D'Ieteren
Corporate

Interim Financial Report

for the 6-month period ended

30 June 2005

Table of content

D'Ieteren Corporate

Consolidated Balance Sheet

in EUR million

	30 June 2005 (1)	31 Dec. 2004 (2)	30 June 2004 (2)
Goodwill	555.0	462.1	452.5
Other intangible assets	946.7	942.2	977.6
Vehicles	761.2	676.0	823.2
Other property, plant and equipment	316.8	310.5	312.0
Investment property	5.9	4.9	5.0
Equity accounted investments	11.0	9.5	10.8
Available-for-sale financial assets	2.2	11.5	11.4
Derivative hedging instruments	0.3	0.0	0.0
Long-term employee benefit assets	1.4	1.2	1.7
Deferred tax assets	76.1	69.6	87.4
Other receivables	0.9	0.8	1.7
Non-current assets	**2,677.5**	**2,488.3**	**2,683.3**
Non-current assets classified as held for sale	13.1	5.0	4.0
Inventories	447.7	439.3	381.7
Derivatives held for trading	15.8	0.0	0.0
Other financial assets held for trading	20.6	0.0	0.0
Current tax assets	43.2	30.5	25.5
Trade and other receivables	2,029.0	1,608.0	1,983.4
Cash and cash equivalents	88.1	73.3	95.5
Current assets	**2,657.5**	**2,156.1**	**2,490.1**
Total assets	**5,335.0**	**4,644.4**	**5,173.4**
Capital and reserves attributable to equity holders	695.9	687.1	688.2
Minority interests	172.1	303.7	358.8
Equity	**868.0**	**990.8**	**1,047.0**
Long-term employee benefit obligations	140.0	129.2	122.7
Other provisions	95.5	85.1	96.4
Derivative hedging instruments	63.0	0.0	0.0
Borrowings	1,275.8	1,321.0	1,119.7
Put options granted to minority shareholders	180.4	0.0	0.0
Other payables	4.6	2.1	2.4
Deferred tax liabilities	279.3	278.0	295.3
Non-current liabilities	**2,038.6**	**1,815.4**	**1,636.5**
Provisions	5.6	22.5	22.3
Derivative hedging instruments	0.6	0.0	0.0
Borrowings	816.9	575.5	810.0
Derivatives held for trading	22.0	0.0	0.0
Current tax liabilities	117.4	88.4	109.2
Trade and other payables	1,465.9	1,151.8	1,548.4
Current liabilities	**2,428.4**	**1,838.2**	**2,489.9**
Total equity and liabilities	**5,335.0**	**4,644.4**	**5,173.4**

(1) *After implementation of IAS 32 and 39.*
(2) *Before implementation of IAS 32 and 39.*

D'Ieteren
Corporate

Consolidated Income Statement

6-month period ended 30 June

in EUR million	2005			2004		
	Current items*	Unusual items and re-measurements*	Total	Current items*	Unusual items and re-measurements*	Total
Sales	**2,443.9**		**2,443.9**	**2,290.6**		**2,290.6**
Cost of sales	-1,748.5	-0.1	-1,748.6	-1,632.7	0.0	-1,632.7
Gross margin	**695.4**	**-0.1**	**695.3**	**657.9**	**0.0**	**657.9**
Commercial and administrative expenses	-564.0	-6.0	-570.0	-526.2	0.0	-526.2
Other operating income	0.8	3.0	3.8	1.8	0.0	1.8
Other operating expenses	-5.0	-16.5	-21.5	-0.7	-33.5	-34.2
Operating result	**127.2**	**-19.6**	**107.6**	**132.8**	**-33.5**	**99.3**
Net finance costs	-45.8	12.0	-33.8	-49.1	18.3	-30.8
Result before tax	**81.4**	**-7.6**	**73.8**	**83.7**	**-15.2**	**68.5**
Share of result of entities accounted for using the equity method	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense	-17.8	1.9	-15.9	-19.6	7.9	-11.7
Result from continuing operations	**63.6**	**-5.7**	**57.9**	**64.1**	**-7.3**	**56.8**
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Result for the period	**63.6**	**-5.7**	**57.9**	**64.1**	**-7.3**	**56.8**
Result attributable to:						
Equity holders of the parent	**51.7**	**-3.7**	**48.0**	**50.4**	**-3.8**	**46.6**
Minority interest	11.9	-2.0	9.9	13.7	-3.5	10.2
Basic EPS	9.36	-0.65	8.71	9.12	-0.69	8.43
Diluted EPS	9.34	-0.66	8.68	9.10	-0.69	8.41

** See summary of significant accounting policies in note 19 and unusual items in note 4.*

Consolidated Statement of Recognised Income and Expense

6-month period ended 30 June

in EUR million

	2005	2004
Result for the period	57.9	56.8
Income and expense recognised directly in equity		
Actuarial gains (losses) on employee benefit obligations	*-5.2*	*-1.7*
Cumulative translation differences	*-13.1*	*-23.2*
Fair value of available-for-sale financial instruments	*-0.6*	*0.0*
Fair value of hedging financial instruments	*5.9*	*0.0*
Share-based payments	*0.3*	*0.2*
Tax on items taken directly to equity	*-1.4*	*0.4*
Subtotal	-14.1	-24.3
Total recognised income and expense for the period	43.8	32.5
being : attributable to equity holders of the parent	*39.2*	*32.1*
attributable to minority interest	*4.6*	*0.4*

D'Ieteren
Corporate

Consolidated Cash Flow Statement
6-month period ended 30 June
in EUR million

Cash flows from operating activities	2005	2004
Operating profit	**107.6**	**99.3**
Depreciation and amortisation	124.8	122.2
Non-cash operating lease charge on buy-back agreements	86.1	81.1
Other non-cash items	-6.4	10.9
Change in net working capital	-347.4	-26.7
Cash generated from operations	**-35.3**	**286.8**
Tax paid	-3.6	-38.4
Net cash from operating activities	**-38.9**	**248.4**
Cash flows from investing activities		
Net capital expenditure	19.5	61.5
Net investment in financial assets	-2.9	53.6
Net cash from investing activities	**16.6**	**115.1**
Cash flows from financing activities		
Net acquisition of treasury shares	0.2	-1.0
Change in borrowings	96.2	-294.5
Net interest paid	-48.7	-39.7
Dividends paid by parent company	-12.8	-12.8
Dividends paid by subsidiaries	0.0	-9.4
Net cash from financing activities	**34.9**	**-357.4**
Total cash flow for the period	**12.6**	**6.1**
Reconciliation with balance sheet		
Cash at beginning of period	55.4	71.3
Cash equivalents at beginning of period	17.9	16.4
Cash and cash equivalents at beginning of period	**73.3**	**87.7**
Total cash flow for the period	12.6	6.1
Scope entry	0.1	0.0
Translation differences	2.1	1.7
Cash and cash equivalents at end of period	**88.1**	**95.5**

NOTES

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 shareholder is the D'Ieteren family. 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 the makes Volkswagen, Audi, Seat, Skoda, Bentley, Lamborghini, Porsche, Yamaha and MBK;
- 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, Canada, the United States, Brazil, Australia and New Zealand through Belron s.a. and notably its CARGLASS® and AUTOGLASS® brands.

