Annual Report 2006

LeasePlan

It's easier to leaseplan

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Annual report 2006

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Contents

Profile

LeasePlan[1] consists of a growing international network of companies engaged in fleet and vehicle management, mainly through operating leasing. At the end of 2006, LeasePlan employed almost 6,300 people worldwide. In total, the company managed 1.26 million vehicles and a consolidated lease portfolio of EUR 13.2 billion. LeasePlan has held a universal banking licence since 1993 and is regulated by the Dutch Central Bank. The company is indirectly owned by a consortium consisting of the Volkswagen Group (50%), Mubadala Development Company (25%) and the Olayan Group (25%).

LeasePlan focuses on those segments of the automotive value chain where its services add value. Apart from aspiring to a leadership position in all the main markets in which it is active, LeasePlan constantly reviews expansion opportunities in new countries. It capitalises on its status as a bank by centrally supporting the Group's financing activities. Euro Insurances, LeasePlan's own insurance subsidiary, supports the insurance solutions offered by the Group companies as part of their integrated service offer.

[1] Throughout this report LeasePlan shall, where appropriate, be used as a reference to LeasePlan Corporation N.V. or LeasePlan as a Group of companies forming part of LeasePlan Corporation N.V.

LeasePlan is the European market leader in fleet and vehicle management. It is also one of the leading global players in this field, with offices in 28 countries and alliances in South Africa and the Baltic States.

The Group companies rank among the major players in their respective local markets, and many are market leader. LeasePlan is one of the few organisations with the broad geographical presence necessary to offer a global service to large multinational companies.

LeasePlan International plays an important role in the sale and marketing of cross-border services and manages the accounts of large international customers worldwide.

LeasePlan's geographically diversified business, its high and stable profitability, its robust capitalisation and strong liquidity are reflected in its long term credit ratings: A (stable outlook) from Standard & Poor's, A3 (stable outlook) from Moody's and A (positive outlook) from Fitch Ratings.

It’s easier because we keep evolving

Over forty years in business, tens of thousands of satisfied clients and many millions of cars processed by LeasePlan companies all over the world... that’s a lot of experience. And what’s more important, all this experience is continuously examined and assessed so that we can continue to support you with the best programmes and systems.

Key figures

ALL AMOUNTS IN MILLIONS OF EUROS

	31 December 2006	31 December 2005
Profit and loss		
Total operating income	942.1	891.6
Profit for the period	210.8	199.1
Lease contracts *	13,190	12,502
Shareholders’ equity	1,372	1,206
Total assets	15,805	14,316
Indicators		
Number of staff (nominal)	6,296	6,413
Number of vehicles	1,258,000	1,225,000
Ratios (%)		
Efficiency ratio **	68.3%	70.5%
Return on equity	16.0%	17.3%
Tier 1 ratio	8.7%	8.2%
BIS ratio	12.2%	10.0%

Ratings

	Short-term	Long-term	Outlook
Moody’s	P-2	A3	stable
Standard & Poor’s	A-1	A	stable
Fitch Ratings	F-1	A	positive

* This item includes the operating lease portfolio, the rental fleet (included in ‘Property and equipment under operating lease and rental fleet’) as well as the finance lease portfolio (included in ‘Receivables from customers’).

** Total operating expenses / Total operating income excluding impairment losses on receivables.

Foreword

In every respect, LeasePlan achieved good results in 2006. The organisation generated significant organic growth and has, through a series of successful capital market transactions, not only reinforced its financial position, but also secured complete independence in reference to its funding. Whilst the lease portfolio demonstrated organic growth of more than 5.5%, net profit increased by 5.9% to EUR 210.8 million (2005: EUR 199.1 million).

Optimising customer relationships
In view of our leading position as a strong, financially healthy and growing organisation, it is imperative that we monitor and nurture the roots of our success. As our customers play a critical role here, we make a constant effort to understand their wishes and requirements, and any underlying considerations in particular. This approach allows us to gain and retain clients, and has, in recent years, prompted us to focus on optimising our customer relationships. The resulting challenge affects the entire organisation – from staff who are in daily contact with clients and drivers, to support staff. All processes within LeasePlan reflect the wishes and requirements of our customers. After all, the product we sell is developed by and for people.

