s.a. D'Ieteren n.v.
Consolidated Financial Statements 2007

Contents

The statutory auditor, SC Delvaux, Fronville, Servais et Associés, 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 2007 consolidated income statement, balance sheet, cash flow statement or statement of recognised income and expense 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 29 May 2008.

Consolidated Income Statement

Year ended 31 December

EUR million	Notes	2007			2006(1)		
		Current items(2)	Unusual items and re-measurements(2)	Total	Current items(2)	Unusual items and re-measurements(2)	Total
Sales	4	**5,967.1**	**-**	**5,967.1**	**5,253.7**	**-**	**5,253.7**
Cost of sales		-4,126.1	-0.8	-4,126.9	-3,668.7	0.7	-3,668.0
Gross margin		**1,841.0**	**-0.8**	**1,840.2**	**1,585.0**	**0.7**	**1,585.7**
Commercial and administrative expenses		-1,472.5	3.1	-1,469.4	-1,291.7	1.2	-1,290.5
Other operating income		1.8	3.3	5.1	3.9	7.6	11.5
Other operating expenses		-8.6	-50.5	-59.1	-5.6	-77.5	-83.1
Operating result	5	**361.7**	**-44.9**	**316.8**	**291.6**	**-68.0**	**223.6**
Net finance costs	6	-125.6	-7.5	-133.1	-101.6	-1.1	-102.7
Result before tax	9	**236.1**	**-52.4**	**183.7**	**190.0**	**-69.1**	**120.9**
Share of result of entities accounted for using the equity method	7	1.3	-	1.3	0.7	-	0.7
Tax expense	8	-41.0	8.9	-32.1	-25.3	12.5	-12.8
Result from continuing operations		**196.4**	**-43.5**	**152.9**	**165.4**	**-56.6**	**108.8**
Discontinued operations	41	3.5	-15.9	-12.4	3.0	-	3.0
RESULT FOR THE PERIOD		**199.9**	**-59.4**	**140.5**	**168.4**	**-56.6**	**111.8**
Result attributable to:							
Equity holders of the Parent	9/29	**166.3**	**-38.6**	**127.7**	**134.3**	**-36.4**	**97.9**
Minority interest		33.6	-20.8	12.8	34.1	-20.2	13.9
Earnings per share for result for the period attributable to equity holders of the Parent							
Basic (EUR)	10	30.16	-6.99	23.17	24.34	-6.60	17.74
Diluted (EUR)	10	30.02	-6.96	23.06	24.24	-6.57	17.67
Earnings per share for result from continuing operations attributable to equity holders of the Parent							
Basic (EUR)	10	29.79	-5.28	24.51	24.03	-6.62	17.41
Diluted (EUR)	10	29.65	-5.26	24.39	23.93	-6.59	17.34

(1) As restated (see note 2.1).
(2) See summary of significant accounting policies in note 2 and unusual items and re-measurements in note 9.

Consolidated Balance Sheet

At 31 December

EUR million	Notes	2007	2006[1]
Goodwill	11	786.6	644.4
Other intangible assets	13	1,055.3	936.3
Vehicles	14	761.3	782.4
Other property, plant and equipment	15	387.1	339.5
Investment property	16	6.1	6.5
Equity accounted investments	7	12.7	11.6
Available-for-sale financial assets	17	1.2	1.3
Derivative hedging instruments	18	4.6	-
Derivatives held for trading	19	6.8	6.8
Long-term employee benefit assets	20	1.9	1.8
Deferred tax assets	21	78.1	97.7
Other receivables	22	2.1	2.4
Non-current assets		**3,103.8**	**2,830.7**
Non-current assets classified as held for sale	23	7.5	8.4
Inventories	24	483.6	418.2
Derivative hedging instruments	18	-	1.0
Derivatives held for trading	19	10.2	11.1
Other financial assets	25	47.5	48.1
Current tax assets	26	17.4	17.3
Trade and other receivables	27	1,740.2	1,643.2
Cash and cash equivalents	28	80.5	155.9
Current assets		**2,386.9**	**2,303.2**
TOTAL ASSETS		**5,490.7**	**5,133.9**
Capital and reserves attributable to equity holders		917.7	789.1
Minority interest		222.5	230.1
Equity	29	**1,140.2**	**1,019.2**
Long-term employee benefit obligations	20	114.1	175.3
Other provisions	30	139.4	103.0
Derivative hedging instruments	18	52.9	42.3
Borrowings	31/32	1,745.8	1,391.9
Derivatives held for trading	19	0.3	-
Put options granted to minority shareholders	33	260.6	223.3
Other payables	34	10.6	1.8
Deferred tax liabilities	21	241.3	271.2
Non-current liabilities		**2,565.0**	**2,208.8**
Provisions	30	57.4	51.8
Derivative hedging instruments	18	0.5	30.3
Borrowings	31/32	416.2	631.1
Derivatives held for trading	19	14.3	9.8
Current tax liabilities	26	87.2	85.1
Trade and other payables	35	1,209.9	1,097.8
Current liabilities		**1,785.5**	**1,905.9**
TOTAL EQUITY AND LIABILITIES		**5,490.7**	**5,133.9**

(1) As restated (see note 2.1).

Consolidated Statement of Recognised Income and Expense

Year ended 31 December

EUR million	Notes	2007	2006[1]
Result for the period		140.5	111.8
Income and expense recognised directly in equity			
Actuarial gains (losses) on employee benefit obligations	20	*39.7*	*-1.1*
Translation differences		*-5.8*	*0.2*
Fair value of available-for-sale financial instruments		*-*	*-0.2*
Cash flow hedges: fair value gains (losses) in equity		*-5.8*	*-11.1*
Cash flow hedges: transferred to income statement		*9.9*	*7.7*
Share-based payments		*1.1*	*0.7*
Tax on items taken directly to equity		*-11.1*	*1.8*
Subtotal		*28.0*	*-2.0*
Total recognised income and expense for the period	29	**168.5**	**109.8**
being: attributable to equity holders of the Parent	29	*147.6*	*97.0*
attributable to minority interest	29	*20.9*	*12.8*

(1) As restated (see note 2.1).

Consolidated Cash Flow Statement

Year ended 31 December

EUR million	Notes	2007	2006[1]
Cash flows from operating activities			
Operating profit from continuing operations		316.8	223.6
Operating profit from discontinued operations	41	-8.0	12.6
Depreciation of vehicles for rent-a-car and operating lease activities	5	188.5	214.4
Depreciation of other items	5	75.0	57.7
Amortisation of Avis licence rights	9	21.7	21.7
Amortisation of other intangible assets	5	17.8	11.9
Impairment losses on goodwill and other non-current assets	9/41	11.1	0.3
Non-cash operating lease charge on buy-back agreements	5	185.8	171.4
Other non-cash items		20.7	30.2
Retirement benefit obligations		-22.7	-17.3
Other cash items		-3.3	-1.2
Net payments with respect to vehicles purchased under buy-back agreements		-335.9	-121.8
Change in net working capital		-78.1	-31.7
Cash generated from operations		**389.4**	**571.8**
Tax paid		-39.7	-29.3
Net cash from operating activities		**349.7**	**542.5**
Cash flows from investing activities			
Purchase of vehicles for rent-a-car and operating lease activities[2]		-702.3	-678.7
Sale of vehicles for rent-a-car and operating lease activities[2]		528.3	503.5
Purchase of other items		-92.9	-81.4
Sale of other items		11.7	11.1
Net capital expenditure		**-255.2**	**-245.5**
Acquisition of equity instruments (net of cash acquired)	9/12	-208.3	-32.2
Disposal of equity instruments (net of cash disposed of)	41	19.8	-
Net investment in other financial assets	25	0.6	-31.6
Net cash from investing activities		**-443.1**	**-309.3**
Cash flows from financing activities			
Net acquisition of treasury shares	29	-7.3	-3.8
Net capital element of finance lease payments		-68.5	-100.7
Net change in other borrowings		245.9	44.8
Net interest paid		-128.0	-111.3
Dividends paid by Parent		-14.6	-13.3
Dividends paid by subsidiaries		-11.0	-12.0
Net cash from financing activities		**16.5**	**-196.3**
TOTAL CASH FLOW FOR THE PERIOD		**-76.9**	**36.9**
Reconciliation with balance sheet			
Cash at beginning of period	28	91.3	98.9
Cash equivalents at beginning of period	28	64.6	19.8
Cash and cash equivalents at beginning of period	28	**155.9**	**118.7**
Total cash flow for the period		-76.9	36.9
Translation differences		1.5	0.3
Cash and cash equivalents at end of period	28	**80.5**	**155.9**

(1) As restated (see note 2.1).
(2) 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® and AUTOGLASS® brands in Europe and SAFELITE®, LEBEAU®, DURO® in North America.

The Group is present in 110 countries on 5 continents.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2008.

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 29 May 2008.

NOTE 2: ACCOUNTING POLICIES

Note 2.1: Basis of Preparation

These 2007 consolidated financial statements are for the 12 months ended 31 December 2007. 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 2007 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 2007, since the elements of IAS 39 "carved out" by the EU are not applicable to the Group.

These consolidated financial statements have been prepared under the historical cost convention, except for available-for sale financial assets 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.

A summary of significant accounting policies is provided in note 2.2.

The only significant accounting policy change is the initial application of IFRS 7 "Financial Instruments: Disclosures" and the complementary amendment to IAS 1 "Presentation of financial statements – Capital Disclosures". The Group applied the changes retrospectively as from the annual period beginning on 1 January 2007. The new standard introduces new disclosures relating to financial instruments and does not have any impact on classification and valuation of the Group's financial instruments.

In the Car Rental segment, the consolidated income statement for the year ended 31 December 2006 has been restated following the reclassification of a discontinued operation in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" (see note 41 for disclosures).

In the Car Rental segment, as a consequence of the investigation undertaken by Avis Europe concerning the carrying value of the net assets in its local subsidiary in Portugal, a prior year adjustment has been recorded in order to restate their carrying amounts to their recoverable amounts. The impact of this restatement on the consolidated balance sheet at 31 December 2006 is an increase in vehicles (presented in non-current assets) of EUR 3.7 million, an increase in current obligations under finance leases (presented in current borrowings) of EUR 6.9 million and an increase in trade and other current payables of EUR 1.4 million. The net impact of this restatement on the capital and reserves amounts to a reduction of EUR 4.6 million (a reduction of EUR 2.7 million on the capital and reserves attributable to equity holders of the Parent). The impact of this restatement on the consolidated income statement for the year ended 31 December 2006 is an increase in depreciation of vehicles (EUR 2.9 million), an increase in gain on vehicles (EUR 0.2 million) and an increase in other cost of sales (EUR 0.8 million). The net impact of this restatement on the result for the period amounts to a reduction of EUR 3.5 million (a reduction of EUR 2.1 million for the result for the period attributable to equity holders of the Parent). No tax credit has been recognised, given that it is uncertain when any deferred tax assets would be realised. The consolidated statement of recognised income and expense and the consolidated cash flow statement have been restated accordingly.

NOTE 2: ACCOUNTING POLICIES (continued)

The standards, amendments and interpretations to existing standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted, are:

- IFRS 8 "Operating Segments" (effective 1 January 2009);
- IFRS 3 "Business Combinations" and an amended version of IAS 27 "Consolidated and Separate Financial Statements". This completes the second phase of IASB's project on 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 and are subject to endorsement by the EU;
- IAS 23 (Amendment) "Borrowing Costs" (effective 1 January 2009, subject to endorsement by the EU);
- IAS 1 (Amendment) "Presentation of Financial Statements" (effective 1 January 2009, subject to endorsement by the EU);
- IFRIC 11 "IFRS 2 Group and Treasury share Transactions" (effective 1 January 2008). IFRIC 11 is not relevant to the Group;
- IFRIC 12 "Service Concession Arrangements" (effective 1 January 2008, subject to endorsement by the EU);
- IFRIC 13 "Customer Loyalty Programmes" (effective 1 July 2008, subject to endorsement by the EU);
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective 1 January 2008, 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 principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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

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 balance sheets are translated into euro 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 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.

NOTE 2: ACCOUNTING POLICIES (continued)

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 licence rights: straight-line method until 2036 (the licenses being held until that year).
- Safelite customer contracts: straight-line method over 10 years.

The brands CARGLASS® and AUTOGLASS®, acquired in 1999, as well as ELITE AUTO GLASS™, GLASPRO™ , SPEEDY GLASS®, APPLE AUTO GLASS®, WINDSHIELD PROS™ and AUTO GLASS SPECIALISTS™ acquired in 2005, as well as SAFELITE® 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 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 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.

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.

NOTE 2: ACCOUNTING POLICIES (continued)

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 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 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.

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 recognized as 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.

NOTE 2: ACCOUNTING POLICIES (continued)

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.

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 Minority Shareholders

The Group is committed to acquiring the minority 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 minority interest 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 interest that must be reclassified within financial liabilities. 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 interest to which they relate. This treatment reflects the economic substance of the transaction.

NOTE 2: ACCOUNTING POLICIES (continued)

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 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 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) Impairment of goodwill and other non-current assets.

(d) Amortisation of intangible assets with definite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination.

(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 the current result.

NOTE 3: SEGMENT INFORMATION

Note 3.1: Basis of Segmentation

The Group's primary segment reporting format is by business segment. Reportable business 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).