The Group is present in 115 countries on 5 continents and serves over 13 million customers every year.

The Company is listed on Euronext.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 1 September 2005.

2. Accounting Policies

- *Basis of Preparation*

These June 2005 interim consolidated financial statements are for the six months ended 30 June 2005. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". They are also covered by IFRS 1 "First-time Adoption of IFRS", as the interim period is part of the first full year (year ended 31 December 2005) in which the Group's financial statements are prepared in accordance with IFRS as adopted for use in the European Union. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at 30 June 2005 which have been adopted for use in the European Union (following the positive endorsement advice issued by the European Financial Reporting Advisory Group ("EFRAG") on 10 February 2005, the amendment to IAS 19 on employee benefits dated 16 December 2004 has also been applied while it has not been formally endorsed yet by the European Commission). The IFRS standards and IFRIC interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements.

The policies set out below have been consistently applied to all the periods presented except for those relating to the classification and measurement of financial instruments. The Group has made use of the exemption available under IFRS 1 to only apply IAS 32 and IAS 39 from 1 January 2005. The policies applied to financial instruments for 2004 and 2005 are disclosed separately under note 19.

Consolidated financial statements were prepared in accordance with Belgian Generally Accepted Accounting Principles ("Belgian GAAP") until 31 December 2004. Belgian GAAP differ in some areas from IFRS. In preparing the 2005 consolidated interim financial statements, management has amended certain accounting and valuation methods applied in the Belgian GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments, except as described in the accounting policies.

Reconciliations and descriptions of the effect of the transition from Belgian GAAP to IFRS on the Group's equity and its net income and cash flows are provided in notes 13 to 18.

These consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

These consolidated interim financial statements are prepared on an accrual 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 interim 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 interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the interim 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.

- *Significant Accounting Policies*

A summary of significant accounting policies is provided in note 19.

3. Seasonality

- *Automobile Distribution*

The Automobile Distribution segment experiences a higher demand for new vehicles (sales of new vehicles represent about 80% of total external sales of the segment) in the first half of the year. This phenomenon is further increased every two years by the impact of the Brussels Motor Show (the latest one occurred in January 2004).

- *Car Rental*

The Car Rental segment experiences a natural increase in demand from leisure customers over the European summer holiday months. This seasonality generally results in lower revenue recognition in the first half as compared to the second half of each year, plus an increase in the number of vehicles acquired in the period leading up to the summer months.

- *Vehicle Glass*

The Vehicle Glass segment experiences some natural increases in business in the early part of the year corresponding with cold weather in Europe, and in mid-summer prior to the start of the continental European holiday season.

4. Unusual items and re-measurements

Unusual items are items that are unusual because of their nature, size or incidence.

- *Result for the period*

Unusual items in net result are excluded from the current result, Group's share, which is defined in note 16. 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.

	30 June 2005				30 June 2004			
	Autom. Distrib.	Car Rental	Vehicle Glass	Group	Autom. Distrib.	Car Rental	Vehicle Glass	Group
From reported PBT to current PBT, Group's share :								
Reported PBT	25.2	-3.4	52.0	73.8	42.0	13.0	13.5	68.5
Unusual items and re-measurements in PBT								
Re-measurements of financial instruments	2.1 (a)	4.4 (b)	0.0	6.5	0.0	0.0	0.0	0.0
Foreign exchange	0.0	-14.1 (c)	0.0	-14.1	0.0	-18.1	0.0	-18.1
Impairment losses on goodwill	0.0	0.6 (d)	0.0	0.6	0.0	0.0	0.0	0.0
Amortisation of Avis licence rights	0.0	10.7	0.0	10.7	0.0	10.8	0.0	10.8
Other unusual items	0.0	5.8 (e)	-1.9 (f)	3.9	0.0	4.0	18.5	22.5
Current PBT	27.3	4.0	50.1	81.4	42.0	9.7	32.0	83.7
Share of minority interest in current PBT	-0.3	-1.6	-14.1	-16.0	-0.7	-3.9	-14.2	-18.8
Current PBT, Group's share	27.0	2.4	36.0	65.4	41.3	5.8	17.8	64.9
From current PBT, Group's share, to current PAT, Group's share :								
Current PBT, Group's share	27.0	2.4	36.0	65.4	41.3	5.8	17.8	64.9
Share of the group in current result of equity-accounted entities	0.2	-0.1	0.0	0.1	0.0	0.0	0.0	0.0
Tax on current PBT, Group's share	-4.7	-0.5	-8.6	-13.8	-8.5	-1.5	-4.5	-14.5
Current PAT, Group's share	22.5	1.8	27.4	51.7	32.8	4.3	13.3	50.4

Automobile Distribution

(a) Net finance costs include re-measurements of financial instruments amounting to EUR -2.1 million in the period to June 2005 (charge arising from changes in fair value of derivatives).

Car Rental

(b) Net finance costs and commercial and administrative expenses include re-measurements of financial instruments amounting to respectively EUR –0.3 million and EUR –4.1 million in the period to June 2005 (charges arising from changes in fair value of derivatives).

(c) Foreign exchange gain on net debt amounts to EUR 14.1 million (EUR 18.1 million in the comparative period), recognised in net finance costs.

(d) In the period to June 2005, goodwill arose upon Avis Europe's acquisition of licensee locations in France and Holland (see note 8). As the acquired locations have been integrated into the existing operations of Budget France and Avis Holland respectively, an impairment provision has been recognised in the period, since the goodwill arising in these cash generating units (Budget France, Avis Holland) had already been fully provided against in previous accounting periods. This impairment charge is recognised in other operating expenses.

(e) Unusual items of the Car Rental segment are set out below :
- Restructuring costs (in other operating expenses) of EUR 1.7 million were incurred in the period in connection with the transfer of back office functions to Avis Europe's shared service centre in Budapest. Restructuring costs of EUR 4.0 million were incurred in the prior period to June 2004 in connection with the project to re-engineer Avis Europe's back-office and information technology activities.
- Following Avis Europe's decision in 2004 to terminate the agreement with the principal contractor on the IT back-office project, additional termination costs of EUR 1.9 million have been recognised (in administrative expenses) in 2005, primarily arising from the mitigating action being undertaken against the termination costs, which may lead to a net credit in future accounting periods.
- In 2005, collection of credit hire receivables in Centrus business continued to be more successful than previously anticipated. An other operating income of EUR 1.3 million has been recognised reflecting a reversal of the receivable provisions made in previous periods.
- Various professional, legal and consultancy costs (EUR 3.5 million) have been incurred in conjunction with Avis Europe's capital restructuring and the rights issue (see note 7) . Where such costs are not directly attributable to the issue of new shares, or the drawing down of new debt facilities, they have been recognised immediately in the income statement as unusual items in other operating expenses.