Successful strategy continued
Several changes were made to the composition of LeasePlan's Managing Board during the year under review. Abe Tomas joined as CFO in January, I was appointed Chairman and CEO in May and Hans Peter Lützenkirchen joined the Managing Board as COO in October. Both Abe Tomas and myself have been with LeasePlan for more than 15 years, while Hans Peter returned to LeasePlan more than 20 years after starting his career with the organisation.

The company's strategy has been implemented in full, and with vigour. The international network will continue to expand as a result of organic growth as well as acquisitions. In addition, our harmonised approach to business processes, which is applied throughout the global organisation, allows us to improve our business effectiveness even further. In turn, this enhances our ability to leverage our scale in realising further efficiencies and cost reductions. The impact of these changes is clearly reflected in activities such as international fleet management, financing, insurance, central purchasing and car remarketing, which have all grown. LeasePlan's strong market position is primarily attributable to the combination of these types of central processes and the entrepreneurial prowess of its international subsidiaries. We have also continued to focus on our core activities. These activities keep on growing, in terms of both volume and scope. By broadening our offer, we increasingly enable our clients to focus on their core activities.

The disposal of QEK and Keddy may be followed by the divestment of MOX. LeasePlan is also considering the future role of JB and CarflexS (its body repair activities).

Further growth
LeasePlan continues to open subsidiaries in new attractive markets. Following extensive preparations, the subsidiary in the United Arab Emirates was officially incorporated on 19 December 2006. A subsidiary in Romania will be opened shortly; it will be operational in the autumn of 2007. Both companies face a bright future; the markets in which they operate offer ample potential while LeasePlan's track record in establishing successful subsidiaries is impressive.

The fact that we operate subsidiaries in 28 countries testifies to our capabilities in this area. The integration of the Europcar Fleet Services operations in Italy, Spain and Portugal, which were acquired in 2005, has again shown that we are able to realise the synergies that drive our acquisitions.

All-embracing products

We have learnt how to run a business under different (market) conditions. In earlier years, the global economy witnessed considerable ups and downs. In addition, there are significant differences between operating in a mature market and helping to develop a market in a high-potential economy. Because we have experienced both, we have the ability to respond to unexpected developments in a professional manner.

