# s.a. D'Ieteren n.v.

## Consolidated Financial Statements 2010

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The statutory auditor, SC BDO DELVAUX, FRONVILLE, SERVAIS ET ASSOCIÉS, Réviseurs d'entreprises – Bedrijfsrevisoren, represented by Gérard Delvaux and Jean-Louis Servais, has confirmed that its audit work, which is substantially complete, has not revealed any significant matters requiring adjustments to the 2010 consolidated income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows or notes to the consolidated financial statements included in this document.

Financial report, excluding the Directors' Report, as approved by the Board of Directors, for presentation to the Annual General Meeting of 26 May 2011.

# Consolidated Income Statement

Year ended 31 December

| EUR million | Notes | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | | Current items (1) | Unusual items and re-measu-rements (1) | Total | Current items (1) | Unusual items and re-measu-rements (1) | Total |
| **Sales** | 4 | **7,053.6** | **-** | **7,053.6** | **6,269.7** | **-** | **6,269.7** |
| Cost of sales | | -4,821.7 | 1.2 | -4,820.5 | -4,249.0 | 8.4 | -4,240.6 |
| **Gross margin** | | **2,231.9** | **1.2** | **2,233.1** | **2,020.7** | **8.4** | **2,029.1** |
| 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 |
| **Operating result** | 5 | **456.4** | **-36.4** | **420.0** | **384.7** | **-54.9** | **329.8** |
| Net finance costs | 6 | -116.5 | 4.6 | -111.9 | -119.9 | 5.3 | -114.6 |
| **Result before tax** | 9 | **339.9** | **-31.8** | **308.1** | **264.8** | **-49.6** | **215.2** |
| 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 |
| **Result from continuing operations** | | **256.4** | **-20.2** | **236.2** | **221.6** | **-38.6** | **183.0** |
| Discontinued operations | | - | - | - | - | - | - |
| **RESULT FOR THE PERIOD** | | **256.4** | **-20.2** | **236.2** | **221.6** | **-38.6** | **183.0** |
| **Result attributable to:** | | | | | | | |
| **Equity holders of the Parent** | 9 | **234.2** | **-15.4** | **218.8** | **182.8** | **-24.3** | **158.5** |
| 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* |
| **Total comprehensive income for the period** | | **268.0** | **171.4** |
| *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 |
| **Non-current assets** | | **3,100.3** | **2,947.9** |
| 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 |
| **Current assets** | | **2,256.8** | **2,159.2** |
| **TOTAL ASSETS** | | **5,357.1** | **5,107.1** |
| | | | |
| Capital and reserves attributable to equity holders | | 1,250.6 | 1,028.5 |
| Non-controlling interest | | 214.1 | 126.1 |
| **Equity** | | **1,464.7** | **1,154.6** |
| 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 |
| **Non-current liabilities** | | **2,295.1** | **2,042.9** |
| 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 |
| **Current liabilities** | | **1,597.3** | **1,909.6** |
| **TOTAL EQUITY AND LIABILITIES** | | **5,357.1** | **5,107.1** |

# Consolidated Statement of Changes in Equity

At 31 December

| EUR million | Capital and reserves attributable to equity holders | | | | | | | | | | Total | Non- | 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 | Group's share | controlling interest | |
| **At 1 January 2009** | **160.0** | **24.4** | **-19.0** | **1.8** | **0.1** | **-1.4** | **789.3** | **-33.7** | **13.2** | **-38.6** | **896.1** | **134.7** | **1,030.8** |
| 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 |
| **At 31 December 2009** | **160.0** | **24.4** | **-20.2** | **2.6** | **0.1** | **-3.1** | **931.3** | **-57.0** | **20.5** | **-30.1** | **1,028.5** | **126.1** | **1,154.6** |
| 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 |
| **At 31 December 2010** | **160.0** | **24.4** | **-15.6** | **4.5** | **0.1** | **-3.3** | **1,126.3** | **-38.4** | **15.9** | **-23.3** | **1,250.6** | **214.1** | **1,464.7** |