Vehicle Glass

(f) In the period to June 2004, an unusual other operating charge of EUR 18.7 million arose from the recognition of a provision set up to cover the cash settlement of the management share option scheme as Belron was no longer seeking a flotation. This cash settlement was in lieu of diluting the existing shareholders of Belron through the issuance of new shares. In the period to June 2005, the provision has been utilised to cover the cash payments already made. An unusual reversal (in other operating income) of EUR 1.7 million has been booked to bring the provision in line with the amounts still due. Other unusual items in net finance costs include realised gains on disposals of financial assets (EUR 0.2 million in the periods to June 2005 and June 2004).

- *Cash Flows*

The net cash from operating activities for the period to 30 June 2005 includes the actual cash settlement of the management share option scheme of Belron, amounting to EUR 14.7 million.

The net investment in financial assets for the period to 30 June 2005 includes, among other transactions, the cash outflow arising from the agreement concluded with Cobepa, whereby the Group purchased 5.53% of Dicobel, which owns 81.73% of Belron. Since then, the Group and Cobepa own respectively 75.53% and 24.47% of Dicobel. The Group owns, directly and indirectly (through Dicobel), 73.73% of Belron (vs 69.21% before the transaction). This transaction valued the equity of Belron at around EUR 690 million. The agreement confirmed, for the next several years, the D'Ieteren-Cobepa partnership relative to Belron and the shareholders' confidence in the successful leadership team and strategy of Belron. Liquidity mechanisms for Cobepa have been provided for (see item (n) in note 15).

- *Assets, Liabilities, Equity*

No unusual items, other than those listed above, have any material impact on assets, liabilities or equity.

5. Dividends

The Ordinary General Meeting of 26 May 2005 decided to distribute a gross dividend of EUR 2.31 per ordinary share for the year 2004. Payment of the dividend took place as from 2 June 2005. The aggregate dividend amounts to EUR 12.8 million.

6. Segment Information

The Group's primary reporting format is by business segment. Reportable 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 (see note 1). The Vehicle Glass segment comprises Belron (see note 1) and its holding company Dicobel.

This segmentation is consistent with the Group's organisational and internal reporting structure.

D'Ieteren
Corporate

Segment Income Statement - Business Segments
6-month period ended 30 June
in EUR million

	2005					2004				
	Automobile Distribution	Car Rental	Vehicle Glass	Elimi-nations	Group	Automobile Distribution	Car Rental	Vehicle Glass	Elimi-nations	Group
External sales	1,239.5	582.3	622.1		2,443.9	1,148.7	585.8	556.1		2,290.6
Inter-segment sales	1.6	0.0	1.3	-2.9	0.0	1.1	0.0	0.9	-2.0	0.0
Segment sales	**1,241.1**	**582.3**	**623.4**	**-2.9**	**2,443.9**	**1,149.8**	**585.8**	**557.0**	**-2.0**	**2,290.6**
Operating result (being segment result)	**37.0**	**12.1**	**58.5**		**107.6**	**47.6**	**24.5**	**27.2**		**99.3**
of which : current items	*37.0*	*33.3*	*56.9*		*127.2*	*47.6*	*39.3*	*45.9*		*132.8*
unusual items and re-measurements	*0.0*	*-21.2*	*1.6*		*-19.6*	*0.0*	*-14.8*	*-18.7*		*-33.5*
Net finance costs	-11.8	-15.5	-6.5		-33.8	-5.6	-11.5	-13.7		-30.8
Result before tax	**25.2**	**-3.4**	**52.0**		**73.8**	**42.0**	**13.0**	**13.5**		**68.5**
of which : current items	*27.3*	*4.0*	*50.1*		*81.4*	*42.0*	*9.7*	*32.0*		*83.7*
unusual items and re-measurements	*-2.1*	*-7.4*	*1.9*		*-7.6*	*0.0*	*3.3*	*-18.5*		*-15.2*
Share of result after tax of entities accounted for using the equity method	0.2	-0.2	0.0		0.0	0.0	0.0	0.0		0.0
Tax expense	-4.1	0.8	-12.6		-15.9	-8.8	1.7	-4.6		-11.7
Result from continuing operations	**21.3**	**-2.8**	**39.4**		**57.9**	**33.2**	**14.7**	**8.9**		**56.8**
of which : current items	*22.7*	*2.9*	*38.0*		*63.6*	*33.2*	*7.3*	*23.6*		*64.1*
unusual items and re-measurements	*-1.4*	*-5.7*	*1.4*		*-5.7*	*0.0*	*7.4*	*-14.7*		*-7.3*
Result from discontinued operations	0.0	0.0	0.0		0.0	0.0	0.0	0.0		0.0
Result for the period	**21.3**	**-2.8**	**39.4**		**57.9**	**33.2**	**14.7**	**8.9**		**56.8**
Attributable to :										
Equity holders of the parent	21.1	-1.5	28.4		48.0	32.8	8.9	4.9		46.6
of which : current items	*22.5*	*1.8*	*27.4*		*51.7*	*32.8*	*4.3*	*13.3*		*50.4*
unusual items and re-measurements	*-1.4*	*-3.3*	*1.0*		*-3.7*	*0.0*	*4.6*	*-8.4*		*-3.8*
Minority interest	0.2	-1.3	11.0		9.9	0.4	5.8	4.0		10.2
Result for the period	**21.3**	**-2.8**	**39.4**		**57.9**	**33.2**	**14.7**	**8.9**		**56.8**

7. Subsequent Events

- *Automobile Distribution*

The Company announced on 22 June 2005 that it was offering for public subscription in Belgium, through its subsidiary D'Ieteren Trading b.v., a ten-year bond of EUR 100 million at 4.25% nominal gross rate. The issue date is 27 July 2005. This bond issue enables the Company to diversify its financial resources and is used for the Company's general needs.

- *Car Rental*

On 16 June 2005, Avis Europe plc proposed to raise approximately GBP 110.5 million (net of estimated expenses), by way of 4 for 7 rights issue of new shares at 35 pence per share. To enable the rights issue, the shareholders of Avis Europe plc approved, at an Extraordinary General Meeting on 4 July 2005, an increase in the authorised share capital and an increase in the Directors' authority to allot new shares. The authorised share capital immediately following the Extraordinary General Meeting was GBP 9,400,000 divided into 940,000,000 shares.

A total of 334,736,017 new shares were issued on 5 July 2005 as part of the rights issue. The new shares issued rank equally in all respects with the existing shares, including the right to receive all dividends or distributions made, paid or declared.

The proceeds of the rights issue were received on 27 July 2005 and 1 August 2005 and have initially been used to pay down short-term uncommitted borrowings and to reduce the amounts drawn on Avis Europe's group revolving lines of credit.

D'Ieteren fully supported the rights issue and subscribed in full for the new shares to which it was entitled. After the acquisition of new shares for EUR 105 million, D'Ieteren's shareholding in Avis Europe therefore remained unchanged at 59.6%.

- *Vehicle Glass*

In July 2005, Belron paid out a dividend (amounting to EUR 61 million) for the first time since its acquisition by the Group in 1999. The majority share of this dividend (EUR 45 million) was received by the Automobile Distribution segment; the remainder (EUR 16 million) was distributed to minority shareholders. Only this latest portion will impact the Group's cash flows of the second half of the year.