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

NOTE 3: SEGMENT INFORMATION (continued)

Note 3.2: Segment Income Statement - Business Segments (Year ended 31 December)

EUR million	Notes	2007					2006(1)				
		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	2,642.4	1,324.7	2,000.0		5,967.1	2,491.4	1,255.0	1,507.3		5,253.7
Inter-segment sales		4.1	2.1	2.1	-8.3	-	3.0	0.8	2.5	-6.3	-
Segment sales		**2,646.5**	**1,326.8**	**2,002.1**	**-8.3**	**5,967.1**	**2,494.4**	**1,255.8**	**1,509.8**	**-6.3**	**5,253.7**
Operating result (being segment result)	5	**98.8**	**79.6**	**138.4**		**316.8**	**82.6**	**40.1**	**100.9**		**223.6**
of which: current items	5	*98.7*	*106.5*	*156.5*		*361.7*	*81.9*	*89.8*	*119.9*		*291.6*
unusual items and re-measurements	5	*0.1*	*-26.9*	*-18.1*		*-44.9*	*0.7*	*-49.7*	*-19.0*		*-68.0*
Net finance costs	6	-26.7	-68.9	-37.5		-133.1	-25.3	-60.5	-16.9		-102.7
Result before taxes	9	**72.1**	**10.7**	**100.9**		**183.7**	**57.3**	**-20.4**	**84.0**		**120.9**
of which: current items	9	*75.0*	*36.8*	*124.3*		*236.1*	*59.7*	*29.8*	*100.5*		*190.0*
unusual items and re-measurements	9	*-2.9*	*-26.1*	*-23.4*		*-52.4*	*-2.4*	*-50.2*	*-16.5*		*-69.1*
Share of result of entities accounted for using the equity method	7	0.5	0.8	-		1.3	0.2	0.5	-		0.7
Tax expense	8	-9.1	-11.2	-11.8		-32.1	-1.7	3.4	-14.5		-12.8
Result from continuing operations		**63.5**	**0.3**	**89.1**		**152.9**	**55.8**	**-16.5**	**69.5**		**108.8**
of which: current items		*65.4*	*26.2*	*104.8*		*196.4*	*57.1*	*21.5*	*86.8*		*165.4*
unusual items and re-measurements		*-1.9*	*-25.9*	*-15.7*		*-43.5*	*-1.3*	*-38.0*	*-17.3*		*-56.6*
Discontinued operations	41	-	-12.4	-		-12.4	-	3.0	-		3.0
RESULT FOR THE PERIOD		**63.5**	**-12.1**	**89.1**		**140.5**	**55.8**	**-13.5**	**69.5**		**111.8**
Attributable to:											
Equity holders of the Parent	29	63.3	-7.0	71.4		127.7	55.7	-7.8	50.0		97.9
of which: current items	9	*65.2*	*17.7*	*83.4*		*166.3*	*57.0*	*14.6*	*62.7*		*134.3*
unusual items and re-measurements		*-1.9*	*-24.7*	*-12.0*		*-38.6*	*-1.3*	*-22.4*	*-12.7*		*-36.4*
Minority interest		0.2	-5.1	17.7		12.8	0.1	-5.7	19.5		13.9
RESULT FOR THE PERIOD		**63.5**	**-12.1**	**89.1**		**140.5**	**55.8**	**-13.5**	**69.5**		**111.8**

(1) As restated (see note 2.1).

NOTE 3: SEGMENT INFORMATION (continued)

Note 3.3: Segment Balance Sheet - Business Segments (At 31 December)

EUR million	Notes	2007				2006[1]			
		Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Goodwill	11	2.6	0.3	783.7	786.6	0.2	7.9	636.3	644.4
Other intangible assets	13	2.7	636.7	415.9	1,055.3	1.9	654.4	280.0	936.3
Vehicles	14	312.6	448.7	-	761.3	273.1	509.3	-	782.4
Other property, plant and equipment	15	140.1	78.0	169.0	387.1	134.8	85.3	119.4	339.5
Investment property	16	6.1	-	-	6.1	6.5	-	-	6.5
Equity accounted investments	7	1.9	10.8	-	12.7	1.4	10.2	-	11.6
Available-for-sale financial assets	17	0.5	0.6	0.1	1.2	0.5	0.7	0.1	1.3
Derivative hedging instruments	18	-	4.6	-	4.6	-	-	-	-
Derivatives held for trading	19	-	5.6	1.2	6.8	-	6.8	-	6.8
Long-term employee benefit assets	20	-	-	1.9	1.9	-	-	1.8	1.8
Deferred tax assets	21	1.7	49.5	26.9	78.1	1.0	70.5	26.2	97.7
Other receivables	22	1.5	-	0.6	2.1	1.8	-	0.6	2.4
Non-current assets		**469.7**	**1,234.8**	**1,399.3**	**3,103.8**	**421.2**	**1,345.1**	**1,064.4**	**2,830.7**
Non-current assets classified as held for sale	23	0.4	7.1	-	7.5	-	8.4	-	8.4
Inventories	24	322.9	7.7	153.0	483.6	296.7	7.4	114.1	418.2
Derivative hedging instruments	18	-	-	-	-	-	1.0	-	1.0
Derivatives held for trading	19	4.4	3.8	2.0	10.2	4.3	3.5	3.3	11.1
Other financial assets	25	24.4	5.4	17.7	47.5	25.5	22.6	-	48.1
Current tax assets	26	3.3	3.0	11.1	17.4	1.4	6.0	9.9	17.3
Trade and other receivables	27	136.7	1,391.8	211.7	1,740.2	118.5	1,358.6	166.1	1,643.2
Cash and cash equivalents	28	1.9	60.9	17.7	80.5	1.5	116.6	37.8	155.9
Current assets		**494.0**	**1,479.7**	**413.2**	**2,386.9**	**447.9**	**1,524.1**	**331.2**	**2,303.2**
TOTAL ASSETS		**963.7**	**2,714.5**	**1,812.5**	**5,490.7**	**869.1**	**2,869.2**	**1,395.6**	**5,133.9**
of which: segment assets		*925.6*	*2,570.3*	*1,735.8*	*5,231.7*	*833.5*	*2,631.3*	*1,318.3*	*4,783.1*
Capital and reserves attributable to equity holders		917.7	-	-	917.7	789.1	-	-	789.1
Minority interest		1.7	220.8	-	222.5	1.7	223.4	5.0	230.1
Equity	29	**919.4**	**220.8**	**-**	**1,140.2**	**790.8**	**223.4**	**5.0**	**1,019.2**
Long-term employee benefit obligations	20	6.6	97.5	10.0	114.1	7.2	121.9	46.2	175.3
Other provisions	30	31.8	22.3	85.3	139.4	35.4	21.5	46.1	103.0
Derivative hedging instruments	18	-	52.9	-	52.9	-	42.3	-	42.3
Borrowings	31/32	477.8	730.2	537.8	1,745.8	484.6	593.9	313.4	1,391.9
Derivatives held for trading	19	-	-	0.3	0.3	-	-	-	-
Put options granted to minority shareholders	33	260.6	-	-	260.6	223.3	-	-	223.3
Other payables	34	-	-	10.6	10.6	-	-	1.8	1.8
Deferred tax liabilities	21	12.5	228.8	-	241.3	11.0	260.1	0.1	271.2
Non-current liabilities		**789.3**	**1,131.7**	**644.0**	**2,565.0**	**761.5**	**1,039.7**	**407.6**	**2,208.8**
Provisions	30	-	45.1	12.3	57.4	-	43.1	8.7	51.8
Derivative hedging instruments	18	-	0.5	-	0.5	-	30.3	-	30.3
Borrowings	31/32	31.9	304.3	80.0	416.2	28.4	522.0	80.7	631.1
Derivatives held for trading	19	11.3	1.5	1.5	14.3	8.1	1.1	0.6	9.8
Current tax liabilities	26	3.7	33.3	50.2	87.2	3.9	29.3	51.9	85.1
Trade and other payables	35	223.8	670.3	315.8	1,209.9	167.8	672.6	257.4	1,097.8
Current liabilities		**270.7**	**1,055.0**	**459.8**	**1,785.5**	**208.2**	**1,298.4**	**399.3**	**1,905.9**
TOTAL EQUITY AND LIABILITIES		**1,979.4**	**2,407.5**	**1,103.8**	**5,490.7**	**1,760.5**	**2,561.5**	**811.9**	**5,133.9**
of which: segment liabilities		*262.2*	*835.2*	*434.0*	*1,531.4*	*210.4*	*859.1*	*360.2*	*1,429.7*

(1) As restated (see note 2.1).

Segment assets, as defined by IAS 14, consist of goodwill, other intangible assets, vehicles, other property, plant and equipment, investment property, long-term employee benefit assets, non-current assets classified as held for sale, inventories, trade receivables and other receivables.

Segment liabilities, as defined by IAS 14, comprise long-term employee benefit obligations, provisions, trade payables and other payables.

NOTE 3: SEGMENT INFORMATION (continued)

Note 3.4: Segment Cash Flow Statement - Business Segments (Year ended 31 December)

EUR million	Notes	2007				2006(1)			
		Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Cash flows from operating activities									
Operating profit from continuing operations		98.8	79.6	138.4	316.8	82.6	40.1	100.9	223.6
Operating profit from discontinued operations	41	-	-8.0	-	-8.0	-	12.6	-	12.6
Depreciation of vehicles for rent-a-car and operating lease activities	5	56.2	132.3	-	188.5	50.8	163.6	-	214.4
Depreciation of other items	5	11.6	20.5	42.9	75.0	10.9	19.8	27.0	57.7
Amortisation of Avis licence rights	9	-	21.7	-	21.7	-	21.7	-	21.7
Amortisation of other intangible assets	5	-	4.9	12.9	17.8	-	5.2	6.7	11.9
Impairment losses on goodwill and other non-current assets	9/41	-	11.1	-	11.1	-	0.3	-	0.3
Non-cash operating lease charge on buy-back agreements	5	-	185.8	-	185.8	-	171.4	-	171.4
Other non-cash items		-7.8	-6.3	34.8	20.7	0.8	-11.6	41.0	30.2
Retirement benefit obligations		0.2	-3.9	-19.0	-22.7	-0.3	-4.8	-12.2	-17.3
Other cash items		-	-3.3	-	-3.3	-	-1.2	-	-1.2
Net payments with respect to vehicles purchased under buy-back agreements		-	-335.9	-	-335.9	-	-121.8	-	-121.8
Change in net working capital		12.4	-45.0	-45.5	-78.1	-13.0	-23.4	4.7	-31.7
Cash generated from operations		**171.4**	**53.5**	**164.5**	**389.4**	**131.8**	**271.9**	**168.1**	**571.8**
Tax paid		-11.1	-9.9	-18.7	-39.7	-0.5	-9.8	-19.0	-29.3
Net cash from operating activities		**160.3**	**43.6**	**145.8**	**349.7**	**131.3**	**262.1**	**149.1**	**542.5**
Cash flows from investing activities									
Purchase of vehicles for rent-a-car and operating lease activities(2)		-209.8	-492.5	-	-702.3	-185.7	-493.0	-	-678.7
Sale of vehicles for rent-a-car and operating lease activities(2)		117.5	410.8	-	528.3	123.7	379.8	-	503.5
Purchase of other items		-13.7	-28.6	-50.6	-92.9	-12.2	-29.8	-39.4	-81.4
Sale of other items		0.3	7.7	3.7	11.7	2.1	2.1	6.9	11.1
Net capital expenditure		**-105.7**	**-102.6**	**-46.9**	**-255.2**	**-72.1**	**-140.9**	**-32.5**	**-245.5**
Acquisition of equity instruments (net of cash acquired)	9/12	-34.8	-5.0	-168.5	-208.3	-	-0.3	-31.9	-32.2
Disposal of equity instruments (net of cash disposed of)	41	-	19.8	-	19.8	-	-	-	-
Net investment in other financial assets	25	1.5	17.2	-18.1	0.6	-26.3	-8.2	2.9	-31.6
Net cash from investing activities		**-139.0**	**-70.6**	**-233.5**	**-443.1**	**-98.4**	**-149.4**	**-61.5**	**-309.3**
Cash flows from financing activities									
Net acquisition of treasury shares	29	-4.6	-2.7	-	-7.3	-3.8	-	-	-3.8
Net capital element of finance lease payments		-	-57.6	-10.9	-68.5	-	-97.3	-3.4	-100.7
Net change in other borrowings		-6.4	112.4	139.9	245.9	-23.4	71.6	-3.4	44.8
Net interest paid		-22.2	-80.4	-25.4	-128.0	-22.9	-69.8	-18.6	-111.3
Dividends paid by Parent		-14.6	-	-	-14.6	-13.3	-	-	-13.3
Dividends paid by subsidiaries		26.9	-	-37.9	-11.0	30.6	-	-42.6	-12.0
Net cash from financing activities		**-20.9**	**-28.3**	**65.7**	**16.5**	**-32.8**	**-95.5**	**-68.0**	**-196.3**
TOTAL CASH FLOW FOR THE PERIOD		**0.4**	**-55.3**	**-22.0**	**-76.9**	**0.1**	**17.2**	**19.6**	**36.9**
Reconciliation with balance sheet									
Cash at beginning of period	28	1.5	52.0	37.8	91.3	1.4	79.0	18.5	98.9
Cash equivalents at beginning of period	28	-	64.6	-	64.6	-	19.8	-	19.8
Cash and cash equivalents at beginning of period	28	**1.5**	**116.6**	**37.8**	**155.9**	**1.4**	**98.8**	**18.5**	**118.7**
Total cash flow for the period		0.4	-55.3	-22.0	-76.9	0.1	17.2	19.6	36.9
Translation differences		-	-0.4	1.9	1.5	-	0.6	-0.3	0.3
Cash and cash equivalents at end of period	28	**1.9**	**60.9**	**17.7**	**80.5**	**1.5**	**116.6**	**37.8**	**155.9**

(1) As restated (see note 2.1).
(2) Excluding vehicles held under buy-back agreements.

NOTE 3: SEGMENT INFORMATION (continued)

Note 3.5: Other Segment Information - Business Segments (Year ended 31 December)

EUR million	2007				2006[2]			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Capital additions[1]	229.3	683.6	343.2	1,256.1	197.9	801.9	64.3	1,064.1

(1) Capital additions include both additions and acquisitions through business combinations including goodwill.
(2) As restated (see note 2.1).

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 business 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	2007				2006[4]			
	Belgium	Rest of Europe	Rest of world	Group	Belgium	Rest of Europe	Rest of world	Group
Segment sales from external customers[1]	2,545.5	2,593.8	827.8	5,967.1	2,394.4	2,440.3	419.0	5,253.7
Segment assets[2]	1,016.8	3,667.3	547.6	5,231.7	910.4	3,676.0	196.7	4,783.1
Capital additions[3]	232.7	718.3	305.1	1,256.1	201.0	845.9	17.2	1,064.1

(1) Based on the geographical location of the customers.
(2) Segment assets are defined above (see note 3.3).
(3) Capital additions include both additions and acquisitions through business combinations including goodwill.
(4) As restated (see note 2.1).