# Consolidated Statement of Cash Flows

Year ended 31 December

| EUR million | Notes | 2010 | 2009 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| 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 (1) | | -537.2 | -447.1 |
| Sale of vehicles for rent-a-car and operating lease activities (1) | | 431.9 | 370.7 |
| Change in net working capital | | -40.5 | 201.1 |
| **Cash generated from operations** | | **428.4** | **1,053.2** |
| Tax paid | | -93.7 | -36.2 |
| **Net cash from operating activities** | | **334.7** | **1,017.0** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of fixed assets (excl. vehicles) | | -147.7 | -115.6 |
| Sale of fixed assets (excl. vehicles) | | 3.6 | 3.7 |
| **Net capital expenditure** | | **-144.1** | **-111.9** |
| 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 |
| **Net cash from investing activities** | | **-160.2** | **-382.5** |
| | | | |
| **Cash flows from financing activities** | | | |
| 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 |
| **Net cash from financing activities** | | **-255.6** | **-388.1** |
| | | | |
| **TOTAL CASH FLOW FOR THE PERIOD** | | **-81.1** | **246.4** |
| | | | |
| **Reconciliation with statement of financial position** | | | |
| Cash at beginning of period | 28 | 91.5 | 68.8 |
| Cash equivalents at beginning of period | 28 | 256.7 | 29.1 |
| **Cash and cash equivalents at beginning of period** | 28 | **348.2** | **97.9** |
| Total cash flow for the period | | -81.1 | 246.4 |
| Translation differences | | 0.1 | 3.9 |
| **Cash and cash equivalents at end of period** | 28 | **267.2** | **348.2** |

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

# Notes to the Consolidated Financial Statements

## NOTE 1: GENERAL INFORMATION

s.a. D'Ieteren 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 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 interests 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 interests 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 | - |
| **Segment sales** | | **2,741.1** | **1,521.9** | **2,804.6** | **-14.0** | **7,053.6** | **2,462.2** | **1,395.5** | **2,426.6** | **-14.6** | **6,269.7** |
| **Operating result (being segment result)** | 5 | **92.6** | **92.0** | **235.4** | | **420.0** | **65.0** | **56.2** | **208.6** | | **329.8** |
| *of which: current items* | 5 | *92.6* | *108.2* | *255.6* | | *456.4* | *65.8* | *103.4* | *215.5* | | *384.7* |
| *unusual items and re-measurements* | 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 |
| **Result before taxes** | 9 | **67.9** | **33.7** | **206.5** | | **308.1** | **43.3** | **-9.3** | **181.2** | | **215.2** |
| *of which: current items* | 9 | *64.6* | *48.7* | *226.6* | | *339.9* | *42.7* | *35.1* | *187.0* | | *264.8* |
| *unusual items and re-measurements* | 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 |
| **Result from continuing operations** | | **64.4** | **19.4** | **152.4** | | **236.2** | **41.6** | **-9.2** | **150.6** | | **183.0** |
| *of which: current items* | | *61.7* | *27.9* | *166.8* | | *256.4* | *41.7* | *24.8* | *155.1* | | *221.6* |
| *unusual items and re-measurements* | | *2.7* | *-8.5* | *-14.4* | | *-20.2* | *-0.1* | *-34.0* | *-4.5* | | *-38.6* |
| Discontinued operations | | - | - | - | | - | - | - | - | | - |
| **RESULT FOR THE PERIOD** | | **64.4** | **19.4** | **152.4** | | **236.2** | **41.6** | **-9.2** | **150.6** | | **183.0** |
| **Attributable to:** | | | | | | | | | | | |
| Equity holders of the Parent | | 64.7 | 12.0 | 142.1 | | 218.8 | 41.8 | -5.2 | 121.9 | | 158.5 |
| *of which: current items* | 9 | *62.0* | *16.7* | *155.5* | | *234.2* | *41.9* | *14.8* | *126.1* | | *182.8* |
| *unusual items and re-measurements* | | *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 |
| **RESULT FOR THE PERIOD** | | **64.4** | **19.4** | **152.4** | | **236.2** | **41.6** | **-9.2** | **150.6** | | **183.0** |

## 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 | 0.0 | 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 |
| **Non-current assets** | | **460.6** | **841.6** | **1,798.1** | **3,100.3** | **458.6** | **866.2** | **1,623.1** | **2,947.9** |
| 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 |
| **Current assets** | | **458.8** | **1,269.2** | **528.8** | **2,256.8** | **647.5** | **1,065.4** | **446.3** | **2,159.2** |
| **TOTAL ASSETS** | | **919.4** | **2,110.8** | **2,326.9** | **5,357.1** | **1,106.1** | **1,931.6** | **2,069.4** | **5,107.1** |
| | | | | | | | | | |
| 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 |
| **Equity** | | **1,251.7** | **212.2** | **0.8** | **1,464.7** | **1,029.9** | **124.7** | **-** | **1,154.6** |
| 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 |
| **Non-current liabilities** | | **758.6** | **691.8** | **844.7** | **2,295.1** | **716.5** | **819.2** | **507.2** | **2,042.9** |
| 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 |
| **Current liabilities** | | **242.8** | **886.0** | **468.5** | **1,597.3** | **474.6** | **799.4** | **635.6** | **1,909.6** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,253.1** | **1,790.0** | **1,314.0** | **5,357.1** | **2,221.0** | **1,743.3** | **1,142.8** | **5,107.1** |

