translation differences		3.3	1.0
Tax relating to cash flow hedges		-0.8	0.8
Tax relating to share-based payments		1.2	-
Subtotal		31.8	-11.6
<b>Total comprehensive income for the period</b>		<b>268.0</b>	<b>171.4</b>
being: attributable to equity holders of the Parent		241.3	150.1
attributable to non-controlling interest		26.7	21.3

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

EUR million	Notes	2010	2009
Goodwill	11	1,004.6	939.8
Other intangible assets	13	792.2	776.2
Vehicles	14	658.3	671.9
Other property, plant and equipment	15	475.4	419.1
Investment property	16	5.8	6.3
Equity accounted investments	7	20.3	15.5
Available-for-sale financial assets	17	1.2	1.0
Derivative hedging instruments	18	4.8	-
Derivatives held for trading	19	2.2	1.9
Long-term employee benefit assets	20	39.2	14.6
Deferred tax assets	21	92.3	98.1
Other receivables	22	4.0	3.5
<b>Non-current assets</b>		<b>3,100.3</b>	<b>2,947.9</b>
Non-current assets classified as held for sale	23	1.7	-
Inventories	24	551.4	467.6
Derivative hedging instruments	18	0.1	0.8
Derivatives held for trading	19	19.7	19.0
Other financial assets	25	25.9	25.9
Current tax assets	26	5.9	2.3
Trade and other receivables	27	1,384.9	1,295.4
Cash and cash equivalents	28	267.2	348.2
<b>Current assets</b>		<b>2,256.8</b>	<b>2,159.2</b>
<b>TOTAL ASSETS</b>		<b>5,357.1</b>	<b>5,107.1</b>
Capital and reserves attributable to equity holders		1,250.6	1,028.5
Non-controlling interest		214.1	126.1
<b>Equity</b>		<b>1,464.7</b>	<b>1,154.6</b>
Long-term employee benefit obligations	20	110.1	127.6
Other provisions	30	96.1	62.8
Derivative hedging instruments	18	17.3	41.8
Borrowings	31/32	1,738.6	1,543.8
Derivatives held for trading	19	0.1	0.3
Put options granted to non-controlling shareholders	33	163.0	113.0
Other payables	34	13.3	6.1
Deferred tax liabilities	21	156.6	147.5
<b>Non-current liabilities</b>		<b>2,295.1</b>	<b>2,042.9</b>
Provisions	30	25.3	222.1
Derivative hedging instruments	18	12.9	20.9
Borrowings	31/32	356.2	549.2
Derivatives held for trading	19	24.6	35.7
Current tax liabilities	26	60.7	87.9
Trade and other payables	35	1,117.6	993.8
<b>Current liabilities</b>		<b>1,597.3</b>	<b>1,909.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,357.1</b>	<b>5,107.1</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December

EUR million	Capital and reserves attributable to equity holders										Total Group's share	Non- controlling interest	Equity
	Share capital	Share premium	Treasury shares	Share- based payment reserve	Fair value reserve	Hedging reserve	Retained earnings	Actuarial gains and losses	Taxes	Cumu- lative translation differences			
<b>At 1 January 2009</b>	<b>160.0</b>	<b>24.4</b>	<b>-19.0</b>	<b>1.8</b>	<b>0.1</b>	<b>-1.4</b>	<b>789.3</b>	<b>-33.7</b>	<b>13.2</b>	<b>-38.6</b>	<b>896.1</b>	<b>134.7</b>	<b>1,030.8</b>
Treasury shares	-	-	-1.2	-	-	-	-	-	-	-	-1.2	-0.8	-2.0
Dividend 2008 paid in 2009	-	-	-	-	-	-	-16.5	-	-	-	-16.5	-22.1	-38.6
Put options treatment - Movement of the period	-	-	-	-	-	-	-	-	-	-	-	-5.6	-5.6
Other movements	-	-	-	-	-	-	-	-	-	-	-	-1.4	-1.4
Total comprehensive income	-	-	-	0.8	-	-1.7	158.5	-23.3	7.3	8.5	150.1	21.3	171.4
<b>At 31 December 2009</b>	<b>160.0</b>	<b>24.4</b>	<b>-20.2</b>	<b>2.6</b>	<b>0.1</b>	<b>-3.1</b>	<b>931.3</b>	<b>-57.0</b>	<b>20.5</b>	<b>-30.1</b>	<b>1,028.5</b>	<b>126.1</b>	<b>1,154.6</b>
Treasury shares	-	-	4.6	-	-	-	-	-	-	-	4.6	-	4.6
Dividend 2009 paid in 2010	-	-	-	-	-	-	-17.9	-	-	-	-17.9	-6.3	-24.2
Put options treatment - Movement of the period	-	-	-	-	-	-	-2.6	-	-	-	-2.6	-3.8	-6.4
Other movements	-	-	-	-	-	-	-3.3	-	-	-	-3.3	71.4	68.1
Total comprehensive income	-	-	-	1.9	-	-0.2	218.8	18.6	-4.6	6.8	241.3	26.7	268.0
<b>At 31 December 2010</b>	<b>160.0</b>	<b>24.4</b>	<b>-15.6</b>	<b>4.5</b>	<b>0.1</b>	<b>-3.3</b>	<b>1,126.3</b>	<b>-38.4</b>	<b>15.9</b>	<b>-23.3</b>	<b>1,250.6</b>	<b>214.1</b>	<b>1,464.7</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

EUR million	Notes	2010	2009
<b>Cash flows from operating activities</b>			
Operating profit from continuing operations		420.0	329.8
Depreciation of vehicles for rent-a-car and operating lease activities	5	166.8	184.8
Depreciation of other items	5	93.4	83.4
Amortisation of Avis licence rights	9	13.7	13.7
Amortisation of other intangible assets	5	31.6	27.5
Impairment losses on goodwill and other non-current assets		-	0.6
Non-cash operating lease charge on buy-back agreements	5	143.4	135.7
Other non-cash items	9	-164.5	47.0
Retirement benefit obligations		-29.4	-28.6
Other cash items		-1.1	1.8
Net receipts/(payments) with respect to vehicles purchased under buy-back agreements		-99.7	132.8
Purchase of vehicles for rent-a-car and operating lease activities <sup>(1)</sup>		-537.2	-447.1
Sale of vehicles for rent-a-car and operating lease activities <sup>(1)</sup>		431.9	370.7
Change in net working capital		-40.5	201.1
<b>Cash generated from operations</b>		<b>428.4</b>	<b>1,053.2</b>
Tax paid		-93.7	-36.2
<b>Net cash from operating activities</b>		<b>334.7</b>	<b>1,017.0</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets (excl. vehicles)		-147.7	-115.6
Sale of fixed assets (excl. vehicles)		3.6	3.7
<b>Net capital expenditure</b>		<b>-144.1</b>	<b>-111.9</b>
Acquisition of non-controlling interest	9	-0.3	-275.1
Acquisition of subsidiaries	9/12	-29.9	-16.7
Disposal of non-controlling interest	9	16.6	-
Net investment in other financial assets	25	-2.5	21.2
<b>Net cash from investing activities</b>		<b>-160.2</b>	<b>-382.5</b>
<b>Cash flows from financing activities</b>			
Net proceeds from rights issue		69.3	-
Net acquisition of treasury shares		3.3	-3.4
Net capital element of finance lease payments		-70.8	-68.0
Net change in other borrowings		-116.1	-157.4
Net interest paid		-117.4	-120.7
Dividends paid by Parent	29	-17.9	-16.5
Dividends received from/(paid by) subsidiaries		-6.0	-22.1
<b>Net cash from financing activities</b>		<b>-255.6</b>	<b>-388.1</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>		<b>-81.1</b>	<b>246.4</b>
<b>Reconciliation with statement of financial position</b>			
Cash at beginning of period	28	91.5	68.8
Cash equivalents at beginning of period	28	256.7	29.1
<b>Cash and cash equivalents at beginning of period</b>	<b>28</b>	<b>348.2</b>	<b>97.9</b>
Total cash flow for the period		-81.1	246.4
Translation differences		0.1	3.9
<b>Cash and cash equivalents at end of period</b>	<b>28</b>	<b>267.2</b>	<b>348.2</b>

(1) Excluding vehicles held under buy-back agreements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: GENERAL INFORMATION

s.a. D'leteren n.v. (the Company or the Parent) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 29. The address of the Company's registered office is:

Rue du Mail 50  
B-1050 Brussels

The Company and its subsidiaries (together the Group) form an international group, active in three sectors of services to the motorist:

- Automobile distribution in Belgium of Volkswagen, Audi, Seat, Skoda, Bentley, Lamborghini, Bugatti, Porsche, and Yamaha;
- Short-term car rental in Europe, Africa, the Middle East and Asia through Avis Europe plc and the Avis and Budget brands;
- Vehicle glass repair and replacement in Europe, North and South America, Australia and New Zealand through Belron s.a. and notably its CARGLASS®, AUTOGLASS® and SAFELITE® AUTO GLASS brands.

The Group is present in some 120 countries on 5 continents, serving over 19 million customers.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2011.

The owners of the Company have the power to amend the consolidated financial statements after issue at the Annual General Meeting of Shareholders, which will be held on 26 May 2011.

### NOTE 2: ACCOUNTING POLICIES

#### Note 2.1: Basis of Preparation

These 2010 consolidated financial statements are for the 12 months ended 31 December 2010. They have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the related International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective, or issued and early adopted as at 31 December 2010 which have been adopted by the European Union ("EU"). They correspond to the standards and interpretations issued by the International Accounting Standards Board ("IASB") and effective as at 31 December 2010.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 2.2. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, money market assets classified within cash and cash equivalents and derivative instruments that have been measured at fair value.

These consolidated financial statements are prepared on an accruals basis and on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the relevant notes.

**NOTE 2: ACCOUNTING POLICIES (continued)**

The following new standards, amendments to standards and interpretations are mandatory for the first time for the Group's accounting period beginning 1 January 2010:

- IFRS 3 (Revised) "Business Combinations". The new requirements are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The Group applies IFRS 3 (Revised) prospectively to all business combinations as from 1 January 2010;
- IAS 27 (Revised) "Consolidated and Separate Financial Statements". The revised standard requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The Group applies IAS 27 (Revised) prospectively to transactions with non-controlling interest as from 1 January 2010;
- Amendment to IFRS 2 "Share Based Payments – Group Cash-settled Arrangements" (effective 1 January 2010). This interpretation has no significant impact on the Group's consolidated financial statements;
- Amendment to IAS 39 "Financial Instruments – Recognition and Measurement on Eligible Hedged Items" (effective 1 July 2009);
- IFRIC 12 "Service Concession Arrangements" (effective 30 March 2009);
- IFRIC 15 "Agreements for Conclusion of Real Estate" (effective 1 January 2010). This interpretation has no significant impact on the Group's consolidated financial statements;
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective 1 July 2009). This interpretation has no significant impact on the Group's consolidated financial statements;
- IFRIC 17 "Distribution of Non-Cash Assets to Owners" (effective 1 July 2009). This interpretation has no significant impact on the Group's consolidated financial statements;
- IFRIC 18 "Transfers of Assets from Customers" (effective 31 October 2009). This interpretation has no significant impact on the Group's consolidated financial statements;
- Improvements to IFRSs (issued by the IASB in May 2008). These improvements have no significant impact on the Group's consolidated financial statements;
- Improvements to IFRSs (issued by the IASB in April 2009). These improvements have no significant impact on the Group's consolidated financial statements.

On 20 December 2010, the Extraordinary General Meeting of Shareholders has approved the proposal of the Board of Directors to divide by ten the ordinary shares and the participating shares, by way of exchange. After this split (which was effective 27 December 2010), the number of ordinary shares and participating shares issued by the Parent amounts respectively to 55,302,620 and 5,000,000. As required by IAS 33, the basic and diluted earnings per share for the period ended 31 December 2009 have been restated and divided by ten to reflect this ten for one share split. This restatement has had no other impact.

The standards, amendments and interpretations to existing standards that have been published by the IASB and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods but which the Group has not early adopted, are:

- Amendment to IAS 24 "Related Party Disclosures" (effective 1 January 2011);
- Amendment to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issues" (effective 1 February 2010);
- IFRS 9 "Financial Instruments: Classification and Measurement" (effective 1 January 2013 – subject to endorsement by the EU);
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" (effective 1 January 2011);
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective 1 January 2011);
- Improvements to IFRSs (issued by the IASB in May 2010 – subject to endorsement by the EU).

The Group is currently assessing the impact of the new standards, interpretations and amendments listed above.

**Note 2.2: Summary of Significant Accounting Policies**

The estimates of amounts reported in the interim financial reporting have not been changed significantly during the final interim period of the financial year.

**Principles of Consolidation***Subsidiary undertakings*

Subsidiary undertakings, which are those entities in which the Group has, directly or indirectly, an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations are consolidated. Subsidiaries are consolidated from the date that control is transferred to the Group, and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



**NOTE 2: ACCOUNTING POLICIES (continued)***Associated undertakings*

Investments in associated undertakings are accounted for using the equity method and are initially recognised at cost. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated. The Group's investment in associated undertakings includes goodwill on acquisition. The Group's share of profit from the associate represents the Group's share of the associate's profit after tax.

Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking.

*Interests in joint ventures*

Interests in jointly controlled entities are recognised using the equity method. The above principles regarding associated undertakings are also applicable to joint ventures.

**Foreign Currency Translation**

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate ruling on the statement of financial position date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange movements arising from the retranslation at closing rates of the Group's net investment in subsidiaries, joint ventures and associates are taken to the translation reserve. The Group's net investment includes the Group's share of net assets of subsidiaries, joint ventures and associates, and certain inter-company loans. The net investment definition includes loans between "sister" companies and certain inter-company items denominated in any currency. Other exchange movements are taken to the income statement.

Where the Group hedges net investments in foreign operations, the gains and losses relating to the effective portion of the hedging instrument are recognised in the translation reserve in equity. The gain or loss relating to any ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

**Goodwill**

The Group applies IFRS 3 (Revised) prospectively to all business combinations as 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. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed constitutes goodwill, and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Business combinations prior to 1 January 2010 were accounted for by applying the purchase method. The excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised in accordance with IFRS 3 was goodwill, and was recognised as an asset. Transaction costs directly attributable to the acquisition were capitalised as part of the cost of the acquisition.

**Intangible Assets**

An item of intangible assets is valued at its cost less any accumulated amortisation and any accumulated impairment losses.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group which have probable economic benefits exceeding the cost beyond one year, are recognised as intangible assets.



## NOTE 2: ACCOUNTING POLICIES (continued)

Intangible assets with a finite useful life are amortised over their useful life in accordance with the following methods:

- Computer software programmes: straight-line method over 2 to 7 years;
- Avis licence rights: straight-line method until 2036 (the licenses being held until that year);
- Safelite's customer contracts: straight-line method over 10 years;
- Cindy Rowe's customer contracts: straight-line method over 7 years;
- Diamond's customer contracts: straight-line method over 7 years;
- IGD's customer contracts: straight-line method over 7 years;
- Car et Bus customer contracts: straight-line method over 10 years;
- AUTO GLASS SPECIALISTS® and ELITE AUTO GLASS™ brands: straight-line method over 2.5 years (as from 1 July 2008);
- DIAMOND TRIUMPH GLASS™ brand: straight-line method over 24 months (as from 1 July 2008);
- CINDY ROWE AUTO GLASS™ brand: straight-line method over 3 years (as from 1 January 2009);
- Auto Glass Center Inc and Alliance Claims Solutions brands (IGD acquisition): straight-line method over 3 years (as from 1 October 2009);
- Car et Bus® brand: straight-line method over 2 years (as from 1 March 2010).

When brands are expected to generate net cash inflows during a limited period, they are amortised over their remaining useful lives.

The brands CARGLASS® and AUTOGLASS®, acquired in 1999, as well as GLASPRO™, SPEEDY GLASS®, APPLE AUTO GLASS® and WINDSHIELD PROS™ acquired in 2005, as well as SAFELITE® AUTO GLASS acquired in 2007, have indefinite useful lives, since there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

For any intangible asset with a finite or indefinite useful life, where an indication of impairment exists, its carrying amount is assessed and written down immediately to its recoverable amount.

### Research and Development

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the Group has the intention to complete the intangible asset and use or sell it;
- (c) the Group has ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) the Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Property, Plant and Equipment

An item of property, plant and equipment is initially measured at cost. This cost comprises its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. If applicable, the initial estimate of the cost of dismantling and removing the item and restoring the site is also included in the cost of the item. After initial recognition, the item is carried at its cost less any accumulated depreciation and any accumulated impairment losses. The depreciable amount of the item is allocated according to the straight-line method over its useful life.

The main depreciation periods are the following:

- Buildings: 40 to 50 years;
- Plant and equipment: 3 to 15 years;
- IT equipment: 2 to 7 years;
- Leased assets: depending on the length of the lease.

Straight-line depreciation on the vehicle fleet is based on the acquisition costs of the vehicles, estimates of their future residual values, and expected holding periods.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

**NOTE 2: ACCOUNTING POLICIES (continued)****Leases***Operating leases for which the Group is the lessor*

Assets leased out under operating leases (other than vehicles sold under buy-back agreements) are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

*Operating leases for which the Group is the lessee*

Lease payments under operating leases are recognised as expenses in the income statement on a straight-line basis over the lease term.

*Finance leases for which the Group is the lessee*

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

*Vehicles sold under buy-back agreements*

Vehicles sold under buy-back agreements are accounted for as operating leases (lessor accounting), and are presented in the statement of financial position under inventories. The difference between the sale price and the repurchase price (buy-back obligation) is considered as deferred income, while buy-back obligations are recognised in trade payables.

*Vehicles purchased under buy-back agreements*

Vehicles purchased under buy-back agreements are not recognised as assets since these arrangements are accounted for as operating leases (lessee accounting). The difference between the purchase price and the resale price (buy-back obligation of the supplier) is considered as deferred expense, while a trade receivable is recognised for the resale price.

**Investment Properties**

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Items that are not interchangeable, like new vehicles and second-hand vehicles, are valued using specific identification of their individual costs. Other items are valued using the first in, first out or weighted average cost formula. When inventories are used, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. Losses and write-downs of inventories are recognised in the period in which they occur. Reversal of a write-down is recognised as a credit to cost of sales in the period in which the reversal occurs.

Vehicles not subject to buy-back agreements are classified within inventories, upon which they cease to be depreciated and are measured at the lower of carrying amount and fair value less selling costs.

**Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term (maximum 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Equity**

Where the Company (or its subsidiaries) reacquires its own equity instruments, those instruments are deducted from equity as treasury shares. Where such equity instruments are subsequently sold, any consideration received is recognised in equity.

Dividends to holders of equity instruments proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date; they are presented in equity.

**Provisions**

A provision is recognised when:

- there is 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.



**NOTE 2: ACCOUNTING POLICIES (continued)**

If these conditions are not met, no provision is recognised.

**Post-employment Employee Benefits**

The Group has various defined benefit pension plans and defined contribution pension plans. Most of these plans are funded schemes, i.e. they are financed through a pension fund or an external insurance policy. The minimum funding level of these schemes is defined by national rules.

Payments to *defined contribution pension plans* are charged as an expense as they fall due.

The Group's commitments under *defined benefit pension plans*, and the related costs, are valued using the "projected unit credit method", with actuarial valuations being carried out at least on a yearly basis. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The long-term employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of any refunds and reductions in future contributions to the plan.

**Financial Instruments Excluding Derivatives**

IAS 32 and 39 are applied to measure financial instruments:

- (a) Available-for-sale financial assets are measured at fair value through equity. Impairment losses are recorded in the income statement.
- (b) The carrying amount of treasury shares is deducted from equity.
- (c) Trade and other receivables are measured at their amortised cost using the effective interest method, as reduced by appropriate allowances for irrecoverable amounts.
- (d) Financial assets held for trading are measured at fair value.
- (e) Trade and other payables, as well as borrowings, are measured at amortised cost using the effective interest method.

**Financial Instruments – Derivatives**

Derivatives are used as hedges in the financing and financial risk management of the Group.

IAS 32 and IAS 39 are applied. The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and options to hedge these exposures. The Group does not use derivatives for speculative purposes. However, certain financial derivative transactions, while constituting effective economic hedges, do not qualify for hedge accounting under the specific rules in IAS 39.

Derivatives are recorded initially at fair value. Unless accounted for as hedges, they are classified as held for trading and are subsequently measured at fair value.

Changes in fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is a firm commitment or the forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss recognised in equity is transferred to profit or loss in accordance with IAS 39.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in income statement.

**Put Options Granted to Non-Controlling Shareholders**

The Group is committed to acquiring the non-controlling shareholdings owned by third parties in Belron, should these third parties wish to exercise their put options. IAS 32 requires that the exercise price of such options granted to non-controlling interest be reflected as a financial liability in the consolidated statement of financial position. For put options granted to non-controlling interest prior to 1 January 2010, the goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate.

**NOTE 2: ACCOUNTING POLICIES (continued)**

For put options granted to non-controlling interest as from 1 January 2010, at inception, in accordance with IAS 27 revised and IAS32, the difference between the consideration received and the exercise price of the options granted is recognised against equity group's share. At each period end, in accordance with IAS 39, the re-measurement of the financial liability resulting from these options will be recognised in the consolidated income statement as a re-measurement item in net finance costs.

**Revenue Recognition**

Revenue from the *sale of goods* is recognised when all the following conditions have been satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of transaction can be measured reliably.

When the outcome of a transaction involving the *rendering of services* can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Group;
- (c) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

*Interest* is recognised on a time proportion basis that takes into account the effective yield on the asset. *Royalties* are recognised on an accrual basis in accordance with the substance of the relevant agreement. *Dividends* are recognised when the shareholder's right to receive payment has been established.

In the income statement, sales of goods, rendering of services and royalties are presented under the heading "sales". Interest income is presented under the heading "net finance costs".

**Share-Based Payments**

Share-based payments are exclusively made in connection with employee stock option plans ("ESOP").

For equity-settled ESOP, IFRS 2 is not applied to shares, share options or other equity instruments that were granted before or on 7 November 2002 and which had not vested at 1 January 2004. Equity-settled ESOP granted after that date are accounted for in accordance with IFRS 2, such that their cost is recognised in the income statement over the related performance period.

All cash-settled ESOP (i.e. granted before, on, or after 7 November 2002) are recognised as liabilities, and their cost is recognised in the income statement over the related vesting period.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

**Government Grants**

Government grants related to assets are presented in liabilities as deferred income, and amortised over the useful life of the related assets.

**Income Taxes**

*Current taxes* relating to current and prior periods are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

*Deferred taxes* are provided in full using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not calculated on the following temporary differences: (i) the initial recognition of goodwill and (ii) the initial recognition of assets and liabilities that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**NOTE 2: ACCOUNTING POLICIES (continued)****Unusual Items and Re-measurements**

Each line of the income statement, and each subtotal of the segment income statement, is broken down in order to provide information on the current result and on unusual items and re-measurements. Unusual items and re-measurements comprise the following items:

- (a) Recognised fair value gains and losses on financial instruments, excluding the accrued cash flows that occur under the Group's hedging arrangements, where hedge accounting is unable to be applied under IAS 39;
- (b) Exchange gains and losses arising upon the translation of foreign currency borrowings at the closing rate;
- (c) Re-measurement of financial liabilities resulting from put options granted to non-controlling interest as from 1 January 2010;
- (d) Impairment of goodwill and other non-current assets;
- (e) Amortisation of intangible assets with finite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination;
- (f) Other unusual items. They are material items that derive from events or transactions that fall within the ordinary activities of the Group, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

All other items are recognised as part of the current result.

**NOTE 3: SEGMENT INFORMATION****Note 3.1: Basis of Segmentation**

The Group's reportable operating segments are Automobile Distribution, Car Rental and Vehicle Glass.

The Automobile Distribution segment includes the automobile distribution activities (see note 1) as well as corporate activities. The Car Rental segment comprises Avis Europe plc and its subsidiaries, joint ventures and associates (see note 1). The Vehicle Glass segment comprises Belron s.a. and its subsidiaries (see note 1).

These operating segments are consistent with the Group's organisational and internal reporting structure.