NOTE 4: SALES

EUR million	2007	2006[1]
New vehicles	2,135.8	1,987.0
Used cars	115.7	118.2
Spare parts and accessories	139.7	141.1
After-sales activities by D'Ieteren Car Centers	48.5	46.6
D'Ieteren Sport	56.2	59.3
D'Ieteren Lease	125.9	116.2
Rental income under buy-back agreements	2.7	2.3
Other sales	17.9	20.7
Subtotal Automobile Distribution	**2,642.4**	**2,491.4**
Avis	1,272.0	1,209.6
Budget	52.7	45.4
Subtotal Car Rental	**1,324.7**	**1,255.0**
Vehicle Glass	**2,000.0**	**1,507.3**
SALES (EXTERNAL)	**5,967.1**	**5,253.7**
of which: sales of goods	*2,623.8*	*2,437.1*
rendering of services	*3,298.4*	*2,777.9*
royalties	*44.9*	*38.7*

(1) As restated (see note 2.1).

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	2007				2006(4)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current items:								
Purchases and changes in inventories	-2,225.2	-56.8	-518.3	-2,800.3	-2,106.1	-65.9	-401.3	-2,573.3
Depreciation of vehicles	-56.2	-122.8	-	-179.0	-50.8	-147.9	-	-198.7
Depreciation of other items (excl. investment property)	-11.1	-20.3	-42.9	-74.3	-10.4	-19.2	-27.0	-56.6
Amortisation (excl. on Avis licence rights and on Safelite Customer contracts)	-	-4.9	-8.8	-13.7	-	-5.1	-6.7	-11.8
Operating lease charge on buy-back agreements	-	-176.8	-	-176.8	-	-156.2	-	-156.2
Contingent operating lease rentals(1)	-	-53.7	-	-53.7	-	-51.4	-	-51.4
Other operating lease rentals	-	-132.2	-88.4	-220.6	-	-118.4	-69.4	-187.8
Write-down on inventories	0.5	-	-1.1	-0.6	-0.2	-	-1.0	-1.2
Net gain (loss) on vehicles	3.5	14.1	-	17.6	3.1	22.0	-	25.1
Employee benefit expenses (see note 36)	-121.2	-291.7	-676.1	-1,089.0	-107.5	-288.6	-513.0	-909.1
Research and development expenditure	-	-	-2.2	-2.2	-	-	-1.3	-1.3
Sundry	-135.1	-367.1	-503.8	-1,006.0	-139.0	-329.4	-369.7	-838.1
Other operating expenses:								
Bad and doubtful debts	1.4	-5.9	-2.6	-7.1	0.5	-5.1	-0.1	-4.7
Investment property expenses:								
Depreciation	-0.5	-	-	-0.5	-0.5	-	-	-0.5
Operating expenses(2)	-0.1	-	-	-0.1	-0.1	-	-	-0.1
Sundry	-0.4	-0.1	-0.4	-0.9	-0.3	-	-	-0.3
Subtotal other operating expenses	0.4	-6.0	-3.0	-8.6	-0.4	-5.1	-0.1	-5.6
Other operating income:								
Gain on property, plant and equipment	0.1	-	1.1	1.2	1.0	-	1.7	2.7
Rental income from investment property(3)	0.6	-	-	0.6	0.6	-	-	0.6
Sundry	-	-	-	-	0.2	-	0.4	0.6
Subtotal other operating income	0.7	-	1.1	1.8	1.8	-	2.1	3.9
Subtotal current items	**-2,543.7**	**-1,218.2**	**-1,843.5**	**-5,605.4**	**-2,409.5**	**-1,165.2**	**-1,387.4**	**-4,962.1**
Unusual items and re-measurements (see note 9)	**0.1**	**-26.9**	**-18.1**	**-44.9**	**0.7**	**-49.7**	**-19.0**	**-68.0**
NET OPERATING EXPENSES	**-2,543.6**	**-1,245.1**	**-1,861.6**	**-5,650.3**	**-2,408.8**	**-1,214.9**	**-1,406.4**	**-5,030.1**

(1) Contingent 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.
(4) As restated (see note 2.1).

NOTE 6: NET FINANCE COSTS

Net finance costs are broken down as follows:

EUR million	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current items:								
Finance costs:								
Interest expense	*-26.2*	*-75.7*	*-33.4*	*-135.3*	*-23.4*	*-63.3*	*-19.5*	*-106.2*
Transfer from re-measurements	*0.7*	*0.6*	*0.5*	*1.8*	*0.1*	*-1.0*	*-0.7*	*-1.6*
Current interest expense	-25.5	-75.1	-32.9	-133.5	-23.3	-64.3	-20.2	-107.8
Other financial charges	-0.2	-	-	-0.2	-0.2	-	-	-0.2
Subtotal finance costs	-25.7	-75.1	-32.9	-133.7	-23.5	-64.3	-20.2	-108.0
Finance income	2.0	5.4	0.7	8.1	1.3	4.3	0.8	6.4
Current net finance costs	**-23.7**	**-69.7**	**-32.2**	**-125.6**	**-22.2**	**-60.0**	**-19.4**	**-101.6**
Unusual items and re-measurements (see note 9):								
Unusual items	-	-	-2.2	-2.2	-	-	0.1	0.1
Re-measurements of financial instruments:								
Gains (Losses) on “dirty” fair value of derivatives(2)	*-2.3*	*-2.4*	*-2.6*	*-7.3*	*-3.0*	*-2.4*	*1.7*	*-3.7*
Transfer to current items	*-0.7*	*-0.6*	*-0.5*	*-1.8*	*-0.1*	*1.0*	*0.7*	*1.6*
Subtotal gains (losses) on “clean” fair value of derivatives(2)	-3.0	-3.0	-3.1	-9.1	-3.1	-1.4	2.4	-2.1
Foreign exchange gain (loss) on net debt	-	3.8	-	3.8	-	0.9	-	0.9
Unusual items and re-measurements	**-3.0**	**0.8**	**-5.3**	**-7.5**	**-3.1**	**-0.5**	**2.5**	**-1.1**
NET FINANCE COSTS	**-26.7**	**-68.9**	**-37.5**	**-133.1**	**-25.3**	**-60.5**	**-16.9**	**-102.7**

(1) As restated (see note 2.1).

(2) 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

Three 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. At year end, the Automobile Distribution’s interest in this associate comprised:

EUR million	2007	2006
Share of gross assets	28.9	24.4
Share of gross liabilities	-27.0	-23.0
Share of net assets	1.9	1.4
Share of sales	7.5	6.0
Share of profit (loss)	0.5	0.2

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

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	2007	2006
Share of gross assets (incl. goodwill)	2.9	2.5
Share of gross liabilities	-2.4	-2.2
Share of net assets	0.5	0.3
Share of sales	3.9	3.1
Share of profit (loss)	0.2	0.1

Anji Car Rental and Leasing Company Ltd is a 50%-owned joint venture of Avis Europe plc which provides short-term car rental services in China under the Avis brand. At year end, the Car Rental's interest in this joint venture comprised:

EUR million	2007	2006
Share of non-current assets (incl. goodwill)	18.5	17.2
Share of current assets	2.7	2.4
Share of current liabilities	-10.9	-9.7
Share of net assets	10.3	9.9
Share of sales	14.5	12.0
Share of profit (loss)	0.6	0.4

NOTE 8: TAX EXPENSE

Tax expense is broken down as follows:

EUR million	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current year income tax	-7.8	-15.8	-14.9	-38.5	-4.7	-5.0	-15.8	-25.5
Prior year income tax	-1.2	-	-1.1	-2.3	0.3	-	3.4	3.7
Movement in deferred taxes	-0.1	4.6	4.2	8.7	2.7	8.4	-2.1	9.0
Tax expense	**-9.1**	**-11.2**	**-11.8**	**-32.1**	**-1.7**	**3.4**	**-14.5**	**-12.8**
of which: current items	*-10.1*	*-11.4*	*-19.5*	*-41.0*	*-2.8*	*-8.8*	*-13.7*	*-25.3*
unusual items and re-measurements (see note 9)	*1.0*	*0.2*	*7.7*	*8.9*	*1.1*	*12.2*	*-0.8*	*12.5*

(1) As restated (see note 2.1).

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

EUR million	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Result before taxes	72.1	10.7	100.9	183.7	57.3	-20.4	84.0	120.9
Tax at the Belgian corporation tax rate of 33.99%	-24.5	-3.6	-34.3	-62.4	-19.5	6.9	-28.6	-41.2
Reconciling items (sum of items marked (a) and (b) below)	15.4	-7.6	22.5	30.3	17.8	-3.5	14.1	28.4
Actual tax on result before taxes	**-9.1**	**-11.2**	**-11.8**	**-32.1**	**-1.7**	**3.4**	**-14.5**	**-12.8**

(1) As restated (see note 2.1).

NOTE 8: TAX EXPENSE (continued)

The reconciling items are provided below:

EUR million		2007				2006[1]			
		Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Current PBT		75.0	36.8	124.3	236.1	59.7	29.8	100.5	190.0
Tax at the Belgian corporation tax rate of 33.99%		-25.5	-12.5	-42.2	-80.2	-20.3	-10.1	-34.2	-64.6
Rate differential	(a)	-	7.4	2.4	9.8	-	5.1	1.7	6.8
Permanent differences	(a)	25.6	-3.0	17.0	39.6	21.9	-2.9	7.6	26.6
Utilisation of tax losses	(a)	-	0.6	5.3	5.9	-	-	10.1	10.1
Other temporary differences	(a)	-	-	-	-	0.1	-	-	0.1
Adjustments in respect of prior years	(a)	-0.7	4.4	-1.5	2.2	1.4	7.8	2.9	12.1
Deferred tax assets not recognised	(a)	-5.6	-8.0	-0.6	-14.2	-5.3	-8.6	-1.8	-15.7
Impact of dividends	(a)	-3.7	-	-	-3.7	-0.5	-	-	-0.5
Other	(a)	-0.2	-0.3	0.1	-0.4	-0.1	-0.1	-	-0.2
Actual tax on current PBT		**-10.1**	**-11.4**	**-19.5**	**-41.0**	**-2.8**	**-8.8**	**-13.7**	**-25.3**
Actual tax rate on current PBT		*13%*	*31%*	*16%*	*17%*	*5%*	*30%*	*14%*	*13%*
Unusual items and re-measurements in PBT		-2.9	-26.1	-23.4	-52.4	-2.4	-50.2	-16.5	-69.1
Tax at the Belgian corporation tax rate of 33.99%		1.0	8.9	7.9	17.8	0.8	17.1	5.6	23.5
Rate differential	(b)	-	-0.5	-0.2	-0.7	-	-1.8	0.5	-1.3
Permanent differences	(b)	-	-2.6	-	-2.6	-	-3.4	-	-3.4
Adjustments in respect of prior years	(b)	-	-4.2	-	-4.2	0.1	-	-	0.1
Deferred tax assets not recognised	(b)	-	-1.4	-	-1.4	-	0.3	-6.9	-6.6
Other	(b)	-	-	-	-	0.2	-	-	0.2
Actual tax on unusual items and re-measurements in PBT		**1.0**	**0.2**	**7.7**	**8.9**	**1.1**	**12.2**	**-0.8**	**12.5**

(1) As restated (see note 2.1).

NOTE 9: UNUSUAL ITEMS AND RE-MEASUREMENTS

Result for the Period

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 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 minority shareholders in current PAT and current PBT.

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

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.

EUR million	2007				2006[(1)]			
	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	72.1	10.7	100.9	183.7	57.3	-20.4	84.0	120.9
Less: Unusual items and re-measurements in PBT:								
Re-measurements of financial instruments	3.0 *(a)*	1.3 *(b)*	3.9 *(f)*	8.2	3.1 *(a)*	0.2 *(b)*	-3.1 *(f)*	0.2
Foreign exchange	-	-3.8 *(c)*	-	-3.8	-	-0.9 *(c)*	-	-0.9
Impairment losses on goodwill	-	4.0 *(d)*	-	4.0	-	0.3 *(d)*	-	0.3
Amortisation of Avis licence rights	-	21.7	-	21.7	-	21.7	-	21.7
Amortisation of Safelite's customer contracts	-	-	4.1 *(g)*	4.1	-	-	-	-
Other unusual items	-0.1	2.9 *(e)*	15.4 *(h)*	18.2	-0.7	28.9 *(e)*	19.6 *(h)*	47.8
Current PBT	**75.0**	**36.8**	**124.3**	**236.1**	**59.7**	**29.8**	**100.5**	**190.0**
Share of minority interest in current PBT	-0.3	-14.8	-26.7	-41.8	-0.2	-12.0	-28.5	-40.7
Current PBT, Group's share	**74.7**	**22.0**	**97.6**	**194.3**	**59.5**	**17.8**	**72.0**	**149.3**
From current PBT, Group's share, to current PAT, Group's share:								
Current PBT, Group's share	74.7	22.0	97.6	194.3	59.5	17.8	72.0	149.3
Share of the group in current result of equity accounted entities	0.5	0.4	-	0.9	0.2	0.3	-	0.5
Tax on current PBT, Group's share	-10.0	-6.8	-14.2	-31.0	-2.7	-5.3	-9.3	-17.3
Current PAT, Group's share	**65.2**	**15.6**	**83.4**	**164.2**	**57.0**	**12.8**	**62.7**	**132.5**
From current PAT, Group's share, to current result for the period attributable to equity holders of the Parent:								
Current PAT, Group's share	65.2	15.6	83.4	164.2	57.0	12.8	62.7	132.5
Share of the group in current discontinued operations	-	2.1	-	2.1	-	1.8	-	1.8
Current result for the period attributable to equity holders of the Parent	**65.2**	**17.7**	**83.4**	**166.3**	**57.0**	**14.6**	**62.7**	**134.3**

(1) As restated (see note 2.1).

Automobile Distribution

(a) Net finance costs include re-measurements of financial instruments amounting to EUR -3.0 million (2006: EUR -3.1 million) arising from changes in the "clean" 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 -3.0 million (2006: EUR -1.4 million) and EUR 1.7 million (2006: EUR 1.2 million) arising from changes in the "clean" fair values of derivatives.

(c) Foreign exchange gain on net debt amounts to EUR 3.8 million (2006: EUR 0.9 million) recognised in net finance costs.