D'Ieteren announced on 2 September 2005 that the Canadian subsidiary of Belron has signed an agreement, subject to the customary regulatory approvals, to acquire the Canadian glass operations of TCG International Inc. headquartered in Burnaby, British Columbia in line with Belron's commitment to further geographic expansion. The transaction includes Speedy Glass, Apple Auto Glass, Novus Repair and Replacement, 1st Report Claims Services and Autostock Distribution. This agreement would give Belron Canada, which operates in Quebec under the brands LEBEAU® and DURO® and outside Quebec as STANDARD AUTOGLASS®, 260 additional service centres (both corporate and franchised outlets) and 33 distribution outlets. Since this acquisition is subject to regulatory approval, disclosures on business combinations arising after balance sheet date are not applicable.

8. Business Combinations

During the period, the Group acquired the following items :

- The assets and businesses of Elite Auto Glass Inc. and Glaspro Inc. (collectively "Elite & Glaspro"), headquartered in Denver, Colorado, which operate 31 service centres in Western American States. This acquisition is effective from 22 April 2005.
- A 100% interest in Milcristal SL, Servicristal Cristaleria del Automovil SL, Parabrisas Vizcaya SL, Parabrisas Palencia SL and Parabrisas Benavente SL (collectively "Servicristal"), which operate 24 service centres locations in the northern and central area of Spain. This acquisition is effective from 1 June 2005.
- A 100% interest in a number of the rental locations of former Avis licensees in the Netherlands, and former Budget licensees in France. The locations, which provide vehicle rental services, were acquired with effect from 1 March 2005 and 27 May 2005 respectively.

The results and cash flows 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 acquisitions have been accounted for using the acquisition method of accounting. The details of the net assets acquired, goodwill and consideration of the acquisitions are set out below:

In EUR million	**Book value**	**Adjustment***	**Provisional fair value**
Brands	-	10.5	10.5
Other intangibles	-	1.0	1.0
Vehicles	0.5	-	0.5
Other property, plant & equipment	1.0	-	1.0
Inventories	2.4	-	2.4
Trade and other receivables	6.4	-	6.4
Cash and cash equivalents	0.1	-	0.1
Trade and other payables	-6.6	-0.7	-7.3
Net assets acquired	3.8	10.8	14.6
Goodwill			10.0
Consideration			24.6
Consideration satisfied by:			
Cash payment			19.5
Cash acquired			0.1
Deferred consideration			4.9
Debt forgiveness			0.1
			24.6

** fair value and accounting policy adjustments*

9. Changes in Contingent Assets and Liabilities

Contingent assets and liabilities at 31 December 2004 were disclosed in the note XV "rights and commitments not reflected in the balance sheet" of the 2004 annual report. As a consequence of the introduction of the IFRS accounting policy regarding vehicles purchased under buy-back agreements (see note 19), commitments to acquisition and to disposal of fixed assets were reduced. The introduction of IAS 32 and 39 on 1 January 2005 brought on balance sheet two important items, being the commitments to acquire financial assets (related to the put options granted to minority shareholders – see the relevant accounting policy in note 19 below) and the fair value of derivative financial instruments. The remaining commitments at 31 December 2004 were related to the normal course of business. In the period to 30 June 2005, no event out of the normal course of business affected contingent assets and liabilities.

10. Changes in Equity

in EUR million

	Capital and reserves attributable to equity holders											Minority interests	Equity
	Share Capital	Share premium	Treasury shares	Share-based payments reserve	Fair value reserve	Hedging reserve	Retained earnings	Actuarial gains and losses	Deferred taxes	Cumulative translation differences	Total group's share		
at 1 January 2004	**160.0**	**24.4**	**0.0**	**0.2**	**0.0**	**0.0**	**484.3**	**0.0**	**0.0**	**0.0**	**668.9**	**367.5**	**1,036.4**
Treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend 2003 paid in 2004	0.0	0.0	0.0	0.0	0.0	0.0	-12.8	0.0	0.0	0.0	-12.8	-9.5	-22.3
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Total recognised income and expense for the period	0.0	0.0	0.0	0.1	0.0	0.0	46.6	-1.0	0.3	-13.9	32.1	0.4	32.5
at 30 June 2004	**160.0**	**24.4**	**0.0**	**0.3**	**0.0**	**0.0**	**518.1**	**-1.0**	**0.3**	**-13.9**	**688.2**	**358.8**	**1,047.0**
at 31 December 2004	**160.0**	**24.4**	**0.0**	**0.4**	**0.0**	**0.0**	**514.7**	**-8.4**	**2.1**	**-6.1**	**687.1**	**303.7**	**990.8**
Introduction of IAS 32 and IAS 39	0.0	0.0	-9.8	0.0	0.8	-9.2	-1.7	0.0	2.2	0.0	-17.7	-127.0	-144.7
at 1 January 2005	**160.0**	**24.4**	**-9.8**	**0.4**	**0.8**	**-9.2**	**513.0**	**-8.4**	**4.3**	**-6.1**	**669.4**	**176.7**	**846.1**
Treasury shares	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Dividend 2004 paid in 2005	0.0	0.0	0.0	0.0	0.0	0.0	-12.8	0.0	0.0	0.0	-12.8	-0.2	-13.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-9.0	-9.0
Total recognised income and expense for the period	0.0	0.0	0.0	0.2	-0.5	3.0	48.0	-2.9	-0.8	-7.8	39.2	4.6	43.8
at 30 June 2005	**160.0**	**24.4**	**-9.7**	**0.6**	**0.3**	**-6.2**	**548.2**	**-11.3**	**3.5**	**-13.9**	**695.9**	**172.1**	**868.0**

11. 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. Net debt as reported by the Group may differ from similarly titled measures by other companies.

	30 June 2005	1 Jan. 2005 (1)	31 Dec. 2004 (2)	30 June 2004
Non-current borrowings	1,275.8	1,235.6	1,321.0	1,119.7
Current borrowings	816.9	574.7	575.5	810.0
Cash and cash equivalents	-88.1	-73.3	-73.3	-95.5
Current financial assets	-20.6	-75.1	-75.1	-60.1
Derivative debt instruments	56.3	86.2	0.0	0.0
Net debt	**2,040.3**	**1,748.1**	**1,748.1**	**1,774.1**

(1) *After implementation of IAS 32 and 39*
(2) *Before implementation of IAS 32 and 39*

12. Earnings per Share

Earnings per share ("EPS") are shown above, on the face of the income statement.

Basic and diluted EPS are based on the profit for the period attributable to equity holders of the parent entity, 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 19, are presented to highlight underlying trading performance.

The weighted average number of ordinary shares in issue for the period was 5,456,432 (compared to 5,466,270 in the comparative period).

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

The options over ordinary shares of Avis Europe did not impact earnings per share in either 2004 or 2005 as the option exercise prices were in excess of the market share price.