**NOTE 3: SEGMENT INFORMATION (continued)****Note 3.2: Segment Income Statement - Operating Segments (Year ended 31 December)**

EUR million	Notes	2010					2009				
		Auto- mobile Distri- bution	Car Rental	Vehicle Glass	Elimi- nations	Group	Auto- mobile Distri- bution	Car Rental	Vehicle Glass	Elimi- nations	Group
External sales	4	2,732.9	1,519.8	2,800.9		7,053.6	2,453.8	1,392.7	2,423.2		6,269.7
Inter-segment sales		8.2	2.1	3.7	-14.0	-	8.4	2.8	3.4	-14.6	-
<b>Segment sales</b>		<b>2,741.1</b>	<b>1,521.9</b>	<b>2,804.6</b>	<b>-14.0</b>	<b>7,053.6</b>	<b>2,462.2</b>	<b>1,395.5</b>	<b>2,426.6</b>	<b>-14.6</b>	<b>6,269.7</b>
<b>Operating result (being segment result)</b>	5	<b>92.6</b>	<b>92.0</b>	<b>235.4</b>		<b>420.0</b>	<b>65.0</b>	<b>56.2</b>	<b>208.6</b>		<b>329.8</b>
<i>of which: current items</i>	5	92.6	108.2	255.6		456.4	65.8	103.4	215.5		384.7
<i>unusual items and re-measurements</i>	5	-	-16.2	-20.2		-36.4	-0.8	-47.2	-6.9		-54.9
Net finance costs	6	-24.7	-58.3	-28.9		-111.9	-21.7	-65.5	-27.4		-114.6
<b>Result before taxes</b>	9	<b>67.9</b>	<b>33.7</b>	<b>206.5</b>		<b>308.1</b>	<b>43.3</b>	<b>-9.3</b>	<b>181.2</b>		<b>215.2</b>
<i>of which: current items</i>	9	64.6	48.7	226.6		339.9	42.7	35.1	187.0		264.8
<i>unusual items and re-measurements</i>	9	3.3	-15.0	-20.1		-31.8	0.6	-44.4	-5.8		-49.6
Share of result of entities accounted for using the equity method	7	0.5	2.3	-		2.8	0.7	0.1	-		0.8
Tax expense	8	-4.0	-16.6	-54.1		-74.7	-2.4	-	-30.6		-33.0
<b>Result from continuing operations</b>		<b>64.4</b>	<b>19.4</b>	<b>152.4</b>		<b>236.2</b>	<b>41.6</b>	<b>-9.2</b>	<b>150.6</b>		<b>183.0</b>
<i>of which: current items</i>		61.7	27.9	166.8		256.4	41.7	24.8	155.1		221.6
<i>unusual items and re-measurements</i>		2.7	-8.5	-14.4		-20.2	-0.1	-34.0	-4.5		-38.6
Discontinued operations		-	-	-		-	-	-	-		-
<b>RESULT FOR THE PERIOD</b>		<b>64.4</b>	<b>19.4</b>	<b>152.4</b>		<b>236.2</b>	<b>41.6</b>	<b>-9.2</b>	<b>150.6</b>		<b>183.0</b>
<b>Attributable to:</b>											
Equity holders of the Parent		64.7	12.0	142.1		218.8	41.8	-5.2	121.9		158.5
<i>of which: current items</i>	9	62.0	16.7	155.5		234.2	41.9	14.8	126.1		182.8
<i>unusual items and re-measurements</i>		2.7	-4.7	-13.4		-15.4	-0.1	-20.0	-4.2		-24.3
Non-controlling interest		-0.3	7.4	10.3		17.4	-0.2	-4.0	28.7		24.5
<b>RESULT FOR THE PERIOD</b>		<b>64.4</b>	<b>19.4</b>	<b>152.4</b>		<b>236.2</b>	<b>41.6</b>	<b>-9.2</b>	<b>150.6</b>		<b>183.0</b>

**NOTE 3: SEGMENT INFORMATION (continued)****Note 3.3: Segment Statement of Financial Position - Operating Segments (At 31 December)**

EUR million	Notes	2010				2009			
		Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Goodwill	11	2.6	0.2	1,001.8	1,004.6	2.6	0.2	937.0	939.8
Other intangible assets	13	1.2	363.9	427.1	792.2	1.8	379.6	394.8	776.2
Vehicles	14	304.8	353.5	-	658.3	307.4	364.5	-	671.9
Other property, plant and equipment	15	139.1	58.8	277.5	475.4	134.8	64.9	219.4	419.1
Investment property	16	5.8	-	-	5.8	6.3	-	-	6.3
Equity accounted investments	7	4.0	16.3	-	20.3	3.3	12.2	-	15.5
Available-for-sale financial assets	17	0.5	0.5	0.2	1.2	0.5	0.4	0.1	1.0
Derivative hedging instruments	18	-	4.8	-	4.8	-	-	-	-
Derivatives held for trading	19	-	2.2	-	2.2	-	1.9	-	1.9
Long-term employee benefit assets	20	-	-	39.2	39.2	-	-	14.6	14.6
Deferred tax assets	21	1.2	41.4	49.7	92.3	1.0	42.5	54.6	98.1
Other receivables	22	1.4	-	2.6	4.0	0.9	-	2.6	3.5
<b>Non-current assets</b>		<b>460.6</b>	<b>841.6</b>	<b>1,798.1</b>	<b>3,100.3</b>	<b>458.6</b>	<b>866.2</b>	<b>1,623.1</b>	<b>2,947.9</b>
Non-current assets classified as held for sale	23	1.7	-	-	1.7	-	-	-	-
Inventories	24	310.4	7.1	233.9	551.4	266.1	8.4	193.1	467.6
Derivative hedging instruments	18	-	-	0.1	0.1	-	0.4	0.4	0.8
Derivatives held for trading	19	14.8	2.7	2.2	19.7	16.0	2.0	1.0	19.0
Other financial assets	25	8.9	-	17.0	25.9	10.0	2.7	13.2	25.9
Current tax assets	26	0.1	1.6	4.2	5.9	0.2	1.7	0.4	2.3
Trade and other receivables	27	120.8	1,026.1	238.0	1,384.9	95.7	989.6	210.1	1,295.4
Cash and cash equivalents	28	2.1	231.7	33.4	267.2	259.5	60.6	28.1	348.2
<b>Current assets</b>		<b>458.8</b>	<b>1,269.2</b>	<b>528.8</b>	<b>2,256.8</b>	<b>647.5</b>	<b>1,065.4</b>	<b>446.3</b>	<b>2,159.2</b>
<b>TOTAL ASSETS</b>		<b>919.4</b>	<b>2,110.8</b>	<b>2,326.9</b>	<b>5,357.1</b>	<b>1,106.1</b>	<b>1,931.6</b>	<b>2,069.4</b>	<b>5,107.1</b>
Capital and reserves attributable to equity holders		1,250.6	-	-	1,250.6	1,028.5	-	-	1,028.5
Non-controlling interest		1.1	212.2	0.8	214.1	1.4	124.7	-	126.1
<b>Equity</b>		<b>1,251.7</b>	<b>212.2</b>	<b>0.8</b>	<b>1,464.7</b>	<b>1,029.9</b>	<b>124.7</b>	<b>-</b>	<b>1,154.6</b>
Long-term employee benefit obligations	20	5.6	68.0	36.5	110.1	6.9	89.1	31.6	127.6
Other provisions	30	31.7	27.4	37.0	96.1	29.0	32.7	1.1	62.8
Derivative hedging instruments	18	-	17.3	-	17.3	-	41.8	-	41.8
Borrowings	31/32	537.5	460.5	740.6	1,738.6	550.8	533.3	459.7	1,543.8
Derivatives held for trading	19	-	-	0.1	0.1	-	-	0.3	0.3
Put options granted to non-controlling shareholders	33	163.0	-	-	163.0	113.0	-	-	113.0
Other payables	34	-	-	13.3	13.3	-	-	6.1	6.1
Deferred tax liabilities	21	20.8	118.6	17.2	156.6	16.8	122.3	8.4	147.5
<b>Non-current liabilities</b>		<b>758.6</b>	<b>691.8</b>	<b>844.7</b>	<b>2,295.1</b>	<b>716.5</b>	<b>819.2</b>	<b>507.2</b>	<b>2,042.9</b>
Provisions	30	-	20.9	4.4	25.3	-	18.6	203.5	222.1
Derivative hedging instruments	18	-	10.1	2.8	12.9	-	18.7	2.2	20.9
Borrowings	31/32	29.1	297.5	29.6	356.2	289.2	242.2	17.8	549.2
Derivatives held for trading	19	14.3	8.9	1.4	24.6	21.0	13.4	1.3	35.7
Current tax liabilities	26	0.3	20.3	40.1	60.7	0.1	41.2	46.6	87.9
Trade and other payables	35	199.1	528.3	390.2	1,117.6	164.3	465.3	364.2	993.8
<b>Current liabilities</b>		<b>242.8</b>	<b>886.0</b>	<b>468.5</b>	<b>1,597.3</b>	<b>474.6</b>	<b>799.4</b>	<b>635.6</b>	<b>1,909.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,253.1</b>	<b>1,790.0</b>	<b>1,314.0</b>	<b>5,357.1</b>	<b>2,221.0</b>	<b>1,743.3</b>	<b>1,142.8</b>	<b>5,107.1</b>

**NOTE 3: SEGMENT INFORMATION (continued)****Note 3.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)**

EUR million	Notes	2010				2009			
		Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Cash flows from operating activities									
Operating profit from continuing operations		92.6	92.0	235.4	420.0	65.0	56.2	208.6	329.8
Depreciation of vehicles for rent-a-car and operating lease activities	5	61.5	105.3	-	166.8	70.6	114.2	-	184.8
Depreciation of other items	5	12.2	13.2	68.0	93.4	12.8	14.9	55.7	83.4
Amortisation of Avis licence rights	9	-	13.7	-	13.7	-	13.7	-	13.7
Amortisation of other intangible assets	5	1.0	5.1	25.5	31.6	1.0	4.8	21.7	27.5
Impairment losses on goodwill and other non-current assets		-	-	-	-	-	0.6	-	0.6
Non-cash operating lease charge on buy-back agreements	5	-	143.4	-	143.4	-	135.7	-	135.7
Other non-cash items	9	-0.2	-4.6	-159.7	-164.5	-3.1	-9.6	59.7	47.0
Retirement benefit obligations		-0.4	-15.4	-13.6	-29.4	-0.1	-1.5	-27.0	-28.6
Other cash items		-	-1.1	-	-1.1	-	1.8	-	1.8
Net receipts/(payments) with respect to vehicles purchased under buy-back agreements		-	-99.7	-	-99.7	-	132.8	-	132.8
Purchase of vehicles for rent-a-car and operating lease activities <sup>(1)</sup>		-150.2	-387.0	-	-537.2	-153.7	-293.4	-	-447.1
Sale of vehicles for rent-a-car and operating lease activities <sup>(1)</sup>		95.7	336.2	-	431.9	120.8	249.9	-	370.7
Change in net working capital		-33.9	16.3	-22.9	-40.5	145.1	40.8	15.2	201.1
Cash generated from operations		78.3	217.4	132.7	428.4	258.4	460.9	333.9	1,053.2
Tax paid		-0.2	-40.4	-53.1	-93.7	2.1	-12.0	-26.3	-36.2
Net cash from operating activities		78.1	177.0	79.6	334.7	260.5	448.9	307.6	1,017.0
Cash flows from investing activities									
Purchase of fixed assets (excl. vehicles)		-18.2	-9.8	-119.7	-147.7	-6.8	-10.9	-97.9	-115.6
Sale of fixed assets (excl. vehicles)		0.1	0.9	2.6	3.6	0.1	0.6	3.0	3.7
Net capital expenditure		-18.1	-8.9	-117.1	-144.1	-6.7	-10.3	-94.9	-111.9
Acquisition of non-controlling interest	9	-0.3	-	-	-0.3	-275.1	-	-	-275.1
Acquisition of subsidiaries	9/12	-	-0.1	-29.8	-29.9	-	-0.4	-16.3	-16.7
Disposal of non-controlling interest	9	16.6	-	-	16.6	-	-	-	-
Net investment in other financial assets	25	0.6	2.7	-5.8	-2.5	26.7	-2.7	-2.8	21.2
Net cash from investing activities		-1.2	-6.3	-152.7	-160.2	-255.1	-13.4	-114.0	-382.5
Cash flows from financing activities									
Net proceeds from rights issue		-111.3	180.6	-	69.3	-	-	-	-
Net acquisition of treasury shares		4.7	-1.4	-	3.3	-1.4	-2.0	-	-3.4
Net capital element of finance lease payments		-	-46.7	-24.1	-70.8	-	-54.3	-13.7	-68.0
Net change in other borrowings		-274.0	-73.0	230.9	-116.1	216.4	-299.4	-74.4	-157.4
Net interest paid		-29.8	-59.6	-28.0	-117.4	-21.0	-71.2	-28.5	-120.7
Dividends paid by Parent	29	-17.9	-	-	-17.9	-16.5	-	-	-16.5
Dividends received from/(paid by) subsidiaries		94.0	-	-100.0	-6.0	75.4	-	-97.5	-22.1
Net cash from financing activities		-334.3	-0.1	78.8	-255.6	252.9	-426.9	-214.1	-388.1
TOTAL CASH FLOW FOR THE PERIOD		-257.4	170.6	5.7	-81.1	258.3	8.6	-20.5	246.4
Reconciliation with statement of financial position									
Cash at beginning of period	28	24.7	38.7	28.1	91.5	1.2	23.0	44.6	68.8
Cash equivalents at beginning of period	28	234.8	21.9	-	256.7	-	29.1	-	29.1
Cash and cash equivalents at beginning of period	28	259.5	60.6	28.1	348.2	1.2	52.1	44.6	97.9
Total cash flow for the period		-257.4	170.6	5.7	-81.1	258.3	8.6	-20.5	246.4
Translation differences		-	0.5	-0.4	0.1	-	-0.1	4.0	3.9
Cash and cash equivalents at end of period	28	2.1	231.7	33.4	267.2	259.5	60.6	28.1	348.2

(1) Excluding vehicles held under buy-back agreements.



**NOTE 3: SEGMENT INFORMATION (continued)****Note 3.5: Other Segment Information - Operating Segments** (Year ended 31 December)

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Capital additions <sup>(1)</sup>	168.4	431.3	177.2	776.9	160.5	327.4	130.0	617.9

(1) Capital additions include both additions and acquisitions through business combinations including goodwill.

Besides depreciation and amortisation of segment assets (which are provided in note 5), the operating lease charges on buy-back agreements (also disclosed in note 5) and the charge arising from the long-term management incentive schemes are the other significant non-cash expense deducted in measuring segment result.

**Note 3.6: Geographical Segment Information** (Year ended 31 December)

The Group's three operating segments operate in three main geographical areas, being Belgium (main market for the Automobile Distribution segment), the rest of Europe and the rest of world.

EUR million	2010				2009			
	Belgium	Rest of Europe	Rest of world	Group	Belgium	Rest of Europe	Rest of world	Group
Segment sales from external customers <sup>(1)</sup>	2,734.9	3,075.4	1,243.3	7,053.6	2,419.6	2,792.4	1,057.7	6,269.7
Non-current assets <sup>(2)</sup>	469.9	1,909.7	560.7	2,940.3	477.4	1,854.0	485.4	2,816.8
Capital additions <sup>(3)</sup>	175.3	507.0	94.6	776.9	167.6	369.9	80.4	617.9

(1) Based on the geographical location of the customers.

(2) Non-current assets, as defined by IFRS 8, consists of goodwill, other intangible assets, vehicles, other property, plant and equipment, investment property and non-current other receivables.

(3) Capital additions include both additions and acquisitions through business combinations including goodwill.

**NOTE 4: SALES**

EUR million	2010	2009
New vehicles	2,204.4	1,929.7
Used cars	103.9	117.0
Spare parts and accessories	167.6	149.4
After-sales activities by D'Ieteren Car Centers	54.7	51.6
D'Ieteren Sport	35.8	40.2
D'Ieteren Lease	141.4	143.2
Rental income under buy-back agreements	2.7	2.2
Other sales	22.4	20.5
<b>Subtotal Automobile Distribution</b>	<b>2,732.9</b>	<b>2,453.8</b>
Rental	1,198.2	1,159.6
Disposal of vehicles not subject to buy-back agreements	321.6	233.1
<b>Subtotal Car Rental</b>	<b>1,519.8</b>	<b>1,392.7</b>
<b>Vehicle Glass</b>	<b>2,800.9</b>	<b>2,423.2</b>
<b>SALES (EXTERNAL)</b>	<b>7,053.6</b>	<b>6,269.7</b>
<i>of which: sales of goods</i>	<i>3,014.0</i>	<i>2,626.0</i>
<i>rendering of services</i>	<i>3,992.0</i>	<i>3,599.7</i>
<i>royalties</i>	<i>47.6</i>	<i>44.0</i>

Interest income and dividend income (if any) are presented among net finance costs (see note 6).

**NOTE 5: OPERATING RESULT**

Operating result is stated after charging:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<b>Current items:</b>								
Purchases and changes in inventories	-2,286.8	-367.5	-674.0	-3,328.3	-2,057.6	-279.6	-576.3	-2,913.5
Depreciation of vehicles	-61.5	-105.3	-	-166.8	-70.6	-114.2	-	-184.8
Depreciation of other items (excl. investment property)	-11.7	-13.2	-68.0	-92.9	-11.8	-14.9	-55.7	-82.4
Amortisation (excl. re-measurements - see note 9)	-1.0	-5.1	-10.5	-16.6	-1.0	-4.8	-11.1	-16.9
Operating lease charge on buy-back agreements	-	-143.4	-	-143.4	-	-135.7	-	-135.7
Contingent operating lease rentals <sup>(1)</sup>	-	-52.0	-	-52.0	-	-51.3	-	-51.3
Other operating lease rentals	-	-127.1	-139.2	-266.3	-	-120.9	-106.2	-227.1
Write-down on inventories	-1.0	-	-2.1	-3.1	2.0	-	-2.1	-0.1
Net gain (loss) on vehicles	4.5	2.7	-	7.2	5.4	1.1	-	6.5
Employee benefit expenses (see note 36)	-130.0	-265.5	-1,022.7	-1,418.2	-123.2	-260.9	-927.6	-1,311.7
Research and development expenditure	-	-	-3.2	-3.2	-	-	-1.4	-1.4
Sundry	-153.5	-325.0	-622.1	-1,100.6	-126.7	-299.2	-523.3	-949.2
Other operating expenses:								
Bad and doubtful debts	0.3	-10.2	-2.8	-12.7	-5.2	-8.8	-1.6	-15.6
Investment property expenses:								
Depreciation	-0.5	-	-	-0.5	-0.5	-	-	-0.5
Operating expenses <sup>(2)</sup>	-0.1	-	-	-0.1	-	-	-	-
Sundry	0.4	-	-0.7	-0.3	0.5	-0.1	-2.4	-2.0
Subtotal other operating expenses	0.1	-10.2	-3.5	-13.6	-5.2	-8.9	-4.0	-18.1
Other operating income:								
Rental income from investment property <sup>(3)</sup>	0.6	-	-	0.6	0.6	-	-	0.6
Sundry	-	-	-	-	0.1	-	-	0.1
Subtotal other operating income	0.6	-	-	0.6	0.7	-	-	0.7
<b>Subtotal current items</b>	<b>-2,640.3</b>	<b>-1,411.6</b>	<b>-2,545.3</b>	<b>-6,597.2</b>	<b>-2,388.0</b>	<b>-1,289.3</b>	<b>-2,207.7</b>	<b>-5,885.0</b>
<b>Unusual items and re-measurements (see note 9)</b>	<b>-</b>	<b>-16.2</b>	<b>-20.2</b>	<b>-36.4</b>	<b>-0.8</b>	<b>-47.2</b>	<b>-6.9</b>	<b>-54.9</b>
<b>NET OPERATING EXPENSES</b>	<b>-2,640.3</b>	<b>-1,427.8</b>	<b>-2,565.5</b>	<b>-6,633.6</b>	<b>-2,388.8</b>	<b>-1,336.5</b>	<b>-2,214.6</b>	<b>-5,939.9</b>

(1) Contingent operating lease rentals primarily arise with respect to airport rental desk concessions, and are ordinarily based on the level of revenue generated by the individual concession.

(2) The full amount is related to investment property that generated rental income.

(3) Does not include any contingent rent.

**NOTE 6: NET FINANCE COSTS**

Net finance costs are broken down as follows:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<b>Current items:</b>								
Finance costs:								
Interest expense	-25.2	-51.9	-28.3	-105.4	-20.2	-61.7	-25.9	-107.8
Transfer from re-measurements	-3.8	-8.7	-2.0	-14.5	-3.5	-7.6	-3.9	-15.0
Current interest expense	-29.0	-60.6	-30.3	-119.9	-23.7	-69.3	-29.8	-122.8
Other financial charges	-0.4	-	-	-0.4	-0.2	-	-	-0.2
Subtotal finance costs	-29.4	-60.6	-30.3	-120.3	-23.9	-69.3	-29.8	-123.0
Finance income	1.4	1.1	1.3	3.8	0.8	1.0	1.3	3.1
<b>Current net finance costs</b>	<b>-28.0</b>	<b>-59.5</b>	<b>-29.0</b>	<b>-116.5</b>	<b>-23.1</b>	<b>-68.3</b>	<b>-28.5</b>	<b>-119.9</b>
<b>Unusual items and re-measurements (see note 9):</b>								
Unusual items	-	-0.9	-	-0.9	-	-	-	-
Re-measurements of put options granted to non-controlling interest	-1.4	-	-	-1.4	-	-	-	-
Re-measurements of financial instruments:								
Gains (Losses) on "dirty" fair value of derivatives <sup>(1)</sup>	0.9	-4.6	-1.9	-5.6	-2.1	-2.3	-2.8	-7.2
Transfer to current items	3.8	8.7	2.0	14.5	3.5	7.6	3.9	15.0
Subtotal gains (losses) on "clean" fair value of derivatives <sup>(1)</sup>	4.7	4.1	0.1	8.9	1.4	5.3	1.1	7.8
Foreign exchange gain (loss) on net debt	-	-2.0	-	-2.0	-	-2.5	-	-2.5
<b>Unusual items and re-measurements</b>	<b>3.3</b>	<b>1.2</b>	<b>0.1</b>	<b>4.6</b>	<b>1.4</b>	<b>2.8</b>	<b>1.1</b>	<b>5.3</b>
<b>NET FINANCE COSTS</b>	<b>-24.7</b>	<b>-58.3</b>	<b>-28.9</b>	<b>-111.9</b>	<b>-21.7</b>	<b>-65.5</b>	<b>-27.4</b>	<b>-114.6</b>

(1) Change in "dirty" fair value of derivatives corresponds to the change of value of the derivatives between the beginning and the end of the period. Change in "clean" fair value of derivatives corresponds to the change of "dirty" fair value excluding the accrued cash flows of the derivatives that occurred during the period.

**NOTE 7: ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Six group entities are accounted for using the equity method.

D'Ieteren Vehicle Trading s.a. is a 49%-owned associate which provides finance lease services to customers of the Automobile Distribution segment. In 2010, the Automobile Distribution segment acquired 33% of the company S.M.A.R.T & Clean Automotive Services S.A. and of its subsidiary Riankar, both acting in smart repairs on vehicles, for cash consideration of EUR 0.3 million. Goodwill arising upon this investment amounted to EUR 0.3 million.

At year end, the Automobile Distribution's interest in these three associates comprised:

EUR million	2010	2009
Share of gross assets (incl. goodwill)	36.8	37.1
Share of gross liabilities	-32.8	-33.8
Share of net assets	4.0	3.3
Share of sales	12.2	11.3
Share of profit (loss)	0.5	0.7

Mercury Car Rentals Ltd is a 33%-owned associate of Avis Europe plc which provides short-term car rental services in India under the Avis brand. At year end, the Car Rental's interest in this associate comprised:

EUR million	2010	2009
Share of gross assets (incl. goodwill)	3.0	3.4
Share of gross liabilities	-2.5	-2.6
Share of net assets	0.5	0.8
Share of sales	4.1	3.7
Share of profit (loss)	-0.2	-0.3



**NOTE 7: ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)**

Anji Car Rental and Leasing Company Ltd and OKIGO are 50%-owned joint ventures of Avis Europe plc which provide, under the Avis brand, short-term car rental services in China and France respectively. At year end, the Car Rental's interest in these both joint ventures comprised:

EUR million	2010	2009
Share of non-current assets (incl. goodwill)	38.8	27.4
Share of current assets	9.7	4.7
Share of current liabilities	-32.7	-20.7
Share of net assets	15.8	11.4
Share of sales	26.1	19.9
Share of profit (loss)	2.5	0.4

**NOTE 8: TAX EXPENSE**

Tax expense is broken down as follows:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current year income tax	-0.5	-18.5	-40.2	-59.2	-0.3	-19.9	-35.4	-55.6
Prior year income tax	-	-	-1.2	-1.2	0.6	-	0.8	1.4
Movement in deferred taxes	-3.5	1.9	-12.7	-14.3	-2.7	19.9	4.0	21.2
<b>Tax expense</b>	<b>-4.0</b>	<b>-16.6</b>	<b>-54.1</b>	<b>-74.7</b>	<b>-2.4</b>	<b>-</b>	<b>-30.6</b>	<b>-33.0</b>
<i>of which: current items</i>	<i>-3.4</i>	<i>-23.1</i>	<i>-59.8</i>	<i>-86.3</i>	<i>-1.7</i>	<i>-10.4</i>	<i>-31.9</i>	<i>-44.0</i>
<i>unusual items and re-measurements (see note 9)</i>	<i>-0.6</i>	<i>6.5</i>	<i>5.7</i>	<i>11.6</i>	<i>-0.7</i>	<i>10.4</i>	<i>1.3</i>	<i>11.0</i>

The relationship between tax expense and accounting profit is explained below:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Result before taxes	67.9	33.7	206.5	308.1	43.3	-9.3	181.2	215.2
Tax at the Belgian corporation tax rate of 33.99%	-23.1	-11.5	-70.2	-104.8	-14.7	3.2	-61.6	-73.1
Reconciling items (sum of items marked (a) and (b) below)	19.1	-5.1	16.1	30.1	12.3	-3.2	31.0	40.1
<b>Actual tax on result before taxes</b>	<b>-4.0</b>	<b>-16.6</b>	<b>-54.1</b>	<b>-74.7</b>	<b>-2.4</b>	<b>-</b>	<b>-30.6</b>	<b>-33.0</b>

**NOTE 8: TAX EXPENSE (continued)**

The reconciling items are provided below:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current PBT	64.6	48.7	226.6	339.9	42.7	35.1	187.0	264.8
Tax at the Belgian corporation tax rate of 33.99%	-22.0	-16.5	-77.0	-115.5	-14.5	-12.0	-63.6	-90.1
Rate differential (a)	-	4.9	1.5	6.4	-	6.4	-1.8	4.6
Permanent differences (a)	14.7	-3.6	14.3	25.4	21.3	0.1	25.5	46.9
Utilisation of tax losses (a)	4.7	9.2	0.7	14.6	-	1.5	1.4	2.9
Other temporary differences (a)	-	-	-	-	0.1	-	-	0.1
Adjustments in respect of prior years (a)	-	-1.6	-4.7	-6.3	0.9	1.8	-5.9	-3.2
Deferred tax assets not recognised (a)	-2.6	-14.4	-6.7	-23.7	-9.2	-9.0	-1.2	-19.4
Recognition of previously unrecognised deferred tax assets (a)	3.3	-	12.1	15.4	1.0	-	13.7	14.7
Impact of dividends (a)	-1.5	-	-	-1.5	-1.0	-	-	-1.0
Other (a)	-	-1.1	-	-1.1	-0.3	0.8	-	0.5
<b>Actual tax on current PBT</b>	<b>-3.4</b>	<b>-23.1</b>	<b>-59.8</b>	<b>-86.3</b>	<b>-1.7</b>	<b>-10.4</b>	<b>-31.9</b>	<b>-44.0</b>
<i>Actual tax rate on current PBT</i>	5%	47%	26%	25%	4%	30%	17%	17%
Unusual items and re-measurements in PBT	3.3	-15.0	-20.1	-31.8	0.6	-44.4	-5.8	-49.6
Tax at the Belgian corporation tax rate of 33.99%	-1.1	5.1	6.8	10.8	-0.2	15.1	2.0	16.9
Rate differential (b)	-	-0.4	-1.1	-1.5	-	-1.8	-0.7	-2.5
Permanent differences (b)	-	1.3	-	1.3	-	-0.3	-	-0.3
Utilisation of tax losses (b)	-	0.3	-	0.3	-	-0.2	-	-0.2
Adjustments in respect of prior years (b)	-	0.2	-	0.2	-	-	-	-
Deferred tax assets not recognised (b)	0.5	-	-	0.5	-0.5	-4.9	-	-5.4
Other (b)	-	-	-	-	-	2.5	-	2.5
<b>Actual tax on unusual items and re-measurements in PBT</b>	<b>-0.6</b>	<b>6.5</b>	<b>5.7</b>	<b>11.6</b>	<b>-0.7</b>	<b>10.4</b>	<b>1.3</b>	<b>11.0</b>

**NOTE 9: UNUSUAL ITEMS AND RE-MEASUREMENTS****Result for the Period**

Current result after tax ("current PAT") consists of the reported result from continuing operations (or the result for the period when no discontinued operation is reported), excluding unusual items and re-measurements as defined in note 2, and excluding their tax impact.

Current result before tax ("current PBT") consists of the reported result before tax excluding unusual items and re-measurements as defined in note 2.