(d) In June 2007 Avis Europe acquired the assets of a licensee in Germany (see note 12). The acquired assets and locations have been integrated into an existing cash-generating unit. The goodwill previously arising in this unit had been fully provided for in the past and following a re-evaluation of the impairment calculations following the latest acquisition, an impairment charge of EUR 4.0 million has been recognised in respect of the goodwill arising on the current year acquisition. A similar impairment charge, amounting to EUR 0.3 million, was recorded in 2006 due to the acquisition of several Avis licensee locations in Germany.

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

- Restructuring costs of EUR 7.1 million (2006: EUR 25.3 million) were incurred in the year partly in connection with the final elements of the restructuring project Avis Europe commenced in late 2005 covering the roles of its European headquarters, corporate operations, shared service centre and call centres and also certain restructuring activities which commenced in December 2007. These restructuring costs include redundancy costs and onerous lease provisions and in the prior year were net of unusual pension curtailments of EUR 1.2 million. Restructuring costs are presented in other operating expenses, pension curtailments in other operating income.

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

- Following the identification of potential malpractice in Portugal (see note 2.1), Avis Europe has recognised EUR 4.8 million of costs in the year (2006: nil) in respect of an independent investigation, both in Portugal and throughout Avis Europe's corporately owned operations in Europe, together with certain directly related employee termination costs. These costs are recognised in other operating expenses.
- Following Avis Europe's decision in 2004 to terminate the agreement with an IT contractor on the IT back-office project, a net unusual credit of EUR 2.6 million (in other operating income) has been recognised, after certain additional termination costs, following the conclusion of the legal case. In 2006, the additional termination costs were EUR 7.4 million, presented in other operating expenses.
- In June 2006, significant changes were made to the unfunded pension scheme in Germany resulting in an unusual credit to past service costs of EUR 3.2 million. This was presented in other operating income.
- During the current and prior year, the collection of credit hire receivable balances in the closed Centrus business was more successful than previously anticipated and resulted in an unusual credit of EUR 0.7 million (2006: EUR 0.6 million), reflecting a partial reversal of the receivable write-offs and adjustment of reorganisation provisions made in previous years. These unusual income were recognised in other operating income.
- During the second half of 2007 Avis Europe reviewed its methodology for calculating the provision required in respect of third party motor liability losses, including those not yet reported. The provision is inevitably subject to a degree of uncertainty as a result of the significant timescales for claims being made. As a result of more accurate industry data being made available, Avis Europe has updated the method of calculating the provision, based upon the historic claims profile and the application of insurance industry rental loss development factors. This is designed to give a more consistent and robust assessment of the provision requirement. The provision re-assessment resulted in an unusual credit to the income statement of EUR 5.7 million, presented in commercial and administrative expenses. A re-assessment of the provision requirement, based upon the latest claims profile and loss development factors, will be carried out at each period end with a subsequent adjustment made to the provision annually in December if required.

Following the disposal of Avis Europe's subsidiary in Greece, an unusual loss of EUR 8.8 million was recorded, together with an unusual impairment charge on goodwill of EUR 7.1 million. These unusual charges are presented in discontinued operations (see note 41).

Vehicle Glass

(f) Net finance costs and cost of sales include re-measurements of financial instruments amounting to respectively EUR -3.1 million (2006: EUR 2.4 million) and EUR -0.8 million (2006: EUR 0.7 million) arising from changes in the «clean» fair value of derivatives.

(g) In the framework of Safelite's acquisition (see note 12), Customer contracts were recognised as an intangible asset (see note 13) with a finite useful life. The 2007 amortisation amounted to EUR 4.1 million.

(h) Other unusual items of the Vehicle Glass segment are set out below:
- Net finance costs include the full amortisation (EUR 2.2 million - nil for 2006) of the deferred financing costs remaining on the previous financing in place following the refinancing required for the Safelite acquisition (see note 12).
- Restructuring costs of EUR 10.4 million (in other operating expenses) were incurred to capture the significant synergies arising from the Safelite acquisition. In 2006, unusual costs of EUR 22.3 million (in other operating expenses) were incurred and comprised EUR 20.2 million one-off costs related to the integration and transformation programme underway in North America aimed at improving operating margins, as well as EUR 2.1 million arising from the decision to close the manufacturing operations in Australia.
- An unusual charge of EUR 2.8 million (2006: nil) was recognised at the year-end in relation to a vacant UK property. This unusual charge is presented in other operating expenses.
- In 2006, significant changes were made to the funded pension scheme in Holland resulting in an unusual curtailment credit of EUR 2.6 million, presented in other operating income.
- In 2006, other unusual items in net finance costs include realised gains on disposals of financial assets amounting to EUR 0.1 million.

Cash Flows

The line "Acquisition of equity instruments" for the period to 31 December 2007 includes, among other transactions, the business combinations disclosed in note 12, the cash outflow (EUR 31 million based on the value at 31 December 2006) arising from the exercise by the Group on 30 March 2007 of a call option of 3.65% of the equity capital of Belron, previously owned by Cobepa (subsequently, the Group and Cobepa Group owned 77.38% and 16.35% respectively of Belron) and the cash outflow arising from the acquisition by Belron of minority interest of its subsidiary in Brazil.

The loss "Disposal of equity instruments" for the period 31 December 2007 includes the net cash inflow arising from the disposal of Avis Greece (see note 41).

NOTE 10: EARNINGS PER SHARE

Earnings per share ("EPS") and earnings per share for continuing operations ("Continuing EPS") are shown above, on the face of the consolidated income statement.

Basic and diluted EPS are based on the profit for the period attributable to equity holders of the Parent (based on the result from continuing operations attributable to equity holders of the Parent for the continuing EPS), 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 and current continuing 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 did not impact earnings per share in either 2006 or 2007 as the option exercise prices were in excess of the prevailing market share price, or exercise of the options is 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 2006 and 2007 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:

		2007	**2006[1]**
Result for the period attributable to equity holders		127.7	97.9
Adjustment for participating shares		-1.4	-1.1
Numerator for EPS (EUR million)	(a)	126.3	96.8
Current result for the period attributable to equity holders		166.3	134.3
Adjustment for participating shares		-1.9	-1.5
Numerator for current EPS (EUR million)	(b)	164.4	132.8
Result from continuing operations		152.9	108.8
Share of minority interest in result from continuing operations		-17.8	-12.7
Result from continuing operations attributable to equity holders		135.1	96.1
Adjustment for participating shares		-1.5	-1.1
Numerator for continuing EPS (EUR million)	(c)	133.6	95.0
Current result from continuing operations		196.4	165.4
Share of minority interest in current result from continuing operations		-32.2	-32.9
Current result from continuing operations attributable to equity holders ("Current PAT, Group's share" as defined in note 9)		164.2	132.5
Adjustment for participating shares		-1.8	-1.4
Numerator for current continuing EPS (EUR million)	(d)	162.4	131.1
Weighted average number of ordinary shares outstanding during the period	(e)	5,451,181	5,456,239
Adjustment for stock option plans		25,366	22,826
Weighted average number of ordinary shares taken into account for diluted EPS	(f)	5,476,547	5,479,065
Result for the period attributable to equity holders			
Basic EPS (EUR)	(a)/(e)	23.17	17.74
Diluted EPS (EUR)	(a)/(f)	23.06	17.67
Basic current EPS (EUR)	(b)/(e)	30.16	24.34
Diluted current EPS (EUR)	(b)/(f)	30.02	24.24
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(c)/(e)	24.51	17.41
Diluted continuing EPS (EUR)	(c)/(f)	24.39	17.34
Basic current continuing EPS (EUR)	(d)/(e)	29.79	24.03
Diluted current continuing EPS (EUR)	(d)/(f)	29.65	23.93

(1) As restated (see note 2.1).

NOTE 11: GOODWILL

EUR million	2007	2006
Gross amount at 1 January	687.8	615.1
Accumulated impairment losses at 1 January	-43.4	-43.1
Carrying amount at 1 January	**644.4**	**572.0**
Additions	116.2	18.0
Increase arising from put options granted to minority shareholders (see note 33)	40.2	47.3
Impairment losses	-11.1	-0.3
Adjustments	0.7	10.1
Discontinued operations (see note 41)	-0.5	-
Translation differences	-3.3	-2.7
Carrying amount at 31 December	**786.6**	**644.4**
of which: gross amount	*841.1*	*687.8*
accumulated impairment losses	*-54.5*	*-43.4*

The additions arising from business combinations that occurred in the period are detailed in note 12. On top of these, the additions also include the goodwill arising from the exercise by the Group on 30 March 2007 of a call option of 3.65% of the equity capital of Belron, previously owned by Cobepa and the goodwill arising from the acquisition by Belron of minority interest of its subsidiary in Brazil (see cash flows section in note 9) for a total of EUR 34.4 million.

The adjustments result from subsequent changes in the fair value of the net assets of the Italian and Greek businesses acquired in 2006 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. The impairment losses of 2007 and 2006 arose in the Car Rental segment (see note 9).

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 7% to 9% (2006: from 7% to 10%). 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% (2006: 2% to 3%) 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	2007	2006
Automobile Distribution	**2.6**	**0.2**
Car Rental		
Greece	-	7.9
Holland	0.3	-
China (presented in equity-accounted investments, see note 7)	0.9	0.9
Subtotal Car Rental	**1.2**	**8.8**
Vehicle Glass		
United Kingdom	96.9	97.1
France	64.8	64.8
Italy	53.8	52.7
Germany	47.1	46.8
Canada	35.7	32.2
Holland	29.1	29.1
Belgium	27.1	27.1
Australia	24.8	24.8
United States	83.8	18.1
Spain	15.7	14.6
Norway	7.0	7.1
New Zealand	6.4	6.4
Greece	3.8	3.6
Sweden	3.2	3.2
Switzerland	2.1	2.0
Portugal	1.2	1.2
Denmark	0.8	0.8
Brazil	18.3	-
Unallocated	262.1	204.7
Subtotal Vehicle Glass	**783.7**	**636.3**
GROUP	**787.5**	**645.3**

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 minority shareholders of Belron since 1999, and from the recognition of the put options granted to minority shareholders of Belron following the introduction of IAS 32 from 1 January 2005 onwards (see note 33).

NOTE 12: BUSINESS COMBINATIONS

During the period, the Group made the following acquisitions:

Automobile Distribution

- On 4 January 2007, the Automobile Distribution segment acquired a 100% interest in Kronos Management s.a. and Kronos Automobiles s.a. (collectively "Kronos"), which operate a garage distributing the make Porsche in Gembloux, Belgium.

Car Rental

- On 1 June 2007, Avis Europe acquired a 100% interest in a number of the rental locations of a former Avis licensee in Germany, Otto Kazenmaier GmbH & Co. KG. The businesses provide vehicle rental services. The goodwill arising from this business combination was immediately impaired (see note 9).
- On 1 November 2007 and 1 December 2007, Avis Europe acquired a 100% interest in a number of rental locations of two former Avis licensees in Holland. The businesses provide vehicle rental services.

NOTE 12: BUSINESS COMBINATIONS (continued)

Vehicle Glass

- On 6 February 2007, Belron has signed an agreement to acquire Safelite Group, Inc., the US leader in the vehicle glass repair and replacement ("VGRR") market. This transaction was effective from 2 March 2007.
- On 31 May 2007, Belron acquired a 100% interest in Autocristalerias S.A. which operate three branches in Spain.
- On 19 July 2007, Belron acquired a 100% interest in Glass Point Crema SNC and Glass Point Sardegna SRL wich operate branches in Italy.
- In November 2007, Belron acquired a 100% interest in ABC Autoglass and Citiglas which operate branches in Germany.

The sales arising subsequent to the Safelite acquisition amount to approximately EUR 392 million (EUR 469 million if it had occurred on the first day of the period). The impact of this acquisition on the December 2007 current result before tax, Group's share, of D'Ieteren (as defined in note 9) amounts to approximately EUR 18 million (before allocation of overheads).

The sales and results arising subsequent to the other 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:

EUR million	Safelite			Other Business Combinations			Total		
	Book value	Adjust-ment(1)	Provi-sional fair value(2)	Book value	Adjust-ment(1)	Provi-sional fair value(2)	Book value	Adjust-ment(1)	Provi-sional fair value(2)
Brands	-	92.4	92.4	-	-	-	-	92.4	92.4
Other intangibles	5.6	50.4	56.0	-	-	-	5.6	50.4	56.0
Other property, plant & equipment	40.6	2.3	42.9	2.8	1.5	4.3	43.4	3.8	47.2
Deferred tax assets	11.5	-6.6	4.9	-	-	-	11.5	-6.6	4.9
Inventories	27.9	-	27.9	1.1	-	1.1	29.0	-	29.0
Trade and other receivables	28.9	-	28.9	0.4	-	0.4	29.3	-	29.3
Cash and cash equivalents	17.7	-	17.7	0.4	-	0.4	18.1	-	18.1
Long-term employee benefit obligations	-7.9	-	-7.9	-	-	-	-7.9	-	-7.9
Non-current borrowings	-15.9	-	-15.9	-1.9	-	-1.9	-17.8	-	-17.8
Deferred tax liabilities	-	-	-	-	-0.5	-0.5	-	-0.5	-0.5
Current borrowings	-73.8	-	-73.8	-0.3	-	-0.3	-74.1	-	-74.1
Current income tax liabilities	0.2	-	0.2	-	-	-	0.2	-	0.2
Trade and other payables	-76.5	-	-76.5	-0.9	-	-0.9	-77.4	-	-77.4
Net assets acquired	**-41.7**	**138.5**	**96.8**	**1.6**	**1.0**	**2.6**	**-40.1**	**139.5**	**99.4**
Goodwill			73.2			8.6			81.8
CONSIDERATION			**170.0**			**11.2**			**181.2**
Consideration satisfied by:									
Cash payment			154.9			10.7			165.6
Deferred consideration			11.3			0.3			11.6
Associated costs arising on acquisition			3.8			0.2			4.0
			170.0			**11.2**			**181.2**

(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 on the 2006 acquisitions was increased by EUR 0.7 million reflecting fair value adjustments made to the initial valuations disclosed in note 12 of the 2006 annual report. This increase 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 definite useful lives, unless specified otherwise.