## 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 (1) | | -150.2 | -387.0 | - | -537.2 | -153.7 | -293.4 | - | -447.1 |
| Sale of vehicles for rent-a-car and operating lease activities (1) | | 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 (1) | 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 (1) | 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 (2) | 469.9 | 1,909.7 | 560.7 | 2,940.3 | 477.4 | 1,854.0 | 485.4 | 2,816.8 |
| Capital additions (3) | 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 |
| **Subtotal Automobile Distribution** | **2,732.9** | **2,453.8** |
| Rental | 1,198.2 | 1,159.6 |
| Disposal of vehicles not subject to buy-back agreements | 321.6 | 233.1 |
| **Subtotal Car Rental** | **1,519.8** | **1,392.7** |
| **Vehicle Glass** | **2,800.9** | **2,423.2** |
| **SALES (EXTERNAL)** | **7,053.6** | **6,269.7** |
| *of which: sales of goods* | *3,014.0* | *2,626.0* |
| *rendering of services* | *3,992.0* | *3,599.7* |
| *royalties* | *47.6* | *44.0* |

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 |
| **Current items:** | | | | | | | | |
| 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 (1) | - | -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 (2) | -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 (3) | 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 |
| **Subtotal current items** | **-2,640.3** | **-1,411.6** | **-2,545.3** | **-6,597.2** | **-2,388.0** | **-1,289.3** | **-2,207.7** | **-5,885.0** |
| **Unusual items and re-measurements (see note 9)** | **-** | **-16.2** | **-20.2** | **-36.4** | **-0.8** | **-47.2** | **-6.9** | **-54.9** |
| **NET OPERATING EXPENSES** | **-2,640.3** | **-1,427.8** | **-2,565.5** | **-6,633.6** | **-2,388.8** | **-1,336.5** | **-2,214.6** | **-5,939.9** |

(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 |
| **Current items:** | | | | | | | | |
| 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 |
| **Current net finance costs** | **-28.0** | **-59.5** | **-29.0** | **-116.5** | **-23.1** | **-68.3** | **-28.5** | **-119.9** |
| **Unusual items and re-measurements (see note 9):** | | | | | | | | |
| 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* (1) | *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 (1) | 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 |
| **Unusual items and re-measurements** | **3.3** | **1.2** | **0.1** | **4.6** | **1.4** | **2.8** | **1.1** | **5.3** |
| **NET FINANCE COSTS** | **-24.7** | **-58.3** | **-28.9** | **-111.9** | **-21.7** | **-65.5** | **-27.4** | **-114.6** |

(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 |
| **Tax expense** | **-4.0** | **-16.6** | **-54.1** | **-74.7** | **-2.4** | **-** | **-30.6** | **-33.0** |
| *of which: current items* | *-3.4* | *-23.1* | *-59.8* | *-86.3* | *-1.7* | *-10.4* | *-31.9* | *-44.0* |
| *unusual items and re-measurements (see note 9)* | *-0.6* | *6.5* | *5.7* | *11.6* | *-0.7* | *10.4* | *1.3* | *11.0* |

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 |
| **Actual tax on result before taxes** | **-4.0** | **-16.6** | **-54.1** | **-74.7** | **-2.4** | **-** | **-30.6** | **-33.0** |

## 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 |
| **Actual tax on current PBT** | | **-3.4** | **-23.1** | **-59.8** | **-86.3** | **-1.7** | **-10.4** | **-31.9** | **-44.0** |
| *Actual tax rate on current PBT* | | *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 |
| **Actual tax on unusual items and re-measurements in PBT** | | **-0.6** | **6.5** | **5.7** | **11.6** | **-0.7** | **10.4** | **1.3** | **11.0** |

## 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 |
| **From reported PBT to current PBT, Group's share:** | | | | | | | | |
| 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 (a) | -1.3 (c) | -1.3 (f) | -7.3 | -1.4 (a) | -1.3 (c) | -9.5 (f) | -12.2 |
| Re-measurement of put options granted to non-controlling interest | 1.4 (b) | - | - | 1.4 | - | - | - | - |
| Foreign exchange | - | 2.0 (d) | - | 2.0 | - | 2.5 (d) | - | 2.5 |
| Amortisation of Avis licence rights | - | 13.7 | - | 13.7 | - | 13.7 | - | 13.7 |
| Amortisation of customer contracts | - | - | 6.3 (g) | 6.3 | - | - | 5.4 (g) | 5.4 |
| Amortisation of brands with finite useful life | - | - | 8.7 (h) | 8.7 | - | - | 5.2 (h) | 5.2 |
| Other unusual items | - | 0.6 (e) | 6.4 (i) | 7.0 | 0.8 | 29.5 (e) | 4.7 (i) | 35.0 |
| **Current PBT** | **64.6** | **48.7** | **226.6** | **339.9** | **42.7** | **35.1** | **187.0** | **264.8** |
| Share of non-controlling interest in current PBT | 0.3 | -19.5 | -15.3 | -34.5 | 0.2 | -14.2 | -36.6 | -50.6 |
| **Current PBT, Group's share** | **64.9** | **29.2** | **211.3** | **305.4** | **42.9** | **20.9** | **150.4** | **214.2** |
| **From current PBT, Group's share, to current PAT, Group's share:** | | | | | | | | |
| 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 |
| **Current PAT, Group's share** | **62.0** | **16.7** | **155.5** | **234.2** | **41.9** | **14.8** | **126.1** | **182.8** |
| **From current PAT, Group's share, to current result for the period attributable to equity holders of the Parent:** | | | | | | | | |
| 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 | - | - | - | - | - | - | - | - |
| **Current result for the period attributable to equity holders of the Parent** | **62.0** | **16.7** | **155.5** | **234.2** | **41.9** | **14.8** | **126.1** | **182.8** |