Current PAT, Group's share, and current PBT, Group's share, exclude the share of non-controlling shareholders in current PAT and current PBT.

Current result is a non-GAAP measure, i.e. its definition is not addressed by IFRS. The Group does not represent current result as an alternative to financial measures determined in accordance with IFRS. Current result as reported by the Group may differ from similarly titled measures by other companies. The Group uses the concept of current result to reflect its underlying performance.

## NOTE 9: UNUSUAL ITEMS AND RE-MEASUREMENTS (continued)

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<b>From reported PBT to current PBT, Group's share:</b>								
Reported PBT	67.9	33.7	206.5	308.1	43.3	-9.3	181.2	215.2
Less: Unusual items and re-measurements in PBT:								
Re-measurements of financial instruments	-4.7 <sup>(a)</sup>	-1.3 <sup>(c)</sup>	-1.3 <sup>(f)</sup>	-7.3	-1.4 <sup>(a)</sup>	-1.3 <sup>(c)</sup>	-9.5 <sup>(f)</sup>	-12.2
Re-measurement of put options granted to non-controlling interest	1.4 <sup>(b)</sup>	-	-	1.4	-	-	-	-
Foreign exchange	-	2.0 <sup>(d)</sup>	-	2.0	-	2.5 <sup>(d)</sup>	-	2.5
Amortisation of Avis licence rights	-	13.7	-	13.7	-	13.7	-	13.7
Amortisation of customer contracts	-	-	6.3 <sup>(g)</sup>	6.3	-	-	5.4 <sup>(g)</sup>	5.4
Amortisation of brands with finite useful life	-	-	8.7 <sup>(h)</sup>	8.7	-	-	5.2 <sup>(h)</sup>	5.2
Other unusual items	-	0.6 <sup>(e)</sup>	6.4 <sup>(i)</sup>	7.0	0.8	29.5 <sup>(e)</sup>	4.7 <sup>(i)</sup>	35.0
<b>Current PBT</b>	<b>64.6</b>	<b>48.7</b>	<b>226.6</b>	<b>339.9</b>	<b>42.7</b>	<b>35.1</b>	<b>187.0</b>	<b>264.8</b>
Share of non-controlling interest in current PBT	0.3	-19.5	-15.3	-34.5	0.2	-14.2	-36.6	-50.6
<b>Current PBT, Group's share</b>	<b>64.9</b>	<b>29.2</b>	<b>211.3</b>	<b>305.4</b>	<b>42.9</b>	<b>20.9</b>	<b>150.4</b>	<b>214.2</b>
<b>From current PBT, Group's share, to current PAT, Group's share:</b>								
Current PBT, Group's share	64.9	29.2	211.3	305.4	42.9	20.9	150.4	214.2
Share of the group in current result of equity accounted entities	0.5	1.4	-	1.9	0.7	0.1	-	0.8
Tax on current PBT, Group's share	-3.4	-13.9	-55.8	-73.1	-1.7	-6.2	-24.3	-32.2
<b>Current PAT, Group's share</b>	<b>62.0</b>	<b>16.7</b>	<b>155.5</b>	<b>234.2</b>	<b>41.9</b>	<b>14.8</b>	<b>126.1</b>	<b>182.8</b>
<b>From current PAT, Group's share, to current result for the period attributable to equity holders of the Parent:</b>								
Current PAT, Group's share	62.0	16.7	155.5	234.2	41.9	14.8	126.1	182.8
Share of the group in current discontinued operations	-	-	-	-	-	-	-	-
<b>Current result for the period attributable to equity holders of the Parent</b>	<b>62.0</b>	<b>16.7</b>	<b>155.5</b>	<b>234.2</b>	<b>41.9</b>	<b>14.8</b>	<b>126.1</b>	<b>182.8</b>

**Automobile Distribution**

(a) Net finance costs include re-measurements of financial instruments amounting to EUR 4.7 million (2009: EUR 1.4 million) arising from changes in the "clean" fair value of derivatives.

(b) At year-end, net finance costs include re-measurements of put options granted to certain non-controlling interest (family holding company of Belron's CEO). See note 33 of these Consolidated Financial Statements for more information.

**Car Rental**

(c) Net finance costs and commercial and administrative expenses include re-measurements of financial instruments amounting to respectively EUR 4.1 million (2009: EUR 5.3 million) and EUR -2.8 million (2009: EUR -4.0 million) arising from changes in the "clean" fair values of derivatives.

(d) Foreign exchange loss on net debt amounts to EUR -2.0 million (2009: EUR -2.5 million) recognised in net finance costs.



**NOTE 9: UNUSUAL ITEMS AND RE-MEASUREMENTS (continued)**

(e) Other unusual items of the Car Rental segment are set out below:

- Professional, legal, consultancy and other costs were incurred in the year in conjunction with a refinancing and Rights Issue. Certain of these costs, together with the write-off of unamortised issue costs arising upon cessation of existing facilities, have been recognised as unusual costs (EUR 4.6 million presented in commercial and administrative expenses and EUR 0.9 million presented in net finance costs).
- Avis Europe disposed of a leasehold interest in a UK property. Prior to sale, a carrying amount of EUR 2.0 million regarding Avis Europe's interest in the property was recognised as a current asset. The total disposal proceeds, net of expenses, were EUR 6.8 million. Accordingly, a premium of EUR 4.8 million (presented in other operating income) has been recognised as unusual income.
- During the year, a re-assessment of remaining restructuring provisions which had previously been recognised led to a EUR 0.1 million unusual credit (presented in other operating expenses). In the prior year, EUR 21.8 million of restructuring costs were recognised in respect of a rationalisation of Avis Europe's operations. These restructuring costs were presented in other operating expenses and in commercial and administrative expenses.
- In the prior year, EUR 7.8 million of advisory, legal and other costs were expensed in the development of corporate and operational structures to support a potential securitisation of Avis Europe's fleet. These restructuring costs were presented in other operating expenses and in commercial and administrative expenses.

**Vehicle Glass**

- (f) Net finance costs and cost of sales include re-measurements of financial instruments amounting to respectively EUR 0.1 million (2009: EUR 1.1 million) and EUR 1.2 million (2009: EUR 8.4 million) arising from changes in the "clean" fair value of derivatives.
- (g) In the framework of recent US and French acquisitions, customer contracts were recognised as an intangible asset with a finite useful life. The 2010 amortisation (in commercial and administrative expenses) amounted to EUR 6.3 million (2009: EUR 5.4 million).
- (h) Commercial and administrative expenses include the amortisation of US and French brands with finite useful lives amounting to EUR 8.7 million (2009: EUR 5.2 million).
- (i) Other unusual items of the Vehicle Glass segment are set out below:
  - Restructuring costs of EUR 6.4 million (in other operating expenses) were incurred in relation to the integration of the US IGD and French acquisition. In 2009, restructuring costs of EUR 4.7 million (in other operating expenses) were incurred in relation to the restructuring of the US business.

**Cash Flows**

In the period, the line "Other non-cash items" included, among other amounts, the utilisation of the provision previously set-up to cover the settlement of the long-term management incentive scheme of the Vehicle Glass segment.

The line "Acquisition of non-controlling interest" comprised in the period the non-controlling interest acquired by the Automobile Distribution segment in two associates active in smart repairs (see note 7) and in 2009 the exercise by Cobepa of its put options on the 16.35% of Belron's equity capital it owned.

In the period, the line "Disposal of non-controlling interest" included the sale in May 2010 of one percent of Belron's equity to the family holding company of Belron's CEO. Subsequently, the Group owned 92.73% of Belron.

The line "Acquisition of subsidiaries" for the year ended 31 December 2010 includes, among other transactions, the business combinations disclosed in note 12.

In July 2010, Avis Europe plc raised EUR 179.2 million, net of expenses, through a 9 for 8 Rights Issue at an issue price of 15 pence per new share. D'leteren subscribed its share of the capital increase, i.e. EUR 111.3 million. Subsequently, D'leteren's shareholding in Avis Europe remained unchanged at 59.6%. In the consolidated statement of cash flows, only the share subscribed by non-controlling shareholders of Avis Europe impacts the line "Net proceeds from the rights issue". The net proceeds have been used by Avis Europe to reduce borrowings and to improve credit ratios.

**NOTE 10: EARNINGS PER SHARE**

Earnings per share ("EPS") are shown above, on the face of the consolidated income statement. Earnings per share for continuing operations ("Continuing EPS") are equal to the EPS and are therefore not presented on the face of the consolidated income statement. Basic and diluted EPS are based on the result for the period attributable to equity holders of the Parent, after adjustment for participating shares (each participating share confers one voting right and gives right to a dividend equal to one eighth of the dividend of an ordinary share). Current EPS, which do not include unusual items and re-measurements as defined in note 9, are presented to highlight underlying trading performance.

The weighted average number of ordinary shares in issue for the period is shown in the table below.

The Group has granted options to employees over ordinary shares of the Parent and of Avis Europe plc. Such shares constitute the only category of potentially dilutive ordinary shares.

The options over ordinary shares of Avis Europe plc increased the weighted average number of shares of Avis Europe plc in 2010 as certain related performance conditions were fully satisfied and the prevailing market price was in excess of the option exercise price. They did not impact earnings per share in 2009 as the option exercise prices were in excess of the prevailing market share price, or exercise of the options was subject to performance conditions which had not been fully satisfied by the year end.

The options over ordinary shares of the Parent increased the weighted average number of shares of the Parent in 2009 and 2010 as some option exercise prices were below the market share price. These options are dilutive.

The computation of basic and diluted EPS is set out below:

		2010	2009 <sup>(1)</sup>
Result for the period attributable to equity holders		218.8	158.5
Adjustment for participating shares		-2.5	-1.7
Numerator for EPS (EUR million)	(a)	216.3	156.8
Current result for the period attributable to equity holders		234.2	182.8
Adjustment for participating shares		-2.6	-2.1
Numerator for current EPS (EUR million)	(b)	231.6	180.7
Result from continuing operations		236.2	183.0
Share of non-controlling interest in result from continuing operations		-17.4	-24.5
Result from continuing operations attributable to equity holders		218.8	158.5
Adjustment for participating shares		-2.5	-1.7
Numerator for continuing EPS (EUR million)	(c)	216.3	156.8
Current result from continuing operations		256.4	221.6
Share of non-controlling interest in current result from continuing operations		-22.2	-38.8
Current result from continuing operations attributable to equity holders ("Current PAT, Group's share" as defined in note 9)		234.2	182.8
Adjustment for participating shares		-2.6	-2.1
Numerator for current continuing EPS (EUR million)	(d)	231.6	180.7
Weighted average number of ordinary shares outstanding during the period	(e)	54,427,166	54,288,410
Adjustment for stock option plans		344,461	90,270
Weighted average number of ordinary shares taken into account for diluted EPS	(f)	54,771,627	54,378,680
<b>Result for the period attributable to equity holders</b>			
<b>Basic EPS (EUR)</b>	<b>(a)/(e)</b>	<b>3.97</b>	<b>2.89</b>
<b>Diluted EPS (EUR)</b>	<b>(a)/(f)</b>	<b>3.95</b>	<b>2.88</b>
Basic current EPS (EUR)	(b)/(e)	4.26	3.33
Diluted current EPS (EUR)	(b)/(f)	4.23	3.32
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(c)/(e)	3.97	2.89
Diluted continuing EPS (EUR)	(c)/(f)	3.95	2.88
Basic current continuing EPS (EUR)	(d)/(e)	4.26	3.33
Diluted current continuing EPS (EUR)	(d)/(f)	4.23	3.32

(1) As restated for the effect of the share split (see note 2.1).

**NOTE 11: GOODWILL**

EUR million	2010	2009
<b>Carrying amount at 1 January</b>	<b>939.8</b>	<b>852.0</b>
Additions	26.5	15.2
Increase arising from put options granted to non-controlling shareholders (see note 33)	25.8	71.0
Adjustments	-6.3	-1.5
Translation differences	18.8	3.1
<b>Carrying amount at 31 December</b>	<b>1,004.6</b>	<b>939.8</b>

The additions arising from business combinations that occurred in the period are detailed in note 12.

The increase arising from put options comprise the additional goodwill recognised at year end to reflect the change in the exercise price of the remaining options granted to non-controlling shareholders and the carrying value of non-controlling interest to which they relate (see note 33). In 2009, the increase arising from put options also comprised the additional goodwill related to the exercise by Cobepa on 1 September 2009 of its put options (16.35% of Belron's equity capital).

The adjustments result from subsequent changes in the fair value of the net assets (mainly recognition of US intangibles with finite useful lives – see note 13) and subsequent changes in the deferred consideration payable in relation to the acquisitions performed in 2009 by the Vehicle Glass segment.

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed a review of the carrying value of goodwill and of the other intangible assets with indefinite useful lives (see note 13) as at each year end. The impairment review, undertaken by calculating value in use, was carried out to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

In determining the value in use, the Group calculated the present value of the estimated future cash flows expected to arise from the continuing use of the assets using pre-tax discount rates in the range from 8% to 9% (2009: from 7% to 9%). The discount rate applied is based upon the weighted average cost of capital of each segment with appropriate adjustment for the relevant risks associated with the businesses. Estimated future cash flows are based on long-term plans (i.e. over 4 or 5 years) for each cash-generating unit, with extrapolation thereafter based on long-term average growth rates for the individual cash-generating units. This growth rate is in the range from 2% to 4% (2009: 2% to 4%) for most of the units, including the ones that carry the most significant goodwill and intangible assets with indefinite useful lives.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill and intangible assets with indefinite useful lives include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill and intangible assets with indefinite useful lives may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.



**NOTE 11: GOODWILL (continued)**

The allocation of goodwill to cash-generating units is set out below (the allocation of other intangible assets with indefinite useful lives is set out in note 13):

EUR million	2010	2009
<b>Automobile Distribution</b>	<b>2.6</b>	<b>2.6</b>
<b>Car Rental</b>		
France	0.2	0.2
<b>Subtotal Car Rental</b>	<b>0.2</b>	<b>0.2</b>
<b>Vehicle Glass</b>		
United Kingdom	97.1	96.5
France	70.7	64.8
Italy	54.2	54.2
Germany	47.8	47.8
Canada	40.3	37.4
Holland	29.1	29.1
Belgium	27.1	27.1
Australia	24.8	24.8
United States	123.5	117.3
Spain	17.9	15.7
Norway	7.0	6.9
New Zealand	6.4	6.4
Greece	3.8	3.8
Sweden	4.5	4.0
Switzerland	2.1	2.0
Portugal	1.2	1.2
Denmark	5.2	5.2
Brazil	26.6	21.2
China	2.9	1.0
Russia	8.4	-
Turkey	4.8	-
Unallocated	396.4	370.6
<b>Subtotal Vehicle Glass</b>	<b>1,001.8</b>	<b>937.0</b>
<b>GROUP</b>	<b>1,004.6</b>	<b>939.8</b>

The unallocated amount in the Vehicle Glass segment comes from the acquisition of Belron by the Group in 1999, from the transactions entered into with the non-controlling shareholders of Belron since 1999, and from the recognition of the put options granted to non-controlling shareholders of Belron following the introduction of IAS 32 from 1 January 2005 onwards (see note 33).

**NOTE 12: BUSINESS COMBINATIONS**

The Group applies the revised version of IFRS 3 "Business Combinations" as from 1 January 2010.

During the period, the Group made the following acquisitions (only in the Vehicle Glass segment):

- On 1 January 2010, Belron acquired the assets of VIDRESESPRESS a fitting business, with two branches in Spain.
- On 4 January 2010, Belron acquired 100% interest in OTOCAM TİC AŞ, OCS LTD ŞTİ and DOGUS in Turkey. OTOCAM (which previously operated as a Carglass franchisee) and OCS are fitting businesses and DOGUS is a glass wholesale business.
- On 1 February 2010, Belron acquired the assets of CRISTALBUS S.L. a fitting business in Spain.
- On 9 February 2010, Belron acquired substantially all of the net assets of SCALABRINI & ARAGÃO LTDA and AUTOVIDROS TERESINA LTDA, a fitting business with two branches in Brazil.
- On 1 March 2010, Belron acquired 100% interest in PB Ouest, Occitane de Pare Brise, Rhône Alpes Pare Brise, Proglass Est, Proglass IdF, ABC Pro, OMTY and VPS. These acquisitions represent fitting and distribution businesses that operate in France.
- On 1 March 2010, Belron acquired the assets of Cristalauto Avila, SL a fitting business with one branch in Spain.
- On 3 March 2010, Belron acquired substantially all of the net assets of PARABRISAS VIDROS AUTOMOTIVOS LTDA, A.C.G. CRAVO LTDA and CRAVO E NOGUEIRA COMÉRCIO VAREJISTA DE VIDROS E ASSESSORIOS PARA VEÍCULOS LTDA, which operate three branches in Brazil.

**NOTE 12: BUSINESS COMBINATIONS (continued)**

- On 15 March 2010 (effective date 25 November 2010), Belron acquired the assets of CQ Italia sra, a fitting business with one branch in Italy.
- On 31 March 2010, Belron acquired 100% interest in Hässelbystrands Glasmästeri AB a VGRR specialist with one branch in Sweden.
- On 1 April 2010, Belron acquired the assets of CAMPOGLASS S.L. a fitting business with five branches in Spain.
- On 1 June 2010, Belron acquired 100% interest in Hangzhou FUYAO, a fitting and wholesales business that operates in China.
- On 1 June 2010, Belron acquired 100% interest in Dongguan XINYI, a fitting business with six branches in China.
- On 12 June 2010, Belron acquired substantially all of the net assets of SOCIEDADE DE ARTEFATOS DE BORRACHA LTDA a fitting business with one branch in Brazil.
- On 19 July 2010, Belron acquired the assets of LOGO a fitting business which operates one branch in Spain.
- On 21 July 2010, Belron acquired substantially all of the net assets of VAREJÃO DE ARTEFATOS DE BORRACHA LTDA. EPP a fitting business with one branch in Brazil.
- On 15 September 2010, Belron acquired the assets of Luna Express a fitting business with three branches in Spain.
- On 1 October 2010, Belron acquired 100% interest in the voting equity of JW Glass (Steamy Windows) Limited a fitting business that operates in UK.
- On 15 October 2010, Belron acquired 100% of Mobiscar-M, Kontratex-Aspect, Arenda-Service, Mobiscar-Service SPb and Mobiscar-Sibir, a fitting business that operates in Russia.

The additional sales arising subsequent to these acquisitions amount approximately to EUR 32 million (approximately EUR 41 million if they had occurred on the first day of the period). The results arising subsequent to these acquisitions (even if they had occurred on the first day of the period) are not considered material to the Group and accordingly are not disclosed separately.

The details of the net assets acquired, goodwill and consideration of the acquisitions are set out below:

EUR million	Book value	Adjustment <sup>(1)</sup>	Provisional fair value <sup>(2)</sup>
Brands	-	1.1	1.1
Other intangibles	-	0.4	0.4
Other property, plant & equipment	1.3	-	1.3
Inventories	6.1	-	6.1
Current tax assets	0.2	-	0.2
Trade and other receivables	7.6	-	7.6
Cash and cash equivalents	1.5	-	1.5
Non-current borrowings	-1.4	-	-1.4
Trade and other payables	-7.0	-	-7.0
<b>Net assets acquired</b>	<b>8.3</b>	<b>1.5</b>	<b>9.8</b>
Goodwill (see note 11)			26.5
<b>CONSIDERATION</b>			<b>36.3</b>
Consideration satisfied by:			
Cash payment			25.4
Estimation of fair value of the deferred consideration payable in the future			10.9
			<b>36.3</b>

(1) Fair value and accounting policy adjustments.

(2) The fair values are provisional since the integration process of the acquired entities and businesses is still ongoing.

The goodwill recognised above reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of Belron.

The fair value of the trade and other receivables amounts to EUR 7.6 million and it is expected that the full amount can be collected. Acquisition-related costs of EUR 1.0 million are included in the consolidated income statement.

The goodwill on the 2009 acquisitions was decreased by EUR 6.3 million reflecting fair value adjustments made to the initial valuations disclosed in note 12 of the 2009 Consolidated Financial Statements. This decrease mainly reflects changes in the fair value of the net assets acquired.

**NOTE 13: OTHER INTANGIBLE ASSETS**

Goodwill is analysed in note 11. All the other intangible assets have finite useful lives, unless otherwise specified.

EUR million	Avis licence rights	Other licenses and similar rights	Brands (with finite and indefinite useful lives)	Customer contracts	Computer software	Intan- gibles under develop- ment	Other	Total
Gross amount at 1 January 2010	711.5	0.4	336.1	50.9	123.3	-	0.3	1,222.5
Accumulated amortisation and impairment losses at 1 January 2010	-345.2	-0.4	-7.7	-14.8	-77.9	-	-0.3	-446.3
<b>Carrying amount at 1 January 2010</b>	<b>366.3</b>	<b>-</b>	<b>328.4</b>	<b>36.1</b>	<b>45.4</b>	<b>-</b>	<b>-</b>	<b>776.2</b>
Additions:								
Internal development	-	-	-	-	1.0	-	-	1.0
Items separately acquired	-	-	-	-	32.3	-	-	32.3
Disposals	-	-	-	-	-0.1	-	-	-0.1
Amortisation	-13.7	-	-8.7	-6.3	-16.6	-	-	-45.3
Transfer from (to) another caption	-	-	2.3	2.5	5.7	-	-	10.5
Items acquired through business combinations	-	-	1.1	0.4	-	-	-	1.5
Translation differences	-	-	9.5	3.8	2.8	-	-	16.1
<b>Carrying amount at 31 December 2010</b>	<b>352.6</b>	<b>-</b>	<b>332.6</b>	<b>36.5</b>	<b>70.5</b>	<b>-</b>	<b>-</b>	<b>792.2</b>
<i>of which: gross amount</i>	<i>711.5</i>	<i>0.4</i>	<i>349.2</i>	<i>59.2</i>	<i>165.4</i>	<i>-</i>	<i>0.3</i>	<i>1,286.0</i>
<i>accumulated amortisation and impairment losses</i>	<i>-358.9</i>	<i>-0.4</i>	<i>-16.6</i>	<i>-22.7</i>	<i>-94.9</i>	<i>-</i>	<i>-0.3</i>	<i>-493.8</i>
Gross amount at 1 January 2009	711.5	0.4	337.8	51.8	105.0	1.9	0.3	1,208.7
Accumulated amortisation and impairment losses at 1 January 2009	-331.5	-0.4	-2.6	-9.8	-59.9	-	-0.3	-404.5
<b>Carrying amount at 1 January 2009</b>	<b>380.0</b>	<b>-</b>	<b>335.2</b>	<b>42.0</b>	<b>45.1</b>	<b>1.9</b>	<b>-</b>	<b>804.2</b>
Additions:								
Internal development	-	-	-	-	-	0.9	-	0.9
Items separately acquired	-	-	-	-	13.3	-	-	13.3
Disposals	-	-	-	-	-1.3	-	-	-1.3
Amortisation	-13.7	-	-5.2	-5.4	-16.9	-	-	-41.2
Transfer from (to) another caption	-	-	1.1	0.7	2.8	-2.8	-	1.8
Translation differences	-	-	-2.7	-1.2	2.4	-	-	-1.5
<b>Carrying amount at 31 December 2009</b>	<b>366.3</b>	<b>-</b>	<b>328.4</b>	<b>36.1</b>	<b>45.4</b>	<b>-</b>	<b>-</b>	<b>776.2</b>
<i>of which: gross amount</i>	<i>711.5</i>	<i>0.4</i>	<i>336.1</i>	<i>50.9</i>	<i>123.3</i>	<i>-</i>	<i>0.3</i>	<i>1,222.5</i>
<i>accumulated amortisation and impairment losses</i>	<i>-345.2</i>	<i>-0.4</i>	<i>-7.7</i>	<i>-14.8</i>	<i>-77.9</i>	<i>-</i>	<i>-0.3</i>	<i>-446.3</i>

In 2010, the Board of Directors of the Parent reviewed the carrying amount of the Avis Europe's cash-generating unit in accordance with the requirements of IAS 36 "Impairment of Assets", with the value in use calculated on the basis of Avis Europe's latest five-year plan, with extrapolation thereafter. Considering that the resulting valuation is highly sensitive to a number of assumptions, the Board of Directors of the Parent is satisfied that the carrying amount of the Avis Europe cash-generating unit is stated at no more than its value in use. The same review was carried out in 2009 and had led to the same conclusion.

The nature of the brands with indefinite useful lives is provided in the summary of significant accounting policies in note 2. The increase in brands and customer contracts reflects the businesses acquired in the period (see note 12) and the fair value adjustments made to the initial valuations of the business acquired in 2009 by the Vehicle Glass segment. The brands with finite useful lives are amortised on their remaining useful life on a straight-line basis since there is a limit to the period over which these assets are expected to generate cash inflows. The 2010 amortisation amounted to EUR 8.7 million (2009: EUR 5.2 million). The carrying value of the brands with a finite useful life at 31 December 2010 amounted to EUR 2.3 million (2009: EUR 7.4 million), whilst the carrying amount of brands with indefinite useful life amounted to EUR 330.3 million (2009: EUR 321.0 million).



**NOTE 13: OTHER INTANGIBLE ASSETS (continued)**

The allocation of brands (with indefinite useful lives) to cash-generating units in the Vehicle Glass segment is set out below:

EUR million	2010	2009
United Kingdom	67.9	67.9
France	61.9	61.9
Germany	34.8	34.8
Holland	24.2	24.2
Belgium	18.1	18.1
Canada	15.3	15.3
United States	95.8	86.5
Spain	9.1	9.1
Portugal	2.9	2.9
Italy	0.3	0.3
<b>Carrying amount of brands</b>	<b>330.3</b>	<b>321.0</b>

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 11. Based on current valuations (see note 11), headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

**NOTE 14: VEHICLES**

EUR million	2010	2009
Gross amount at 1 January	910.5	980.9
Accumulated depreciation at 1 January	-238.6	-199.5
<b>Carrying amount at 1 January</b>	<b>671.9</b>	<b>781.4</b>
Additions	571.5	470.2
Depreciation charge	-166.8	-184.8
Transfer to inventories	-456.1	-403.4
Transfer from (to) current assets	31.8	6.2
Translation differences	6.0	2.3
<b>Carrying amount at 31 December</b>	<b>658.3</b>	<b>671.9</b>
<i>of which: gross amount</i>	<i>865.4</i>	<i>910.5</i>
<i>accumulated depreciation</i>	<i>-207.1</i>	<i>-238.6</i>

Vehicles held under finance leases are included in the above (in the Car Rental segment only) at the following amounts:

2010	EUR	40	million
2009	EUR	54	million

The Automobile Distribution's fleet is rented out in Belgium by s.a. D'Iteren Lease n.v. ("D'Iteren Lease"), a wholly-owned subsidiary of the Group. All rentals are operating leases. On average, the rentals are 44 months long (2009: 44 months). The average size of the fleet is as follows:

2010	20,712	vehicles
2009	22,404	vehicles

In the period, the financing of the D'Iteren Lease fleet securitisation programme has been extended until December 2011 at improved conditions. This programme initially launched in 2006 had been renewed in June 2009 up to EUR 310 million for another three year period. This securitisation operation, which fits into the Group's strategy of diversified financing, consists of the issue of bonds to professional investors. That securitisation programme had no impact on the net debt of the Group (this programme being a substitute to other external sources of financing). The carrying amount of the bonds changes as new lease contracts are concluded and as old ones expire. The reimbursement of the bonds and the payment of interest are covered by customers' lease payments and the resale of the vehicles. The programme enables the carrying amount of the bonds to follow the evolution of the carrying amount of the fleet until the third anniversary of the renewal (or eighteen months after the renewal, absent extension of the financing of the programme). It then starts to amortise, in line with the maturation of the underlying lease contracts. The securitisation programme does not result in the derecognition of any item from the statement of financial position. Other disclosures regarding the securitisation programme are provided in notes 19, 25, 31 and 39.