The options over ordinary shares of the parent entity increased the weighted average number of shares of the parent entity in the first half of 2004 and 2005 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:

		30 June	
		2005	**2004**
Result for the period attributable to equity holders		48.0	46.6
Adjustment for participating shares		-0.5	-0.5
Numerator for EPS (in EUR million)	*(a)*	47.5	46.1
Current result for the period attributable to equity holders		51.7	50.4
Adjustment for participating shares		-0.6	-0.5
Numerator for current EPS (in EUR million)	*(b)*	51.1	49.9
Weighted average number of ordinary shares outstanding during the period	*(c)*	5,456,432	5,466,270
Adjustment for stock option plans		15,288	13,936
Weighted average number of ordinary shares taken into account for diluted EPS	*(d)*	5,471,720	5,480,206
Basic EPS (in EUR)	*(a)/(c)*	8.71	8.43
Diluted EPS (in EUR)	*(a)/(d)*	8.68	8.41
Basic current EPS (in EUR)	*(b)/(c)*	9.36	9.12
Diluted current EPS (in EUR)	*(b)/(d)*	9.34	9.10

13. Framework

The Group's consolidated financial statements for the year ended 31 December 2005 will be the first annual financial statements that comply with International Financial Reporting Standards ("IFRS").

The adjustments quantified and described below update the explanatory notes on the transition to IFRS issued in September 2004 (appendix to the press release of 2 September 2004) and in February 2005 (in the 2004 annual report). They are subject to change until the publication of the consolidated financial statements at 31 December 2005. This is a result of several factors including the ongoing amendment of standards by the International Accounting Standards Board ("IASB"), the endorsement (or non endorsement) by the European Commission of recently amended standards, the early adoption of standards whose application would not be compulsory in 2005, or the evolution of interpretation of existing standards which might take place in the meantime.

All standards endorsed at 30 June 2005 by the European Commission have been taken into account in the reconciliation below. Following the positive endorsement advice issued by the European Financial Reporting Advisory Group ("EFRAG") on 10 February 2005, the amendment to IAS 19 on employee benefits dated 16 December 2004 has also been applied (while it has not been formally endorsed yet by the European Commission). The related interpretations issued by the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC") have also been incorporated where relevant.

The Group's transition date is 1 January 2004. The Group prepared its opening IFRS compliant balance sheet as at that date.

The following optional exemptions from full retrospective application of IFRS granted by IFRS 1 "First Time Adoption of IFRS" have been applied to the opening IFRS balance sheet as at 1 January 2004 :

- Business combinations that arose before 1 January 2004 have not been restated.
- An element (EUR 5 million) of previously recognised revaluation of buildings has been reversed, while the remaining revaluations on land (EUR 23 million) has not been reversed.
- All actuarial gains and losses on defined benefit post-employment obligations have been recognised at 1 January 2004.
- All cumulative translation differences have been reset at zero.
- Regarding equity-settled stock options, IFRS 2 "Share-Based Payments" has only been applied to options that were granted after 7 November 2002.

The Group has opted to apply IAS 32 and 39 on financial instruments with effect from 1 January 2005.

14. Reconciliation

The tables shown below reconcile the equity (Group's share) of D'Ieteren under previous generally accepted accounting principles ("Belgian GAAP") and under IFRS.

D'Ieteren
Corporate

Half Year Reconciliation Schedule (excluding IAS 32 and 39)

(in EUR million)		Comments	1 Jan. 2004	Income statement 30 June 2004	Other movements in equity[1]	30 June 2004
Equity[2]	**Belgian GAAP**		**762.1**	**23.5**	**-3.3**	**782.3**
	being: Autom. Distribution			*31.4*		
	Car Rental			*-5.4*		
	Vehicle Glass			*-2.5*		
Adjustments	PP&E	*(a)*	25.0	2.6	-	27.6
	Pensions	*(b)*	-75.1	-1.1	-4.4	-80.6
	Dividends	*(c)*	12.8	-	-12.8	-
	Provisions	*(d)*	12.5	-	-	12.5
	Goodwill	*(e)*	-	26.6	1.9	28.5
	being: Reversal of amort.		*-*	*26.6*	*1.9*	*28.5*
	Impairment charge		*-*	*-*	*-*	*-*
	Intangibles	*(f)*	43.9	-10.8	-	33.1
	Deferred financing costs	*(g)*	5.2	-1.0	-	4.2
	Foreign exchange	*(h)*	-	18.1	-18.1	-
	Sundry	*(i)*	-1.3	-	0.8	-0.5
	Deferred taxes	*(j)*	-207.4	3.4	1.7	-202.3
	Subtotal at 100%		**-184.4**	**37.8**	**-30.9**	**-177.5**
	Share of minority interests	*(k)*	91.2	-14.7	6.9	83.4
Equity[2]	**IFRS**		**668.9**	**46.6**	**-27.3**	**688.2**
	being: Autom. Distribution			*32.8*		
	Car Rental			*8.9*		
	Vehicle Glass			*4.9*		

(1) Under Belgian GAAP: Cumulative translation differences, dividends and directors' entitlements.
Under IFRS: Mainly cumulative translation differences, dividends, actuarial gains and losses and deferred taxes.
(2) Group's share, i.e. capital and reserves attributable to equity holders

Full Year Reconciliation Schedule, before implementation of IAS 32 and 39

(in EUR million)		Comments	1 Jan. 2004	Income statement 31 Dec. 2004	Other movements in equity[1]	31 Dec. 2004
Equity[2]	**Belgian GAAP**		**762.1**	**45.6**	**-18.0**	**789.7**
	being: Autom. Distribution			*52.8*		
	Car Rental			*-10.7*		
	Vehicle Glass			*3.5*		
Adjustments	PP&E	*(a)*	25.0	4.3	-	29.3
	Pensions	*(b)*	-75.1	0.4	-14.8	-89.5
	Dividends	*(c)*	12.8	-	-	12.8
	Provisions	*(d)*	12.5	-0.1	-	12.4
	Goodwill	*(e)*	-	20.1	0.5	20.6
	being: Reversal of amort.		*-*	*52.9*	*-*	*52.9*
	Impairment charge		*-*	*-32.8*	*0.5*	*-32.3*
	Intangibles	*(f)*	43.9	-21.7	-	22.2
	Deferred financing costs	*(g)*	5.2	-5.2	-	-
	Foreign exchange	*(h)*	-	2.3	-2.3	-
	Sundry	*(i)*	-1.3	-0.3	1.5	-0.1
	Deferred taxes	*(j)*	-207.4	-0.5	3.8	-204.1
	Subtotal at 100%		**-184.4**	**-0.7**	**-11.3**	**-196.4**
	Share of minority interests	*(k)*	91.2	-1.7	4.3	93.8
Equity[2]	**IFRS**		**668.9**	**43.2**	**-25.0**	**687.1**
	being: Autom. Distribution			*39.5*		
	Car Rental			*-21.4*		
	Vehicle Glass			*25.1*		

(1) Under Belgian GAAP: Cumulative translation differences, dividends and directors' entitlements.
Under IFRS: Mainly cumulative translation differences, dividends, actuarial gains and losses and deferred taxes.
(2) Group's share, i.e. capital and reserves attributable to equity holders

- *Impact of the Implementation of IAS 32 and 39*

The impact of the implementation of IAS 32 and 39 on equity as at 1 January 2005 is detailed below:

	Comments	
Equity, group's share, before the effect of transition to IAS 32 and 39		**687.1**
Treasury shares	*(l)*	-9.8
Derivatives and deferred taxes thereon	*(m)*	-13.1
Share of minority interest	*(k)*	+5.2
Equity, group's share, restated for the effect of transition to IAS 32 and 39		**669.4**

	Comments	
Minority interest before the effect of transition to IAS 32 and 39		**303.7**
Share of minority interest in derivatives and deferred taxes thereon	*(k)*	-5.2
Put options granted to minority shareholders	*(n)*	-121.8
Minority interest restated for the effect of transition to IAS 32 and 39		**176.7**

The reconciliation of the closing balance sheet as at 31 December 2004 (before implementation of IAS 32 and 39) with the opening balance sheet as at 1 January 2005 (after implementation of IAS 32 and 39) is provided in note 18 below.