### 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'Ieteren subscribed its share of the capital increase, i.e. EUR 111.3 million. Subsequently, D'Ieteren'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 thefore 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(1) |
|---|---|---|---|
| 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 |
| | | | |
| **Result for the period attributable to equity holders** | | | |
| **Basic EPS (EUR)** | **(a)/(e)** | **3.97** | **2.89** |
| **Diluted EPS (EUR)** | **(a)/(f)** | **3.95** | **2.88** |
| | | | |
| 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 |
|---|---|---|
| **Carrying amount at 1 January** | **939.8** | **852.0** |
| 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 |
| **Carrying amount at 31 December** | **1,004.6** | **939.8** |

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 |
|---|---|---|
| **Automobile Distribution** | **2.6** | **2.6** |
| **Car Rental** | | |
| France | 0.2 | 0.2 |
| **Subtotal Car Rental** | **0.2** | **0.2** |
| **Vehicle Glass** | | |
| 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 |
| **Subtotal Vehicle Glass** | **1,001.8** | **937.0** |
| **GROUP** | **1,004.6** | **939.8** |

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 VEICULOS 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 01 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 (1) | Provisional fair value (2) |
|---|---|---|---|
| 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 |
| **Net assets acquired** | **8.3** | **1.5** | **9.8** |
| Goodwill (see note 11) | | | 26.5 |
| **CONSIDERATION** | | | **36.3** |
| Consideration satisfied by: | | | |
| Cash payment | | | 25.4 |
| Estimation of fair value of the deferred consideration payable in the future | | | 10.9 |
| | | | **36.3** |

(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 |
| **Carrying amount at 1 January 2010** | **366.3** | **-** | **328.4** | **36.1** | **45.4** | **-** | **-** | **776.2** |
| 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 |
| **Carrying amount at 31 December 2010** | **352.6** | **-** | **332.6** | **36.5** | **70.5** | **-** | **-** | **792.2** |
| *of which: gross amount* | *711.5* | *0.4* | *349.2* | *59.2* | *165.4* | *-* | *0.3* | *1,286.0* |
| *accumulated amortisation and impairment losses* | *-358.9* | *-0.4* | *-16.6* | *-22.7* | *-94.9* | *-* | *-0.3* | *-493.8* |
| | | | | | | | | |
| 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 |
| **Carrying amount at 1 January 2009** | **380.0** | **-** | **335.2** | **42.0** | **45.1** | **1.9** | **-** | **804.2** |
| 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 |
| **Carrying amount at 31 December 2009** | **366.3** | **-** | **328.4** | **36.1** | **45.4** | **-** | **-** | **776.2** |
| *of which: gross amount* | *711.5* | *0.4* | *336.1* | *50.9* | *123.3* | *-* | *0.3* | *1,222.5* |
| *accumulated amortisation and impairment losses* | *-345.2* | *-0.4* | *-7.7* | *-14.8* | *-77.9* | *-* | *-0.3* | *-446.3* |

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 |
| **Carrying amount of brands** | **330.3** | **321.0** |

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 |
| **Carrying amount at 1 January** | **671.9** | **781.4** |
| 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 |
| **Carrying amount at 31 December** | **658.3** | **671.9** |
| *of which: gross amount* | *865.4* | *910.5* |
| *accumulated depreciation* | *-207.1* | *-238.6* |