**NOTE 14: VEHICLES (CONTINUED)**

The Car Rental's fleet is rented out by Avis Europe plc and its subsidiaries in Europe. All rentals are operating leases. On average, the rentals are 6 days long (2009: 6 days). The average size of the fleet (including vehicles held under buy-back agreements and under other operating leases) is as follows:

2010	98,581	vehicles
2009	100,034	vehicles

**NOTE 15: OTHER PROPERTY, PLANT AND EQUIPMENT**

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2010	399.9	498.0	3.2	901.1
Accumulated depreciation and impairment losses at 1 January 2010	-172.4	-309.6	-	-482.0
<b>Carrying amount at 1 January 2010</b>	<b>227.5</b>	<b>188.4</b>	<b>3.2</b>	<b>419.1</b>
Additions	32.0	103.1	7.9	143.0
Disposals	-0.7	-2.7	-	-3.4
Depreciation	-23.5	-69.4	-	-92.9
Transfer from (to) another caption	0.4	-6.2	-2.3	-8.1
Items acquired through business combinations	-	1.3	-	1.3
Translation differences	5.4	11.0	-	16.4
<b>Carrying amount at 31 December 2010</b>	<b>241.1</b>	<b>225.5</b>	<b>8.8</b>	<b>475.4</b>
<i>of which: gross amount</i>	<i>434.2</i>	<i>592.6</i>	<i>8.8</i>	<i>1,035.6</i>
<i>accumulated depreciation and impairment losses</i>	<i>-193.1</i>	<i>-367.1</i>	<i>-</i>	<i>-560.2</i>
Gross amount at 1 January 2009	361.9	432.2	6.5	800.6
Accumulated depreciation at 1 January 2009	-155.3	-259.7	-	-415.0
<b>Carrying amount at 1 January 2009</b>	<b>206.6</b>	<b>172.5</b>	<b>6.5</b>	<b>385.6</b>
Additions	38.3	75.1	2.9	116.3
Disposals	-0.7	-4.2	-	-4.9
Depreciation	-22.0	-60.7	-0.2	-82.9
Transfer from (to) another caption	3.3	2.6	-6.1	-0.2
Items acquired through business combinations	-	2.1	-	2.1
Impairment losses (see note 9)	-0.4	-0.1	-	-0.5
Translation differences	2.4	1.1	0.1	3.6
<b>Carrying amount at 31 December 2009</b>	<b>227.5</b>	<b>188.4</b>	<b>3.2</b>	<b>419.1</b>
<i>of which: gross amount</i>	<i>399.9</i>	<i>498.0</i>	<i>3.2</i>	<i>901.1</i>
<i>accumulated depreciation and impairment losses</i>	<i>-172.4</i>	<i>-309.6</i>	<i>-</i>	<i>-482.0</i>

At 31 December 2010, assets under construction include property under construction in the Automobile Distribution segment (EUR 8.6 million) and in the Car Rental segment (EUR 0.2 million).

Assets held under finance leases are included in the above at the following amounts:

EUR million	Property	Plant and equipment	Assets under construction	Total
<b>31 December 2010</b>	<b>-</b>	<b>54.2</b>	<b>-</b>	<b>54.2</b>
31 December 2009	-	45.1	-	45.1

**NOTE 16: INVESTMENT PROPERTY**

EUR million	2010	2009
Gross amount at 1 January	12,5	12,5
Accumulated depreciation at 1 January	-6,2	-5,7
<b>Carrying amount at 1 January</b>	<b>6,3</b>	<b>6,8</b>
Additions	0,0	0,0
Depreciation	-0,5	-0,5
<b>Carrying amount at 31 December</b>	<b>5,8</b>	<b>6,3</b>
<i>of which: gross amount</i>	<i>12,5</i>	<i>12,5</i>
<i>accumulated depreciation</i>	<i>-6,7</i>	<i>-6,2</i>
Fair value	9,2	9,1

The fair value is supported by market evidence, and is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification, and who has recent experience in the location and category of the investment property held by the Group. The latest valuations were performed in March 2010.

All items of investment property are located in Belgium and are held by the Automobile Distribution segment.

See also notes 5 and 39 for other disclosures on investment property.

**NOTE 17: AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets held for trading.

EUR million	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Sundry	1.2	1.2	1.0	1.0
<b>Total available-for-sale financial assets</b>	<b>1.2</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>

Available-for-sale financial assets primarily comprise non-controlling interests in listed companies (measured at fair value) and non listed companies (measured at cost less accumulated impairment losses if any, being an approximation of their fair value), held by the three segments. They are considered as non-current assets, and are not expected to be realised within 12 months. However, some or all of them could be disposed of in the near future, depending on opportunities.

**NOTE 18: DERIVATIVE HEDGING INSTRUMENTS**

Derivative hedging instruments are derivatives that meet the strict criteria of IAS 39 for application of hedge accounting. They provide economic hedges against risks faced by the Group (see note 38).

Derivative hedging instruments are classified in the statement of financial position as follows:

EUR million	2010	2009
Non-current assets	4.8	-
Current assets	0.1	0.8
Non-current liabilities	-17.3	-41.8
Current liabilities	-12.9	-20.9
<b>Net derivative hedging instruments</b>	<b>-25.3</b>	<b>-61.9</b>

Derivative hedging instruments are analysed as follows:

Cross currency interest rate swaps (debt derivatives)	-9.0	-46.4
Interest rate swaps (debt derivatives)	-12.4	-13.0
Forward foreign exchange contracts (non-debt derivatives)	-3.2	-1.2
Non-deliverable forward exchange contracts	-0.7	-1.3
<b>Net derivative hedging instruments</b>	<b>-25.3</b>	<b>-61.9</b>

**NOTE 18: DERIVATIVE HEDGING INSTRUMENTS (continued)**

All derivative hedging instruments are recognised in the Car Rental and in the Vehicle Glass segments.

In the Car Rental segment, cross currency interest rate swaps of aggregate notional principal amounts of USD 240 million (2009: USD 288.0 million) were used to hedge the Avis Europe's USD denominated loan notes. Fair value hedge adjustments of EUR -1.8 million (2009: EUR -2.9 million) arise from the hedging of the principal value of the exposures to euro denominated liabilities. The whole of this adjustment in both the current and prior years related to hedged items due for settlement after one year. Cash flow hedges of EUR 0.1 million (2009: EUR 3.6 million) arise from the conversion of the regular semi-annual USD denominated interest payments to euro denominated interest payments. Amounts recognised within equity will be released to the income statement when the underlying fixed interest payments occur at various dates between the year end and 2014. There was no ineffectiveness of these hedges recorded at the balance sheet date.

In the Car Rental segment, interest rate swaps of aggregate notional principal amounts of EUR 200.0 million (2009: EUR 200.0 million) with average fixed interest payable of 4.03% (2009: 4.03%) were used to hedge variable quarterly interest payments arising under the Senior Floating Rate Notes due 2013 issued by Avis Europe in 2006. The aim of the hedge relationship is to transform the variable interest borrowing into a fixed interest borrowing and result in cash flow hedges of EUR 11.4 million (2009: EUR 11.8 million). Credit risks do not form part of the hedge. There was no material ineffectiveness of these hedges recorded as at the balance sheet date.

In the Car Rental segment, forward foreign exchange contracts were used to hedge expected foreign currency income and expected foreign currency payments. Movements in the fair value of these forward foreign exchange contracts are recognised as cash flow hedges in the hedging reserve within equity. These amounts are then transferred to the income statement when the amounts are received at various dates between one and 12 months after the year end. There was no material ineffectiveness of these hedges recorded as at the balance sheet date.

In the Vehicle Glass segment, non-deliverable forward exchange contracts of nominal amount of EUR 10.1 million equivalent (2009: EUR 22.7 million) were used to hedge exchange movements on EUR denominated loans held in Brazil. The net position recognised within equity amounts to EUR -0.7 million (2009: EUR -1.3 million).

In the Vehicle Glass segment, forward foreign exchange contracts were used to hedge the cost of future purchases of raw materials. These contracts qualify for hedge accounting and are classified as cash flow hedges. These will occur within one year of the date of the consolidated statement of financial position and are expected to impact the consolidated income statement during the same year. The total notional amount of these contracts is EUR 45.7 million equivalent (2009: EUR 36.0 million) and the net position recognised within equity amounts to EUR -2.0 million (2009: EUR -0.2 million).

In the Vehicle Glass segment, forward foreign exchange contracts were also used to hedge future interest costs. These contracts qualify for hedge accounting and are classified as cash flow hedges. These will occur within one year of the date of the consolidated statement of financial position and are expected to impact the consolidated income statement during the same year. The total notional amount of these contracts is EUR 0.8 million equivalent (2009: EUR 3.9 million) and the net position recognised within equity amounts to nil (2009: EUR -0.3 million).

As part of its net investment hedge policy, the Vehicle Glass segment uses currency denominated borrowings to hedge the exposure of a proportion of its non-EUR denominated net assets against changes in value due to changes in foreign exchange rates. There was no ineffectiveness of these hedges recorded at the balance sheet date.

The non-current portion of the derivative hedging instruments is expected to be settled after more than 12 months; the current portion within 12 months.

The fair values are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the balance sheet date. The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps and collars are valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The notional principal amounts of the outstanding derivative hedging instruments are as follows:

EUR million	2010	2009
Cross currency interest rate swaps (debt derivatives)	183.0	200.9
Interest rate swaps (debt derivatives)	200.0	200.0
Forward foreign exchange contracts (non-debt derivatives)	80.6	97.7



**NOTE 19: DERIVATIVES HELD FOR TRADING**

Derivatives held for trading are derivatives that do not meet the strict criteria of IAS 39 for application of hedge accounting. They however provide economic hedges against risks faced by the Group (see note 38).

Derivatives held for trading are classified in the statement of financial position as follows:

EUR million	2010	2009
<b>Non-current assets</b>		
Debt derivatives		
Embedded derivatives	2.2	1.9
<b>Subtotal</b>	<b>2.2</b>	<b>1.9</b>
<b>Current assets</b>		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	10.8	9.4
Interest rate securitisation swaps <sup>(1)</sup>	4.2	6.2
Interest rate caps	0.2	0.1
Interest rate floors	-	0.3
Non-debt derivatives		
Forward foreign exchange contracts	2.3	2.0
Fuel hedge instruments	2.2	1.0
<b>Subtotal</b>	<b>19.7</b>	<b>19.0</b>
<b>Non-current liabilities</b>		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	-0.1	-0.3
<b>Subtotal</b>	<b>-0.1</b>	<b>-0.3</b>
<b>Current liabilities</b>		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	-18.4	-27.4
Interest rate securitisation swaps <sup>(1)</sup>	-4.4	-6.4
Interest rate caps	-0.6	-0.5
Forward foreign exchange contracts	-0.7	-0.3
Non-debt derivatives		
Forward foreign exchange contracts	-0.5	-1.1
<b>Subtotal</b>	<b>-24.6</b>	<b>-35.7</b>
<b>NET DERIVATIVES HELD FOR TRADING</b>	<b>-2.8</b>	<b>-15.1</b>

(1) Other disclosures regarding the securitisation programme are provided in notes 14, 25, 31 and 39.

The EUR 250.0 million Senior Floating Rate Notes due 2013 issued by Avis Europe in 2006 include a call option permitting Avis Europe to repay the notes with effect from 31 July 2008. Under the option, the notes may be redeemed at par with effect from 31 July 2010. In accordance with IAS 39, this option is separately recognised from the underlying notes as an embedded derivative. This embedded derivative is classified as non-current asset consistent with the maturity of the borrowing in which it is embedded.

In the Vehicle Glass segment, a combination of options, collars and swaps (collectively "fuel hedge instruments") was used to hedge the price of fuel purchases. The fair value of fuel hedge instruments is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly futures forward curve for gasoline given the volume hedged and the contract period.

The fair values of forward rate agreements are calculated as the present value of future estimated cash flows. The fair values of the embedded derivative, interest rate swaps and interest rate caps are valued using option valuation techniques. See note 18 for details on the other valuation techniques used.

**NOTE 19: DERIVATIVES HELD FOR TRADING (continued)**

The notional principal amounts of the outstanding derivatives held for trading are as follows:

EUR million	2010	2009
Interest rate swaps excluding securitisation swaps	1,118.8	1,047.1
Interest rate securitisation swaps <sup>(1)</sup>	402.0	540.0
Interest rate caps and collars	40.0	95.0
Interest rate floors and collars	15.0	50.0
Forward rate agreements	-	95.0
Forward foreign exchange contracts and options	31.0	19.1

(1) Other disclosures regarding the securitisation programme are provided in notes 14, 25, 31 and 39.

**NOTE 20: LONG-TERM EMPLOYEE BENEFIT ASSETS AND OBLIGATIONS**

Long-term employee benefits include post-employment employee benefits and other long-term employee benefits. Post-employment employee benefits are analysed below. Other long-term employee benefits are presented among non-current provisions or non-current other payables, and, if material, separately disclosed in the relevant note.

Post-employment benefits are limited to retirement benefit schemes. Where applicable, Group entities contribute to the relevant state pension schemes. Certain Group entities operate schemes which provide retirement benefits, including those of the defined benefit type, which are in most cases funded by investments held outside the Group. The disclosures related to defined contribution schemes are provided in note 36.

The Group operates defined benefit schemes for qualifying employees in the following countries:

<b>Automobile Distribution:</b>
Funded and unfunded schemes:
Belgium
<b>Car Rental:</b>
Funded schemes:
Austria
France
Spain
United Kingdom
Unfunded schemes:
Germany
Italy
<b>Vehicle Glass:</b>
Funded schemes:
Canada
France
Ireland
Holland
United Kingdom
United States

The valuations used have been based on the most recent actuarial valuations, updated by the scheme actuaries to assess the liabilities of the scheme and the market value of the scheme assets at each of the balance sheet dates.

**NOTE 20: LONG-TERM EMPLOYEE BENEFIT ASSETS AND OBLIGATIONS (continued)**

The main actuarial assumptions are as follows (ranges are provided given the plurality of schemes operated throughout the Group):

	Funded schemes				Unfunded schemes			
	2010		2009		2010		2009	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	1.9%	3.6%	2.0%	3.8%	2.0%	2.0%	2.0%	2.0%
Discount rate	3.6%	5.4%	4.8%	5.8%	1.5%	5.4%	0.8%	6.0%
Expected return on scheme assets:								
Equities	7.0%	8.4%	6.8%	8.7%	-	-	-	-
Bonds	3.0%	5.3%	3.8%	5.8%	-	-	-	-
Other	0.4%	7.3%	2.0%	7.6%	-	-	-	-
Rate of salary increases	1.0%	5.4%	1.0%	5.5%	-0.3%	2.5%	2.1%	3.9%
Rate of pension increases	1.0%	3.6%	2.0%	3.8%	1.3%	2.0%	1.6%	3.2%

The expected rates of return on scheme assets are based on market expectations at the beginning of each year, for returns over the entire life of the related obligation. The expected return on bonds is based on long-term bond yields. The expected return on equities is based on a wide range of qualitative and quantitative market analysis including consideration of market equity risk premiums.

The actual return on scheme assets is analysed as follows:

EUR million	2010	2009
Expected return on scheme assets	27.1	19.7
Actual return less expected return on scheme assets	36.7	49.1
<b>Actual return on scheme assets</b>	<b>63.8</b>	<b>68.8</b>

The amounts recognised in the statement of financial position are summarised as follows:

EUR million	2010	2009
Long-term employee benefit assets	39.2	14.6
Long-term employee benefit obligations	-110.1	-127.6
<b>Recognised net deficit (-) / surplus (+) in the schemes</b>	<b>-70.9</b>	<b>-113.0</b>
<i>of which: amount expected to be settled within 12 months</i>	<i>-0.9</i>	<i>-2.0</i>
<i>amount expected to be settled in more than 12 months</i>	<i>-70.0</i>	<i>-111.0</i>

The amounts recognised in the statement of financial position are analysed as follows:

EUR million	2010			2009		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-534.0	-43.7	-577.7	-466.2	-39.1	-505.3
Fair value of scheme assets	506.8	-	506.8	392.3	-	392.3
<b>Net deficit (-) / surplus (+) in the schemes</b>	<b>-27.2</b>	<b>-43.7</b>	<b>-70.9</b>	<b>-73.9</b>	<b>-39.1</b>	<b>-113.0</b>

The amounts recognised in the statement of financial position for the years 2008 and 2007 were analysed as follows:

EUR million	2008			2007		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-347.3	-38.1	-385.4	-493.6	-39.0	-532.6
Fair value of scheme assets	279.0	-	279.0	420.4	-	420.4
<b>Net deficit (-) / surplus (+) in the schemes</b>	<b>-68.3</b>	<b>-38.1</b>	<b>-106.4</b>	<b>-73.2</b>	<b>-39.0</b>	<b>-112.2</b>

**NOTE 20: LONG-TERM EMPLOYEE BENEFIT ASSETS AND OBLIGATIONS (continued)**

The fair value of scheme assets includes the following items:

EUR million	2010			2009		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Equity instruments	306.3	-	306.3	249.4	-	249.4
Debt instruments	143.5	-	143.5	110.7	-	110.7
Property	-	-	-	0.1	-	0.1
Other assets	57.0	-	57.0	32.1	-	32.1
<b>Fair value of scheme assets</b>	<b>506.8</b>	<b>-</b>	<b>506.8</b>	<b>392.3</b>	<b>-</b>	<b>392.3</b>

The fair value of scheme assets did not comprise any property or other assets used by the Group, nor any financial instruments of the Group.

The movements in the recognised net deficit are as follows:

EUR million	2010			2009		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Net deficit (-) / surplus (+) at 1 January	-73.9	-39.1	-113.0	-68.3	-38.1	-106.4
Contributions paid by the Group	38.1	-	38.1	40.5	-	40.5
Benefits paid by the Group	-	2.2	2.2	-	2.4	2.4
Expense recognised in the income statement	-11.2	-3.0	-14.2	-10.5	-3.5	-14.0
Actuarial gains (+) / losses (-)	26.4	-3.8	22.6	-33.2	0.4	-32.8
Other benefits paid	0.2	-	0.2	-	-	-
Transfer from another caption	-2.3	-	-2.3	-	-	-
Translation differences	-4.5	-	-4.5	-2.4	-0.3	-2.7
<b>Net deficit (-) / surplus (+) at 31 December</b>	<b>-27.2</b>	<b>-43.7</b>	<b>-70.9</b>	<b>-73.9</b>	<b>-39.1</b>	<b>-113.0</b>

The amounts recognised in the income statement are as follows:

EUR million	2010			2009		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-10.7	-0.9	-11.6	-7.1	-1.4	-8.5
Past service cost	-0.1	-	-0.1	-0.1	-	-0.1
Interest cost	-27.7	-2.1	-29.8	-22.9	-2.1	-25.0
Effect of curtailment or settlement	0.2	-	0.2	-0.1	-	-0.1
Expected return on scheme assets	27.1	-	27.1	19.7	-	19.7
<b>Expense recognised in the income statement</b>	<b>-11.2</b>	<b>-3.0</b>	<b>-14.2</b>	<b>-10.5</b>	<b>-3.5</b>	<b>-14.0</b>
<i>of which: commercial and administrative expenses (current items)</i>	-11.2	-3.0	-14.2	-10.4	-3.5	-13.9
<i>other operating expenses (unusual items - see note 9)</i>	-	-	-	-0.1	-	-0.1

The amounts recognised through the statement of comprehensive income are as follows:

EUR million	2010			2009		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less expected return on scheme assets	36.7	-	36.7	49.1	-	49.1
Experience gain (+) / loss (-) on liabilities	2.5	-0.1	2.4	2.6	0.4	3.0
Gain (+) / Loss (-) on change of assumptions <sup>(1)</sup>	-12.8	-3.7	-16.5	-84.9	-	-84.9
<b>Actuarial gains (+) / losses (-)</b>	<b>26.4</b>	<b>-3.8</b>	<b>22.6</b>	<b>-33.2</b>	<b>0.4</b>	<b>-32.8</b>

(1) Financial and/or demographic assumptions.



**NOTE 20: LONG-TERM EMPLOYEE BENEFIT ASSETS AND OBLIGATIONS (continued)**

The best estimate of the contributions expected to be paid to the schemes during the 2011 annual period is EUR 31.6 million.

The obligation of defined benefit schemes is calculated on the basis of a set of actuarial assumptions (including among others: mortality, discount rate of future payments, salary increases, personnel turnover, etc.). Should these assumptions change in the future, the obligation may increase. The defined benefit scheme assets are invested in a diversified portfolio, with a return that is likely to experience volatility in the future. Should the return of these assets be insufficient, the deficit might increase.

**NOTE 21: DEFERRED TAXES**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred tax assets and liabilities during the period and the prior period is as follows:

EUR million	Revalua- tions	Depreciation amortisation write-downs	Provisions	Dividends	Tax losses available for offset	Financial instru- ments	Other	Total
<b>Deferred tax liabilities (negative amounts)</b>								
At 1 January 2009	-131.0	-35.0	10.9	-1.3	3.6	-3.0	-15.0	-170.8
Credited (charged) to income statement	3.5	9.8	-2.1	0.3	1.6	1.5	1.2	15.8
Credited (charged) to equity	-	-	1.2	-	-	-0.1	-	1.1
Transfer to current tax	-	-	-	-	-	-	6.4	6.4
At 31 December 2009	-127.5	-25.2	10.0	-1.0	5.2	-1.6	-7.4	-147.5
Credited (charged) to income statement	4.3	4.7	-8.8	-0.2	5.9	-0.1	-7.0	-1.2
Credited (charged) to equity	-	-	-5.2	-	-	0.2	-	-5.0
Exchange differences	-	-2.4	-0.2	-	-	-	-0.3	-2.9
<b>At 31 December 2010</b>	<b>-123.2</b>	<b>-22.9</b>	<b>-4.2</b>	<b>-1.2</b>	<b>11.1</b>	<b>-1.5</b>	<b>-14.7</b>	<b>-156.6</b>
<b>Deferred tax assets (positive amounts)</b>								
At 1 January 2009	-	-20.2	49.4	-	41.1	7.4	3.3	81.0
Credited (charged) to income statement	-	3.4	6.0	-	-0.7	-2.5	-0.8	5.4
Credited (charged) to equity	-	-	7.7	-	-	0.9	1.0	9.6
Transfer to current tax	-	-0.2	-	-	-	-	2.7	2.5
Exchange differences	-	0.8	-0.5	-	-	0.1	-0.8	-0.4
At 31 December 2009	-	-16.2	62.6	-	40.4	5.9	5.4	98.1
Credited (charged) to income statement	-	-11.9	-17.2	-	13.6	-0.9	3.3	-13.1
Credited (charged) to equity	-	-	-	-	-	-1.0	-2.2	-3.2
Transfer to current tax	-	0.1	-	-	-	-	1.7	1.8
Exchange differences	-	-0.5	4.4	-	3.5	-0.1	1.4	8.7
<b>At 31 December 2010</b>	<b>-</b>	<b>-28.5</b>	<b>49.8</b>	<b>-</b>	<b>57.5</b>	<b>3.9</b>	<b>9.6</b>	<b>92.3</b>
<b>Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:</b>								
31 December 2009	-127.5	-41.4	72.6	-1.0	45.6	4.3	-2.0	-49.4
<b>31 December 2010</b>	<b>-123.2</b>	<b>-51.4</b>	<b>45.6</b>	<b>-1.2</b>	<b>68.6</b>	<b>2.4</b>	<b>-5.1</b>	<b>-64.3</b>

The revaluation column mainly includes the deferred tax liability (EUR 111.8 million; 2009: EUR 116.1 million) arising on the recognition of the Avis licence rights. The decrease during the year is explained by the deferred tax impact on the amortisation of the Avis licence rights. The decrease of the revaluation column during the prior year was mainly explained by the deferred tax impact on the amortisation of the Avis licence rights.

The net deferred tax balance includes a liability of EUR 4.3 million (2009: EUR 4.3 million) that will be reversed in the following year, due to the amortisation of the Avis licence rights. It also includes net deferred tax assets amounting to EUR 13.7 million (2009: EUR 5.8 million) that are expected to be reversed in the following year. However, given the low predictability of deferred tax movements, this net amount might not be reversed as originally foreseen.

**NOTE 21: DEFERRED TAXES (continued)**

At the balance sheet date, the Group has unused tax losses and credits of EUR 480.3 million (2009: EUR 494.5 million) available for offset against future profits, for which no deferred tax asset has been recognised, due to the unpredictability of future profit streams. This includes unused tax losses of EUR 2.4 million (2009: EUR 1.6 million) that will expire in the period 2015-2027 (2009: 2010-2027) and unused tax credits of EUR 105.8 million (2009: EUR 75.5 million) that will expire in the period 2011-2017 (2009: 2010-2016). Other losses may be carried forward indefinitely.

Deferred tax has not been recognised in respect of other deductible temporary differences amounting to EUR 22.8 million (2009: EUR 35.5 million) due to the unpredictability of future profit streams.

At the balance sheet date the aggregate amount of temporary differences associated with the investments in subsidiaries, branches, associates and interests in joint ventures (being mainly the accumulated positive consolidated reserves of these entities) for which deferred tax liabilities have not been recognised is EUR 809.6 million (2009: EUR 753.6 million). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these temporary differences, for example by way of distribution of dividends by the subsidiaries to the Parent, would generate no (or a marginal) current tax effect.

Deferred tax assets include, among other items:

- EUR 3.8 million (2009: EUR 1.0 million) of which the utilisation is dependent on future taxable profits in excess of the profit arising from the reversal of existing taxable temporary differences;
- EUR 0.5 million (2009: EUR 30.1 million) related to entities that suffered a loss in either the current or preceding period in a tax jurisdiction to which the deferred tax assets relate.

The recognition of these deferred tax assets is supported by profit expectations in the foreseeable future.

Deferred tax assets are recognised provided that there is a sufficient probability that they will be recovered in the foreseeable future. Recoverability has been conservatively assessed. However, should the conditions for this recovery not be met in the future, the current carrying amount of the deferred tax assets may be reduced.