15. Comments on Reconciliation

(a) IAS 16 on property, plant and equipment

The valuation of property, plant and equipment based on the cost model (i.e. measurement at cost less accumulated depreciation) allowed by IAS 16 is consistent with Belgian GAAP. However, the retrospective application of revised depreciation rates and methods, as well as the reversal of a revaluation previously recorded on buildings, had a positive impact on opening equity amounting to EUR 25.0 million, and a positive impact of EUR 4.3 million in the full year income statement. This adjustment only affects Automobile Distribution.

(b) IAS 19 on employee benefits

Under Belgian GAAP, only payments made by the group to the post-employment funds or insurers are recognised as expenses.

Under IFRS, 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 recognised income and expense. 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.

In the IFRS balance sheet, the present value of the defined benefit obligation is reduced by the fair value of scheme assets.

In accordance with IFRS 1, all actuarial gains and losses on defined benefit post-employment obligations have been recognised at 1 January 2004. The negative impact on equity amounts to EUR 75.1 million, mainly related to the Car Rental and Vehicle Glass segments.

(c) IAS 1 on presentation of financial statements and IAS 10 on events after the balance sheet date

Under Belgian GAAP, dividends proposed by the Board of Directors but not yet approved by the shareholders are presented as non financial amounts payable. For IFRS purposes, these dividends have been reversed in the opening equity. The decrease of equity due to the payment of dividends is recorded when approved by the shareholders in the first half of the following year.

(d) IAS 37 on provisions

The criteria for recognising provisions is different between Belgian GAAP and IFRS :
- Under Belgian GAAP, the probability that the entity will incur charges as a result of a past event is sufficient to recognise a provision. No obligation needs to exist at the balance sheet date.
- Under IFRS, to recognise a provision, a present (either legal or constructive) obligation to incur charges as a result of a past event must exist at the balance sheet date and the loss should be probable.

Accordingly, upon transition to IFRS, existing provisions have been reassessed resulting in a net reduction in opening provisions of EUR 12.5 million, of which EUR 11.5 million are related to the Automobile Distribution.

A provision of EUR 9.4 million set up in 1999 against goodwill has been released during second half of the year following the resolution of a litigation in favour of Belron. This release was booked against goodwill under Belgian GAAP, while it has been accounted for in the income statement under IFRS. In the full year reconciliation schedule, this movement is offset by the cancellation under IFRS of the extraordinary reversals of provisions (EUR 9.5 million) booked by the Automobile Distribution under Belgian GAAP.

(e) & (f) IFRS 3 on business combinations and IAS 38 on intangible assets

Out of the EUR 718.8 million of goodwill at 1 January 2004 shown under Belgian GAAP, EUR 667.5 million arose from the acquisition of the Avis licence rights (fully amortised in the UK GAAP accounts of Avis Europe) for the period ending in 2036. In the opening balance sheet, these licence rights are presented as intangible assets (with definite useful lives), since this classification is consistent with their substance under both Belgian GAAP and IFRS. The net book value of these licence rights has been increased by EUR 43.9 million to reflect the retrospective application of a revised amortisation period (ending in 2036 under IFRS vs 2029 under Belgian GAAP). The licence rights are amortised (EUR 21.6 million for the period ended 31 December 2004) in accordance with the straight-line method until 2036.

The remaining goodwill relating to the Car Rental segment, amounting to EUR 49.9 million at 1 January 2004, is not amortised, in accordance with IFRS 3 (positive impact of EUR 28.7 million for the period ending 31 December 2004), but is subjected to impairment tests.

Based on a discounted cash flow model that included all known data, the carrying amount of the goodwill related to the Budget business as at 31 December 2004 was lower than its economic value, and accordingly no extraordinary amortisation was required under Belgian GAAP. However, the valuation carried out using the restrictive framework of IAS 36, which disallows the inclusion in the valuation of items such as future restructuring, did not support the carrying amount at 31 December 2004. Accordingly under IFRS an impairment charge of EUR 32.3 million has been recognised against the goodwill of the Budget business (whereas no impairment was recognised under Belgian GAAP; in the UK GAAP accounts of Avis Europe, the Budget goodwill had also been fully impaired). The impairment charge related to certain French licensee companies booked under Belgian GAAP at 31 December 2004 has been increased by EUR 0.5 million under IFRS, due to the fact that the carrying amount of goodwill related to these companies was higher under IFRS than under Belgian GAAP.

After the aforementioned impairments, the carrying amount of the remaining goodwill relating to the Car Rental segment amounts to EUR 7.8 million at 31 December 2004.

The amortisation of the goodwill relating to the Vehicle Glass segment has also been discontinued (positive impact of EUR 24.2 million for the period ending 31 December 2004).

(g) Deferred financing cost

This adjustment (previously shown under "sundry") arose mainly from the capitalisation under IFRS of loan issue costs expensed in 1999 under Belgian GAAP, that were fully amortised under IFRS in the full year 2004 income statement following the global restructuring of Belron debt.

(h) IAS 21 on foreign exchange

IFRS requires an individual entity to measure its transactions in the functional currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. In accordance with IFRS guidance, the functional currencies of certain Group entities have been changed from sterling to euro. Following this change, resulting foreign exchanges gains and losses on sterling debt balances within the affected entities are required to be recognised in the income statement, rather than being recognised in reserves.

This adjustment was posted after the issue of the previous explanatory notes dated September 2004 and February 2005.

(i) Sundry

Net sundry restatements reduced opening equity by EUR 1.3 million. Sundry restatements include notably adjustments arising from vehicles sold or held under buy-back agreements that are accounted for as leased assets under IFRS (operating leases), whilst they were previously recorded as outright sales and purchases under Belgian GAAP.

(j) IAS 12 on income taxes

IAS 12 requires the recognition of deferred tax assets and liabilities based on the balance sheet liability method. As a consequence, an additional net opening deferred tax liability of EUR 207.4 million has been recorded, mainly related to the adjustments above, including the reclassification of the Avis licence rights previously presented as goodwill. The deferred tax liability related to the latter (EUR 220.8 million), "mechanically" driven by the presentation of intangible assets for which the tax base is nil, will be reduced over time, at the same rate as the amortisation of the intangible assets. This reduction represented a credit to the income statement of EUR 6.7 million at 31 December 2004.