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'Ieteren Lease n.v. ("D'Ieteren 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'Ieteren 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 |
| **Carrying amount at 1 January 2010** | **227.5** | **188.4** | **3.2** | **419.1** |
| 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 |
| **Carrying amount at 31 December 2010** | **241.1** | **225.5** | **8.8** | **475.4** |
| *of which: gross amount* | *434.2* | *592.6* | *8.8* | *1,035.6* |
| *accumulated depreciation and impairment losses* | *-193.1* | *-367.1* | *--* | *-560.2* |
| | | | | |
| 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 |
| **Carrying amount at 1 January 2009** | **206.6** | **172.5** | **6.5** | **385.6** |
| 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 |
| **Carrying amount at 31 December 2009** | **227.5** | **188.4** | **3.2** | **419.1** |
| *of which: gross amount* | *399.9* | *498.0* | *3.2* | *901.1* |
| *accumulated depreciation and impairment losses* | *-172.4* | *-309.6* | *--* | *-482.0* |

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 |
|---|---|---|---|---|
| **31 December 2010** | **-** | **54.2** | **-** | **54.2** |
| 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 |
| **Carrying amount at 1 January** | **6.3** | **6.8** |
| Additions | - | - |
| Depreciation | -0.5 | -0.5 |
| **Carrying amount at 31 December** | **5.8** | **6.3** |
| *of which: gross amount* | *12.5* | *12.5* |
| *accumulated depreciation* | *-6.7* | *-6.2* |
| 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 |
| **Total available-for-sale financial assets** | **1.2** | **1.2** | **1.0** | **1.0** |

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 |
| **Net derivative hedging instruments** | **-25.3** | **-61.9** |

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 |
| **Net derivative hedging instruments** | **-25.3** | **-61.9** |

## 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: 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: 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 |
|---|---|---|
| **Non-current assets** | | |
| Debt derivatives | | |
| Embedded derivatives | 2.2 | 1.9 |
| **Subtotal** | **2.2** | **1.9** |
| **Current assets** | | |
| Debt derivatives | | |
| Interest rate swaps excluding securitisation swaps | 10.8 | 9.4 |
| Interest rate securitisation swaps (1) | 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 |
| **Subtotal** | **19.7** | **19.0** |
| **Non-current liabilities** | | |
| Debt derivatives | | |
| Interest rate swaps excluding securitisation swaps | -0.1 | -0.3 |
| **Subtotal** | **-0.1** | **-0.3** |
| **Current liabilities** | | |
| Debt derivatives | | |
| Interest rate swaps excluding securitisation swaps | -18.4 | -27.4 |
| Interest rate securitisation swaps (1) | -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 |
| **Subtotal** | **-24.6** | **-35.7** |
| **NET DERIVATIVES HELD FOR TRADING** | **-2.8** | **-15.1** |

(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 (1) | 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:

| |
|---|
| **Automobile Distribution:** |
| Funded and unfunded schemes: |
| Belgium |
| **Car Rental:** |
| Funded schemes: |
| Austria |
| France |
| Spain |
| United Kingdom |
| Unfunded schemes: |
| Germany |
| Italy |
| **Vehicle Glass:** |
| 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 |
| **Actual return on scheme assets** | **63.8** | **68.8** |

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 |
| **Recognised net deficit (-) / surplus (+) in the schemes** | **-70.9** | **-113.0** |
| *of which: amount expected to be settled within 12 months* | *-0.9* | *-2.0* |
| *amount expected to be settled in more than 12 months* | *-70.0* | *-111.0* |

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 |
| **Net deficit (-) / surplus (+) in the schemes** | **-27.2** | **-43.7** | **-70.9** | **-73.9** | **-39.1** | **-113.0** |

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 |
| **Net deficit (-) / surplus (+) in the schemes** | **-68.3** | **-38.1** | **-106.4** | **-73.2** | **-39.0** | **-112.2** |

## 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 |
| **Fair value of scheme assets** | **506.8** | **-** | **506.8** | **392.3** | **-** | **392.3** |

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 |
| **Net deficit (-) / surplus (+) at 31 December** | **-27.2** | **-43.7** | **-70.9** | **-73.9** | **-39.1** | **-113.0** |

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 |
| **Expense recognised in the income statement** | **-11.2** | **-3.0** | **-14.2** | **-10.5** | **-3.5** | **-14.0** |
| *of which: commercial and administrative expenses (current items)* | *-11.2* | *-3.0* | *-14.2* | *-10.4* | *-3.5* | *-13.9* |
| *other operating expenses (unusual items - see note 9)* | *-* | *-* | *-* | *-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 (1) | -12.8 | -3.7 | -16.5 | -84.9 | - | -84.9 |
| **Actuarial gains (+) / losses (-)** | **26.4** | **-3.8** | **22.6** | **-33.2** | **0.4** | **-32.8** |