**NOTE 22: OTHER NON-CURRENT RECEIVABLES**

The other non-current receivables are comprised of guarantee deposits and of non-current receivables from entities accounted for using the equity method. Their carrying amount approximates their fair value, and they generally generate no interest income. They are expected to be recovered after more than 12 months.

**NOTE 23: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

In the Automobile Distribution segment, non-current assets held for sale comprise buildings previously used for Automobile Distribution activities, for which the management are committed to disposal. The disposal is expected to occur in the course of 2011.

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Other property, plant and equipment	1.7	-	-	1.7	-	-	-	-
<b>Non-current assets classified as held for sale</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE 24: INVENTORIES**

EUR million	2010	2009
<b>Automobile Distribution</b>		
Vehicles	283.2	238.3
Spare parts and accessories	26.3	27.4
Other	0.9	0.4
<b>Subtotal</b>	<b>310.4</b>	<b>266.1</b>
<b>Car Rental</b>		
Vehicles	0.7	3.1
Fuel	5.9	4.9
Spare parts and accessories	0.5	0.4
<b>Subtotal</b>	<b>7.1</b>	<b>8.4</b>
<b>Vehicle Glass</b>		
Glass and related product	233.9	193.1
<b>Subtotal</b>	<b>233.9</b>	<b>193.1</b>
<b>GROUP</b>	<b>551.4</b>	<b>467.6</b>
<i>of which: items carried at fair value less costs to sell</i>	<i>82.0</i>	<i>53.5</i>

In the Car Rental segment, vehicles comprise ex-rental vehicles where management are committed to the disposal of the vehicles. The disposals are expected to occur in early 2011.

The items carried out at fair value less costs to sell are mainly the vehicles sold under buy-back agreements (this kind of agreement being accounted for as operating lease) that are kept on statement of financial position until their subsequent resale.

The inventories are expected to be recovered within 12 months.

**NOTE 25: OTHER FINANCIAL ASSETS**

The other financial assets are analysed as follows:

EUR million	2010	2009
Automobile Distribution - Securitisation cash reserves	8.9	10.0
Car Rental - Finance lease collateral	-	2.7
Vehicle Glass - Restricted cash related to US acquisitions	17.0	13.2
<b>Other financial assets</b>	<b>25.9</b>	<b>25.9</b>

The securitisation (see note 14) cash reserves are pledged by D'Ieteren Lease and are held on its own bank accounts. Other disclosures regarding the securitisation programme are provided in notes 14, 19, 31 and 39.

The other financial assets are expected to be recovered within 12 months. Their carrying amount is equal to their fair value.

**NOTE 26: CURRENT TAX ASSETS AND LIABILITIES**

Current tax assets (liabilities) are largely expected to be recovered (settled) within 12 months.

**NOTE 27: TRADE AND OTHER RECEIVABLES**

Trade and other receivables are analysed as follows:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Trade receivables - net	107.5	147.7	192.2	447.4	83.9	136.4	169.0	389.3
Vehicle related receivables	-	758.4	-	758.4	-	751.7	-	751.7
Receivables from entities accounted for using the equity method	0.5	-	-	0.5	0.6	-	-	0.6
Other receivables	12.8	120.0	45.8	178.6	11.2	101.5	41.1	153.8
<b>Trade and other receivables</b>	<b>120.8</b>	<b>1,026.1</b>	<b>238.0</b>	<b>1,384.9</b>	<b>95.7</b>	<b>989.6</b>	<b>210.1</b>	<b>1,295.4</b>

**NOTE 27: TRADE AND OTHER RECEIVABLES (continued)**

The trade and other receivables are expected to be recovered within 12 months. Their carrying amount approximates to their fair value, and they generate no interest income.

The Group is exposed to credit risk arising from its operating activities. Such risks are mitigated by selecting clients and other business partners on the basis of their credit quality and by avoiding as far as possible concentration on a few large counterparties. Credit quality of large counterparties is assessed systematically and credit limits are put in place prior to taking exposure. Payment terms are on average less than one month except where local practices are otherwise. Receivables from sales involving credit are closely tracked and collected mostly centrally in the Automobile Distribution and Car Rental segments, and at the country level in the Vehicle Glass segment.

In the Automobile Distribution segment, concentration on top ten customers is 20% (2009: 19%) and no customer is above 6% (2009: 4%). Certain receivables are also credit insured.

In the Car Rental segment, vehicle related receivables include receivables related to vehicles purchased under buy-back agreements, prepaid vehicle operating lease charges, amount due from leasing companies and other vehicle receivables. Credit risk is concentrated with the main European vehicles manufacturers. Concentrations of credit risks with respect to non-vehicle related receivables are limited due to the diversity of the Avis Europe's customers.

In the Vehicle Glass segment, concentrations of risk with respect to receivables are limited due to the diversity of the Belron's customer base.

Statement of financial position amounts are stated net of provisions for doubtful debts, and accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the statement of financial position. As at 31 December 2010, the provisions for bad and doubtful debt amounted to EUR 53.4 million (2009: EUR 50.9 million).

The ageing analysis of trade and other receivables past due but not impaired is as follows:

EUR million	2010	2009
Up to three months past due	153.8	170.7
Three to six months past due	11.7	12.9
Over six months past due	9.8	6.6
<b>Total</b>	<b>175.3</b>	<b>190.2</b>

As disclosed in note 5, the increase in 2010 of the provisions for bad and doubtful debts amounts to EUR 12.7 million (2009: EUR 15.6 million).

**NOTE 28: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are analysed below:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Cash at bank and in hand	2.1	92.3	33.4	127.8	24.7	38.7	28.1	91.5
Short-term deposits	-	139.4	-	139.4	-	21.9	-	21.9
Money Market Assets	-	-	-	-	234.8	-	-	234.8
<b>Cash and cash equivalents</b>	<b>2.1</b>	<b>231.7</b>	<b>33.4</b>	<b>267.2</b>	<b>259.5</b>	<b>60.6</b>	<b>28.1</b>	<b>348.2</b>

Cash and cash equivalents are mainly floating rate assets which earn interest at various rates set with reference to the prevailing EONIA, LIBID or equivalent. Their carrying amount is equal to their fair value.

In 2009, in the Automobile Distribution segment, cash and cash equivalents have been building up, notably with the proceeds of EUR 150 million bond issuance on 23 December 2009. These balances had decreased in January 2010 after the payment of the Belron's shares acquired following the exercise by Cobepa of its put options in September 2009 (16.35% of Belron's equity capital).

In the Vehicle Glass segment, due to legal restrictions, cash balances held in Brazil, amounting to EUR 5.2 million (2009: EUR 4.1 million), are not available for general use by the Parent or other subsidiaries.

Short-term deposits (in the Car Rental segment only) mature within 5 months (2009: 3 months).



**NOTE 29: EQUITY**

The change in ordinary share capital is set out below:

EUR million, except number of shares stated in units	Number of ordinary shares	Ordinary share capital
<b>At 1 January 2009</b>	<b>5,530,262</b>	<b>160.0</b>
Change	-	-
<b>At 31 December 2009</b>	<b>5,530,262</b>	<b>160.0</b>
Ten for one share split	-	-
<b>At 31 December 2010</b>	<b>55,302,620</b>	<b>160.0</b>

On 20 December 2010, the Extraordinary General Meeting of Shareholders has approved the proposal of the Board of Directors to divide by ten the ordinary shares and the participating shares, by way of exchange. After this split (which was effective 27 December 2010), the number of ordinary shares and participating shares issued by the Parent amounts respectively to 55,302,620 and 5,000,000.

All ordinary shares issued are fully paid. Ordinary shares have no face value. The same Extraordinary General Meeting of Shareholders has also approved the dematerialization of bearer shares. The bearer ordinary shares are therefore to be converted into either registered or dematerialized shares prior to the exercise of any rights attached to them. Each ordinary share confers one voting right.

The 5,000,000 nominative participating shares do not represent share capital. Each participating share confers one voting right and gives the right to a dividend equal to one eighth of the dividend of an ordinary share.

Treasury shares are held by the Parent and by subsidiaries as set out below:

EUR million, except number of shares stated in units	2010		2009 <sup>(1)</sup>	
	Number	Amount	Number	Amount
Treasury shares held by the Parent	779,860	15.8	1,040,430	20.4
Treasury shares held by subsidiaries	-	-	-	-
<b>Treasury shares held</b>	<b>779,860</b>	<b>15.8</b>	<b>1,040,430</b>	<b>20.4</b>

(1) Comparative data have been restated for the effect of the share split.

Treasury shares are held to cover the stock option plans set up by the Parent since 1999 (see note 37).

On 28 May 2009, the Extraordinary General Meeting of Shareholders had renewed the authorisation to the Board of Directors to increase the share capital on one or more occasions, during a renewable period of five years, up to a maximum of EUR 60 million by contributions in cash or in kind or by incorporation of available or non-available reserves or share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights, with or without subscription rights, with the possibility of limiting or withdrawing preferential subscription rights including in favour of one or more specified persons. The same Meeting had authorised the Board of Directors to purchase own shares, during a period of five years, up to a maximum of ten percent of the ordinary shares issued.

Registered shares not fully paid-up may not be transferred except by virtue of a special authorisation from the Board of Directors for each assignment and in favour of an assignee appointed by the Board (art. 7 of the Articles). Participating shares may not be transferred except by the agreement of a majority of members of the Board of Directors, in which case they must be transferred to an assignee appointed by said members (art. 8 of the Articles).

The Group's objectives when managing capital are to safeguard each of its activities ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital adequacy at the level of each of its activities through a set of ratios relevant to their specific business. In order to maintain or adjust the capital structure, each activity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, taking into account the existence of non-controlling shareholders.

**NOTE 29: EQUITY (continued)**

Disclosure of company shareholders (according to the declarations of major shareholdings dated 09/28/2010 and after the notification of the change in denominator dated 12/27/2010)	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	10,322,060	18.66%	-	-	10,322,060	17.12%
Reptid Commercial Corporation, Dover, Delaware	2,025,320	3.66%	-	-	2,025,320	3.36%
Mrs Catheline Périer-D'leteren	1,529,900	2.77%	1,250,000	25.00%	2,779,900	4.61%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
<b>The four abovementioned persons (collectively "SPDG Group") are associated and act in concert with Cobepa s.a.</b>	<b>13,887,280</b>	<b>25.11%</b>	<b>1,250,000</b>	<b>25.00%</b>	<b>15,137,280</b>	<b>25.10%</b>
Nayarit Participations s.c.a., Brussels	13,941,510	25.21%	-	-	13,941,510	23.12%
Mr Roland D'leteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'leteren	10,000	0.02%	-	-	10,000	0.02%
<b>The three abovementioned persons (collectively "Nayarit Group") are associated and act in concert with Cobepa s.a.</b>	<b>14,417,700</b>	<b>26.07%</b>	<b>3,750,000</b>	<b>75.00%</b>	<b>18,167,700</b>	<b>30.13%</b>
<b>The persons referred to as SPDG Group and Nayarit Group act in concert.</b>						
Cobepa s.a., Brussels	2,126,210	3.84%	-	-	2,126,210	3.53%
<b>Cobepa s.a. acts in concert on the one hand with Nayarit Group and on the other hand with SPDG Group.</b>						

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 0.425 per share (2009: EUR 0.325 per share), or EUR 23.5 million in aggregate (2009: EUR 17.8 million).

**NOTE 30: PROVISIONS**

Provisions for post-retirement benefit schemes are analysed in note 20. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<b>Non-current provisions</b>								
Dealer-related	15.5	-	-	15.5	13.7	-	-	13.7
Warranty	5.0	-	-	5.0	5.2	-	-	5.2
Insurance and covers	2.7	18.4	-	21.1	2.4	23.6	-	26.0
Other non-current items	8.5	9.0	37.0	54.5	7.7	9.1	1.1	17.9
<b>Subtotal</b>	<b>31.7</b>	<b>27.4</b>	<b>37.0</b>	<b>96.1</b>	<b>29.0</b>	<b>32.7</b>	<b>1.1</b>	<b>62.8</b>
<b>Current provisions</b>								
Insurance and covers	-	13.9	-	13.9	-	12.6	-	12.6
Other current items	-	7.0	4.4	11.4	-	6.0	203.5	209.5
<b>Subtotal</b>	<b>-</b>	<b>20.9</b>	<b>4.4</b>	<b>25.3</b>	<b>-</b>	<b>18.6</b>	<b>203.5</b>	<b>222.1</b>
<b>Total provisions</b>	<b>31.7</b>	<b>48.3</b>	<b>41.4</b>	<b>121.4</b>	<b>29.0</b>	<b>51.3</b>	<b>204.6</b>	<b>284.9</b>

**NOTE 30: PROVISIONS (continued)**

The changes in provisions are set out below for the year ended 31 December 2010:

EUR million	Dealer-related	Warranty	Insurance and covers	Other non-current items	Other current items	Total
<b>At 1 January 2010</b>	<b>13.7</b>	<b>5.2</b>	<b>38.6</b>	<b>17.9</b>	<b>209.5</b>	<b>284.9</b>
Charged in the year	6.5	0.4	21.0	39.6	10.5	78.0
Utilised in the year	-4.7	-0.4	-25.2	-0.6	-203.9	-234.8
Reversed in the year	-	-0.2	-	-1.1	-6.7	-8.0
Transferred during the year	-	-	-	-1.3	1.3	-
Translation differences	-	-	0.6	-	0.7	1.3
<b>At 31 December 2010</b>	<b>15.5</b>	<b>5.0</b>	<b>35.0</b>	<b>54.5</b>	<b>11.4</b>	<b>121.4</b>

The timing of the outflows being largely uncertain, most of the provisions are considered as non-current items. Current provisions are expected to be settled within 12 months.

The dealer-related provisions arise from the ongoing improvement of the distribution networks.

In the Automobile Distribution segment, warranty provisions relate to the cost of services offered to new vehicle customers, like mobility.

In the Car Rental segment, insurance reserves provide for uninsured losses under third party liabilities or claims. Due to the timescales and uncertainties involved in such claims, provision is made based upon the profile of claims experience, allowing for potential claims for a number of years after policy inception. In the Automobile Distribution segment, provisions are set up for incurred material damage (registered or not) at D'Ieteren Lease.

Other current and non-current provisions primarily comprise:

- Reorganisation and employee termination provisions that are expected to crystallise within the next few years;
- Dilapidation and environmental provisions to cover the costs of the remediation of certain properties held under operating leases;
- Provisions for vacant properties;
- Provision against the future redemption of benefits under customer loyalty programmes;
- Provision against legal claims that arise in the normal course of business, that are expected to crystallise in the next couple of years. After taking appropriate legal advice, the outcome of these legal claims should not give rise to any significant loss beyond amounts provided at 31 December 2010;
- Provisions for long-term management incentive schemes in the Vehicle Glass segment. The scheme set up in 2005 was settled in the first half of the year. A new scheme commenced in 2010, this settlement of which is expected to occur between 2013 and 2015.

**NOTE 31: BORROWINGS**

Borrowings are analysed as follows:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<b>Non-current borrowings</b>								
Bonds	349.6	-	-	349.6	349.5	-	-	349.5
Bonds under securitisation programme	186.4	-	-	186.4	199.8	-	-	199.8
Obligations under finance leases	-	0.1	30.3	30.4	-	-	25.6	25.6
Bank and other loans	1.5	-	439.3	440.8	1.5	-	188.1	189.6
Loan notes	-	435.6	271.0	706.6	-	509.5	246.0	755.5
Deferred consideration	-	24.8	-	24.8	-	23.8	-	23.8
<b>Subtotal non-current borrowings</b>	<b>537.5</b>	<b>460.5</b>	<b>740.6</b>	<b>1,738.6</b>	<b>550.8</b>	<b>533.3</b>	<b>459.7</b>	<b>1,543.8</b>
<b>Current borrowings</b>								
Obligations under finance leases	-	184.3	21.2	205.5	-	167.9	17.0	184.9
Bank and other loans	3.6	20.3	8.4	32.3	14.1	14.0	0.8	28.9
Loan notes	-	91.6	-	91.6	-	33.3	-	33.3
Commercial paper	25.5	1.0	-	26.5	-	26.7	-	26.7
Deferred consideration	-	0.3	-	0.3	275.1	0.3	-	275.4
<b>Subtotal current borrowings</b>	<b>29.1</b>	<b>297.5</b>	<b>29.6</b>	<b>356.2</b>	<b>289.2</b>	<b>242.2</b>	<b>17.8</b>	<b>549.2</b>
<b>TOTAL BORROWINGS</b>	<b>566.6</b>	<b>758.0</b>	<b>770.2</b>	<b>2,094.8</b>	<b>840.0</b>	<b>775.5</b>	<b>477.5</b>	<b>2,093.0</b>

The Group issues bonds both through the Parent and its wholly-owned subsidiary D'leteren Trading b.v. The bonds outstanding at 31 December are as follows (only in the Automobile Distribution segment):

	2010				2009			
	Issued	Principal (EUR million)	Maturing	Fixed rate	Issued	Principal (EUR million)	Maturing	Fixed rate
	July 2004	100.0	2012	5.25%	July 2004	100.0	2012	5.25%
	July 2005	100.0	2015	4.25%	July 2005	100.0	2015	4.25%
	December 2009	150.0	2014	5.50%	December 2009	150.0	2014	5.50%
<b>Total</b>		<b>350.0</b>				<b>350.0</b>		

In December 2009, the Parent issued a five-year bond of EUR 150 million (EUR 149.5 million of net proceed), bearing interest at an annual gross rate of 5.5%. The weighted average cost of bonds in 2010 was 5.1% (2009: 4.8%).

The Group issues bonds under a securitisation programme, through its wholly-owned subsidiary s.a. D'leteren Lease n.v. ("D'leteren Lease"). The programme is set out in note 14. During the period, the financing of the D'leteren Lease fleet securitisation programme has been extended until December 2011. The weighted average cost of this programme, including the amortisation of the initial set-up and renewal costs over a three-year period, was 3.5% (2009: 3.6%). Pledged accounts related to this securitisation programme are recorded under the heading "other financial assets" (see note 25). Other disclosures regarding the securitisation programme are also provided in notes 19 and 39.



**NOTE 31: BORROWINGS (continued)**

Obligations under finance leases are analysed below:

EUR million	2010		2009	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	211.6	205.5	190.0	184.9
Between one and five years	32.4	29.6	26.8	24.6
More than five years	1.0	0.8	1.2	1.0
Subtotal	245.0	235.9	218.0	210.5
Less: future finance charges	-9.1		-7.5	
<b>Present value of finance lease obligations</b>	<b>235.9</b>		<b>210.5</b>	

Obligations under finance leases are mainly located in the Car Rental segment, which leases certain of its vehicles (including some vehicles held under buy-back agreements) and plant and equipment under finance leases. The average lease term is less than one year. For the year ended 31 December 2010 the average effective interest rate was 2.9% (2009: 3.7%) and interest rates are fixed at the contract date. All these finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rent payments. Finance leases are also used in the Vehicle Glass segment, and not used in the Automobile Distribution segment. The Group's obligations under finance leases are secured by the lessors having legal title over the leased assets. In 2009, collateral was held against certain of the leases in the Car Rental segment (see note 25).

Bank and other loans mainly represent non syndicated bank loans (in the Automobile Distribution segment) and syndicated arrangements (in the Car Rental and Vehicle Glass segments), as well as overdrafts. Depending on the currency of the bank borrowings and the segment concerned, the weighted average cost ranged from 1.3% to 16.9% in 2010 (2009: 1.4% to 7.0%).

In the Car Rental segment, loan notes represent the following outstanding balances, due by Avis Finance Company plc ("AFC"), an indirect wholly-owned subsidiary of Avis Europe plc:

Issued	Currency	2010		2009	
		Principal (in million)	Maturing	Principal (in million)	Maturing
August 2000	USD	-	-	48.0	2010
June 2002	EUR	26.8	2012	26.8	2012
June 2004	USD	240.0	2011,2012,2014	240.0	2011,2012,2014
June 2004	EUR	65.0	2012	65.0	2012
July 2006	EUR	250.0	2013	250.0	2013

The USD loan notes bear interest at an average fixed rate of 5.9% (2009: 6.3%). The euro denominated loan notes issued prior to July 2006 bear interest at an average fixed rate of 5.8% (2009: 5.8%). These loan notes are at fixed rates such that their contractual repricing profile is coterminous with their maturity profile. The EUR 250.0 million Senior Floating Rate Notes bear interest at EURIBOR plus 2.625%. These notes reprice EURIBOR quarterly and include a call option, permitting AFC to repay the notes with effect from 31 July 2008. This option is separately recognised as an embedded derivative at fair value (see note 19).

In the Vehicle Glass segment, loan notes represent the following outstanding balances, due by Belron Finance Limited, a wholly-owned subsidiary of Belron:

	Interest rate	Currency	2010		2009	
			Principal (in million)	Maturing	Principal (in million)	Maturing
Series A	5.68%	USD	200.0	2014	200.0	2014
Series B	5.80%	USD	125.0	2017	125.0	2017
Series C	5.94%	GBP	20.0	2017	20.0	2017

**NOTE 31: BORROWINGS (continued)**

The Group runs two commercial paper programmes in Belgium:

- s.a. D'leteren Treasury n.v., a wholly-owned subsidiary of the Parent, runs a EUR 300.0 million (2009: EUR 300.0 million) programme guaranteed by the Parent. The weighted average cost over 2010 was 0.6% (2009: 2.4%). Medium term notes can also be drawn from this programme;
- AFC runs a programme guaranteed by Avis Europe plc, which provides the Car Rental segment with borrowings of up to EUR 200.0 million (2009: EUR 200.0 million). Amounts drawn under the facility attract interest at a floating rate set by reference to EURIBOR plus a margin which will vary depending upon market conditions at the time of issue.

Amounts borrowed under these programmes were repayable in less than one year.

In the prior year, in the Automobile Distribution segment, deferred consideration represented amounts due to Cobepa following the exercise by Cobepa of its put options on 16.35% of Belron's equity capital. The payment occurred in January 2010.

In the Car Rental segment, deferred consideration represents amounts still due arising on the acquisition of Avis Europe Investment Holdings Limited (a wholly-owned subsidiary of Avis Europe plc) from Avis Inc. in 1997, and payable in annual instalments of GBP 1.9 million including interest. The deferred consideration is denominated in GBP and bears an interest rate of 8.0% fixed for 27 years.

Non-current borrowings are due for settlement after more than one year, in accordance with the maturity profile set out below:

EUR million	2010	2009
Between one and five years	1,591.5	1,306.7
After more than five years	147.1	237.1
<b>Non-current borrowings</b>	<b>1,738.6</b>	<b>1,543.8</b>

The exposure of the Group's borrowings to interest rate changes and the repricing dates (before the effect of the debt derivatives) at the balance sheet date is as follows:

EUR million	2010	2009
Less than one year	982.7	939.4
Between one and five years	968.1	920.5
After more than five years	144.0	233.1
<b>Borrowings</b>	<b>2,094.8</b>	<b>2,093.0</b>

The interest rate and currency profiles of borrowings are as follows (including the value of the adjustment for hedged borrowings disclosed in note 32):

EUR million	2010			2009		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	446.6	1,043.2	1,489.8	446.1	948.1	1,394.2
GBP	48.7	0.1	48.8	46.6	72.3	118.9
USD	477.4	77.4	554.8	495.4	68.8	564.2
Other	4.8	1.4	6.2	2.3	51.5	53.8
<b>Total</b>	<b>977.5</b>	<b>1,122.1</b>	<b>2,099.6</b>	<b>990.4</b>	<b>1,140.7</b>	<b>2,131.1</b>

When the effects of debt derivatives are taken into account, the interest rate and currency profiles of borrowings are as follows:

EUR million	2010			2009		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	1,531.6	52.3	1,583.9	1,310.6	306.9	1,617.5
GBP	48.7	101.1	149.8	86.8	18.0	104.8
USD	366.0	1.3	367.3	300.4	25.7	326.1
Other	4.8	-6.2	-1.4	50.8	31.9	82.7
<b>Total</b>	<b>1,951.1</b>	<b>148.5</b>	<b>2,099.6</b>	<b>1,748.6</b>	<b>382.5</b>	<b>2,131.1</b>

**NOTE 31: BORROWINGS (continued)**

The floating rate borrowings bear interest at various rates set with reference to the prevailing EURIBOR or equivalent. The range of interest rates applicable for fixed rate borrowings outstanding is as follows:

Currency	2010		2009	
	Min.	Max.	Min.	Max.
EUR	2.0%	6.8%	4.3%	6.8%
GBP	4.0%	5.9%	5.7%	5.9%
USD	2.0%	7.0%	2.0%	7.0%
Other	3.7%	16.9%	5.0%	6.5%

The fair value of current borrowings approximates to their carrying amount. The fair value of non-current borrowings is set out below:

EUR million	2010		2009	
	Fair value	Carrying amount	Fair value	Carrying amount
Bonds	359.4	349.6	349.1	349.5
Bonds under securitisation programme	186.4	186.4	199.8	199.8
Obligations under finance leases	30.4	30.4	25.6	25.6
Bank loans, loan notes and other loans	1,139.2	1,147.4	774.3	945.1
Deferred consideration	23.0	24.8	23.9	23.8
<b>Non-current borrowings</b>	<b>1,738.4</b>	<b>1,738.6</b>	<b>1,372.7</b>	<b>1,543.8</b>

The fair value of the bonds is determined based on their market prices. The fair value of the bonds under securitisation programme is equal to their carrying amount. The fair value of the other borrowings is based on either tradable market values, or where such market values are not readily available is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Certain of the borrowings in the Group have covenants attached.

In the Vehicle Glass segment, currency denominated borrowings are designated as hedge of net investment in non-EUR denominated net assets. They are used to hedge the exposure of a proportion of non-EUR denominated net assets against changes in value due to changes in foreign exchange rates. The fair value of these borrowings at 31 December 2010 was EUR 347.2 million (2009: EUR 435.8 million). The ineffectiveness recognised in the income statement that arises from hedge of net investment in foreign operations amounts to nil.

**NOTE 32: NET DEBT**

Net debt is a non-GAAP measure, i.e. its definition is not addressed by IFRS. The Group does not represent net debt as an alternative to financial measures determined in accordance with IFRS. The Group uses the concept of net debt to reflect its indebtedness. Net debt is based on borrowings less cash, cash equivalents and current asset investments. It excludes the fair value of derivative debt instruments. The hedged borrowings (i.e. those that are accounted for in accordance with the hedge accounting rules of IAS 39) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other borrowings are translated at closing foreign exchange rates.