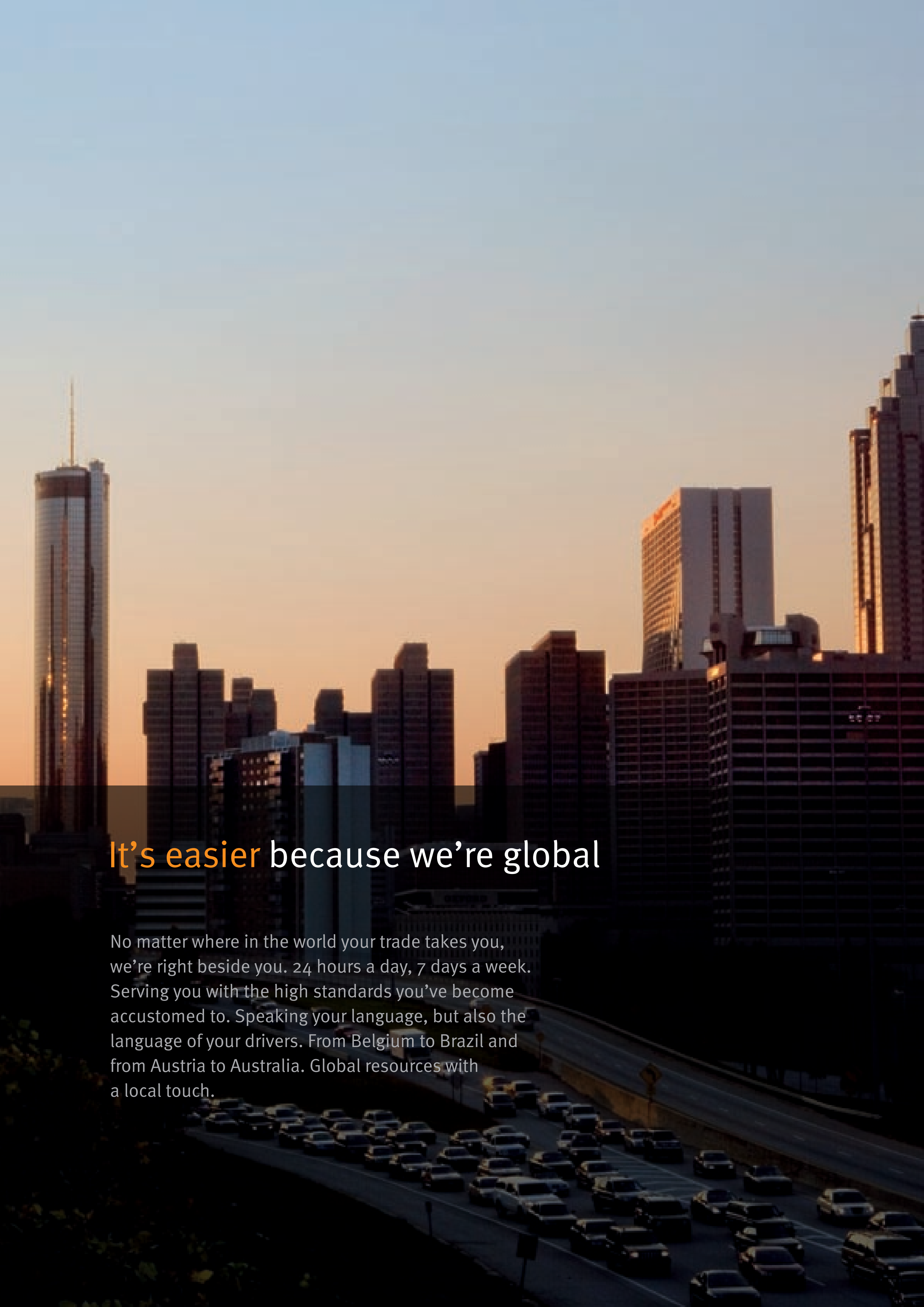
We also know which of our activities are most relevant to our clients, and adjust our focus to reflect changes in their wishes. For example, we will, over the coming period, make a concerted effort to ensure that our clients are able to outsource additional fleet management activities to us. Our larger (international) customers, with whom we maintain a sole supplier relationship, have shown particular interest in the concept of Total Fleet Outsourcing, which includes annual cost control and reduction targets.

We will additionally focus on the further development of products for small fleets. Our advanced back-office systems place us in an excellent position to reach this customer Group, which we also target via third-party distribution channels (including car dealerships and banks). Because of our size, we can offer small companies a high-quality, uniform and all-embracing product.

Investor confidence

LeasePlan's performance, which has been consistently favourable in terms of results as well as growth, continues to be strong. This has been acknowledged by the financial sector as well as the fleet management sector, where LeasePlan is recognised as a leading and innovative player. Indeed, since December 2004, more than 550 investors from 28 countries have invested EUR 9.6 billion in LeasePlan bonds and private placements. The fact that all our capital market transactions, whether in Europe or Australia, were oversubscribed reflects investor confidence in the strong development of our business. Ever since the change of shareholders in 2004, we have been confident in our ability to fund the organisation on an independent footing. The fact that we have achieved this within a short period of time bodes well for the future. LeasePlan's current liquidity position is stronger than ever. This is attributable to the maturity spread of its long-term funding and its steady flow of income from diverse sources. The balanced combination of solid growth and sound funding has resulted in an organisation that is healthy across the board. An organisation that benefits all stakeholders, today as well as tomorrow.

To reinforce this position, we will continue to improve our risk management processes in line with Basel II. In our capacity as supervised bank we have paid careful attention to our risk processes and systems. Within this context, we have decided to adopt an advanced risk methodology, which is due to be implemented as of 1 January 2008. Preparations for the new risk methodology started several years ago, and we have made considerable progress during the year under review.