(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 | Revaluations | Depreciation amortisation write-downs | Provisions | Dividends | Tax losses available for offset | Financial instruments | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **Deferred tax liabilities (negative amounts)** | | | | | | | | |
| 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 |
| **At 31 December 2010** | **-123.2** | **-22.9** | **-4.2** | **-1.2** | **11.1** | **-1.5** | **-14.7** | **-156.6** |
| **Deferred tax assets (positive amounts)** | | | | | | | | |
| 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 | -17.6 | - | 13.6 | -0.5 | 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 |
| **At 31 December 2010** | **-** | **-28.5** | **49.9** | **-** | **57.5** | **3.8** | **9.6** | **92.3** |
| **Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:** | | | | | | | | |
| 31 December 2009 | -127.5 | -41.4 | 72.6 | -1.0 | 45.6 | 4.3 | -2.0 | -49.4 |
| **31 December 2010** | **-123.2** | **-51.4** | **45.7** | **-1.2** | **68.6** | **2.3** | **-5.1** | **-64.3** |

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 and on the impairment charge 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 commited 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 | - | - | - | - |
| **Non-current assets classified as held for sale** | **1.7** | **-** | **-** | **1.7** | **-** | **-** | **-** | **-** |

## NOTE 24: INVENTORIES

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

In the Car Rental segment, vehicles comprise ex-rental vehicles where management are commited 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 |
| **Other financial assets** | **25.9** | **25.9** |

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 |
| **Trade and other receivables** | **120.8** | **1,026.1** | **238.0** | **1,384.9** | **95.7** | **989.6** | **210.1** | **1,295.4** |

## 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 |
| **Total** | **175.3** | **190.2** |

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 |
| **Cash and cash equivalents** | **2.1** | **231.7** | **33.4** | **267.2** | **259.5** | **60.6** | **28.1** | **348.2** |

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 |
|---|---|---|
| **At 1 January 2009** | **5,530,262** | **160.0** |
| Change | - | - |
| **At 31 December 2009** | **5,530,262** | **160.0** |
| Ten for one share split | - | - |
| **At 31 December 2010** | **55,302,620** | **160.0** |

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(1) | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Treasury shares held by the Parent | 779,860 | 15.8 | 1,040,430 | 20.4 |
| Treasury shares held by subsidiaries | - | - | - | - |
| **Treasury shares held** | **779,860** | **15.8** | **1,040,430** | **20.4** |

(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 "declarations of transparency" dated 27 December 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'Ieteren | 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% |
| **The four abovementioned persons (collectively "SPDG Group") are associated and act in concert with Cobepa s.a.** | **13,887,280** | **25.11%** | **1,250,000** | **25.00%** | **15,137,280** | **25.10%** |
| Nayarit Participations s.c.a., Brussels | 13,941,510 | 25.21% | - | - | 13,941,510 | 23.12% |
| Mr Roland D'Ieteren | 466,190 | 0.84% | 3,750,000 | 75.00% | 4,216,190 | 6.99% |
| Mr Nicolas D'Ieteren | 10,000 | 0.02% | - | - | 10,000 | 0.02% |
| **The three abovementioned persons (collectively "Nayarit Group") are associated and act in concert with Cobepa s.a.** | **14,417,700** | **26.07%** | **3,750,000** | **75.00%** | **18,167,700** | **30.13%** |
| **The persons referred to as SPDG Group and Nayarit Group act in concert.** | | | | | | |
| Cobepa s.a., Brussels | **2,126,210** | **3.84%** | **-** | **-** | **2,126,210** | **3.53%** |
| **Cobepa s.a. acts in concert on the one hand with Nayarit Group and on the other hand with SPDG Group.** | | | | | | |

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 |
| **Non-current provisions** | | | | | | | | |
| 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 |
| **Subtotal** | **31.7** | **27.4** | **37.0** | **96.1** | **29.0** | **32.7** | **1.1** | **62.8** |
| **Current provisions** | | | | | | | | |
| 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 |
| **Subtotal** | **-** | **20.9** | **4.4** | **25.3** | **-** | **18.6** | **203.5** | **222.1** |
| **Total provisions** | **31.7** | **48.3** | **41.4** | **121.4** | **29.0** | **51.3** | **204.6** | **284.9** |

## 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 |
|---|---|---|---|---|---|---|
| **At 1 January 2010** | **13.7** | **5.2** | **38.6** | **17.9** | **209.5** | **284.9** |
| 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 |
| **At 31 December 2010** | **15.5** | **5.0** | **35.0** | **54.5** | **11.4** | **121.4** |

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 |
| **Non-current borrowings** | | | | | | | | |
| 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 |
| **Subtotal non-current borrowings** | **537.5** | **460.5** | **740.6** | **1,738.6** | **550.8** | **533.3** | **459.7** | **1,543.8** |
| **Current borrowings** | | | | | | | | |
| 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 |
| **Subtotal current borrowings** | **29.1** | **297.5** | **29.6** | **356.2** | **289.2** | **242.2** | **17.8** | **549.2** |
| **TOTAL BORROWINGS** | **566.6** | **758.0** | **770.2** | **2,094.8** | **840.0** | **775.5** | **477.5** | **2,093.0** |