EUR million	31 December 2010				31 December 2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Non-current borrowings	537.5	460.5	740.6	1,738.6	550.8	533.3	459.7	1,543.8
Current borrowings	29.1	297.5	29.6	356.2	289.2	242.2	17.8	549.2
Adjustment for hedged borrowings	-	4.8	-	4.8	-	38.1	-	38.1
<b>Gross debt</b>	<b>566.6</b>	<b>762.8</b>	<b>770.2</b>	<b>2,099.6</b>	<b>840.0</b>	<b>813.6</b>	<b>477.5</b>	<b>2,131.1</b>
Less: Cash and cash equivalents	-2.1	-231.7	-33.4	-267.2	-259.5	-60.6	-28.1	-348.2
Less: Current financial assets	-8.9	-	-	-8.9	-10.0	-2.7	-	-12.7
Less: Other non-current receivables	-0.5	-	-	-0.5	-	-	-	-
<b>Net debt</b>	<b>555.1</b>	<b>531.1</b>	<b>736.8</b>	<b>1,823.0</b>	<b>570.5</b>	<b>750.3</b>	<b>449.4</b>	<b>1,770.2</b>

**NOTE 33: PUT OPTIONS GRANTED TO NON-CONTROLLING SHAREHOLDERS**

The Group is committed to acquiring the non-controlling shareholdings owned by third parties in Belron, should these third parties wish to exercise their put options. IAS 32 requires that the exercise price of such options granted to non-controlling interest be reflected as a financial liability in the consolidated statement of financial position.

In May 2010, the Parent announced the sale of one percent of Belron's equity to the family holding company of Belron's CEO (a member of the founding family) for EUR 16.6 million. The Parent has granted put options on these shares exercisable twice a year from now until 2024 and will have call options exercisable twice a year from 2014 to 2024.

The Parent and the founding partner currently holding 6.27% of Belron's equity have extended their existing shareholders agreement from 2014 to 2024, with calls and puts exercisable twice a year over the same period.

The Board of Directors considers that the extension of the shareholders agreement is the continuation of the existing transaction.

For put options granted to non-controlling interest prior to 1 January 2010, the goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate. This treatment reflects the economic substance of the transaction, and has no impact on the result attributable to equity holders of the Parent.

For put options granted to non-controlling interest as from 1 January 2010, at inception, in accordance with IAS 27 revised and IAS32, the difference between the consideration received and the exercise price of the options granted is recognised against equity group's share. At each period end, in accordance with IAS 39, the re-measurement of the financial liability resulting from these options is recognised in the consolidated income statement as a re-measurement item in net finance costs.

At 31 December 2010, the exercise price of all options granted to non-controlling interest amounts to EUR 163.0 million and comprises EUR 149.8 million of put options with related call options, exercisable until 2024 (see above) and EUR 13.2 million of expected price adjustment on put options exercised in September 2009 by Cobepa, to be settled in 2011.

For put options granted to non-controlling interest prior to 1 January 2010, the difference between the exercise price of the options and the carrying value of the non-controlling interest (EUR 38.6 million at 31 December 2010) is presented as additional goodwill (EUR 90.6 million at 31 December 2010).

For put options granted to non-controlling interest as from 1 January 2010, the re-measurement at year-end of the financial liability resulting from these options amounts to EUR 1.4 million and is recognised in the consolidated income statement as a re-measurement charge in net finance costs (see note 9).

The exercise price of the put options takes into account estimates of the future profitability of Belron. Should the underlying estimates change, the value of the put options recognised in the statement of financial position would be impacted, with impacts on the related goodwill and net finance costs.

**NOTE 34: OTHER NON-CURRENT PAYABLES**

Other non-current payables are non interest-bearing deferred consideration on acquisitions, payable after more than 12 months. The carrying value of other non-current payables approximates to their fair value.

**NOTE 35: TRADE AND OTHER CURRENT PAYABLES**

Trade and other payables are analysed below:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Trade payables	86.4	207.8	95.4	389.6	60.0	182.7	90.1	332.8
Accrued charges and deferred income	51.9	212.7	2.6	267.2	50.0	199.6	2.6	252.2
Non-income taxes	4.0	42.7	12.4	59.1	3.9	26.5	15.0	45.4
Deferred consideration on acquisitions	-	-	5.7	5.7	-	-	10.6	10.6
Other creditors	56.8	65.1	274.1	396.0	50.4	56.5	245.9	352.8
<b>Trade and other payables</b>	<b>199.1</b>	<b>528.3</b>	<b>390.2</b>	<b>1,117.6</b>	<b>164.3</b>	<b>465.3</b>	<b>364.2</b>	<b>993.8</b>

Trade and other current payables are expected to be settled within 12 months. The carrying value of trade and other current payables approximates to their fair value.



**NOTE 36: EMPLOYEE BENEFIT EXPENSE**

The employee benefit expense is analysed below:

EUR million	2010				2009			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
<i>Retirement benefit charges under defined contribution schemes</i>	-4.9	-6.1	-12.1	-23.1	-5.2	-6.1	-9.8	-21.1
<i>Retirement benefit charges under defined benefit schemes (see note 20)</i>	-0.8	-7.4	-6.1	-14.3	-1.3	-8.1	-4.6	-14.0
Total retirement benefit charge	-5.7	-13.5	-18.2	-37.4	-6.5	-14.2	-14.4	-35.1
Wages, salaries and social security costs	-123.7	-249.9	-1,004.5	-1,378.1	-116.2	-246.4	-913.2	-1,275.8
Share-based payments: equity-settled	-0.6	-2.1	-	-2.7	-0.5	-0.4	-	-0.9
<b>Total employee benefit expense</b>	<b>-130.0</b>	<b>-265.5</b>	<b>-1,022.7</b>	<b>-1,418.2</b>	<b>-123.2</b>	<b>-261.0</b>	<b>-927.6</b>	<b>-1,311.8</b>
<i>of which: current items</i>	-130.0	-265.5	-1,022.7	-1,418.2	-123.2	-260.9	-927.6	-1,311.7
<i>unusual items (defined benefit schemes - see notes 9 and 20)</i>	-	-	-	-	-	-0.1	-	-0.1

The above expense includes the amounts charged in 2010 and in 2009 in respect of the long-term management incentive schemes mentioned in note 30. The 2009 data have been restated to reflect the amount previously shown within sundry expenses in note 5.

The staff numbers are set out below (average full time equivalents):

	2010	2009
Automobile Distribution	1,584	1,565
Car Rental	5,163	5,319
Vehicle Glass	24,790	22,399
<b>Group</b>	<b>31,537</b>	<b>29,283</b>

**NOTE 37: SHARE-BASED PAYMENTS**

There are in the Group two kinds of equity-settled share-based payment schemes:

- Since 1999, share option schemes have been granted to officers and managers of the Automobile Distribution segment, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'leteren n.v.
- Since 1998, several share option schemes, a share retention plan and a long-term incentive plan have been granted to certain categories of employees in the Car Rental segment. The underlying share is the ordinary share of Avis Europe plc.

**Automobile Distribution segment**

Options outstanding are as follows:

Date of grant	Number of options (in units)		Exercise price (EUR)	Exercise period	
	2010	2009		From	To
2010	81,350	-	39.60	1/01/2014	3/10/2020
2009	107,850	109,050	24.00	1/01/2013	27/10/2019
2008	121,230	123,030	12.10	1/01/2012	5/11/2018
2007	97,130	97,730	26.40	1/01/2011	2/12/2022
2006	44,850	82,850	26.60	1/01/2010	27/11/2021
2005	58,550	107,550	20.90	1/01/2009	6/11/2020
2004	37,350	69,850	14.20	1/01/2008	28/11/2019
2003	41,200	72,350	16.34	1/01/2007	16/11/2018
2002	37,600	55,650	11.60	1/01/2006	13/10/2015
2001	26,250	55,300	13.30	1/01/2005	25/10/2014
2000	37,350	136,300	26.70	1/01/2004	25/09/2013
1999	57,380	109,850	37.50	1/01/2003	17/10/2012
<b>Total</b>	<b>748,090</b>	<b>1,019,510</b>			

**NOTE 37: SHARE-BASED PAYMENTS (continued)**

All outstanding options are covered by treasury shares (see note 29).

A reconciliation of the movements in the number of outstanding options during the year is as follows:

	Number (in units)		Weighted average exercise price (EUR)	
	2010	2009	2010	2009
Outstanding options at the beginning of the period	1,019,510	962,210	22.02	21.50
Granted during the period	81,350	109,050	39.60	24.00
Forfeited during the period	-3,600	-7,850	18.50	37.00
Exercised during the period	-349,170	-67,600	23.50	15.70
Other movements during the period	-	23,700	-	20.40
<b>Outstanding options at the end of the period</b>	<b>748,090</b>	<b>1,019,510</b>	<b>23.30</b>	<b>22.02</b>
<i>of which: exercisable at the end of the period</i>	<i>437,660</i>	<i>606,850</i>	<i>17.30</i>	<i>22.35</i>

In 2010, a large part of the options were exercised during the first quarter of the period. The average share price during the period was EUR 36.57 (2009: EUR 17.43).

For share options outstanding at the end of the period, the weighted average remaining contractual life is as follows:

	Number of years
<b>31 December 2010</b>	<b>8.1</b>
31 December 2009	8.2

IFRS 2 "Share-Based Payment" requires that the fair value of all share options issued after 7 November 2002 is charged to the income statement. The fair value of the options must be assessed on the date of each issue. A simple Cox valuation model was used at each issue date re-assessing the input assumptions on each occasion. The assumptions for the 2010 and 2009 issues were as follows:

	2010	2009
Number of employees	106	158
Spot share price (EUR)	39.58	29.66
Option exercise price (EUR)	39.60	24.00
Vesting period (in years)	3.0	3.0
Expected life (in years)	6.8	6.8
Expected volatility (in %)	32%	34%
Risk free rate of return (in %)	2.67%	3.38%
Expected dividend (EUR)	0.35	0.23
Probability of ceasing employment before vesting (in %)	0%	0%
Weighted average fair value per option (EUR)	15.07	13.69

Expected volatility and expected dividends were provided by an independent expert. The risk free rate of return is based upon EUR zero-coupon rates with an equivalent term to the options granted.

**Car Rental segment**

The share option schemes of the Car Rental segment might have a dilutive impact on the Group's shareholding in Avis Europe plc. The total number of share options in issue at 31 December 2010 is 8,027,400 (2009: 58,062,800). This represents 4.1% (2009: 6.3%) of Avis Europe plc share capital. These share options can be exercised until 2013 (2009: 2013). Details on these share option schemes are provided in Avis Europe's annual report.

**NOTE 38: FINANCIAL RISK MANAGEMENT**

Treasury policies aim to ensure permanent access to sufficient liquidity, and to monitor and limit interest and currency exchange risks. These are summarised below:

**Liquidity Risk**

Each business unit of the Group seeks to ensure that it has sufficient committed funding in place to cover its requirements - as estimated on the basis of its long-term financial projections - in full for at least the next 12 months. Long-term funding is managed at the level of each business unit. This funding is complemented by various sources of uncommitted liquidity (short-term banking facilities, commercial paper).

The long-term funding mainly consists of:

- In the Car Rental and Vehicle Glass segments: syndicated loan facilities, and private and public bonds;
- In the Automobile Distribution segment: public retail bonds, securitisation of leasing activities, bi-lateral bank facilities.

Repayment dates are spread as evenly as possible and funding sources are diversified in order to mitigate refinancing risk (timing, markets) and its associated costs (credit spread risk).

Cash pooling schemes are sought and implemented each time when appropriate (in the Automobile Distribution and the Vehicle Glass segments) in order to minimise gross financing needs and costs of liquidity.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities together with derivative financial instrument assets and liabilities at balance sheet date:

EUR million	Due within one year		Due between one and five years		Due after five years		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
<b>At 31 December 2010</b>								
Borrowings								
Bonds	-	17.8	349.6	47.0	-	-	349.6	64.8
Bonds under securitisation programme	-	5.5	183.4	11.2	3.0	0.1	186.4	16.8
Obligations under finance leases	205.5	6.1	29.6	2.8	0.8	0.2	235.9	9.1
Other borrowings	151.2	37.4	1,025.7	64.3	119.9	9.4	1,296.8	111.1
Deferred consideration	0.3	-	1.4	-	23.4	-	25.1	-
<b>Total</b>	<b>357.0</b>	<b>66.8</b>	<b>1,589.7</b>	<b>125.3</b>	<b>147.1</b>	<b>9.7</b>	<b>2,093.8</b>	<b>201.8</b>
Trade and other payables	1,117.3	-	-	-	-	-	1,117.3	-
Derivative financial assets and liabilities								
Derivative contracts - receipts	-286.8	-17.4	-82.2	-27.6	-	-	-369.0	-45.0
Derivative contracts - payments	293.7	20.2	76.9	25.8	-	-	370.6	46.0
<b>Total</b>	<b>1,481.2</b>	<b>69.6</b>	<b>1,584.4</b>	<b>123.5</b>	<b>147.1</b>	<b>9.7</b>	<b>3,212.7</b>	<b>202.8</b>
<b>At 31 December 2009</b>								
Borrowings								
Bonds	-	17.8	249.5	60.5	100.0	4.3	349.5	82.6
Bonds under securitisation programme	-	7.8	195.9	16.5	3.9	0.1	199.8	24.4
Obligations under finance leases	184.9	5.1	24.6	2.3	1.0	0.2	210.5	7.6
Other borrowings	109.8	49.6	814.7	116.2	109.6	14.9	1,034.1	180.7
Deferred consideration	275.4	-	1.2	-	22.6	-	299.2	-
<b>Total</b>	<b>570.1</b>	<b>80.3</b>	<b>1,285.9</b>	<b>195.5</b>	<b>237.1</b>	<b>19.5</b>	<b>2,093.1</b>	<b>295.3</b>
Trade and other payables	993.8	-	-	-	-	-	993.8	-
Derivative financial assets and liabilities								
Derivative contracts - receipts	-188.0	-16.2	-183.6	-35.7	-	-4.3	-371.6	-56.2
Derivative contracts - payments	236.3	22.2	226.0	37.5	-	3.9	462.3	63.6
<b>Total</b>	<b>1,612.2</b>	<b>86.3</b>	<b>1,328.3</b>	<b>197.3</b>	<b>237.1</b>	<b>19.1</b>	<b>3,177.6</b>	<b>302.7</b>

**NOTE 38: FINANCIAL RISK MANAGEMENT (continued)****Interest Rate Risk**

The Group seeks to cap the impact of adverse interest rates movements on its current financial results, particularly in relation to the next 12 months. To manage its interest rate exposures, the Group primarily uses forward rate agreements, interest rate swaps, caps and floors. Each business unit determines its own minimum hedge percentages, which, for the period up to 12 months, are comprised between 50% and 100%, and thereafter gradually lower over time.

The hedge horizon overall is typically 3 years. Hedges, or fixed rate indebtedness, beyond 5 years are unusual.

More specifically, the Automobile Distribution segment seeks to protect the margins forthcoming from its long-term (operational) leasing activity (D'Ieteren Lease). Here, hedging is driven by lease contracts duration (estimated length of contracts, amortisation profiles).

A change of 100 basis point in interest rate at the reporting date would have increased/decreased equity and result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations		Cash flow hedge reserve	
	1% increase	1% decrease	1% increase	1% decrease
<b>31 December 2010</b>	<b>-1.0</b>	<b>0.9</b>	<b>-20.4</b>	<b>20.4</b>
31 December 2009	-1.6	1.7	-21.1	21.1

**Currency Risk**

The Group's objective is to protect its cash flows and investments from the potentially high volatility of the foreign exchange markets by hedging any material net foreign currency exposure. Material means in excess of one million euros. Transaction exposures are limited and generally not material. When material, they are reduced or cancelled as soon as they are identified.

Investments outside the Eurozone generate translation exposures. These are minimised mainly through the creating of liabilities (debt) denominated in the same currency as the cash flows generated by the corresponding assets. To complement these natural hedges, the Group uses instruments such as forwards, swaps, plain-vanilla foreign exchange options and, when appropriate, cross currency swaps.

The hedging levels are reviewed periodically, in light of the market conditions and each time a material asset is added or removed.

A 10 percent strengthening/weakening of the euro against the following currencies at 31 December would have increased/decreased equity and result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant:

EUR million	Result from continuing operations		Equity	
	10% strengthening	10% weakening	10% strengthening	10% weakening
<b>31 December 2010</b>				
EUR/GBP	7.2	-7.3	-17.9	20.1
EUR/USD	-0.3	0.3	-0.3	0.3
EUR/CHF	-0.8	0.8	-3.1	3.1
<b>31 December 2009</b>				
EUR/GBP	-1.5	1.5	-1.9	2.0
EUR/USD	-0.2	0.1	1.9	-2.0
EUR/CHF	3.6	-3.6	-2.4	2.4

**Counterparty Risk**

Exposure limits to financial counterparties in respect of both amount and duration are set in respect of derivatives and cash deposits. Such transactions are effected with a limited number of pre-designated banks on the basis of their publicly available credit ratings, which are checked at least once a year. The required minimum rating is A- (Standard and Poor's). Limits on length of exposure per category of transaction are in place to protect liquidity and mitigate counterparty default risks. The instruments and their documentation must be authorized before entering the contemplated transactions.

There is no meaningful price risk other than those mentioned above.

Within this framework, considerable autonomy is granted to each of the three businesses.



**NOTE 38: FINANCIAL RISK MANAGEMENT (continued)****Measurement of financial instruments by category**

IFRS7 requires disclosure of how the fair value measurements fit within the fair value measurement hierarchy. The following table presents the Group's financial assets and liabilities measured at fair value within the hierarchy:

EUR million	2010				2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Non-current and current assets:</b>								
Available-for-sale financial assets	0.2	-	-	0.2	0.1	-	-	0.1
Derivative hedging instruments	-	4.9	-	4.9	-	0.8	-	0.8
Derivatives held for trading	-	19.7	2.2	21.9	-	19.0	1.9	20.9
Cash and cash equivalents	-	-	-	-	234.8	-	-	234.8
<b>Total assets</b>	<b>0.2</b>	<b>24.6</b>	<b>2.2</b>	<b>27.0</b>	<b>234.9</b>	<b>19.8</b>	<b>1.9</b>	<b>256.6</b>
<b>Non-current and current liabilities:</b>								
Derivative hedging instruments	-	30.2	-	30.2	-	62.7	-	62.7
Derivatives held for trading	-	24.7	-	24.7	-	36.0	-	36.0
<b>Total liabilities</b>	<b>-</b>	<b>54.9</b>	<b>-</b>	<b>54.9</b>	<b>-</b>	<b>98.7</b>	<b>-</b>	<b>98.7</b>

Level 1 comprises those financial instruments measured at fair value where the valuation is based on quoted prices (unadjusted) in active markets for identifiable assets or liabilities. As at 31 December 2010, in the Vehicle Glass segment, the available-for-sale financial assets comprise a non-controlling interest in a listed company.

Level 2 comprises those financial instruments measured at fair value where the valuation is based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (this is, as prices) or indirectly (that is, derived from prices). The fair values of all the Group's derivative hedging instruments and derivatives held for trading are determined using valuation techniques. These valuations techniques maximise the use of observable market data where it is available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of the Group's derivative hedging instruments and derivatives held for trading (other than the embedded derivative in the Car Rental segment – see note 19) are calculated as the present value of the estimated future cash flows based on observable yield curves, and are therefore included in level 2.

Level 3 comprises those financial instruments measured at fair value where the valuation is based on inputs for the asset or liability that are not based on observable data. The fair value of the embedded derivative contract (in the Car Rental segment - see note 19) is determined using option valuation techniques which are based on both observable market rates, but also assumptions with respect to estimates of exercise probabilities. The embedded derivative is therefore included in level 3. Movements in the fair value of the embedded derivative are recognised in the consolidated income statement. The gain reported in the year amounts to EUR 0.3 million (2009: EUR 1.2 million).

**NOTE 39: CONTINGENCIES AND COMMITMENTS**

EUR million	2010	2009
Commitments to acquisition of non-current assets	60.2	61.8
Other important commitments:		
Commitments given	40.4	39.9
Commitments received	2.8	3.1

The commitments to acquisition of non-current assets mainly concern the vehicle fleet of the Car Rental segment.

The Group is a lessee in a number of operating leases. The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2010	2009
Within one year	196.2	159.9
Later than one year and less than five years	395.9	313.9
After five years	138.2	124.3
<b>Total</b>	<b>730.3</b>	<b>598.1</b>

At each year end, the Group also had prepaid various other operating lease commitments in relation to vehicles purchased under buy-back agreements, included in vehicle related receivables in note 27.

The Group also acts as a lessor in a number of operating leases, mainly through its wholly-owned subsidiary s.a. D'leteren Lease n.v. The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2010				2009			
	Investment property	Vehicles	Other property, plant and equipment	Total	Investment property	Vehicles	Other property, plant and equipment	Total
Within one year	0.8	86.0	-	86.8	0.8	83.3	-	84.1
Later than one year and less than five years	1.6	122.5	-	124.1	2.0	116.8	-	118.8
After five years	0.2	0.2	-	0.4	0.4	0.1	-	0.5
<b>Total</b>	<b>2.6</b>	<b>208.7</b>	<b>-</b>	<b>211.3</b>	<b>3.2</b>	<b>200.2</b>	<b>-</b>	<b>203.4</b>

At each year end, the Group also had prepaid various other operating lease commitments in relation to vehicles sold under buy-back agreements, included in deferred income in note 35.

The revenue, expenses, rights and obligations arising from leasing arrangements regarding investment property are not considered material to the Group, and accordingly a general description of these leasing arrangements is not disclosed.

Under the securitisation programme (see notes 14, 19, 25, 31), D'leteren Lease granted a floating charge on its business to the bondholders to secure its obligations. The floating charge was granted for up to the following amounts:

- in respect of principal: EUR 309.0 million;
- three years of interest calculated at the rate of 5%, or such other rate as may be agreed between the parties.

**NOTE 40: RELATED PARTY TRANSACTIONS**

EUR million	2010	2009
<b>With entities with joint control or significant influence over the Group:</b>		
Amount of the transactions entered into during the period	0.8	0.9
Outstanding creditor balance at 31 December	15.0	14.3
<b>With associates:</b>		
Sales	8.1	11.7
Purchases	-0.3	-0.1
Trade receivables outstanding at 31 December	0.5	0.6
<b>With joint ventures in which the Group is a venturer:</b>		
Sales	1.7	1.4
Trade receivables outstanding at 31 December	0.6	2.4
<b>With key management personnel:</b>		
Compensation:		
Short-term employee benefits	4.4	4.4
Post-employment benefits	0.5	0.2
Total compensation	4.9	4.6
Amount of the other transactions entered into during the period	n/a	n/a
Outstanding creditor balance at 31 December	n/a	n/a
<b>With other related parties:</b>		
Amount of the transactions entered into during the period	0.2	0.1
Outstanding creditor balance at 31 December	-	0.8

**NOTE 41: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The full list of companies concerned by articles 114 and 165 of the Royal Decree of 30 January 2001 implementing the Company Code will be lodged with the Central Balance Sheet department of the National Bank of Belgium. It is also available on request from the Parent head office (see note 1).

The main fully consolidated subsidiaries of the Parent are listed below:

Name	Country of incorporation	% of share capital owned at 31 Dec. 2010	% of share capital owned at 31 Dec. 2009
<b>Automobile Distribution</b>			
s.a. D'eteren Lease n.v.	Belgium	100%	100%
s.a. D'eteren Sport n.v.	Belgium	75%	75%
s.a. D'eteren Services n.v.	Belgium	100%	100%
s.a. D'eteren Treasury n.v.	Belgium	100%	100%
D'eteren Trading b.v.	The Netherlands	100%	100%
D'eteren Car Rental s.a.	Luxemburg	100%	100%
D'eteren Vehicle Glass s.a.	Luxemburg	100%	-
Dicobel s.a.	Belgium	100%	100%
<b>Car Rental</b>			
Avis Europe plc	United Kingdom	59.59%	59.59%
<b>Vehicle Glass</b>			
Belron s.a.	Luxemburg	92.73%	77.38%

Taking into account the treasury shares held by Avis Europe, the percentages used for the consolidation of Avis Europe are higher than the proportion held in Avis Europe's share capital shown above:

	2010	2009
Average percentage	60.06%	59.72%
Year-end percentage	60.05%	60.07%

**NOTE 41: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)**

In 2010, taking into account the impact of the sale of one percent of Belron's equity to the family holding company of Belron's CEO, the average percentage used in 2010 for the consolidation of Belron was different than the year-end percentage. In 2009, the difference between these two percentages was due to the exercise by Cobepa on 1 September 2009 of its put options on the 16.35% of Belron's equity capital it owned:

	2010	2009
Average percentage <sup>(1)</sup>	93.24%	80.23%
Year-end percentage	92.73%	93.73%

(1) In 2009, average percentage used for the profit or loss attributable to equity holders of the Parent (80.43% for the current PBT, Group's share).

**NOTE 42: EXCHANGE RATES**

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the statement of financial position which is translated at the closing rate, each line item in these consolidated financial statements represents a weighted average rate.

The main exchange rates used for the translations were as follows:

Number of euros for one unit of foreign currency	2010	2009
<b>Closing rate</b>		
AUD	0.76	0.62
BRL	0.45	0.39
CAD	0.75	0.65
GBP	1.18	1.12
USD	0.76	0.69
<b>Average rate <sup>(1)</sup></b>		
AUD	0.70	0.57
BRL	0.43	0.36
CAD	0.74	0.63
GBP	1.18	1.15
USD	0.76	0.72

(1) Effective average rate for the profit or loss attributable to equity holders.

**NOTE 43: SUBSEQUENT EVENTS**

In the framework of the refinancing of its existing financial indebtedness, Belron issued on 3 February 2011, throughout its wholly-owned subsidiary Belron Finance Limited, loan notes for a total amount of USD 250 million. These loan notes bear interest at fixed rates between 4.51% and 5.25% and mature between 2018 and 2023.





## NOTE 44: AUDITOR'S REPORT

### Statutory Auditor's report to the General Meeting of Shareholders of D'leteren s.a. on the consolidated financial statements for the year ended December 31, 2010

In accordance with the legal requirements, we report to you on the performance of the engagement of Statutory Auditor which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statements.

#### Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with International Financial Information Standards as adopted by the European Union, which show a balance sheet total of EUR 5,357.1 million and of which the profit and loss account closes with a profit for the year attributable to equity holders for an amount of EUR 218.8 million.

These consolidated financial statements include subsidiaries, which have been audited by other auditors. Within the framework of our assignment on the consolidated financial statements, we obtained their clearance on the accounts of the related subsidiaries.

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting principles and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatements, as to whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the company's internal control relating to the preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have also assessed the appropriateness of the accounting principles and consolidation principles, the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. Finally, we have obtained from management and the company's officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the year ended December 31, 2010 give a true view of the equity, financial situation, financial performance and cash flows of the consolidated group, in accordance with the referential of International Financial Information Standards as these have been adopted by the European Union.

#### Additional statement

The preparation of the consolidated Directors' report and its content are the responsibility of management.

Our responsibility is to supplement our report with the following additional statement which does not modify our audit opinion on the consolidated financial statements:

- the consolidated Directors' report includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the consolidated group is facing, and of its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our engagement.

