

**Transition to IFRS**  
**Appendix of the trading update for the full year 2005**

Following the introduction of IFRS on 1 January 2005, D'leteren restated their historical data for 2004, in accordance with IFRS 1. The (unaudited) restatement of sales for the 12-month period ended 31 December 2004 is described below for each segment. The same kind of description has been provided with the trading statement for the first half of 2005.

D'leteren issued three explanatory notes on the transition to IFRS, setting out the impacts on result and equity. The first note was issued in September 2004 (appendix to the press release on the results for the first half of 2004); the second one was issued in February 2005 (in the 2004 annual report); the third one was issued in September 2005 (in the Interim Financial Report).

**Automobile distribution**

At D'leteren Auto level, the impact of the transition to IFRS on external sales is set out below :

- (a) Under Belgian GAAP, the vehicles invoiced by D'leteren Auto (to customers that are not related parties) under buy-back agreements were recorded as outright sales of new vehicles. After the repurchase by D'leteren Auto, the subsequent resale of those vehicles to third parties generated sales of second-hand vehicles. Under IFRS, vehicles delivered under buy-back agreements are accounted for as leased assets (operating leases), the related rental income being the difference between the sale price and the repurchase price. The rental income is spread over the duration of the contract (generally 4 months). The subsequent resale of those vehicles to third parties implies the recognition of sales of new vehicles. The net result of all transactions regarding a single vehicle is the same under Belgian GAAP and under IFRS ; however, timing differences arise, and the presentation of the financial statements is affected.
- (b) Under Belgian GAAP, sales of spare parts and accessories included sales with zero-margins arising from claims covered by suppliers. Under IFRS, these sales (and the related cost of sales) are eliminated.
- (c) Under Belgian GAAP, gains on disposal of vehicles de-fleeted by D'leteren Lease were included in sales of long term car rental ; under IFRS, these gains are presented as a deduction from cost of sales.
- (d) Sales of new vehicles and of spare parts and accessories recorded by D'leteren Sport are shown under IFRS in a specific category.
- (e) Some amounts were transferred from sales to other headings of the income statement. The net impact on sales of these sundry transfers is immaterial and amounts to EUR 1 million.

The reconciliation of external sales of D'leteren Auto for the 12-month period ended 31 December 2004 is set out below (in EUR million) :

		<u>Sales</u>	
New vehicles	Belgian GAAP	1607	
	Transfer to D'leteren Sport	-55	(d)
	Sub-total	1552	
	Restatement related to buy-back agreements :		
	Adjustment	-49	(a)
	Transfer from second-hand vehicles	+124	(a)
	Sundry transfers	-1	(e)
IFRS		1626	
Second-hand vehicles	Belgian GAAP	229	
	Transfer to new vehicles	-124	(a)
	Rounding difference	-1	
	IFRS		104
Spare parts and accessories	Belgian GAAP	159	
	Transfer to D'leteren Sport	-9	(d)
	Sub-total	150	
	Transfer related to claims	-15	(b)
	Sundry transfers	-1	(e)
	IFRS		134
Garages	Belgian GAAP	41	
	Sundry transfers	-2	
	IFRS		39
D'leteren Sport (two-wheelers etc.)	Belgian GAAP	-	
	Transfer from new vehicles	+55	(d)
	Transfer from spare parts and accessories	+9	(d)
	IFRS		64
D'leteren Lease (long term car rental)	Belgian GAAP	104	
	Transfer of gains on disposal in deduction of cost of sales	-6	(c)
	Sundry transfers	+4	(e)
	IFRS		102
Buy-back agreements	Belgian GAAP	-	
	Rental income related to buy-back agreements	+2	(a)
	IFRS		2
Other sales	Belgian GAAP	18	
	Sundry transfers	-1	(e)
	IFRS		17
Rounding differences	Belgian GAAP	-	
	IFRS		1
Total external sales of D'leteren Auto	Belgian GAAP	2158	
	Adjustment	-69	
	IFRS		2089

In order to enable the readers to assess the level of activity of D'leteren Auto independently from the financing arrangements (outright sales, sales under buy-back agreements, long term car rental), D'leteren decided to publish (since the trading update for the first half of 2005) the volume of new vehicles *delivered* to their customers, rather than the volume of new vehicles *invoiced* to their customers. For the 12-month period ended 31 December 2004, the number of delivered new vehicles was 99,587 units (identical to the number of invoiced new vehicles, reported under Belgian GAAP).

### **Car rental**

The impact of the transition to IFRS on the accounts of Avis Europe and 31 December 2004 was issued by Avis Europe in September 2005 in their Interim Report (see [www.avis-europe.com](http://www.avis-europe.com)). Regarding the sales of Avis Europe, no additional restatement is recorded at the D'leteren level, compared to what has already been published by Avis Europe.

### **Vehicle Glass**

External sales of Belron are unaffected by the transition to IFRS. However, due to the change in the consolidation method applied to Belron as from 1 January 2004 (previous method : equity-accounting ; new method : full consolidation), the inter-company sales are eliminated. The elimination for the 12-month period ended 31 December 2004 is not material and amounts to EUR 2 million.