EUR million	Avis licence rights	Other licenses and similar rights	Brands (with indefinite useful lives)	Customer contracts	Com-puter software	Intan-gibles under develop-ment	Other	Total
Gross amount at 1 January 2007	711.5	0.4	247.0	-	46.9	37.7	0.3	1,043.8
Accumulated amortisation and impairment losses at 1 January 2007	-65.1	-0.3	-	-	-34.5	-7.5	-0.1	-107.5
Carrying amount at 1 January 2007	**646.4**	**0.1**	**247.0**	**-**	**12.4**	**30.2**	**0.2**	**936.3**
Additions:								
Internal development	-	-	-	-	-	6.8	-	6.8
Items separately acquired	-	-	-	-	7.0	6.3	-	13.3
Disposals	-	-	-	-	-0.1	-	-	-0.1
Amortisation	-21.7	-0.1	-	-4.1	-6.9	-6.5	-0.2	-39.5
Transfer to another caption	-	-	-	-	3.0	-3.1	-	-0.1
Items acquired through business combinations	-	-	92.4	50.4	5.6	-	0.1	148.5
Discontinued operations (see note 41)	-	-	-	-	-0.4	0.2	-	-0.2
Translation differences	-	-	-4.7	-2.2	-0.6	-2.1	-0.1	-9.7
Carrying amount at 31 December 2007	**624.7**	**-**	**334.7**	**44.1**	**20.0**	**31.8**	**-**	**1,055.3**
of which: gross amount	*711.5*	*0.4*	*334.7*	*48.2*	*60.9*	*44.9*	*0.1*	*1,200.7*
accumulated amortisation and impairment losses	*-86.8*	*-0.4*	*-*	*-4.1*	*-40.9*	*-13.1*	*-0.1*	*-145.4*
Gross amount at 1 January 2006	711.5	0.4	252.8	-	40.1	31.2	0.2	1,036.2
Accumulated amortisation and impairment losses at 1 January 2006	-43.4	-0.2	-	-	-30.6	-2.3	-	-76.5
Carrying amount at 1 January 2006	**668.1**	**0.2**	**252.8**	**-**	**9.5**	**28.9**	**0.2**	**959.7**
Additions:								
Internal development	-	-	-	-	2.2	1.2	0.1	3.5
Items separately acquired	-	-	-	-	8.9	3.1	-	12.0
Amortisation	-21.7	-0.1	-	-	-7.9	-3.8	-0.1	-33.6
Transfer to another caption	-	-	-5.8	-	-0.4	0.5	-	-5.7
Items acquired through business combinations	-	-	-	-	0.2	-	-	0.2
Translation differences	-	-	-	-	-0.1	0.3	-	0.2
Carrying amount at 31 December 2006	**646.4**	**0.1**	**247.0**	**-**	**12.4**	**30.2**	**0.2**	**936.3**
of which: gross amount	*711.5*	*0.4*	*247.0*	*-*	*46.9*	*37.7*	*0.3*	*1,043.8*
accumulated amortisation and impairment losses	*-65.1*	*-0.3*	*-*	*-*	*-34.5*	*-7.5*	*-0.1*	*-107.5*

The carrying amount of the Avis licence rights is supported by the net present value of theoretical royalty streams, based on the projected sales of the Avis network. Theoretical royalty streams are estimates that may change in future periods. The discount rate is calculated based on long-term interest rates and other market data. Should the estimates or other data adversely vary in the future, the value in use of the Avis licence rights could fall below its current carrying amount. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

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 Safelite business acquired in the year (see note 12) by the Vehicle Glass segment. The decrease in 2006 in brands reflects the fair value adjustments made to the initial valuations disclosed in note 12 of the 2005 annual report.

At 31 December 2007, intangible under development mainly include the intangible components of the new ERP System ("Bridge" - EUR 28.1 million) in the Vehicle Glass segment. The tangible components of Bridge are disclosed in note 15. The total carrying amount of Bridge is EUR 37.9 million. Amortisation started in the second half of 2005, following the succesful go-live of the system in a major country. Bridge will continue to be presented as assets under development until the completion of the first phase of the roll-out process.

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	2007	2006
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	100.2	12.5
Spain	9.1	9.1
Portugal	2.9	2.9
Italy	0.3	0.3
Carrying amount of brands	**334.7**	**247.0**

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 11.

NOTE 14: VEHICLES

EUR million	2007	2006(1)
Gross amount at 1 January	973.7	889.3
Accumulated depreciation	-191.3	-167.4
Carrying amount at 1 January	**782.4**	**721.9**
Additions	859.9	957.4
Disposals	-568.1	-618.7
Depreciation charge	-188.5	-214.4
Transfer to non-current assets held for sale	-62.2	-81.6
Transfer from (to) current assets	65.1	18.2
Discontinued operations (see note 41)	-124.9	-
Translation differences	-2.4	-0.4
Carrying amount at 31 December	**761.3**	**782.4**
of which: gross amount	*931.2*	*973.7*
accumulated depreciation	*-169.9*	*-191.3*

(1) As restated (see note 2.1).

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

2007	EUR	116 million
2006(1)	EUR	125 million

(1) As restated (see note 2.1).

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 41 months long (2006: 41 months). The average size of the fleet is as follows:

2007	20,167 vehicles
2006	18,466 vehicles

In 2006 D'Ieteren Lease undertook a securitisation programme of its fleet and lease contracts to achieve a more autonomous and flexible financing structure, its fleet having doubled in 6 years. 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). An initial amount of EUR 229.5 million was raised in April 2006, covering approximately 80% of the carrying amount of the fleet of D'Ieteren Lease. The balance is financed by inter-company loans. 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 initial financing. 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 balance sheet. 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 5 days long (2006[1]: 5 days). The average size of the fleet (including vehicles held under buy-back agreements and under other operating leases) is as follows:

2007	117,766 vehicles
2006[1]	112,950 vehicles

(1) As restated (see note 2.1).

The vehicles recognised in the balance sheet as non-current items are those that are not held under buy-back agreements. Their value at end of rental life will depend on the market for those vehicles at the time of disposal. Judgement is therefore required in the estimation of disposal value.

NOTE 15: OTHER PROPERTY, PLANT AND EQUIPMENT

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2007	336.1	306.9	14.8	657.8
Accumulated depreciation at 1 January 2007	-130.4	-187.8	-0.1	-318.3
Carrying amount at 1 January 2007	**205.7**	**119.1**	**14.7**	**339.5**
Additions	15.0	72.4	11.0	98.4
Disposals	-3.4	-13.5	-	-16.9
Depreciation	-19.1	-55.4	-	-74.5
Transfer to another caption	5.8	1.8	-7.3	0.3
Items acquired through business combinations	11.7	35.6	-	47.3
Discontinued operations (see note 41)	-1.8	-0.6	-	-2.4
Translation differences	-1.2	-2.7	-0.7	-4.6
Carrying amount at 31 December 2007	**212.7**	**156.7**	**17.7**	**387.1**
of which: gross amount	*353.3*	*382.9*	*18.6*	*754.8*
accumulated depreciation	*-140.6*	*-226.2*	*-0.9*	*-367.7*
Gross amount at 1 January 2006	316.3	290.8	25.2	632.3
Accumulated depreciation at 1 January 2006	-116.3	-181.7	-	-298.0
Carrying amount at 1 January 2006	**200.0**	**109.1**	**25.2**	**334.3**
Additions	15.4	50.7	5.2	71.3
Disposals	-4.4	-3.3	-	-7.7
Depreciation	-17.6	-39.5	-0.1	-57.2
Transfer to another caption	13.4	2.2	-15.7	-0.1
Items acquired through business combinations	0.1	0.9	-	1.0
Translation differences	-1.2	-1.0	0.1	-2.1
Carrying amount at 31 December 2006	**205.7**	**119.1**	**14.7**	**339.5**
of which: gross amount	*336.1*	*306.9*	*14.8*	*657.8*
accumulated depreciation	*-130.4*	*-187.8*	*-0.1*	*-318.3*

At 31 December 2007, assets under construction mainly include property under construction in the Automobile Distribution segment (EUR 7.2 million) and the tangible components of the new centralised ERP system ("Bridge" - EUR 9.8 million) in the Vehicle Glass segment (see note 13).

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 2007	-	35.1	-	35.1
31 December 2006	-	15.5	-	15.5

NOTE 16: INVESTMENT PROPERTY

EUR million	2007	2006
Gross amount at 1 January	11.2	11.1
Accumulated depreciation at 1 January	-4.7	-5.0
Carrying amount at 1 January	**6.5**	**6.1**
Additions	0.1	0.6
Disposals	-	-0.6
Depreciation	-0.5	-0.5
Transfer to another caption	-	0.9
Carrying amount at 31 December	**6.1**	**6.5**
of which: gross amount	*11.3*	*11.2*
accumulated depreciation	*-5.2*	*-4.7*
Fair value	9.1	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 and December 2005.

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	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
Sundry	1.2	1.2	1.3	1.3
Total available-for-sale financial assets	**1.2**	**1.2**	**1.3**	**1.3**

Available-for-sale financial assets primarily comprise minority 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 balance sheet as follows:

EUR million	2007	2006
Non-current assets	4.6	-
Current assets	-	1.0
Non-current liabilities	-52.9	-42.3
Current liabilities	-0.5	-30.3
Net derivative hedging instruments	**-48.8**	**-71.6**

Derivative hedging instruments are analysed as follows:

Cross currency interest rate swaps (debt derivatives) - see below	-52.8	-72.0
Interest rate swaps (debt derivatives)	4.6	-0.5
Forward foreign exchange contracts (non-debt derivatives)	-0.6	0.9
Net derivative hedging instruments	**-48.8**	**-71.6**

All derivative hedging instruments are recognised in the Car Rental segment.

Cross currency interest rate swaps of aggregate notional principal amounts of USD 288.0 million (2006: USD 390.0 million) were used to hedge the Avis Europe's USD denominated loan notes. Fair value hedge adjustments of EUR -8.0 million (2006: EUR 0.7 million) arise from the hedging of the principal value of the exposures to euro denominated liabilities. Of this adjustment, nil (2006: EUR 0.7 million) relates to hedged items due for settlement within one year and EUR -8.0 million (2006: nil) relates to hedged items due for settlement after one year. Cash flow hedges of EUR 9.0 million (2006: EUR 7.5 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.

Interest rate swaps of aggregate notional principal amounts of EUR 200.0 million (2006: EUR 200.0 million) with average fixed interest payable of 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 cashflow hedges of EUR -4.5 million (2006: EUR 0.4 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.

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	2007	2006
Cross currency interest rate swaps (debt derivatives)	195.6	294.9
Interest rate swaps (debt derivatives)	200.0	200.0
Forward foreign exchange contracts (non-debt derivatives)	13.1	19.7

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 balance sheet as follows:

EUR million	2007	2006
Non-current assets		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	1.2	-
Embedded derivatives	5.6	6.8
Subtotal	**6.8**	**6.8**
Current assets		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	2.9	6.6
Interest rate securitisation swaps(1)	0.7	1.2
Interest rate caps	1.0	1.6
Forward rate agreements	0.1	-
Non-debt derivatives		
Forward foreign exchange contracts	4.3	1.3
Forward foreign exchange options	1.2	0.4
Subtotal	**10.2**	**11.1**
Non-current liabilities		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	-0.3	-
Current liabilities		
Debt derivatives		
Interest rate swaps excluding securitisation swaps	-10.8	-8.4
Interest rate securitisation swaps(1)	-0.8	-1.3
Forward rate agreements	-0.9	-
Forward foreign exchange contracts	-1.5	-0.1
Non-debt derivatives		
Forward foreign exchange contracts	-0.3	-
Subtotal	**-14.3**	**-9.8**
NET DERIVATIVES HELD FOR TRADING	**2.4**	**8.1**

(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 the following redemption prices (expressed as a percentage of principal amounts) if repaid during the 12 month period beginning on 31 July 2008: 102%; 31 July 2009: 101%; 31 July 2010 and thereafter: 100%. In accordance with IAS 39, this option is separately recognised from the underlying notes as an embedded derivative.

See note 18 for details on the valuation techniques used.

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

EUR million	2007	2006
Interest rate swaps excluding securitisation swaps	1,036.8	925.7
Interest rate securitisation swaps(1)	634.8	555.2
Interest rate caps and collars	182.0	172.0
Interest rate floors	63.0	48.0
Forward rate agreements	154.5	-
Forward foreign exchange contracts and options	103.1	21.8

(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
Greece (in 2006)
Italy
Vehicle Glass:
Funded schemes:
Canada
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.

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

	Funded schemes				Unfunded schemes			
	2007		2006		2007		2006	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	2.0%	3.5%	2.0%	3.1%	1.8%	2.0%	1.6%	2.0%
Discount rate	5.2%	6.3%	4.3%	5.2%	4.1%	5.5%	3.7%	4.4%
Expected return on scheme assets:								
Equities	7.0%	9.5%	7.0%	8.5%	-	-	-	-
Bonds	3.6%	5.7%	4.0%	5.0%	-	-	-	-
Other	2.3%	9.0%	2.3%	6.1%	-	-	-	-
Rate of salary increases	1.0%	5.5%	1.0%	5.2%	2.0%	2.9%	2.0%	3.0%
Rate of pension increases	2.0%	3.4%	2.0%	3.1%	1.4%	2.0%	1.1%	2.0%

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.

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

The actual return on scheme assets is analysed as follows:

EUR million	2007	2006
Expected return on scheme assets	25.7	19.6
Actual return less expected return on scheme assets	-0.1	0.1
Actual return on scheme assets	**25.6**	**19.7**

The amounts recognised in the balance sheet are summarised as follows:

EUR million	2007	2006
Long-term employee benefit assets	1.9	1.8
Long-term employee benefit obligations	-114.1	-175.3
Recognised net deficit (-) / surplus (+) in the schemes	**-112.2**	**-173.5**
of which: amount expected to be settled within 12 months	*-0.8*	*-1.0*
amount expected to be settled in more than 12 months	*-111.4*	*-172.5*

The amounts recognised in the balance sheet are analysed as follows:

EUR million	2007			2006		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-493.6	-39.0	-532.6	-467.8	-45.9	-513.7
Fair value of scheme assets	420.4	-	420.4	340.2	-	340.2
Net deficit (-) / surplus (+) in the schemes	**-73.2**	**-39.0**	**-112.2**	**-127.6**	**-45.9**	**-173.5**

The amounts recognised in the balance sheet for the years 2005 and 2004 were analysed as follows:

EUR million	2005			2004		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-432.4	-51.7	-484.1	-305.3	-40.9	-346.2
Fair value of scheme assets	295.4	-	295.4	218.2	-	218.2
Net deficit (-) / surplus (+) in the schemes	**-137.0**	**-51.7**	**-188.7**	**-87.1**	**-40.9**	**-128.0**

The fair value of scheme assets includes the following items:

EUR million	2007			2006		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Equity instruments	250.3	-	250.3	209.2	-	209.2
Debt instruments	112.6	-	112.6	97.8	-	97.8
Property	0.1	-	0.1	16.6	-	16.6
Other assets	57.4	-	57.4	16.6	-	16.6
Fair value of scheme assets	**420.4**	**-**	**420.4**	**340.2**	**-**	**340.2**

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.