Lasne, March 24, 2011

SC BDO DELVAUX, FRONVILLE, SERVAIS ET ASSOCIES  
Statutory Auditor  
Represented by

Jean-Louis SERVAIS  
Registered Auditor

Gérard DELVAUX  
Registered Auditor

# S.A. D'IETEREN N.V. ABRIDGED STATUTORY FINANCIAL STATEMENTS 2010

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The statutory financial statements of s.a. D'leteren n.v. are summarised below in accordance with article 105 of the Company Code. The unabridged version of the statutory financial statements of s.a. D'leteren n.v., the related management report and Statutory Auditor's report shall be deposited at the National Bank of Belgium within the legal deadline and may be obtained free of charge from the internet site [www.dieteren.com](http://www.dieteren.com) or on request from:

s.a. D'leteren n.v.  
Rue du Mail 50  
B-1050 Brussels

The Statutory Auditor has issued an unqualified opinion on the statutory financial statements of s.a. D'leteren n.v.

## ABRIDGED BALANCE SHEET

At 31 December

EUR million	2010	2009
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>2,419.0</b>	<b>2,032.0</b>
II. Intangible assets	1.2	1.8
III. Tangible assets	95.5	90.2
IV. Financial assets	2,322.3	1,940.0
<b>Current assets</b>	<b>350.3</b>	<b>358.4</b>
V. Non-current receivables	0.1	0.1
VI. Stocks	299.1	250.0
VII. Amounts receivable within one year	23.7	76.3
VIII. Investments	17.8	21.7
IX. Cash at bank and in hand	1.4	0.7
X. Deferred charges and accrued income	8.2	9.6
<b>TOTAL ASSETS</b>	<b>2,769.3</b>	<b>2,390.4</b>
<b>LIABILITIES</b>		
<b>Capital and reserves</b>	<b>833.1</b>	<b>755.9</b>
I.A. Issued capital	160.0	160.0
II. Share premium account	24.4	24.4
IV. Reserves	608.7	541.5
V. Accumulated profits	40.0	30.0
<b>Provisions and deferred taxes</b>	<b>31.6</b>	<b>29.6</b>
<b>Creditors</b>	<b>1,904.6</b>	<b>1,604.9</b>
VIII. Amounts payable after one year	1,363.4	1,278.8
IX. Amounts payable within one year	489.4	279.6
X. Accrued charges and deferred income	51.8	46.5
<b>TOTAL LIABILITIES</b>	<b>2,769.3</b>	<b>2,390.4</b>

## ABRIDGED INCOME STATEMENT

Year ended 31 December

EUR million	2010	2009
I. Operating income	2,640.4	2,351.7
II. Operating charges	2,579.0	2,309.3
III. Operating profit	61.4	42.4
IV. Financial income	84.7	79.8
V. Financial charges	54.7	38.7
VI. Result on ordinary activities before income taxes	91.4	83.5
VII. Extraordinary income	9.4	-
VIII. Extraordinary charges	-	0.8
IX. Result for the period before taxes	100.8	82.7
IXbis. Deferred taxes	-	-
X. Income taxes	-	-0.6
XI. Result for the period	100.8	83.3
XII. Variation of untaxed reserves <sup>(1)</sup>	-	-
XIII. Result for the period available for appropriation	100.8	83.3

(1) Transfers from untaxed reserves (+) / Transfers to untaxed reserves (-).

## ABRIDGED NOTE

### Auditor's Remuneration

The Statutory Auditor is SC BDO DELVAUX, FRONVILLE, SERVAIS ET ASSOCIÉS, Réviseurs d'entreprises – Bedrijfsrevisoren, ("BDO – DFSA"). Auditor's remuneration, including the fees charged by entities related to the Statutory Auditor as defined by article 134 of the Company Law, is analysed as follows:

EUR	2010	2009
<b>Audit</b>		
s.a. D'Ieteren n.v. (charged by BDO – DFSA)	160.000	160.000
<b>Non-audit</b>		
Other assurance services		
s.a. D'Ieteren n.v. (charged by BDO – DFSA)	27.104	11.796
Tax advisory services (charged by SC BDO – DFSA, Conseils fiscaux - Belastingconsulenten – former Socofidex)	14.213	8.749
<b>TOTAL</b>	<b>201.317</b>	<b>180.545</b>



## SUMMARY OF ACCOUNTING POLICIES

The **capitalised costs for the development of information technology projects (intangible assets)** are amortised on a straight-line basis over their useful life. The amortisation period cannot be less than 2 years nor higher than 7 years.

**Tangible Fixed Assets** are recognised at their acquisition value; this value does not include borrowing costs. Assets held by virtue of long-term leases ("emphytéose"), finance leases or similar rights are entered at their capital reconstitution cost. The rates of depreciation for fixed assets depend on the probable economic lifetime for the assets concerned. As from the 1st of January 2003, tangible fixed assets acquired or constructed after this date shall be depreciated pro rata temporis and the ancillary costs shall be depreciated at the same rate as the tangible fixed assets to which they relate.

The main depreciation rates are the following:

	Rate	Method
Buildings	5%	L/D
Building improvements	10%	L/D
Warehouse and garage	15%	L/D
Network identification equipment	20%	L/D
Furniture	10%	L/D
Office equipment	20%	L/D
Rolling stock	25%	L
Heating system	10%	L/D
EDP hardware	20%-33%	L/D

L: straight line.

D: declining balance (at a rate twice as high as the equivalent straight line rate).

Tangible fixed assets are revalued if they represent a definite, long-term capital gain. Depreciation of any revaluation surplus is calculated linearly over the remaining lifetime in terms of the depreciation period of the asset concerned.

**Financial Fixed Assets** are entered either at their acquisition price, after deduction of the uncalled amounts (in the case of shareholdings), or at their nominal value (amounts receivable). They can be revalued, and are written down if they suffer a capital loss or a justifiable long-term loss in value. The ancillary costs are charged to the income statement during the financial year.

**Amounts Receivable** within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied if repayment by the due date is uncertain or compromised in whole or in part, or if the repayment value at the closing date is less than the book value.

**Stocks** of new vehicles are valued at their individual acquisition price. Other categories of stocks are valued at their acquisition price according to the fifo method, the weighted average price or the individual acquisition price. Write-downs are applied as appropriate, according to the selling price or the market value.

**Treasury Investments and Cash at Bank and in Hand** are recorded at their acquisition value. They are written down if their realisation value on the closing date of the financial year is less than their acquisition value.

When these treasury investments consist of own shares held for hedging share options, additional write-downs are applied if the exercise price is less than the book value resulting from the above paragraph.

**Provisions for Liabilities and Charges** are subject to individual valuation, taking into account any foreseeable risks. They are written back by the appropriate amount at the end of the financial year if they exceed the current assessment of the risks which they were set aside to cover.

**Amounts Payable** are recorded at their nominal value.

### Valuation of assets and liabilities in foreign currencies

Financial fixed assets are valued in accordance with recommendation 152/4 by the Accounting Standards Commission. Stocks are valued at their historical cost. However, the market value (as defined by the average rate on the closing date of the balance sheet) is applied if this is less than the historical cost. Monetary items and commitments are valued at the official rate on the closing date, or at the contractual rate in the case of specific hedging operations. Only negative differences for each currency are entered in the income statement.

# CORPORATE GOVERNANCE STATEMENT

The Company adheres to the corporate governance principles set out in the Belgian Code of Corporate Governance 2009 published on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). It has published since 1 January 2006 its Corporate Governance Charter on its website ([www.dieteren.com](http://www.dieteren.com)). However, the implementation of these principles takes into consideration the particular structure of the Company's share capital, with family shareholders owning the majority and having ensured the continuity of the Company since 1805. Exceptions to the principles are set out in this corporate governance statement (see p.129).

## 1. COMPOSITION AND OPERATION OF THE BOARD, EXECUTIVE MANAGEMENT AND CONTROL BODIES

### 1.1. BOARD OF DIRECTORS

#### 1.1.1. Composition

The Board of Directors consists of:

- > six non-executive directors, appointed on the proposal of the family shareholders;
- > one non-executive director, appointed on the proposal of Cobepa;
- > five non-executive directors, three of whom being independent, chosen on the basis of their experience;
- > the managing director (CEO).

The Chairman and Deputy Chairman

of the Board are selected among the Directors appointed on the proposal of the family shareholders.

#### 1.1.2. Roles and activities

Without prejudice to its legal and statutory attributions and those of the General Meeting, the roles of the Board of Directors are to:

- > determine the Company's strategy and values;
- > approve its plans and budgets;
- > decide on major financial transactions, acquisitions and divestments;

- > ensure that appropriate organisation structures, processes and controls are in place to achieve the Company's objectives and properly manage its risks;
- > appoint the Directors proposed by the Company for the Boards of Directors of its main subsidiaries;
- > appoint and revoke the CEO and, based on a proposal by the latter, the managers who are attached to him and determine their remuneration;
- > monitor and review day-to-day management performance;
- > supervise communications with the

Company's shareholders and the other interested parties;

- > set the dividend. In that framework, the Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing, which has supported the Group's growth, while ensuring, to the extent possible, regular dividend growth, results permitting.

Composition	Audit Committee <sup>1</sup>	Nomination Committee	Remuneration Committee <sup>1</sup>
Chairman	Pascal Minne	Roland D'Ieteren <sup>3</sup>	Roland D'Ieteren <sup>3</sup>
Members	Gilbert van Marcke de Lummen <sup>2</sup> Christian Varin	Christine Blondel <sup>2</sup> Axel Miller <sup>2</sup> Pascal Minne <sup>3</sup> Alain Philippon <sup>3</sup>	Christine Blondel <sup>2</sup> Axel Miller <sup>2</sup>

<sup>1</sup>. Given their respective training and management experience in industrial and financial companies, the members of the Audit Committee, on the one hand, and of the Remuneration Committee, on the other, have the expertise in accounting and audit required by law for the former, and in remuneration policy for the latter.

<sup>2</sup>. Independent Director.

<sup>3</sup>. Member of the Nomination and Remuneration Committee until 17 November 2010.

Composition of the Board of Directors (as at 31 December 2010)		Joined the Board in	End of term
<b>Roland D'leteren (68) <sup>1</sup></b>	<b>Chairman of the Board</b> Graduate of Solvay Business School, MBA (INSEAD). Chairman and managing director of D'leteren from 1975 to 2005. Chairman of the Board of Directors of D'leteren since 2005. Director of Avis Europe and Belron.	1973	May 2014
<b>Maurice Périer (72) <sup>1</sup></b>	<b>Deputy Chairman of the Board</b> Bachelor Civil Engineer and Solvay Business School (ULB). Career at ELECTROBEL (1971-1987): management controller; CEO of electro-acoustical equipment subsidiary; research department; company secretary of ELECTROBEL Engineering Int'l. Director of D'leteren since 1978. Deputy Chairman of the Board since 1993. Director of Belron.	1978	May 2011
<b>Jean-Pierre Bizet (62)</b>	<b>Managing director</b> Graduate of Solvay Business School, MBA (Harvard), PhD in Applied Economics (ULB). Consultant, partner and director at McKinsey (1980-1994). Managing director of GIB Group (1999-2002). Joined D'leteren in 2002, managing director since 2005. Chairman of the Board of Directors of Belron and Deputy Chairman of Avis Europe.	2005	May 2011
<b>Nicolas D'leteren (35) <sup>1</sup></b>	<b>Non-executive Director</b> BSc Finance & Management (University of London); Asia Int'l Executive Program and Human Resources Management in Asia Program (INSEAD). Led projects at Bentley Germany and Porsche Austria. From 2003 to 2005, finance director of a division of Total UK. Since 2005, managing director of a Private Equity Fund investing in young companies.	2005	May 2011
<b>Olivier Périer (39) <sup>1</sup></b>	<b>Non-executive Director</b> Degree in architecture and urban planning (ULB); Executive Program for the Automotive Industry (Solvay Business School); International Executive Program (INSEAD). Since 2000, founding partner of architectural firm Urban Platform. Managing director of SPDG since August 2010.	2005	May 2011
<b>s.a. de Participations et de Gestion (SPDG) <sup>1</sup></b>	<b>Non-executive Director – Permanent representative: Michel Allé (59)</b> Civil engineer and economist (ULB). Joined Cobepa in 1987, and was a member of the firm's Executive Committee (1995-2000). Finance Director at BIAC (Brussels Airport, 2001-2005). Finance Director at SNCB Holding since 2005. Director of Telenet, Chairman of the Board of Euroscreen. Professor at ULB.	2001	May 2014
<b>Nayarit Participations s.c.a. <sup>1</sup></b>	<b>Non-executive Director – Permanent representative: Etienne Heilporn (71)</b> Law degree (ULB), member of the Brussels Bar. Partner at Simont Gutt & Simont/Stibbe (1971-2001). Founding partner of Heilporn & Kadaner, specialised in business law (2003).	2001	May 2014

Composition of the Board of Directors (as at 31 December 2010)		Joined the Board in	End of term
<b>Christine Blondel (52)</b>	<b>Independent non-executive Director</b> Ecole Polytechnique (France), MBA (INSEAD). Held executive positions at Procter & Gamble and led the Wendel Centre for Family Businesses at INSEAD. Assistant Professor of Family Companies (INSEAD); consultant in family company corporate governance; director, INSEAD Foundation.	2009	May 2013
<b>Pascal Minne (60)</b> <sup>4</sup>	<b>Non-executive Director</b> Law degree (ULB), Masters in Economics (Oxford). Partner and Chairman of PriceWaterhouseCoopers Belgium (until 2001). Managing director of Petercam since 2001. Various directorships. Professor of tax law at ULB.	2001	May 2014
<b>Axel Miller (45)</b>	<b>Independent non-executive Director</b> Law degree (ULB). Partner at Stibbe Simont, then at Clifford Chance (1996-2001). After holding several executive positions at Dexia Bank and within the Dexia Group, became managing director in 2006. Partner at Petercam since 2009. Chairman of the Board, Carmeuse; Director, Spadel.	2010	May 2014
<b>Alain Philippon (71)</b>	<b>Non-executive Director</b> Graduate Solvay Business School. Joined Banque Degroof in 1972, currently director and honorary chairman. Chairman of the Board of Directors of Banque Degroof Luxembourg and Degroof Banque Privée Genève. Chairman of the advisory committee of SBSEM (ULB) and of several foundations.	1987	May 2013
<b>Gilbert van Marcke de Lummen (73)</b> <sup>2</sup>	<b>Independent non-executive Director</b> Civil Engineer (ULB). Member (1968-1992), then Deputy Chairman (1992-2002), of the Executive Committee of D'leteren. Former Director of Avis Europe (1987-2007) and Belron (1999-2007). Director and Chairman of Audit Committee, Cofinimmo.	2003	May 2011
<b>Christian Varin (63)</b> <sup>3,4</sup>	<b>Non-executive Director</b> Institut d'Etudes Politiques (Paris), MBA (Wharton), PhD in management (Université de Paris). Managing director (until 2010), Chairman of the Board of Directors, Cobepa. Company Director (ISOS, Helse, Sapec and BeCapital).	2001	May 2014

1. Appointed on the proposal of family shareholders.

2. Former executive Director.

3. Appointed on the proposal of Cobepa.

4. Lost his quality of independent director in May 2010, at the expiry of his third directorship, in accordance with Article 526ter of Belgium's Company Code.





The Board of Directors meets at least six times a year. Additional meetings are held as necessary. The Board of Directors' decisions are taken by a majority of the votes, the Chairman having a casting vote in case of a tie. In 2010, the Board met 9 times. All of the directors attended all of the meetings, except for Messrs Roland D'leteren and Olivier P  rier, who have each been excused for one meeting.

### 1.1.3. Tenures of Directors

The Ordinary General Meeting held on 27 May 2010 appointed Mr. Axel Miller as independent Director for a four-year term and renewed, for the same term of office, the directorship of Messrs Roland D'leteren, Pascal Minne and Christian Varin, S.A. SPDG and s.c.a. Nayarit Participations.

### 1.1.4. Committees of the Board of Directors

In 2005, the Board set up two Board Committees:

- > the Audit Committee, which met 4 times in 2010, twice in the presence of the Statutory Auditor, and reported on its activities to the Board of Activities;
- > the Nomination and Remuneration Committee, which met 4 times in 2010 and reported on its activities to the Board. This Committee operated until November 2010. It was then split into two separate Committees whose composition is shown in the table page 123.

### Operation of the Committees

#### Audit Committee

The Audit Committee comprises three non-executive Directors, with at least one independent Director; the Chairman, who can be represented by the Deputy Chairman, is invited to its meetings. The Audit Committee's terms of reference primarily include the monitoring of the Company's fi-

nancial statements, reviewing the risk management function, including risks associated with legal compliance, and the effectiveness of internal and external audits. The Committee will review auditor's reports on half-year and year-end financial statements of the subsidiaries which are consolidated into the Company's accounts. The Audit Committee meets at least four times a year, including at least once every six months in the presence of the Auditor, and reports on its activities to the Board of Directors. The Committee's charter adopted by the Board is set out in Appendix I of the Charter published on the Company's website.

#### Nomination Committee

The Nomination Committee comprises five non-executive Directors, including the Chairman of the Board, who chairs it, with at least one independent Director. The Committee makes proposals to the Board concerning appointments of non-executive Directors, the CEO, and based on a proposal by the latter, the managers reporting to him, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter, adopted by the Board, is reproduced in Appendix II a to the Company Governance Charter available on the Company's website.

#### Remuneration Committee

The Remuneration Committee comprises three non-executive Directors, including the Chairman of the Board, who chairs it, and a majority of independent Directors. The Committee makes proposals to the Board regarding the remuneration of the non-executive Directors, the CEO, and, based on a proposal by the latter, the managers reporting to him, and ensures that the Company has official, rigorous and

transparent procedures to support these decisions. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter adopted by the Board is reproduced in Appendix II b of the Corporate Governance Charter available on the Company's website.

#### Consultation Committee

The Chairman and Deputy Chairman meet once a month with the managing director, as a Consultation Committee, an advisory body, to monitor Company performance, review progress on major projects and prepare meetings of the Board of Directors.

#### Policy for transactions and other contractual relationships not covered by the legal provisions on conflicts of interest

Directors and managers are not authorised to provide paid services or to purchase or sell goods directly or indirectly to or from the Company or to its Group's companies within the framework of transactions not covered by their mandates or duties, without the specific consent of the Board of Directors, except for transactions realised in the normal course of business.

They are to consult the Chairman or managing director, who shall decide whether an application for derogation can be submitted to the Board of Directors; if so, they will notify the details of the transaction to the Company secretary, who will ensure that the related legal matters are applied. Such transactions shall only be authorised if carried out at market conditions.

#### Evaluation of the Board and its Committees

The Board and its Committees assess on a regular basis, and at least once every three years, their size, composition, procedures, performance and

their relationships with the managers as bodies of the Company, as well as the individual contribution of each Director to overall functioning, in order to constantly improve the effectiveness of their actions and the contribution of said actions to the proper governance of the Company and the Board.

This self-assessment is carried out using a detailed questionnaire sent to each Director and covering various aforementioned assessment criteria, a summary of the responses of which is presented to the Board of Directors and, if applicable, to the relevant Committee.

In 2010, the Audit Committee carried out a self-assessment. The conclusions of this assessment were communicated to the Board of Directors in February 2011.

### 1.2. GROUP EXECUTIVE MANAGEMENT

The Group executive management is comprised of the CEO, the CFO, the CLO and the Treasurer. The managing director-CEO is responsible for day-to-day management. He is assisted by corporate management, which is responsible at the Group level for finance, financial communications, investor relations, account consolidation, treasury, legal and tax functions.

### 1.3. EXECUTIVE MANAGEMENT OF THE THREE ACTIVITIES

The activities of the D'leteren Group are organised into three sectors.

The **Automobile Distribution sector** – D'leteren Auto, an operational department of s.a. D'leteren n.v. without separate legal status – is managed by the CEO of D'leteren Auto, reporting to the Group's managing director. The CEO of D'leteren Auto chairs a management committee comprising seven other members responsible for D'leteren Car Centers, Finance, Group Service, IT, Marketing, Makes and Human Resources.

The **Vehicle Glass sector** is comprised of Belron, of which D'leteren owned 92.73% at 31 December 2010, and its subsidiaries<sup>1</sup>. On 31 December 2010, Belron is governed by a Board of Directors consisting of 11 members, 6 of whom being appointed on the proposal of D'leteren, 1 Director appointed on the proposal of the founding shareholders, 2 executive Directors and 2 non-executive Directors. D'leteren's managing director is Chairman of the Board. The Board of Directors of Belron has 2 committees: the Audit Committee and the Remuneration Committee, each of which is chaired by a Director appointed on the proposal of D'leteren.

The **Car Rental sector** is comprised of Avis Europe and its subsidiaries. On 31 December 2010, Avis Europe is governed by a Board of Directors comprised of 9 members: 3 Directors are appointed based on the proposal of D'leteren, 3 are independent Directors and 2 are full-time executive Directors. The current non-executive Chairman of the Board is a former manager of the company. The managing director of D'leteren is deputy Chairman

of the Board. The Board of Directors of Avis Europe has 3 Committees: the Audit Committee, which is comprised of 3 independent Directors and the Nomination Committee and the Remuneration Committee, each comprised of one Director proposed by D'leteren. Listed on the London Stock Exchange, Avis Europe is in compliance with the UK Corporate Governance Code, save for a few exceptions fully disclosed in its annual report. In addition, the rights and obligations of the Directors appointed based on the proposal of D'leteren and those of shareholder s.a. D'leteren n.v. are governed by the Relationship Agreement entered into at the time of Avis Europe's IPO in 1997.

### 1.4. EXTERNAL AUDIT

The external audit is conducted by SC BDO DFSA, Réviseurs d'entreprises – Bedrijfsrevisoren, represented by Gérard Delvaux and Jean-Louis Servais until the General Meeting to be held in May 2011.

The fees charged by the Statutory Auditor and linked companies for the work carried out in 2010 on behalf of the D'leteren Group's companies amounted to 246,750 EUR, excluding VAT, for the statutory auditing of the annual and of the consolidated financial statements, and to 35,416 EUR for non-audit work, including 21,203 EUR for certification work and 14,213 EUR for tax advice.

1. In May 2010, D'leteren sold to the family holding company of Belron's CEO, a member of the founding family, 1% of the company's shares.



## 2. REMUNERATION REPORT

### Developing a remuneration policy and setting remuneration for the Group's non-executive Directors and executive managers

Remuneration policy for the non-executive Directors and for the Group's executive management is set by the Board of Directors, based on recommendations put forward by the Remuneration Committee. The Committee's recommendations to the Board are based on proposals by the CEO if these concern the remuneration of the managers attached to the latter. The Avis Europe and Belron subsidiaries including minority shareholders have their own Board of Directors and Remuneration Committee, which set the policy for the remuneration of their own respective non-executive Directors and executive managers.

At the end of each year, D'leteren's Remuneration Committee examines:  
> any proposals for changing the re-

muneration of the non-executive Directors during the following year;  
> proposals concerning the variable remuneration of the executive managers during the past year, any changes to their fixed remuneration and defining their variable remuneration target for the following year, and submits these to the Board for approval.

### Remuneration of the non-executive Directors

The Company implements a remuneration policy designed to attract and keep on the Board a group of Directors having a wide variety of expertise in the various areas necessary to the profitable growth of the Company's activities. The Directors receive an identical fixed annual remuneration, independent of their presence at the Board meetings. Certain Directors are also entitled to a fixed remuneration for the rendering of specific services

as Chairman or Deputy Chairman of the Board, or for the participation on one or more Board committees. In addition, Avis Europe and Belron remunerate certain Directors for the holding of seats on their Board. The non-executive Directors do not receive any performance-linked remuneration or any benefit in kind or benefit linked to pension plans. The managing director does not receive any remuneration for his participation on the Board of Directors.

The Company communicates the remuneration allocation to the non-executive Directors as a total figure. The Board believes that the shareholders and investors are adequately informed if the total cost of the collegial body of governance (except for the managing director) formed by the Board of Directors is communicated to them and that said, shareholders and investors do not need to know each individual Director's remuneration.

In accordance with the Law of 6 April 2010, entering in force in 2011, the Company will communicate these amounts individually for each Director.

For the year ended 31 December 2010, 1,578,888 EUR has been paid to the non-executive directors by the Company and by the Group's subsidiaries. No other benefit or payment, or loan or guarantee has been granted to them by D'leteren.

### Remuneration of the Group's executive management

Group policy is to pay compensation at levels that will attract and retain, in the various activities, managers having the appropriate background and to motivate these managers by means of adequate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the Group, and on internal fairness criteria, among colleagues within the Company.

The executive management's remuneration is comprised of:

- > a fixed remuneration, consisting of a base remuneration, employer's contributions to pension schemes and other benefits;
- > a valuable remuneration comprised of annual bonuses and share options tied to the individual performances of the executive managers concerned, vis-à-vis their quantitative and qualitative objectives.

The pension schemes are of the "defined contribution" type.

2010 (EUR)	CEO	Other executive managers
<b>Annual remuneration</b>		
Fixed remuneration		
> Base remuneration*	973,345	552,776
> Directorships in group companies	128,262	97,888
> Other benefits	22,440	19,622
<i>Total annual fixed remuneration</i>	<i>1,124,047</i>	<i>670,286</i>
Variable remuneration		
> Annual bonus*	613,274	364,500
<i>Total annual variable remuneration</i>	<i>613,274</i>	<i>364,500</i>
<b>Total annual remuneration</b>	<b>1,737,321</b>	<b>1,034,786</b>
Long-term remuneration		
> Group insurance*	88,652	121,419
> D'leteren share options	55,440	69,300
> Other long-term incentives	85,386	106,733
<b>Total long-term remuneration</b>	<b>229,478</b>	<b>297,452</b>
<b>Total annual and long term remuneration</b>	<b>1,966,799</b>	<b>1,332,238</b>

\* Gross amounts, excluding employer's share of social security contributions.

A target annual bonus is set at the beginning of each year. Depending on individual performance during the year, the bonus actually paid at the beginning of the following year can vary within a range of 50%-150% of this target.

The long-term incentive programme consists of granting a specific number of D'leteren share options (see *below*) and, where appropriate, options on a basket of third-party shares. These options are valued at 10% and 20% respectively of the exercise price, considering a vesting period of 3 and 1 year(s), respectively.

The table p. 128 shows the various categories of remuneration paid in 2010 to the managing director and to the other members of the executive management of the Group.

The variable portion of the remunerations paid in 2010 represented 35.3% for the managing director and 35.2% for the other executive managers, respectively.