It’s easier because we’re global

No matter where in the world your trade takes you, we’re right beside you. 24 hours a day, 7 days a week. Serving you with the high standards you’ve become accustomed to. Speaking your language, but also the language of your drivers. From Belgium to Brazil and from Austria to Australia. Global resources with a local touch.

Focus on sustainability
The need and wish for sustainable entrepreneurship is increasingly evident in recent years. A growing number of customers ask us for explicit help in this area. Needless to say, the negative environmental impact of the automotive sector places it at a disadvantage from the outset. On the other hand, as a fleet manager, we are ideally positioned to assist our clients with sustainability issues. Sustainability is about finding a balance between earnings, the well-being of individuals and the creation of a healthy environment.

These three aspects are just as important to companies as they are to society as a whole. LeasePlan offers a variety of tools to assist its customers in meeting their objectives in this respect. We can help reduce CO_2 emissions, promote and improve safety, offer advice on more fuel-efficient and cleaner cars, and make recommendations to improve driving behaviour. We will increasingly focus on these areas over the coming years. As far as our own organisation is concerned, sustainability, of which care for the community forms an integral part, will also grow in importance over the coming years. Although sustainable operations cannot be established overnight, we will not shirk our responsibilities in this area. This also applies in situations where we are able to make a more direct contribution, such as the LeasePlan ChildPlan project, which is discussed on page 14 and 15.

The power of LeasePlan
No matter how much we rely on technological solutions and advanced systems, our real strength lies with our employees. It is our employees who make the difference – day in, day out. I would therefore like to take this opportunity to thank each and every member of our staff for their commitment and hard work. I would like to thank our customers for the trust they have placed in LeasePlan, which has allowed us to broaden and improve our product offer and I would like to thank our investors for the confidence they have shown in our company and the future of our business. I would also like to express my gratitude to our service partners and suppliers for supporting us with the development of our product and business and finally to our shareholders for giving us the room to explore new avenues and be entrepreneurs.

Vahid Daemi

Chairman of the Managing Board
Chief Executive Officer

Report of the Managing Board

Highlights

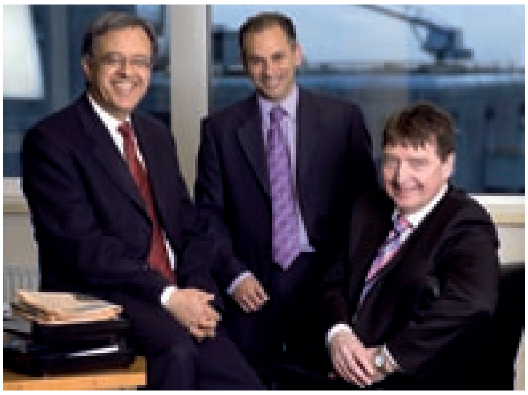
LeasePlan experienced another successful year, securing an increase in both turnover and profit. The company celebrated its 44th anniversary in February 2007 and managed to continue its consistent year-on-year profit growth. In addition to our traditional strengths, including our diverse product range and broad geographic network, we increasingly leverage the scale and scope of our business. Although competition in the fleet and vehicle management industry is becoming fiercer, the diverse nature of this industry creates sufficient opportunities to generate value-added growth. In view of its leading position, LeasePlan is well positioned to exploit this industry trend.

The net result for 2006 improved to EUR 210.8 million (+ 5.9%). Expressed in terms of numbers of cars, the volume of business showed a slightly smaller increase (+ 33,600 units; 2.7%). In terms of the (lease contract) portfolio size, the volume of business grew by EUR 691 million (+ 5.5%). The total fleet comprised 1,258,000 vehicles at year-end 2006. The number of staff employed fell slightly to 6,296 (-/- 1.8%).

Whereas operating income rose to EUR 942.1 million (+ 5.7%), operating expenses rose slightly less, to EUR 658.9 million (+ 3.2%). As a consequence, the operating result and the efficiency ratio have improved to EUR 283.2 million (+ 12.0%) and 68.3% respectively.