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

The movements in the recognised net deficit are as follows:

EUR million	2007			2006		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Net deficit (-) / surplus (+) at 1 January	-127.6	-45.9	-173.5	-137.0	-51.7	-188.7
Contributions paid by the Group	39.0	-	39.0	31.3	-	31.3
Benefits paid by the Group	-	2.3	2.3	-	1.9	1.9
Expense recognised in the income statement	-15.5	-2.6	-18.1	-14.4	-1.3	-15.7
Actuarial gains (+) / losses (-)	33.7	6.0	39.7	-6.0	4.9	-1.1
Group changes (see note 12)	-7.9	-	-7.9	-	-	-
Discontinued operations (see note 41)	-	1.2	1.2	-	-	-
Translation differences	5.1	-	5.1	-1.5	0.3	-1.2
Net deficit (-) / surplus (+) at 31 December	**-73.2**	**-39.0**	**-112.2**	**-127.6**	**-45.9**	**-173.5**

The amounts recognised in the income statement are as follows:

EUR million	2007			2006		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-14.6	-1.8	-16.4	-17.4	-2.6	-20.0
Past service cost	-0.7	0.8	0.1	0.2	3.2	3.4
Interest cost	-25.9	-2.0	-27.9	-20.6	-1.9	-22.5
Effect of curtailment or settlement	-	0.4	0.4	3.8	-	3.8
Expected return on scheme assets	25.7	-	25.7	19.6	-	19.6
Expense recognised in the income statement	**-15.5**	**-2.6**	**-18.1**	**-14.4**	**-1.3**	**-15.7**
of which: commercial and administrative expenses (current items)	*-15.5*	*-2.6*	*-18.1*	*-18.2*	*-4.5*	*-22.7*
other operating income (unusual items - see note 9)	*-*	*-*	*-*	*3.8*	*3.2*	*7.0*

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

EUR million	2007			2006		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less expected return on scheme assets	-0.1	-	-0.1	0.1	-	0.1
Experience gain (+) / loss (-) on liabilities	6.2	0.1	6.3	-6.8	1.5	-5.3
Gain (+) / Loss (-) on change of assumptions[1]	27.6	5.9	33.5	0.7	3.4	4.1
Actuarial gains (+) / losses (-)	**33.7**	**6.0**	**39.7**	**-6.0**	**4.9**	**-1.1**

(1) Financial and/or demographic assumptions.

The best estimate of the contributions expected to be paid to the schemes during the 2008 annual period is EUR 26.1 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	Buy-back agree-ments	Revalua-tions	Depreciation amortisation write-downs	Provi-sions	Divi-dends	Tax losses available for offset	Financial instru-ments	Other	Total
Deferred tax liabilities (negative amounts)									
At 1 January 2006	0.1	-218.0	-47.5	5.6	-0.5	7.5	0.3	-23.2	-275.7
Credited (charged) to income statement	-0.1	6.7	-2.9	-0.2	0.2	-5.1	0.6	6.0	5.2
Credited (charged) to equity	-	-	-	-0.1	-	-	-	-	-0.1
Exchange differences	-	-	-0.6	-	-	-	-	-	-0.6
At 31 December 2006	-	-211.3	-51.0	5.3	-0.3	2.4	0.9	-17.2	-271.2
Credited (charged) to income statement	-	6.7	3.3	2.7	0.3	4.5	0.9	2.4	20.8
Credited (charged) to equity	-	-	-	-0.2	-	-	-	-	-0.2
Group changes	-	-0.5	10.2	-	-	-	-	-	9.7
Exchange differences	-	-	-0.1	-	-	-	-	-0.3	-0.4
At 31 December 2007	**-**	**-205.1**	**-37.6**	**7.8**	**-**	**6.9**	**1.8**	**-15.1**	**-241.3**
Deferred tax assets (positive amounts)									
At 1 January 2006	-	-	12.2	47.9	-	15.1	2.3	14.4	91.9
Credited (charged) to income statement	-	-	8.1	-18.8	-	14.7	-0.2	-1.6	2.2
Credited (charged) to equity	-	-	-	1.5	-	-	1.0	-	2.5
Exchange differences	-	-	0.5	0.3	-	-	0.3	-	1.1
At 31 December 2006	-	-	20.8	30.9	-	29.8	3.4	12.8	97.7
Credited (charged) to income statement	-	-	-5.9	2.5	-	-2.2	1.1	-6.6	-11.1
Credited (charged) to equity	-	-	-	-10.2	-	-	-1.3	2.3	-9.2
Group changes	-	-	-29.5	17.8	-	13.9	-	1.3	3.5
Exchange differences	-	-	-0.1	-1.4	-	-	-1.5	0.2	-2.8
At 31 December 2007	**-**	**-**	**-14.7**	**39.6**	**-**	**41.5**	**1.7**	**10.0**	**78.1**
Net deferred tax assets (liabilities) after offsetting recognised in the consolidated balance sheet:									
31 December 2006	-	-211.3	-30.2	36.2	-0.3	32.2	4.3	-4.4	-173.5
31 December 2007	**-**	**-205.1**	**-52.3**	**47.4**	**-**	**48.4**	**3.5**	**-5.1**	**-163.2**

The revaluation column mainly includes the deferred tax liability (EUR 194.0 million; 2006: EUR 200.7 million) arising on the recognition of the Avis licence rights.

The net deferred tax balance includes a liability of EUR 6.7 million (2006: EUR 6.7 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 9.5 million (2006: EUR 3.6 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.

At the balance sheet date, the Group has unused tax losses of EUR 347.5 million (EUR 190.4 million at 31 December 2006) 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 15.3 million (2006: EUR 20.3 million) that will expire in the period 2008-2027 (2006: 2007-2026). Other losses may be carried forward indefinitely.

Deferred tax has not been recognised in respect of other deductible temporary differences amounting to EUR 25.3 million (2006: EUR 36.0 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 797.8 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.

NOTE 21: DEFERRED TAXES (continued)

Deferred tax assets include, among other items:

- EUR 8.8 million (2006: EUR 6.6 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 40.0 million (2006: EUR 20.4 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. 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

The major classes of assets classified as held for sale are the following ones:

EUR million	2007				2006			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Vehicles	-	7.1	-	7.1	-	8.4	-	8.4
Other property, plant and equipment	0.4	-	-	0.4	-	-	-	-
Non-current assets classified as held for sale	**0.4**	**7.1**	**-**	**7.5**	**-**	**8.4**	**-**	**8.4**

In the Automobile Distribution segment, non-current assets held for sale comprise buildings previously used for Automobile Distribution activities, for which the management are committed to disposal. The disposal is expected to occur in the course of 2008.

In the Car Rental segment, non-current assets held for sale comprise ex-rental vehicles where management are committed to the disposal of the vehicles. The disposals are expected to occur in early 2008.

NOTE 24: INVENTORIES

EUR million	2007	2006
Automobile Distribution		
Vehicles	292.9	269.7
Spare parts and accessories	29.6	26.4
Other	0.4	0.6
Subtotal	**322.9**	**296.7**
Car Rental		
Fuel	6.6	6.0
Spare parts and accessories	1.1	1.4
Subtotal	**7.7**	**7.4**
Vehicle Glass		
Glass and related product	153.0	114.1
Subtotal	**153.0**	**114.1**
GROUP	**483.6**	**418.2**
of which: items carried at fair value less costs to sell	*50.7*	*38.9*

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 balance sheet 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	2007	2006
Automobile Distribution - Securitisation cash reserves	24.4	25.5
Car Rental - Finance lease collateral	5.4	22.6
Vehicle Glass - Restricted cash related to Safelite acquisition	17.7	-
Other financial assets	**47.5**	**48.1**

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. They attract interest with reference to EURIBID, LIBID or equivalent. 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	2007				2006			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Trade receivables - net	103.8	173.0	171.6	448.4	95.3	153.9	134.7	383.9
Vehicle related receivables	-	1,112.1	-	1,112.1	-	1,082.4	-	1,082.4
Receivables from entities accounted for using the equity method	0.4	0.1	-	0.5	0.4	0.1	-	0.5
Guarantee deposit	-	-	0.4	0.4	-	-	-	-
Other receivables	32.5	106.6	39.7	178.8	22.8	122.2	31.4	176.4
Trade and other receivables	**136.7**	**1,391.8**	**211.7**	**1,740.2**	**118.5**	**1,358.6**	**166.1**	**1,643.2**

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 17% and no customer is above 5%. 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 for 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 Group's customers.

In the Vehicle Glass segment, there was no significant concentration of credit risk.

Balance sheet 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 balance sheet. As at 31 December 2007, the provisions for bad and doubtful debt amounted to EUR 42.6 million (2006: EUR 43.7 million).

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

EUR million	2007	2006
Up to three months past due	202.2	158.5
Three to six months past due	12.0	8.0
Over six months past due	0.2	1.2
	214.4	**167.7**

As disclosed in note 5, the increase in 2007 of the provisions for bad and doubtful debts amounts to EUR 7.1 million (2006: EUR 4.7 million).

NOTE 28: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed below:

EUR million	2007				2006			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Cash at bank and in hand	1.9	35.0	17.7	54.6	1.5	52.0	37.8	91.3
Short-term deposits	-	25.9	-	25.9	-	64.6	-	64.6
Cash and cash equivalents	**1.9**	**60.9**	**17.7**	**80.5**	**1.5**	**116.6**	**37.8**	**155.9**

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

Due to legal restrictions, cash balances held in Brazil, amounting to EUR 3.7 million (2006: EUR 4.4 million), are not available for general use by the Parent or other subsidiaries.

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 2006	**5,530,262**	**160.0**
Change	-	-
At 31 December 2006	**5,530,262**	**160.0**
Change	-	-
At 31 December 2007	**5,530,262**	**160.0**

All ordinary shares issued are fully paid. Ordinary shares have no face value. They are either nominative, bearer or dematerialised shares. Each ordinary share confers one voting right.

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

EUR million, except number of shares stated in units	2007		2006	
	Number	Amount	Number	Amount
Treasury shares held by the Parent	88,073	17.6	77,270	12.9
Treasury shares held by subsidiaries	1	-	1	-
Treasury shares held	**88,074**	**17.6**	**77,271**	**12.9**

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

On 27 May 2004, the Extraordinary General Meeting of Shareholders authorised 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 people.

In addition to ordinary shares, there are 500,000 nominative participating shares, which do not represent share capital. The number of participating shares remained unchanged in 2006 and in 2007. 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.

Nominative 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 minority shareholders.

NOTE 29: EQUITY (continued)

Disclosure of company shareholders (according to "declarations of transparency" dated 27 March 2007)	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	1,032,206	18.66%	-	-	1,032,206	17.12%
Reptid Commercial Corporation, Dover, Delaware	202,532	3.66%	-	-	202,532	3.36%
Mrs Catheline Périer-D'Ieteren	152,990	2.77%	125,000	25.00%	277,990	4.61%
Mr Olivier Périer	1,000	0.02%	-	-	1,000	0.02%
The four abovementioned persons (collectively "SPDG Group") are associated and act in concert with Cobepa s.a.	**1,388,728**	**25.11%**	**125,000**	**25.00%**	**1,513,728**	**25.10%**
Nayarit Participations s.c.a., Brussels	1,394,151	25.21%	-	-	1,394,151	23.12%
Mr Roland D'Ieteren	46,619	0.84%	375,000	75.00%	421,619	6.99%
Mr Nicolas D'Ieteren	1,000	0.02%	-	-	1,000	0.02%
The three abovementioned persons (collectively "Nayarit Group") are associated and act in concert with Cobepa s.a.	**1,441,770**	**26.07%**	**375,000**	**75.00%**	**1,816,770**	**30.13%**
The persons referred to as SPDG Group and Nayarit Group act in concert.						
Cobepa s.a., Brussels	**425,000**	**7.68%**	**-**	**-**	**425,000**	**7.05%**
Cobepa s.a. acts in concert on the one hand with Nayarit Group and on the other hand with SPDG Group.						

According to article 74 §7 of the Law of the 1st of April 2007 on takeover bids, the Company received on 20 February 2008 notifications from "Nayarit Group", "SPDG Group" and Cobepa s.a.