The Group issues bonds both through the Parent and its wholly-owned subsidiary D'Ieteren 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% |
| **Total** | | **350.0** | | | | **350.0** | | |

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'Ieteren Lease n.v. ("D'Ieteren Lease"). The programme is set out in note 14. During the period, the financing of the D'Ieteren 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 | |
| **Present value of finance lease obligations** | **235.9** | | **210.5** | |

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:

| | | 2010 | | 2009 | |
|---|---|---|---|---|---|
| Issued | Currency | 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:

| | | | 2010 | | 2009 | |
|---|---|---|---|---|---|---|
| | Interest rate | Currency | 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'Ieteren 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 |
| **Non-current borrowings** | **1,738.6** | **1,543.8** |

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 |
| **Borrowings** | **2,094.8** | **2,093.0** |

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 | | |
|---|---|---|---|---|---|---|
| **Currency** | **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 |
| **Total** | **977.5** | **1,122.1** | **2,099.6** | **990.4** | **1,140.7** | **2,131.1** |

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 | | |
|---|---|---|---|---|---|---|
| **Currency** | **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 |
| **Total** | **1,951.1** | **148.5** | **2,099.6** | **1,748.6** | **382.5** | **2,131.1** |

## 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:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| **Currency** | **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 |
| **Non-current borrowings** | **1,738.4** | **1,738.6** | **1,372.7** | **1,543.8** |

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 |
| **Gross debt** | **566.6** | **762.8** | **770.2** | **2,099.6** | **840.0** | **813.6** | **477.5** | **2,131.1** |
| 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 | - | - | - | - |
| **Net debt** | **555.1** | **531.1** | **736.8** | **1,823.0** | **570.5** | **750.3** | **449.4** | **1,770.2** |

## 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 |
| **Trade and other payables** | **199.1** | **528.3** | **390.2** | **1,117.6** | **164.3** | **465.3** | **364.2** | **993.8** |

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 |
| *Retirement benefit charges under defined contribution schemes* | *-4.9* | *-6.1* | *-12.1* | *-23.1* | *-5.2* | *-6.1* | *-9.8* | *-21.1* |
| *Retirement benefit charges under defined benefit schemes (see note 20)* | *-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 |
| **Total employee benefit expense** | **-130.0** | **-265.5** | **-1,022.7** | **-1,418.2** | **-123.2** | **-261.0** | **-927.6** | **-1,311.8** |
| *of which: current items* | *-130.0* | *-265.5* | *-1,022.7* | *-1,418.2* | *-123.2* | *-260.9* | *-927.6* | *-1,311.7* |
| *unusual items (defined benefit schemes - see notes 9 and 20)* | - | - | - | - | - | *-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 |
| **Group** | **31,537** | **29,283** |

## 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'Ieteren 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 | Exercise period | |
|---|---|---|---|---|---|
| | 2010 | 2009 | (EUR) | 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 |
| **Total** | **748,090** | **1,019,510** | | | |

## 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 |
| **Outstanding options at the end of the period** | **748,090** | **1,019,510** | **23.30** | **22.02** |
| *of which: exercisable at the end of the period* | *437,660* | *606,850* | *17.30* | *22.35* |

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 |
|---|---|
| **31 December 2010** | **8.1** |
| 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 |
| **At 31 December 2010** | | | | | | | | |
| 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 | - |
| Total | 357.0 | 66.8 | 1,589.7 | 125.3 | 147.1 | 9.7 | 2,093.8 | 201.8 |
| 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 |
| **Total** | **1,481.2** | **69.6** | **1,584.4** | **123.5** | **147.1** | **9.7** | **3,212.7** | **202.8** |
| **At 31 December 2009** | | | | | | | | |
| 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 | - |
| Total | 570.1 | 80.3 | 1,285.9 | 195.5 | 237.1 | 19.5 | 2,093.1 | 295.3 |
| 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 |
| **Total** | **1,612.2** | **86.3** | **1,328.3** | **197.3** | **237.1** | **19.1** | **3,177.6** | **302.7** |

## 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 |
| **31 December 2010** | **-1.0** | **0.9** | **-20.4** | **20.4** |
| 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 strenghtening/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% strenghtening | 10% weakening | 10% strenghtening | 10% weakening |
| **31 December 2010** | | | | |
| 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 |
| **31 December 2009** | | | | |
| 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 require 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 |
| **Non-current and current assets:** | | | | | | | | |
| 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 |
| **Total assets** | **0.2** | **24.6** | **2.2** | **27.0** | **234.9** | **19.8** | **1.9** | **256.6** |
| **Non-current and current liabilities:** | | | | | | | | |
| Derivative hedging instruments | - | 30.2 | - | 30.2 | - | 62.7 | - | 62.7 |
| Derivatives held for trading | - | 24.7 | - | 24.7 | - | 36.0 | - | 36.0 |
| **Total liabilities** | **-** | **54.9** | **-** | **54.9** | **-** | **98.7** | **-** | **98.7** |