(k) Minority interests

All the above figures were provided pre-minority interests. Various third parties have significant interests in major subsidiaries, namely Avis Europe (40%), Belron (43% over the first half of 2004, 31% over the second half) and Dicobel (30%). The correction for minority interests reallocates the impacts of all the above adjustments between minority interests and the issued capital and reserves attributable to equity holders of D'Ieteren.

(l) IAS 32 on treasury shares

Treasury shares were considered under Belgian GAAP as investments (cash equivalents). In the opening IFRS balance sheet, they have been transferred under available-for-sale investments (non-current assets), since they did not meet the IFRS criteria for presentation among cash equivalents, and taking into account the fact they were held to cover long term commitments (stock option plans in favour of employees). In accordance with IAS 32, treasury shares have subsequently been transferred to be reflected as a deduction of equity as from 1 January 2005.

(m) IAS 39 on derivatives (and deferred taxes thereon)

Under IFRS, certain of the Group's financial instruments are required to be measured at fair value, in accordance with IAS 39. Derivatives, which are largely held off-balance sheet under Belgian GAAP, must be recognised in the balance sheet in full, at fair value. Unless the instruments qualify for hedge accounting, any gains or losses in the period arising from the movement in the fair value of derivatives are recognised in the income statement. A less stable profit or loss results as the fair values of such instruments are sensitive to changes in interest rate or foreign exchange conditions.

(n) IAS 32 on put options granted to minority shareholders

The Group is committed to acquiring the minority shareholdings owned by third parties in Belron and Dicobel, should these third parties wish to exercise their put options. These options are treated as off-balance sheet commitments under Belgian GAAP and are not reflected in the balance sheet. IAS 32 requires that the exercise price of such options granted to minority interests be reflected as a financial liability in the consolidated balance sheet. As of today, there remains some uncertainty regarding the treatment of the difference between the exercise price of the options and the carrying value of the minority interests that must be reclassified within financial liabilities. In the absence of guidance from IFRIC, the Group has chosen to present such differences as additional goodwill. This goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of minority interests to which they relate. This treatment better reflects the economic substance of the transaction. However, this treatment may have to be modified if a new standard or interpretation issued before 31 December 2005 were to suggest a different treatment. As of 1 January 2005, the application of such a treatment resulted in a decrease in minority interests by EUR 121.8 million, an increase in financial liabilities by EUR 212.6 million, and an increase in goodwill by EUR 90.8 million. This treatment has no impact on the result attributable to equity holders of the parent.

16. Current Result

Current result after tax ("current PAT") consists of the reported profit 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 19, 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 19. Current PAT, Group's share, and current PBT, Group's share, exclude the share of minority shareholders in current PAT and current PBT.

Current PAT, Group's share, can be reconciled with the current PAT, before amortisation of goodwill, Group's share, that was provided previously under Belgian GAAP (see the table shown below, where reported PBT and current PAT, Group's share are reconciled under Belgian GAAP and under IFRS).

	Belgian GAAP 30 June 2004 (with Belron/Dicobel fully consolidated)				IFRS 30 June 2004			
	Autom. Distr.	Car Rental	Vehicle Glass	Group	Autom. Distr.	Car Rental	Vehicle Glass	Group
From reported PBT to current PBT, Group's share :								
Reported PBT[1]	35.7	-7.8	2.5	30.4	42.0	13.0	13.5	68.5
Recognition of inter-company financial income[1]	3.6	-	-	3.6	-	-	-	-
Unusual items and re-measurements in PBT								
Amortisation of goodwill[1]	-	14.4	12.3	26.7	-	-	-	-
Amortisation of Avis Europe licence rights	-	-	-	-	-	10.8	-	10.8
Foreign exchange	-	-	-	-	-	-18.1	-	-18.1
Other unusual items[1]	-	4.0	18.5	22.5	-	4.0	18.5	22.5
Current PBT	39.3	10.6	33.3	83.2	42.0	9.7	32.0	83.7
Share of minority interest in current PBT[2]	-0.7	-4.3	-14.7	-19.7	-0.7	-3.9	-14.2	-18.8
Current PBT, Group's share	38.6	6.3	18.6	63.5	41.3	5.8	17.8	64.9
From current PBT, Group's share, to current PAT, Group's share :								
Current PBT, Group's share	38.6	6.3	18.6	63.5	41.3	5.8	17.8	64.9
Share of the group in current result of equity-accounted entities	-	-	-	-	-	-	-	-
Tax on current PBT, Group's share[2]	-7.7	-1.5	-5.1	-14.3	-8.5	-1.5	-4.5	-14.5
Current PAT, Group's share	30.9	4.8	13.5	49.2	32.8	4.3	13.3	50.4

(1) For Belgian GAAP data, see D'Ieteren segment income statement and Dicobel segment income statement in appendix of D'Ieteren press release of 2 september 2004.
(2) Not previously disclosed.

17. Comments on Cash Flow Statement

The Group reported no cash flow statement under Belgian GAAP for the period to 30 June 2004.

Compared to the cash flow statement under Belgian GAAP presented in the 2004 annual report, the following material adjustments arise :

- The consolidation of Belron/Dicobel, previously accounted for using the equity method, impacts all lines of the cash flow statement.
- Under Belgian GAAP, cash equivalents included treasury shares and other short term investments. Under IFRS, cash equivalents only include 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. Treasury shares, as well as other minor investments, are excluded from the IFRS definition of cash equivalents.
- Cash flow statement disclosures are materially affected by the adjustments arising in the Car Rental segment from vehicles sold or held under buy-back agreements that are accounted for as leased assets under IFRS (operating leases), whilst they were previously recorded as outright purchases and disposals of fixed assets under Belgian GAAP. Car Rental segment's cash flows for the purchase and re-sale of vehicles under buy-back agreements are reclassified from investing activities to be part of operating activities, with adjustments also made for where these vehicles are also subject to finance lease arrangements. However, these adjustments have no impact on the total cash flow for the period.

18. Impact of IAS 32 and 39 on Balance Sheet

The impacts of the introduction of IAS 32 and 39 on the balance sheet are set out below. The impacts on equity are explained in notes 14 and 15 (items (l), (m), (n)).