Changes in equity are set out below:

EUR million	Capital and reserves attributable to equity holders											Minority interest	Equity
	Share capital	Share premium	Treasury shares	Share-based payment reserve	Fair value reserve	Hedging reserve	Retained earnings	Actuarial gains and losses	Taxes	Cumulative translation differences	Total Group's share		
At 1 January 2006 (as reported)	**160.0**	**24.4**	**-9.1**	**0.8**	**0.4**	**-4.5**	**576.4**	**-42.3**	**10.5**	**-6.7**	**709.9**	**235.6**	**945.5**
Restatement (see note 2.1)	-	-	-	-	-	-	-0.7	-	-	-	-0.7	-0.4	-1.1
At 1 January 2006 (as restated)	**160.0**	**24.4**	**-9.1**	**0.8**	**0.4**	**-4.5**	**575.7**	**-42.3**	**10.5**	**-6.7**	**709.2**	**235.2**	**944.4**
Treasury shares	-	-	-3.8	-	-	-	-	-	-	-	-3.8	0.2	-3.6
Dividend 2005 paid in 2006	-	-	-	-	-	-	-13.3	-	-	-	-13.3	-12.2	-25.5
Other movements	-	-	-	-	-	-	-	-	-	-	-	-5.9	-5.9
Total recognised income and expense (as restated - see note 2.1)	-	-	-	0.7	-0.2	-1.7	97.9	-1.2	1.1	0.4	97.0	12.8	109.8
At 31 December 2006 (as restated)	**160.0**	**24.4**	**-12.9**	**1.5**	**0.2**	**-6.2**	**660.3**	**-43.5**	**11.6**	**-6.3**	**789.1**	**230.1**	**1,019.2**
Treasury shares	-	-	-4.6	-	-	-	-	-	-	-	-4.6	-1.1	-5.7
Dividend 2006 paid in 2007	-	-	-	-	-	-	-14.6	-	-	-	-14.6	-13.4	-28.0
Other movements	-	-	-	-	-	-	0.2	-	-	-	0.2	-14.0	-13.8
Total recognised income and expense	-	-	-	0.9	-	2.8	127.7	28.2	-8.0	-4.0	147.6	20.9	168.5
At 31 December 2007	**160.0**	**24.4**	**-17.5**	**2.4**	**0.2**	**-3.4**	**773.6**	**-15.3**	**3.6**	**-10.3**	**917.7**	**222.5**	**1,140.2**

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 3.00 per share (2006: EUR 2.64 per share), or EUR 16.5 million in aggregate (2006: EUR 14.6 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	2007				2006[1]			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Non-current provisions								
Dealer-related	17.2	-	-	17.2	21.3	-	-	21.3
Warranty	5.3	-	-	5.3	5.0	-	-	5.0
Insurance and covers	3.1	18.7	-	21.8	3.6	18.8	-	22.4
Other non-current items	6.2	3.6	85.3	95.1	5.5	2.7	46.1	54.3
Subtotal	**31.8**	**22.3**	**85.3**	**139.4**	**35.4**	**21.5**	**46.1**	**103.0**
Current provisions								
Insurance and covers	-	21.8	-	21.8	-	26.4	-	26.4
Warranty	-	7.8	-	7.8	-	-	-	-
Other current items	-	15.5	12.3	27.8	-	16.7	8.7	25.4
Subtotal	**-**	**45.1**	**12.3**	**57.4**	**-**	**43.1**	**8.7**	**51.8**
Total provisions	**31.8**	**67.4**	**97.6**	**196.8**	**35.4**	**64.6**	**54.8**	**154.8**

(1) As restated (see note 2.1).

The changes in provisions are set out below for the year ended 31 December 2007:

EUR million	Dealer-related	Warranty	Insurance and covers	Other non-current items	Other current items	Total
At 1 January 2007	**21.3**	**5.0**	**48.8**	**54.3**	**25.4**	**154.8**
Charged in the year	6.1	8.4	24.9	44.3	8.9	92.6
Utilised in the year	-5.1	-0.3	-29.5	-1.9	-6.1	-42.9
Reversed in the year	-5.1	-	-	-0.6	-	-5.7
Discontinued operations (see note 41)	-	-	-	-0.6	-	-0.6
Translation differences	-	-	-0.6	-0.4	-0.4	-1.4
At 31 December 2007	**17.2**	**13.1**	**43.6**	**95.1**	**27.8**	**196.8**

The timing of the outflows being largely uncertain, most of the provisions are considered as a 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, the warranty provision relates to the disposed business in Greece (see note 41).

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, insurance reserves provide for incurred but not registered motor claims at D'Ieteren Lease.

Other non-current and 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 2007.
- The provision for a long-term management incentive scheme set up in 2005 in the Vehicle Glass segment. The settlement of this scheme is expected to occur in 2010.

NOTE 31: BORROWINGS

Borrowings are analysed as follows:

EUR million	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Non-current borrowings								
Bonds	200.0	-	-	200.0	200.0	-	-	200.0
Bonds under securitisation programme	266.1	-	-	266.1	231.0	-	-	231.0
Obligations under finance leases	-	0.7	22.7	23.4	-	2.0	8.4	10.4
Bank and other loans	11.7	150.0	261.7	423.4	53.6	-	305.0	358.6
Loan notes	-	549.2	253.4	802.6	-	559.2	-	559.2
Deferred consideration	-	30.3	-	30.3	-	32.7	-	32.7
Subtotal non-current borrowings	**477.8**	**730.2**	**537.8**	**1,745.8**	**484.6**	**593.9**	**313.4**	**1,391.9**
Current borrowings								
Obligations under finance leases	-	273.0	9.4	282.4	-	290.1	3.7	293.8
Bank and other loans	32.2	8.8	0.6	41.6	28.4	10.4	31.0	69.8
Loan notes	-	-	-	-	-	221.2	-	221.2
Commercial paper	69.7	22.2	-	91.9	46.0	-	-	46.0
Deferred consideration	-	0.3	-	0.3	-	0.3	-	0.3
Inter-segment financing	-70.0	-	70.0	-	-46.0	-	46.0	-
Subtotal current borrowings	**31.9**	**304.3**	**80.0**	**416.2**	**28.4**	**522.0**	**80.7**	**631.1**
TOTAL BORROWINGS	**509.7**	**1,034.5**	**617.8**	**2,162.0**	**513.0**	**1,115.9**	**394.1**	**2,023.0**

(1) As restated (see note 2.1).

The Group issues bonds through its wholly-owned subsidiary D'Ieteren Trading b.v. The bonds outstanding at 31 December are as follows:

	2007				2006			
	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%
Total		**200.0**				**200.0**		

The weighted average cost of bonds in 2007 was 4.8% (2006: 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. The bonds are rated A1. The spread payable over EURIBOR is 65 basis points. The weighted average cost of this programme, including the amortisation of the initial set-up costs over a 3-year period, was 5.2% (2006: 4.3%). 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.

Obligations under finance leases are analysed below:

EUR million	2007		2006(1)	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	290.4	282.3	299.6	293.7
Between one and five years	23.5	21.5	10.6	9.6
More than five years	2.4	2.0	0.9	0.8
Subtotal	316.3	305.8	311.1	304.1
Less: future finance charges	-10.5	-	-7.0	-
Present value of finance lease obligations	**305.8**	**-**	**304.1**	**-**

(1) As restated (see note 2.1).

NOTE 31: BORROWINGS (continued)

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 some plant and equipment under finance leases. The average lease term is less than one year. For the year ended 31 December 2007 the average effective interest rate was 4.5% (2006: 3.2%) 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 occasionally 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 addition, collateral is 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 the 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 4.3% to 5.8% in 2007 (2006: 3.3% to 6.1%).

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

		2007		2006	
Issued	Currency	Principal (in million)	Maturing	Principal (in million)	Maturing
August 2000	USD	48.0	2010	150.0	2007, 2010
March 2002	EUR	-	-	25.0	2007
June 2002	EUR	26.8	2012	26.8	2012
July 2002	EUR	-	-	120.0	2007
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 6.3% (2006: 6.8%). The euro denominated loan notes issued prior to July 2006 bear interest at an average fixed rate of 5.8% (2006: 6.0%). 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 two year 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).

During the period, Belron has negociated a new 5 year multicurrency revolving facility of EUR 500 million and has issued US private placements of USD 200 million due 2014, USD 125 million due 2017 and GBP 20 million due 2017.

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 (2006: EUR 300.0 million) programme guaranteed by the Parent. The weighted average cost over 2007 was 4.1% (2006: 2.8%). 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 (2006: 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 currently borrowed under these programmes are repayable in less than one year.

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 30 years.

Inter-segment financing items are amounts lent by the Automobile Distribution segment to Vehicle Glass segment, at arm's length conditions.

Current borrowings are due for settlement within one year.

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

EUR million	2007	2006
Between one and five years	1,024.7	726.4
After more than five years	721.1	665.5
Non-current borrowings	**1,745.8**	**1,391.9**

NOTE 31: BORROWINGS (continued)

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	2007	2006(1)
Less than one year	1,208.6	1,220.7
Between one and five years	498.3	136.8
After more than five years	455.1	665.5
Borrowings	**2,162.0**	**2,023.0**

(1) As restated (see note 2.1).

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	2007			2006(1)		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	296.0	1,267.4	1,563.4	441.0	1,092.4	1,533.4
GBP	59.0	38.9	97.9	33.5	81.6	115.1
USD	486.2	-	486.2	354.2	28.7	382.9
Other	3.2	49.2	52.4	3.2	45.2	48.4
Total	**844.4**	**1,355.5**	**2,199.9**	**831.9**	**1,247.9**	**2,079.8**

(1) As restated (see note 2.1).

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

EUR million	2007			2006(1)		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	1,156.1	478.2	1,634.3	1,306.7	506.0	1,812.7
GBP	128.9	111.5	240.4	131.1	26.3	157.4
USD	248.5	-1.0	247.5	3.9	24.9	28.8
Other	34.2	43.5	77.7	32.7	48.2	80.9
Total	**1,567.7**	**632.2**	**2,199.9**	**1,474.4**	**605.4**	**2,079.8**

(1) As restated (see note 2.1).

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:

	2007		2006	
Currency	Min.	Max.	Min.	Max.
EUR	4.3%	6.8%	3.8%	6.8%
GBP	5.9%	7.4%	5.3%	5.9%
USD	5.7%	9.0%	5.4%	6.1%
Other	5.8%	8.0%	4.3%	5.0%

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

EUR million	2007		2006	
	Fair value	Carrying amount	Fair value	Carrying amount
Bonds	195.6	200.0	198.1	200.0
Bonds under securitisation programme	266.1	266.1	231.0	231.0
Obligations under finance leases	22.7	23.4	8.4	10.4
Bank loans, loan notes and other loans	1,183.9	1,226.0	870.9	917.8
Deferred consideration	28.8	30.3	35.5	32.7
Non-current borrowings	**1,697.1**	**1,745.8**	**1,343.9**	**1,391.9**

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 estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTE 31: BORROWINGS (continued)

Certain of the borrowings in the Group have covenants attached.

In the Vehicle Glass segment, a proportion of the USD denominated borrowings amounting to USD 325 million (2006: nil) is designated as a hedge of the net investment in the US subsidiary. The foreign exchange gain of USD 18.6 million (EUR 12.9 million) on translation of borrowings to the presentation currency at the balance sheet date is recognised in equity. The fair value of the borrowings at 31 December 2007 was EUR 253.4 million (2006: nil). The ineffectiveness recognised in the income statement that arises from hedges in 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 2007				31 December 2006 (1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Non-current borrowings	477.8	730.2	537.8	1,745.8	484.6	593.9	313.4	1,391.9
Current borrowings	31.9	304.3	80.0	416.2	28.4	522.0	80.7	631.1
Adjustment for hedged borrowings	-	37.9	-	37.9	-	56.8	-	56.8
Gross debt	**509.7**	**1,072.4**	**617.8**	**2,199.9**	**513.0**	**1,172.7**	**394.1**	**2,079.8**
Less: Cash and cash equivalents	-1.9	-60.9	-17.7	-80.5	-1.5	-116.6	-37.8	-155.9
Less: Current financial assets	-24.4	-5.4	-	-29.8	-25.5	-22.6	-	-48.1
Net debt	**483.4**	**1,006.1**	**600.1**	**2,089.6**	**486.0**	**1,033.5**	**356.3**	**1,875.8**

(1) As restated (see note 2.1).

NOTE 33: PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

The Group is committed to acquiring the minority 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 minority interest (EUR 260.6 million at 31 December 2007, of which EUR 72.2 million of put options with related call options, exercisable until 2014, and EUR 188.4 million of put options with no related call options, exercisable until 2009) be reflected as a financial liability in the consolidated balance sheet. As of this moment, there remains some uncertainty regarding the treatment of the difference between the exercise price of the options and the carrying value of the minority interest that must be presented within financial liabilities (EUR 103.4 million at 31 December 2007). The Group has chosen to present such differences as additional goodwill (EUR 157.2 million). This goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of minority 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.

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 balance sheet (and of the related goodwill) would be impacted (this would however have no impact on the income statement under the accounting treatment currently applied).

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	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Trade payables	136.2	384.8	87.6	608.6	95.7	362.7	61.8	520.2
Accrued charges and deferred income	38.9	212.9	7.7	259.5	34.2	223.1	0.5	257.8
Non-income taxes	0.3	-2.0	14.3	12.6	0.5	11.6	11.1	23.2
Deferred consideration on acquisitions	-	-	3.1	3.1	-	-	6.9	6.9
Other creditors	48.4	74.6	203.1	326.1	37.4	75.2	177.1	289.7
Trade and other payables	**223.8**	**670.3**	**315.8**	**1,209.9**	**167.8**	**672.6**	**257.4**	**1,097.8**

(1) As restated (see note 2.1).

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	2007				2006(1)			
	Automobile Distribution	Car Rental	Vehicle Glass	Group	Automobile Distribution	Car Rental	Vehicle Glass	Group
Retirement benefit charges under defined contribution schemes	*-4.1*	*-5.7*	*-11.3*	*-21.1*	*-4.0*	*-4.3*	*-9.2*	*-17.5*
Retirement benefit charges under defined benefit schemes (see note 20)	*-1.1*	*-10.2*	*-6.8*	*-18.1*	*-0.6*	*-9.4*	*-5.7*	*-15.7*
Total retirement benefit charge	-5.2	-15.9	-18.1	-39.2	-4.6	-13.7	-14.9	-33.2
Wages, salaries and social security costs	-115.3	-275.4	-658.0	-1,048.7	-102.4	-270.3	-495.5	-868.2
Share-based payments: equity-settled	-0.7	-0.4	-	-1.1	-0.5	-0.2	-	-0.7
Total employee benefit expense	**-121.2**	**-291.7**	**-676.1**	**-1,089.0**	**-107.5**	**-284.2**	**-510.4**	**-902.1**
of which: current items	*-121.2*	*-291.7*	*-676.1*	*-1,089.0*	*-107.5*	*-288.6*	*-513.0*	*-909.1*
unusual items (defined benefit schemes - see notes 9 and 20)	-	-	-	-	-	*4.4*	*2.6*	*7.0*

(1) As restated (see note 2.1).

The above expense does not include the amounts charged during the period relating to the long-term management incentive scheme mentioned in note 30.