#### **D'leteren share options**

The features of the D'leteren share option schemes organised for managers of the Company were approved by the Ordinary General Meeting held on 26 May 2005, which authorised the Board of Directors to organise annual share option schemes for managers of the Company having at least three years of service. These options can be exercised between 1 January of the third year following the launch date of the offer and the end of the tenth year thereafter, except during periods of 1.5 months preceding the announcement of the annual and semi-annual financial results and entitling holders to acquire existing shares of the Company, with the possibility

of immediate resale, at a price corresponding either to the average price during the 30 working days before the offer date or at the closing price of the immediately preceding business day. The number of options offered by management category and the exercise price are determined based on the opinion of the Remuneration Committee. Additional details on the share option plans are provided in Note 37 of the consolidated financial statements.

In 2010, 3,125 D'leteren share options were granted to the executive managers (1,400 options to the managing director and a total of 1,725 options to the three other executive managers) at a per share exercise price of 396 EUR. The value of these options is included in the remuneration amounts mentioned in the "Remuneration of the Group's executive management" section. No options lapsed in 2010.

#### **Main contractual conditions concerning the departure of members of the executive management**

The employment contracts of the managing director and other members of executive management do not provide for severance pay upon termination of contracts. Should such a situation arise, the parties will negotiate in good faith to determine the terms and conditions applicable to such termination. In the event of a disagreement, the dispute will be resolved by courts applying Belgian law.

#### **DEROGATIONS TO THE 2009 BELGIAN CORPORATE GOVERNANCE CODE**

The Company derogates from the Code on the following principles:

##### **> Derogation to principle 2.2.**

The group of Directors appointed on the proposal of the family shareholders is in a position to dominate decisions. In companies where family shareholders hold a majority of the share capital, the family shareholders do not have, as do other shareholders, the opportunity to sell their shares if they do not agree with the orientations defined by the Board. Their joint or majority representation on the Board enables them to influence these orientations, thereby ensuring the shareholding stability necessary to the profitable and sustainable growth of the Company. The potential risks for corporate governance resulting from the existence of a high degree of control by the majority shareholder on the working of the Board can be mitigated, on the one hand, by appropriate use of this power by the Directors concerned in respect of the legitimate interests of the Company and of its minority shareholders and, on the other hand, by the long-term presence of several non-executive Directors not representative of the family shareholding, which ensures genuine dialogue on the Board.

##### **> Derogation to principles 5.2./4 and 5.3./1**

The composition of the Audit Committee and of the Nomination Committee, each of which includes at least one independent Director, derogates from the Belgian Corporate Governance Code, which recommends the presence of a majority of

independent Directors. This is because the Board believes that an in-depth knowledge of the Company is at least as important as independent status.

##### **> Derogation to principle 7.8.**

The Company discloses globally the remuneration paid to Board Members. The Board believes that the shareholders are adequately informed if the total cost of the Board of Directors as collegial governance body is disclosed without providing details on the remuneration of each individual Director.

##### **> Derogation to principle 8.8.**

The provision that "each shareholder holding at least 5% of the capital shares can submit proposals to the General Meeting" is not applied. Except for family groups, no shareholder currently holds more than 5% of the share capital.

These derogations are also reproduced in Part 5 of the Corporate Governance Charter published on the Company's website.





### 3. INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Board of Directors of D'leteren S.A. performs its control duties on the Group entities (Automobile distribution and Corporate, Avis Europe and Belron, hereafter collectively "the Group") by (i) ensuring that these entities' bodies correctly perform their own control duties and that committees entrusted with special survey and control tasks (such as an Audit Committee and a Remuneration Committee) are put in place and function properly and (ii) ensuring that reporting procedures are implemented to allow the Board to follow up at regular intervals the Group entities' businesses, notably regarding the risks they are facing, and to acknowledge the decisions taken by the entities' bodies.

The Board of Directors is assisted by the Group's Audit Committee (hereafter "the Audit Committee") in the exercise of its control responsibilities on the Company's entities, in particular as regards the financial information distributed to shareholders and to third parties and in monitoring the mechanisms for risk management and internal control.

Against this background, the effectiveness of the Group's system of controls, including operational and compliance controls, risk management and the Group's internal control arrangements, has been reviewed. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

These reviews have included an assessment of both financial and operational internal controls by the internal audit of each entity and reports from the external auditor on matters identified in the

course of its statutory audit work.

#### 3.1. INTERNAL CONTROL ENVIRONMENT

3.1.1. The system of internal control includes but is not limited to:

- > clear definition of the organisation structure and the appropriate delegation of authorities to management;
- > maintenance of appropriate separation of duties together with other procedural controls;
- > strategic planning and the related annual budgeting and regular review process;
- > monthly reporting and review of financial results and key performance statistics;
- > adoption of accounting policies to help ensure the consistency, integrity and accuracy of the Group's financial records;
- > specific treasury policies and the regular reporting and review of all significant treasury transactions and financing activities;
- > procedures for the authorisation of capital expenditure;
- > internal audit reviews;
- > policies and business standards.

3.1.2. The effectiveness of the system of internal control has been reviewed through the following processes:

- > review of internal and external audit plans;
- > review of any significant reported unsatisfactory control matters;
- > review of any control issues that arise from internal and external audits together with any additional matters brought to its attention;
- > review of any significant risks identified by the Group's risk management process;
- > discussions with management on any significant new risk areas identified

by management and the internal and external audit processes.

The Audit Committee receives a regular report on the work carried out by the Audit Committee of each entity and makes in turn its own reporting to the Board.

#### 3.2. ASSESSMENT OF BUSINESS RISK

3.2.1. The Group ensures that business risks, whether strategic, operational, reputational, financial, legal or environmental, are both understood and visible as far as practicable. The Group's policy is to ensure that risk is taken on an informed rather than unintentional basis.

3.2.2. Each entity conducts an annual risk review and updates its risk register with each risk's impact, probability and mitigation actions. This approach forms the cornerstone of the risk management activities of the Group, the aim of which is to provide the assurance that the major risks the Group faces have been identified and assessed, and that there are controls either in place or planned to manage these risks.

A summary of the main risks the Group faces is provided hereafter.

#### 3.3. INTERNAL AUDIT

3.3.1. Each entity has its own internal audit and risk management function, which is independent of its external auditors and which may work in partnership with an outsourced provider, where specialist skills are required. The review ensures that these functions are appropriately staffed, that their scope of work is adequate in the light of the key identified risks the en-

tity faces and that the annual internal audit plan is properly approved.

3.3.2. The Audit Committee of each entity ratifies the appointment and dismissal of its internal audit manager and assesses his independence and objectivity and helps ensure that he has unfettered access to management and to the Audit Committee.

3.3.3. The role of internal audit of each entity is to:

- > assess the design and operating effectiveness of controls governing key operational processes and business risks;
- > provide with an assessment, independent of management, as to the adequacy of the entity's internal operating and financial controls, systems and practices;
- > provide advisory services to management in order to enhance the control environment and improve business performance.

#### 3.4. KEY RISKS

##### 3.4.1. Business risks

##### 3.4.1.1. Industry risk

The automobile distribution business may be impacted by several factors relating to the car industry and the volume of cars sold on the Belgian market. Overall demand and mix may be affected by factors including general economic conditions, availability of credit to potential buyers, the tax treatment of company cars or CO<sub>2</sub> emissions. Specific demand for the distributed makes depends on the success of models developed by their automotive suppliers (VW, Porsche, Yamaha) and their adequate pricing on the Belgian market.

In addition to general economic con-

ditions which affect demand from corporations or individuals, disruptions in air travel patterns or a general decrease in air travel as a result of a significant event such as a terrorist incident or as a consequence of increased security measures being taken by the authorities in anticipation of such a threat may specifically affect the demand in the car rental activity.

In the vehicle glass repair and replacement business, mild weather conditions, reduction in number of miles driven (e.g. as a result of an increase in fuel prices) or reduction of average speed on roads as a result of speed limit enforcements are unfavourable factors as they tend to reduce the frequency of glass breakage. Changes in insurance policies regarding glass breakage, such as increase of deductibles may reduce demand or increase price pressure.

Disruptions in the recent used car market as a result of economic conditions or intense price competition in the new car market may affect residual values on risk fleet of Avis Europe or buyback cars repurchased from car rental companies at D'leteren Auto.

These developments are actively monitored by each entity and fed in a planning process including strategic planning, long term financial planning, budgets and monthly reporting. This process allows a good anticipation of these trends or quick reaction to sudden events and provide management with a base for decisions regarding the range of products or services offered, their pricing and the sizing of the organisation.

Where business is by essence subject to rapid changes in demand, structures have been adapted to provide the maximum flexibility.

### 3.4.1.2. Sourcing risk

D'leteren Auto imports and distributes new cars and spare parts of the makes of the Volkswagen group. The relationship with Volkswagen has been built over the last 60 years and is formalised in wholesale agreements with each of the makes with no specified end dates. Any adverse changes to the terms of the agreements, any deterioration in the relationship with the Volkswagen group or any significant change in policy towards independent importers is likely to have an adverse effect on the financial condition and the results of the entity.

The key defence against this risk resides in the company's ability to demonstrate to the Volkswagen group its added value through the management of the Belgian network of distributors. The company is strictly aligned to the commercial, marketing and services policies of the Volkswagen group.

Avis Europe purchases its fleet from all major OEM's. Collapse of one OEM may result in loss of fleet availability, buy-back exposure and poor residual performance. This risk is mitigated by a diversified fleet supplier mix, monitoring of OEM credit ratings, frequent book value to residual assessment, and netting arrangements where appropriate.

VGRR business is critically dependent on the supply of vehicle glass, polyurethane and repair resin. The loss of a key supplier in any of these areas would significantly disrupt its operation. As a result, purchasing teams have developed a strategy to diversify sourcing and actively allocate volumes in order to ensure that there remains viable competition in supply with global diversification of suppliers.

### 3.4.1.3. Key account risk

In the three entities, a significant part of the business is transacted with large key accounts such as corporates, fleet leasing companies or insurers. Any loss of one or several major key account(s) could have an adverse effect on the financial condition and the results of the Group.

Each entity undertakes many activities to ensure that its relationship with key accounts remains strong. Every major account will have a clear owner who will develop a key account plan with clear objectives on how to develop the relationship further. Each entity ensures that its customer portfolio remains sufficiently balanced.

### 3.4.1.4. Partnering Risk

In the car rental activity, Avis Budget Group, Inc. (ABG) licenses the Avis and Budget brands to Avis Europe for operation in specified territories through master licensing agreements which expire in 2036. Avis Europe does not have any cross-shareholdings with ABG, yet through the close contractual and business relationship the two companies work together to provide a seamless service to customers of both the Avis and Budget networks. Avis Europe relies on ABG to operate its own business in a manner that both upholds the value of the global brands and allows the group to provide a similar service in all locations in which it operates. Avis Europe has joint marketing initiatives with ABG and share market and customer information where appropriate. It also provides joint services and cross-refers customers through a formalised agreement. The maintenance of a good management relationship with ABG is therefore important to Avis Europe.

Avis Europe uses the Wizard rental

and reservation system under license from ABG, pursuant to a long-term computer services agreement, which is subject to a five-year notice period. Wizard has been operational since 1972, and has been continuously enhanced and expanded since that time. It is a fully integrated reservation, rental and management information system that is used by Avis Europe and ABG worldwide. Avis Europe is obliged to contribute to the cost of upgrading and enhancing Wizard and, therefore, unanticipated costs could adversely affect its results. Should Wizard need to be replaced, process and execution issues could present a substantial risk to Avis Europe's operations. Any adverse changes to the terms of the agreements or any deterioration in ABG or its business or in the relationship with ABG are likely to have an adverse effect on the financial condition and the results of the group.

### 3.4.1.5. Product/service failure risk

Vehicles or spare parts distributed by D'leteren Auto may be subject to a major default. In this case, all the technical and PR response to such failure would be organised by the Volkswagen group.

In the vehicle glass repair and replacement business, as the windscreen is an important part of the safety of a vehicle, particularly with regards to the deployment of the airbag and the strength of the roof, any badly fitted windscreen could adversely impact the safety of the vehicle and have a legal, financial and reputational impact.

In order to minimise this risk, Belron develops clear fitting standards, rolls them out throughout the organisation, and regularly monitors compliance through technical teams in every



business unit. In addition, events such as the "Best of Belron", a worldwide competition to elect the best fitter of the group, based on observation of standards and quality of execution, reinforce the importance of the highest fitting standards.

#### **3.4.1.6. Loss of key Personnel**

Continuity of the business may be impaired by the loss of personnel responsible for key business processes, for physical reasons or as a result of their decision to leave the organisation.

Personnel retention is managed through the offering of a competitive compensation, regularly benchmarked against market practice, good career perspectives, regular feedback and employee satisfaction surveys. Succession planning of key personnel is regularly reviewed by the top management of each entity.

#### **3.4.2. Finance and IT risks**

##### **3.4.2.1. Catastrophic loss risk**

The Group's entities are heavily dependant on key resources such as IT systems, call centers and distribution centers. Major disaster affecting these resources may result in the inability of the entity to provide essential products or services either locally or globally. Absent mitigating actions, operating costs resulting from the occurrence of a disaster may not be recovered.

Management regularly reviews the underlying potential causes of loss and implements protective measures. In addition, Business Continuity Plans are designed to ensure continuity of the entities should a disaster occur. More specifically for IT systems, dupli-

cation of key data and systems mitigate the impact of a potential major system failure. Residual risk may be covered by appropriate insurance policies.

##### **3.4.2.2. Liquidity risk**

Some of the Group's operations are by their nature very capital intensive and are dependent on its various sources of funding. A substantial proportion of the Group's entities are funded with borrowings, including both on and off balance sheet leasing arrangements and, as such, depend on access to the debt markets and other forms of financing to fund the Group's fleet, such as securitisation. Lack of availability of funds or a breach of financial covenant could result in the inability of all or part of the Group to operate or may lead to a significant increase of the cost of funding.

Each entity seeks to ensure that it has a core level of long-term committed funding in place with maturities spread over a number of years.

This core funding is supplemented with shorter-term committed and uncommitted facilities particularly to cover seasonal debt requirements. All funding is arranged with a wide range of providers, on both a public and private basis. Each entity maintains a regular dialogue with debt providers to keep them updated on the trading performance and prospects of the business.

##### **3.4.2.3. Interest rate and currency risk**

The Group's international operations expose it to foreign currency and interest rate risks. The majority of the business carried out by the Group is transacted in euro, pounds and US dollars. In each country where the

Group has a subsidiary, revenue generated and costs incurred are primarily denominated in the relevant local currency, thereby providing a natural currency hedge. With regard to translation exposures in the car rental activity, the policy is to match where possible the average assets of the Group to the equivalent average liabilities in each major currency and thus minimise any impact to the Group. To the extent that this does not occur, both foreign currency borrowings and forward exchange contracts are used. In the vehicle glass repair and replacement activity, the policy is, whenever possible, to hedge the value of foreign currency denominated investment with an equivalent amount of debt in the same currency to protect their value in euro.

Interest rate risk arises from the borrowings of the Issuer and its affiliates which, after foreign currency risk hedging, principally arise in euro and pound. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas borrowings issued at fixed rates expose the Group to fair value interest rate risk. To manage these risks, the Group is financed through a combination of both fixed and floating rate facilities and enters into various derivatives. As present debt facilities mature, the Group is exposed to higher credit spreads on its borrowings.

#### **3.4.3. Other risks**

##### **3.4.3.1. Compliance risk**

In geographies where the Group's businesses have significant market shares and/or are governed by vertical agreements falling in the scope of Block Exemption regulations, the key legislative risk relates to Competition Law. Any competition law breach could result in significant fines. In addition to this, there has recently been significant development in Data Protection legislation with similar punitive fines being introduced.

In order to mitigate these risks, clear policies and legal monitoring have been put in place and widely communicated. Their application is audited on a regular basis.

##### **3.4.3.2. Integrity risk**

The reputation or the assets of the Group may be affected if unethical or fraudulent activities were perpetrated by employees, customers, suppliers or agents against the Group for personal gains, or if the Group was considered jointly responsible for such acts perpetrated by third parties.

The Group is putting in place a series of measures in order to avoid these risks to the maximum extent possible, including established policies and procedures, ethics policy or code of conduct applicable to all staff, appropriate training of the staff, delegation of authority in place with separation of duties, management information, internal audit, finance reviews and accounting reconciliation.

## 4. CAPITAL INFORMATION

### Denominator

At 31 December 2010	Number	Related voting rights
Ordinary shares <sup>1,2</sup>	55,302,620	55,302,620
Participating shares <sup>1,2</sup>	5,000,000	5,000,000
<b>Total</b>		<b>60,302,620</b>

1. After stock split.

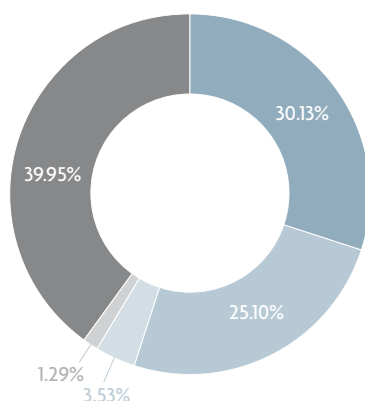
2. Each of the shares and participating shares grants one voting right.

### Share split

The General Meeting of shareholders held on 20 December 2010 approved the share split (ordinary shares, VVPR strips and participating shares) by way of exchange at the rate of ten new shares for an existing one, as well as the dematerialisation of bearer shares, which must therefore be converted into dematerialised or registered shares prior to any exercise of the related rights. These decisions took effect on 27 December 2010.

### Shareholding structure

At 31 December 2010 (in voting rights)	
■ Nayarit Group	30.13%
■ SPDG Group	25.10%
■ Cobepa s.a.	3.53%
■ Treasury shares	1.29%
■ Public	39.95%



### Disclosure of significant shareholdings (Transparency law)

Following Cobepa's sale of a portion of its stake in the Company's share capital on 23 September 2010, the latter received a disclosure of significant shareholding on 29 September 2010.

In compliance with Article 14 paragraph 4 of the Law of 2 May 2007 on the disclosure of significant shareholdings, the shareholding structure such as it results from the notifications received by the Company is presented in Note 29 of the Financial Report.

The Company is not aware of any subsequent notification modifying the information presented in this Note.

### Law on takeover bids

In accordance with Article 74 § 7 of the Law of 1 April 2007 on takeover bids, s.a. D'leteren n.v. received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 29 of the Financial Report), which includes all legally required statements and in particular mentions that, either separately or acting in concert with other people, on 30 September 2007 it held more than 30% of the voting shares issued by the Company.

### Elements that can have an influence in case of a takeover bid on the shares of the Company

The Extraordinary General Meeting of 28 May 2009 has renewed the authorisation to the Board to increase the share capital in one or several times by a maximum of 60 million EUR. The capital increases to be decided upon in the framework of the **authorised capital** can be made either in cash or in kind within the limits set up by the Company Code, or by incorporation of available as well as non-available reserves or a share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights and with or without subscription rights. The Board of Directors may limit or waive, in the Company's best interest and in accordance with the conditions determined by the law, the preferential subscription right for the capital increases it decides, including in favour of one or more determined persons.

The Board of Directors is also entitled to decide, in the framework of the authorised capital, on the issuance of convertible bonds, subscription rights or financial instruments which may in term give right to Company shares, under the conditions set up by the Company Code, up to a maximum, such that the amount of the capital increases which could result from the exercise of the above mentio-





ned rights and financial instruments does not exceed the limit of the remaining capital authorised as the case may be, without the preferential subscription right of bondholders.

Without prejudice to the authorisation given to the Board of Directors according to the previous paragraphs, the Extraordinary General Meeting of 29 May 2008 has explicitly authorized the Board of Directors, for a renewable 3-year period, to proceed – in the event of takeover bids on the Company's shares and provided the required notification has been made by the CBFA within a 3-year period – to capital increases by contribution in kind or in cash, as the case may be, without the preferential subscription right of shareholders.

By decision of the same Meeting, the Board of Directors has been authorised to purchase **own shares**, without prior approval of the Assembly, in order to prevent the Company from suffering a severe and imminent damage, for a renewable 3-year period, starting from the date of publication of the decisions taken to amend the articles of association in the appendixes of the Belgian Official Gazette. The Board is also authorized, in order to prevent the Company from suffering a severe and imminent damage, to sell own shares on the stock exchange or through a sale offer made under the same conditions to all shareholders in accordance with the law. These authorisations also apply, under the same conditions, to the purchase and sale of the Company's shares by subsidiaries in accordance with clauses 627, 628 and 631 of the Company Code.

The renewal of the authorisations to the Board mentioned in paragraphs 3 and 4 of this section shall be submitted to the General Meeting for approval on 26 May 2011.

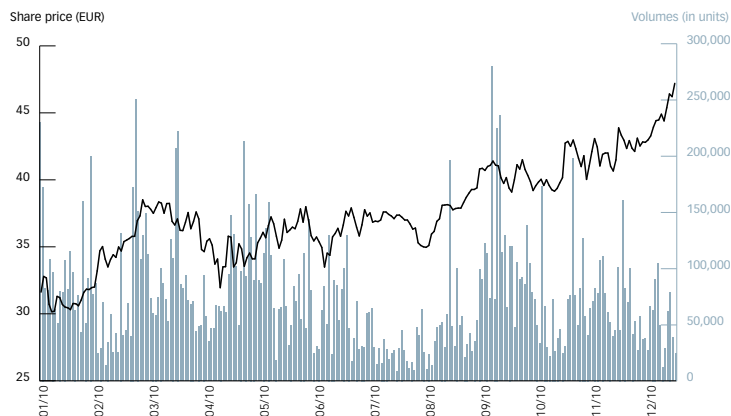
Finally, the Extraordinary General Meeting of 28 May 2009 granted the Board a 5-year authorisation to purchase own shares under the legal conditions, notably to cover stock option plans for managers.

The rules governing the **appointment and replacement of Board members and the amendment of the articles** of association are those provided for by the Company Code.

The **change of control clauses** included in the credit agreements concluded with financial institutions and in the prospectus for the public bond offering of 23 December 2009 was approved by the General Meeting of shareholders of 27 May 2010, in accordance with article 556 of the Company Code.

## SHARE INFORMATION

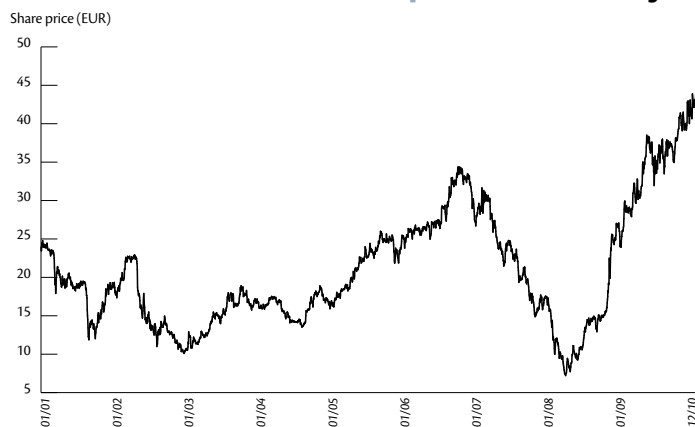
### Evolution of the share price and traded volumes in 2010



#### 2010

Annualised performance	69.1%	
Total shareholder return	70.3%	
Average price (EUR)	36.57	
Maximum price (EUR)	47.20	31/12/10
Minimum price (EUR)	28.84	06/01/10
Average volume (in units)	75,178	
Maximum volume (in units)	279,800	21/09/10
Minimum volume (in units)	9,150	29/07/10

### Evolution of the share price over 10 years



#### 2001-2010 (10 years)

Annualised performance	7.3%	
Total shareholder return (annualised)	8.0%	
Average price (EUR)	21.09	
Maximum price (EUR)	47.20	31/12/10
Minimum price (EUR)	7.22	29/12/08
Average volume (in units)	64,579	
Maximum volume (in units)	1,007,880	05/11/03
Minimum volume (in units)	1,160	15/08/01

Detailed and historic information on the share price and the traded volumes are available on the website of D'leteren ([www.dieteren.com](http://www.dieteren.com)). Avis Europe, a 59.6% subsidiary of D'leteren, is listed on the London Stock Exchange in the Transport sector (code: AVE.L).



## D'leteren share

### Financial year from 1 January to 31 December

Minimum lot	1 share
ISIN code	BE0974259880
Reuters code	IETB.BR
Bloomberg code	DIE.BB

## Stock market indices

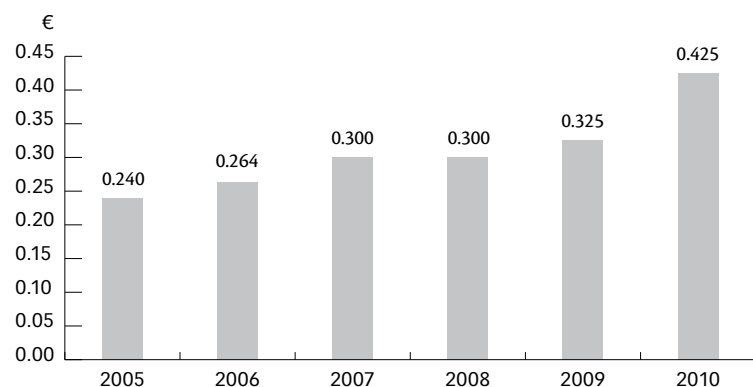
The D'leteren share forms part of the BEL MID, Next 150 and Belgian All Shares (BAS) indices of Euronext with respective weighting of 7.94%, 1.21% and 0.99% as at 18 February 2011. It also forms part of sector indices published by Dow Jones, Eurostoxx and Bloomberg.

## Dividend

If the allocation of results proposed on note 29 of this Annual Report is approved by the Ordinary General Meeting of 26 May 2011, a gross dividend for the year 2010 of 0.425 EUR per share will be distributed, i.e. a net dividend of 0.319 EUR, after deduction of the withholding tax of 25% or a net dividend of 0.361 EUR after deduction of the withholding tax of 15% (for the holders of VVPR strips).

The dividend will be paid starting on 6 June 2011.

### Gross dividend per share (EUR)



## CONSOLIDATED DIRECTORS' REPORT

Content of the Consolidated Directors' Report	Pages of the annual report
Evolution of the situation, activities and results of the Company	54-59
Corporate Governance Statement	123-135
Other legal publications	102-103; 112-114; 117









## FINANCIAL CALENDAR

Interim management statement (after market)	17 May 2011
General Meeting	26 May 2011
Ex date	30 May 2011
Payment date	6 June 2011
2011 Half-year results (after market)	25 August 2011
Analyst meeting & press conference HY 2011	26 August 2011
Interim management statement (after market)	16 November 2011

## PRESS AND INVESTOR RELATIONS – D'IETEREN GROUP

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Information about the Group (press releases, annual reports, financial calendar, share price, statistical information, social documents,...) is available, mostly in three languages (French, Dutch and English), on [www.dieteren.com](http://www.dieteren.com) or on request.

Ce rapport annuel est également disponible en français.  
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### Forward-looking statements

This Annual Report contains forward-looking information that involves risks and uncertainties, including statements about D'Ieteren's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of D'Ieteren. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, D'Ieteren does not assume any responsibility for the accuracy of these forward-looking statements.