in EUR million	Closing balance sheet at 31 Dec 2004 (before implementation of IAS 32 and 39)	Adjustments	Opening balance sheet at 1 Jan 2005 (after implementation of IAS 32 and 39)
Goodwill	462.1	90.8	552.9
Other intangible assets	942.2	0.0	942.2
Vehicles	676.0	0.0	676.0
Other property, plant and equipment	310.5	0.0	310.5
Investment property	4.9	0.0	4.9
Investments accounted for using the equity method	9.5	0.0	9.5
Available-for-sale financial assets	11.5	-9.0	2.5
Derivative hedging instruments	0.0	0.0	0.0
Long-term employee benefit assets	1.2	0.0	1.2
Deferred tax assets	69.6	0.0	69.6
Other receivables	0.8	0.0	0.8
Non-current assets	**2,488.3**	**81.8**	**2,570.1**
Non-current assets classified as held for sale	5.0	0.0	5.0
Inventories	439.3	0.0	439.3
Derivatives held-for-trading	0.0	0.0	0.0
Other financial assets held-for-trading	0.0	88.0	88.0
Current tax assets	30.5	0.0	30.5
Trade and other receivables	1,608.0	-78.7	1,529.3
Cash and cash equivalents	73.3	0.0	73.3
Current assets	**2,156.1**	**9.3**	**2,165.4**
Total assets	**4,644.4**	**91.1**	**4,735.5**
Capital and reserves attributable to equity holders	687.1	-17.7	669.4
Minority interests	303.7	-127.0	176.7
Equity	**990.8**	**-144.7**	**846.1**
Long-term employee benefit obligations	129.2	0.0	129.2
Other provisions	85.1	0.0	85.1
Derivative hedging instruments	0.0	97.2	97.2
Borrowings	1,321.0	-85.4	1,235.6
Put options granted to minority shareholders	0.0	212.6	212.6
Other payables	2.1	0.0	2.1
Deferred tax liabilities	278.0	-5.1	272.9
Non-current liabilities	**1,815.4**	**219.3**	**2,034.7**
Provisions	22.5	0.0	22.5
Derivative hedging instruments	0.0	2.1	2.1
Borrowings	575.5	-0.8	574.7
Derivatives held-for-trading	0.0	15.1	15.1
Current tax liabilities	88.4	0.0	88.4
Trade and other payables	1,151.8	0.1	1,151.9
Current liabilities	**1,838.2**	**16.5**	**1,854.7**
Total equity and liabilities	**4,644.4**	**91.1**	**4,735.5**

19. Summary of Significant Accounting Policies

- *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.

Associated undertakings
Investments in associated undertakings are accounted for using the equity method. 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. 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*

Income statements of foreign entities are translated into euro at the weighted average exchange rates for the period, and balance sheets are translated at the exchange rate ruling on the balance sheet 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 transactions; 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 re-translation at closing rates of the opening balance sheets and results of subsidiaries and associates are taken to translation reserve. Other exchange movements are taken in the income statement.

- *Goodwill*

Business combinations are 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 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.

- *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.

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 license rights : straight line method until 2036 (the licenses being held until that year).

The brands CARGLASS® and AUTOGLASS®, acquired in 1999, as well as ELITE AUTO GLASS™ and GLASPRO™ acquired in 2005, 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 definite 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 vehicle fleet is based on acquisition costs of vehicles, estimates of their future residual values, and expected holding periods.

Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

- *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 balance sheet. 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 interest-bearing liabilities. 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 balance sheet 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 charges, 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 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 write-down is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

- *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.

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 recognised income and expense. 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 balance sheet 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.

This accounting policy is based on the amendment to IAS 19 on employee benefits dated 16 December 2004. Following the positive endorsement advice issued by the European Financial Reporting Advisory Group ("EFRAG") on 10 February 2005, the endorsement of this amendment by the European Commission is highly probable but not certain. This accounting policy is hence subject to change.

- *Financial Instruments Excluding Derivatives*

From 1 January to 31 December 2004, financial instruments (excluding derivatives) are presented in accordance with IFRS, but are measured in accordance with previous GAAP:

(a) Available-for-sale financial assets are recorded at cost, less any impairment losses. These assets mainly include the carrying amount of treasury shares (previously presented as investments).
(b) Trade and other receivables are recorded at their nominal value (or at their present value if this one is materially different), as reduced by appropriate allowances for irrecoverable amounts.
(c) Trade and other payables, as well as financial debts, are recorded at their nominal value (or at their present value if this one is materially different).

From 1 January 2005 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 financial debts, 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.

From 1 January to 31 December 2004 derivatives are accounted for in accordance with previous GAAP :

(a) Forward foreign exchange contracts (FX contracts) which hedge currency assets and liabilities are recognised in the financial statements together with the assets and liabilities they hedge. The contract rate is used for translation. FX contracts which hedge future sales and purchases are not recognised in the financial statements until the transaction they hedge is itself recognised. If an FX contract ceases to be a hedge, then any gain or loss is taken to the income statement.
(b) Options on cross currency or interest rate swaps are used either to hedge borrowings or as a means of entering into a swap (as a hedge) at a pre-determined target rate. Premiums paid or received for such options are accounted for over the life of the relevant transaction, or, if immaterial and no transaction takes place, are recognised in the income statement upon exercise or at maturity of the option contract.
(c) Cross currency swaps are included in the financial statements at the rate of exchange ruling on the balance sheet date. Exchange differences arising are dealt with in accordance with the accounting policy on foreign currencies. Interest paid or received on cross currency swaps is recorded on an accrual basis. Apart from inclusion at the ruling rate of exchange, cross currency swaps are not revalued to fair value at the balance sheet date.
(d) Interest arising upon interest rate swaps, caps and collars is taken to the income statement on an accrual basis. None of these instruments are revalued to fair value at the balance sheet date. Premiums paid on caps and collars are recognised on an accrual basis.

From 1 January 2005 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 no 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 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 net profit or loss for the period.

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 Minority Shareholders*

The Group is committed to acquiring the minority shareholdings owned by third parties in Belron and Dicobel, should these third parties wish to exercise their put options. These options were treated as off-balance sheet commitments at 31 December 2004. As from 1 January 2005, IAS 32 requires that the exercise price of such options granted to minority interests be reflected as a financial liability in the consolidated balance sheet. As of today, there remains some uncertainty regarding the treatment of the difference between the exercise price of the options (reflected in the financial liabilities) and the carrying value of the minority interests that must be reclassified within financial liabilities. In the absence of guidance from IFRIC, the Group has chosen to present such differences as additional goodwill. This goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of minority interests to which they relate. This treatment better reflects the economic substance of the transaction. However, this treatment may have to be modified if a new standard or interpretation issued before 31 December 2005 were to suggest a different treatment.

- *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 retain 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 performance period.

- *Borrowing Costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

- *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 for 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 affect 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.

- *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 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) Impairment of goodwill and other non-current assets.
(d) Amortisation of the Avis licence rights.
(e) 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 current result.

20. Auditor's Report

REPORT OF THE STATUTORY AUDITOR

On D'IETEREN's half yearly consolidated financial information for the period ended June 30, 2005

S.A. D'IETEREN N.V.
rue du Mail 50 - 1050 BRUXELLES

Brussels, September 1st, 2005

We have conducted a limited review of the half yearly-consolidated financial information for the period ended June 30, 2005.

The balance sheet total amounts to EUR 5.335,0 million and closes for the period ended June 30, 2005 with a profit attributable to equity holders of S.A. D'IETEREN N.V. of EUR 48,0 million.

This limited review consisted principally of analysis, comparison and discussions of the financial information and therefore was less extensive than an audit, the purpose of which is to form an opinion on the financial statements taken as a whole. This review did not disclose any elements that would have required significant corrections in the half yearly-consolidated financial information.

SC DELVAUX, FRONVILLE, SERVAIS ET ASSOCIES
Statutory Auditor

Represented by

Gérard DELVAUX and Jean-Louis SERVAIS
Auditors