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

	2007	2006
Automobile Distribution	1,578	1,571
Car Rental	6,122	6,276
Vehicle Glass	18,281	12,731
Group	**25,981**	**20,578**

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 performance share plan, a share retention plan, a deferred bonus share 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:

	Number of options (in units)		Exercise price (EUR)	Exercise period	
Date of grant	2007	2006		From	To
2007	9,773	-	264.0	1/1/2011	2/12/2017
2006	8,315	8,315	266.0	1/1/2010	27/11/2016
2005	11,690	11,710	209.0	1/1/2009	6/11/2015
2004	9,035	9,035	142.0	1/1/2008	28/11/2014
2003	8,555	12,805	163.4	1/1/2007	16/11/2013
2002	6,130	9,830	116.0	1/1/2006	13/10/2015
2001	6,045	8,245	133.0	1/1/2005	25/10/2014
2000	13,460	14,800	267.0	1/1/2004	25/9/2013
1999	11,585	11,735	375.0	1/1/2003	17/10/2012
Total	**84,588**	**86,475**			

A high proportion of outstanding options is 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)	
	2007	2006	2007	2006
Outstanding options at the beginning of the period	86,475	91,485	215.4	197.6
Granted during the period	9,773	8,315	264.0	266.0
Forfeited during the period	-1,990	-	160.5	-
Exercised during the period	-9,750	-13,380	131.8	125.5
Other movements during the period	80	55	133.0	159.4
Outstanding options at the end of the period	**84,588**	**86,475**	**229.0**	**215.4**
of which: exercisable at the end of the period	*45,775*	*44,610*	*237.1*	*237.4*

In 2007, most of the options were exercised during the first half of the period. The average share price during the period was EUR 297.5 (2006: EUR 250.9).

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

	Number of years
31 December 2007	**7.1**
31 December 2006	7.7

NOTE 37: SHARE-BASED PAYMENTS (continued)

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 2007 and 2006 issues were as follows:

	2007	2006
Number of employees	153	140
Spot share price (EUR)	238.0	270.1
Option exercise price (EUR)	264.0	266.0
Vesting period (in years)	3.0	3.0
Expected life (in years)	6.9	6.9
Expected volatility (in %)	17%	17%
Risk free rate of return (in %)	4.60%	4.18%
Expected dividend (EUR)	2.60	2.50
Probability of ceasing employment before vesting (in %)	-	-
Weighted average fair value per option (EUR)	58.6	83.5

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 2007 is 12,504,500 (2006: 7,093,000). This represents 1.3% (2006: 0.8%) of Avis Europe plc share capital. These share options can be exercised until 2013 (2006: 2014). 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 2 years. 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 consists mainly 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 far 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.

NOTE 38: FINANCIAL RISK MANAGEMENT (continued)

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 2007								
Borrowings								
Bonds	-	9.5	100.0	38.0	100.0	12.8	200.0	60.3
Bonds under securitisation programme	-	14.2	253.6	24.6	12.5	0.2	266.1	39.0
Obligations under finance leases	283.1	7.8	21.4	4.7	2.0	0.1	306.5	12.6
Other borrowings	197.6	84.8	580.2	248.7	574.2	59.5	1,352.0	393.0
Deferred consideration	0.3	-	1.3	-	29.0	-	30.6	-
Total	481.0	116.3	956.5	316.0	717.7	72.6	2,155.2	504.9
Trade and other payables	1,209.9	0.1	10.6	1.0	-	-	1,220.5	1.1
Derivative financial assets and liabilities								
Derivative contracts - receipts	-315.0	-	-231.5	-	-89.3	-	-635.8	-
Derivative contracts - payments	322.4	-	275.7	-	107.2	-	705.3	-
Total	**1,698.3**	**116.4**	**1,011.3**	**317.0**	**735.6**	**72.6**	**3,445.2**	**506.0**
At 31 December 2006								
Borrowings								
Bonds	-	9.5	-	38.0	200.0	22.3	200.0	69.8
Bonds under securitisation programme	-	10.9	182.5	30.5	48.5	1.6	231.0	43.0
Obligations under finance leases	295.8	6.0	9.7	0.9	0.8	0.1	306.3	7.0
Other borrowings	337.1	73.2	485.6	171.0	432.5	44.3	1,255.2	288.5
Deferred consideration	0.3	-	1.3	-	31.4	-	33.0	-
Total	633.2	99.6	679.1	240.4	713.2	68.3	2,025.5	408.3
Trade and other payables	1,097.8	0.2	1.8	0.1	-	-	1,099.6	0.3
Derivative financial assets and liabilities								
Derivative contracts - receipts	-236.0	-	-232.7	-	-24.3	-103.2	-493.0	-103.2
Derivative contracts - payments	272.4	-	388.9	-	26.4	113.2	687.7	113.2
Total	**1,767.4**	**99.8**	**837.1**	**240.5**	**715.3**	**78.3**	**3,319.8**	**418.6**

Interest Rate Risk

The Group seeks to minimise 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 FRA's, 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, longer than 5 years are unusual.

More specifically, the Automobile Distribution segment also seeks to protect the lending margins forthcoming from the long-term (operational) leasing activity (D'Ieteren Lease). In this case, 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 2007	**-6.9**	**7.5**	**-7.3**	**7.3**
31 December 2006	**-8.2**	**9.9**	**-7.9**	**7.9**

Foreign 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.

NOTE 38: FINANCIAL RISK MANAGEMENT (continued)

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% increase	10% decrease	10% increase	10% decrease
31 December 2007				
EUR/GBP	-3.0	3.0	-9.1	8.9
EUR/USD	-1.2	1.3	1.9	-1.2
EUR/CHF	1.8	-1.8	-0.2	0.2
31 December 2006				
EUR/GBP	-3.0	3.2	0.5	-2.0
EUR/USD	-1.4	1.4	-2.3	2.8
EUR/CHF	1.8	-1.8	-0.2	0.2

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. 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 39: CONTINGENCIES AND COMMITMENTS

EUR million	2007	2006
Commitments to acquisition of non-current assets	47.4	50.1
Other important commitments:		
Commitments given	43.8	41.6
Commitments received	4.7	5.5

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	2007	2006(1)
Within one year	164.3	143.3
Later than one year and less than five years	250.1	219.3
After five years	123.9	107.8
Total	**538.3**	**470.4**

(1) As restated (see note 2.1).

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.

NOTE 39: CONTINGENCIES AND COMMITMENTS (continued)

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	2007				2006			
	Investment property	Vehicles	Other property, plant and equipment	Total	Investment property	Vehicles	Other property, plant and equipment	Total
Within one year	0.2	81.0	-	81.2	-	70.9	-	70.9
Later than one year and less than five years	0.6	108.0	-	108.6	0.6	98.4	-	99.0
After five years	0.5	-	-	0.5	0.5	-	-	0.5
Total	**1.3**	**189.0**	**-**	**190.3**	**1.1**	**169.3**	**-**	**170.4**

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 324.0 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	2007	2006
With entities with joint control or significant influence over the Group:		
Amount of the transactions entered into during the period	0.6	0.7
Outstanding creditor balance at 31 December	10.0	8.3
With associates:		
Sales	7.5	7.0
Purchases	-0.2	-0.5
Trade receivables outstanding at 31 December	0.4	0.4
With joint ventures in which the Group is a venturer:		
Sales	0.5	0.5
Trade receivables outstanding at 31 December	0.1	0.1
With key management personnel:		
Compensation:		
Short-term employee benefits	4.3	3.8
Post-employment benefits	0.2	0.2
Total compensation	4.5	4.0
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	0.3	0.6
Outstanding creditor balance at 31 December	0.2	-

NOTE 41: DISCONTINUED OPERATIONS

On 25 July 2007, Avis Europe disposed of its subsidiary in Greece, Olympic Commercial and Tourist Enterprises SA. The net consideration of EUR 14.4 million is after deducting a warranty provision, not settled at the balance sheet date. This provision is included in current provision in the Car Rental segment. The net assets at disposal were EUR 23.2 million and accordingly the total loss on disposal is EUR 8.8 million. The loss on disposal is presented as unusual item, together with a goodwill impairment charge of EUR 7.1 million recorded prior to the disposal.

The results, major classes of assets and liabilities and cash flows of the discontinued operation (in the Car Rental segment) in the current and prior period are as detailled below:

EUR million	31 December 2007			31 December 2006		
	Current items(1)	Unusual items and re-measurements(1)	Total	Current items(1)	Unusual items and re-measurements(1)	Total
Sales	48.7	-	48.7	81.3	-	81.3
Operating result	7.9	-15.9	-8.0	12.6	-	12.6
Result before tax	2.4	-15.9	-13.5	5.4	-	5.4
Tax expense	1.1	-	1.1	-2.4	-	-2.4
Result after tax from discontinued operations	**3.5**	**-15.9**	**-12.4**	**3.0**	**-**	**3.0**

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

Balance sheet at the date of disposal	
Goodwill	0.5
Other intangible assets	0.2
Vehicles	124.9
Other property, plant and equipment	2.4
Inventories	0.2
Current tax assets	0.1
Vehicles held under buy-back agreements	102.0
Other trade and receivables	25.9
Cash and cash equivalents	2.4
Total assets	**258.6**
Long-term employee benefit obligations	1.2
Other provisions	0.6
Deferred tax liabilities	8.5
Current borrowings	196.7
Trade and other payables	28.4
Total liabilities	**235.4**
Net asset	**23.2**

Net disposal proceeds at time of sale	22.2
Warranty provision	-7.8
Net consideration	14.4
Net asset disposed	-23.2
Loss on disposal	-8.8
Impairment loss on goodwill	-7.1
Total presented as unusual item	**-15.9**

NOTE 41: DISCONTINUED OPERATIONS (continued)

Cash flows associated to discontinued operations	2007	2006
Net cash from operating activities	0.2	17.3
Net cash from investing activities	-17.2	-24.3
Net cash from financing activities	13.0	8.2
Total	**-4.0**	**1.2**

In the Car Rental segment, the line “Disposal of equity instruments” of the segment cash flow statement (see note 3.4) includes the net disposal proceeds at time of sale (EUR 22.2 million) less the cash disposed of (EUR 2.4 million).

NOTE 42: 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. 2007	% of share capital owned at 31 Dec. 2006
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 Invest s.a.	Luxemburg	100%	100%
D’Ieteren Car Rental s.a.	Luxemburg	100%	-
Dicobel s.a.	Belgium	100%	100%
Car Rental			
Avis Europe plc	United Kingdom	59.59%	59.59%
Vehicle Glass			
Belron s.a.	Luxemburg	77.38%	73.73%

Taking into account the treasury shares held by Avis Europe, the percentages used for the consolidation of Avis Europe are slightly higher than the proportion held in Avis Europe’s share capital shown above:

	2007	2006
Average percentage	59.72%	59.63%
Year-end percentage	59.84%	59.62%

Taking into account the impact of the exercise by the Group on 30 March 2007 of a call option of 3.65% of the equity capital of Belron, the average percentage used in 2007 for the consolidation of Belron is different than the year-end percentage:

	2007	2006
Average percentage	76.94%	73.73%
Year-end percentage	77.38%	73.73%

NOTE 43: EXCHANGE RATES

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the balance sheet 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	2007	2006
Closing rate		
AUD	0.60	0.59
BRL	0.39	0.35
CAD	0.69	0.66
GBP	1.40	1.49
USD	0.69	0.76
Average rate(1)		
AUD	0.61	0.60
BRL	0.37	0.37
CAD	0.68	0.70
GBP	1.46	1.43
USD	0.73	0.80

(1) Effective average rate for the profit or loss attributable to equity holders.

NOTE 44: SUBSEQUENT EVENTS

No significant transaction out of the ordinary course of business occurred between the closing date and the date these consolidated financial statements are authorised for issue.

s.a. D'Ieteren n.v.
Abridged Statutory Financial Statements 2007

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, SC Delvaux, Fronville, Servais et Associés, 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 2007 statutory income statement and balance sheet included in this document.

Abridged Balance Sheet

At 31 December

EUR million	2007	2006
ASSETS		
Fixed assets	**2,096.7**	**2,278.9**
II. Intangible assets	2.6	1.9
III. Tangible assets	95.5	94.2
IV. Financial assets	1,998.6	2,182.8
Current assets	**430.0**	**343.9**
V. Non-current receivables	0.7	0.8
VI. Stocks	312.8	281.2
VII. Amounts receivable within one year	91.0	35.4
VIII. Investments	18.1	14.8
IX. Cash at bank and in hand	1.2	1.2
X. Deferred charges and accrued income	6.2	10.5
TOTAL ASSETS	**2,526.7**	**2,622.8**

EUR million	2007	2006
LIABILITIES		
Capital and reserves	**794.1**	**782.7**
I.A. Issued capital	160.0	160.0
II. Share premium account	24.4	24.4
IV. Reserves	573.0	572.8
V. Accumulated profits	36.7	25.5
Provisions and deferred taxes	**31.8**	**34.9**
Creditors	**1,700.8**	**1,805.2**
VIII. Amounts payable after one year	1,346.4	1,262.5
IX. Amounts payable within one year	310.4	501.2
X. Accrued charges and deferred income	44.0	41.5
TOTAL LIABILITIES	**2,526.7**	**2,622.8**

Abridged Income Statement

EUR million		2007	2006
I.	Operating income	2,585.3	2,425.5
II.	Operating charges	2,511.7	2,365.4
III.	Operating profit	73.6	60.1
IV.	Financial income	230.0	34.5
V.	Financial charges	88.1	64.9
VI.	Profit on ordinary activities before income taxes	215.5	29.7
VII.	Extraordinary income	-	-
VIII.	Extraordinary charges	186.7	-
IX.	Profit for the period before taxes	28.8	29.7
IXbis.	Deferred taxes	-	-
X.	Income taxes	1.0	-
XI.	Profit for the period	27.8	29.7
XII.	Variation of untaxed reserves(1)	0.1	0.1
XIII.	Profit for the period available for appropriation	27.9	29.8

(1) Transfers from untaxed reserves (+) / Transfers to untaxed reserves (-).

Abridged Notes

Auditor's Remuneration

The Statutory Auditor is SC Delvaux, Fronville, Servais et Associés ("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	2007
Audit	
s.a. D'Ieteren n.v. (charged by DFSA)	144,000
Non-audit	
Other assurance services	
s.a. D'Ieteren n.v. (charged by DFSA)	5,678
Tax advisory services (charged by SC Socofidex)	15,125
TOTAL	**164,803**

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.