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 |
| **Total** | **730.3** | **598.1** |

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'Ieteren 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 |
| **Total** | **2.6** | **208.7** | **-** | **211.3** | **3.2** | **200.2** | **-** | **203.4** |

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'Ieteren 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 |
|---|---|---|
| **With entities with joint control or significant influence over the Group:** | | |
| Amount of the transactions entered into during the period | 0.8 | 0.9 |
| Outstanding creditor balance at 31 December | 15.0 | 14.3 |
| **With associates:** | | |
| Sales | 8.1 | 11.7 |
| Purchases | -0.3 | -0.1 |
| Trade receivables outstanding at 31 December | 0.5 | 0.6 |
| **With joint ventures in which the Group is a venturer:** | | |
| Sales | 1.7 | 1.4 |
| Trade receivables outstanding at 31 December | 0.6 | 2.4 |
| **With key management personnel:** | | |
| 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 |
| **With other related parties:** | | |
| 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 |
|---|---|---|---|
| **Automobile Distribution** | | | |
| s.a. D'Ieteren Lease n.v. | Belgium | 100% | 100% |
| s.a. D'Ieteren Sport n.v. | Belgium | 75% | 75% |
| s.a. D'Ieteren Services n.v. | Belgium | 100% | 100% |
| s.a. D'Ieteren Treasury n.v. | Belgium | 100% | 100% |
| D'Ieteren Trading b.v. | The Netherlands | 100% | 100% |
| D'Ieteren Car Rental s.a. | Luxemburg | 100% | 100% |
| D'Ieteren Vehicle Glass s.a. | Luxemburg | 100% | 0% |
| Dicobel s.a. | Belgium | 100% | 100% |
| **Car Rental** | | | |
| Avis Europe plc | United Kingdom | 59.59% | 59.59% |
| **Vehicle Glass** | | | |
| 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 (1) | 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 |
|---|---|---|
| **Closing rate** | | |
| 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 |
| **Average rate (1)** | | |
| 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.

# s.a. D’Ieteren n.v.

## Abridged Statutory
## Financial Statements 2010

## CONTENTS



The statutory financial statements of s.a. D’Ieteren 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’Ieteren 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 or on request from:

s.a. D’Ieteren 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’Ieteren n.v.

# Abridged Balance Sheet

At 31 December

| EUR million | | 2010 | 2009 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | **2,419.1** | **2,032.0** |
| II. | Intangible assets | 1.2 | 1.8 |
| III. | Tangible assets | 95.5 | 90.2 |
| IV. | Financial assets | 2,322.4 | 1,940.0 |
| **Current assets** | | **350.2** | **358.4** |
| 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 | 8.1 | 9.6 |
| **TOTAL ASSETS** | | **2,769.3** | **2,390.4** |

| EUR million | | 2010 | 2009 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Capital and reserves** | | **833.1** | **755.9** |
| 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 |
| **Provisions and deferred taxes** | | **31.6** | **29.6** |
| **Creditors** | | **1,904.6** | **1,604.9** |
| 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 |
| **TOTAL LIABILITIES** | | **2,769.3** | **2,390.4** |

# Abridged Income Statement

| EUR million | | 2010 | 2009 |
|---|---|---|---|
| I. | Operating income | 2,640.5 | 2,351.7 |
| II. | Operating charges | 2,579.0 | 2,309.3 |
| III. | Operating profit | 61.5 | 42.4 |
| IV. | Financial income | 84.7 | 79.8 |
| V. | Financial charges | 54.7 | 38.7 |
| VI. | Result on ordinary activities before income taxes | 91.5 | 83.5 |
| VII. | Extraordinary income | 9.4 | - |
| VIII. | Extraordinary charges | - | 0.8 |
| IX. | Result for the period before taxes | 100.9 | 82.7 |
| IXbis. | Deferred taxes | - | - |
| X. | Income taxes | 0.1 | -0.6 |
| XI. | Result for the period | 100.8 | 83.3 |
| XII. | Variation of untaxed reserves (1) | - | - |
| 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 |
|---|---|---|
| **Audit** | | |
| s.a. D'Ieteren n.v. (charged by BDO – DFSA) | 160.000 | 160.000 |
| **Non-audit** | | |
| 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 - Belastingsconsulenten– former Socofidex) | 14.213 | 8.749 |
| **TOTAL** | **201.317** | **180.545** |

# 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.