LeasePlan's market position was further strengthened in 2006 by the successful integration of Europcar Fleet Services in Italy, Spain and Portugal, which were acquired in 2005. The geographic network has been further expanded by a new operation in the United Arab Emirates (started in 2006) and the imminent establishment of LeasePlan in Romania.

In view of its decision to focus on the scale and scope of its core business, LeasePlan decided to divest activities that fall outside its core fleet and vehicle management operations. QEK Benelux and Keddy Rental were sold during the reporting period, while the future role of JB/CarflexS is being considered and MOX may be divested. Investments in core business activities that broaden the scale and scope of LeasePlan's operations continue to be made. In this respect, LeasePlan puts emphasis on the international sale of vehicles via CarNext, international procurement via LeasePlan Supply Services, the constantly evolving insurance offer extended by Euro Insurances and the growing market potential exploited by LeasePlan International.



Managing Board LeasePlan from left to right: Vahid Daemi, Abe Tomas and Hans Peter Lützenkirchen

Outlook

While we have again achieved good results, market conditions have not always been in our favour. Having said that, the diversification of activities in terms of geography, income and risk, has resulted in highly stable earnings, supported by long-term contracts that generate predictable cashflows. As a consequence, barring unforeseen circumstances, we are confident about the financial year 2007 and expect the annual profit growth evident since 1963 to continue, culminating in even better results.

Strategic perspective

Throughout its history, LeasePlan has had an important impact on the market for fleet and vehicle management. It is a role the company will continue to fulfil in the future. Our activities have always been rooted in innovation. Not only in terms of product development and systems, but also in terms of our customer approach and the solutions we deploy to tailor our services to their corporate objectives. Over the past few years, LeasePlan has made a concerted and successful effort in the area of Customer Relationship Management (CRM). At the same time, we have allocated considerable resources to the harmonisation of business processes within the Group companies, thus optimising intra-Group synergies. The above approach allows all subsidiaries – and, as a consequence, all customers – to benefit from our best practices, which are sourced from all parts of the Group. The use of a common ICT infrastructure and centrally developed software allows every subsidiary within the global network to offer its customers a consistently high-quality service without losing track of local requirements and business parameters.

Development on two fronts

LeasePlan has always pursued a growth strategy, and will continue to do so. However, growth is only possible if supported by a strong organisation and backed by solid funding. Both have developed favourably in recent years. A coherent programme of quality improvement initiatives over the past five years has led to a considerable strengthening of our organisation and has enhanced LeasePlan's professional reputation across the globe. Several new funding sources were exploited following the change of shareholders in 2004. A number of successful capital market transactions have since been completed, helping to optimise the funding operations. The correlation between these two activities is all the more important because LeasePlan has a licence to operate as a universal bank. This status is unparalleled in the leasing market. Within LeasePlan, the funding and fleet management activities are combined in a unique manner. LeasePlan targets a careful balance between maintaining the service excellence of its fleet management organisation on the one hand, and the trust of the capital markets on the other. One is closely related to the other. The trust bestowed by the capital markets is directly linked to the organisation's success, which, in turn, relies on efficiency improvements and cost controls. Here too, the objective is operational excellence. Conversely, the financial operations aim to facilitate the company's independent growth.

Considerable progress has been made with preparations for the implementation of the Basel II international capital framework. LeasePlan has opted for an advanced risk management model, which has already improved the company-wide risk management discipline by providing a better insight into the risk sensitivity of individual processes.

Expansion and concentration

The combination of healthy growth and the harmonisation of intra-Group business processes allows LeasePlan to focus on efficiency improvements and cost controls. Based on the above concept, LeasePlan has, over the years, established companies that target specific segments of the automotive value chain. Examples include Euro Insurances, a highly successful motor insurance company, LeasePlan Supply Services, which provides global procurement services, and CarNext, which coordinates the cross-border sale of used cars.

The rationale for combining insurance activities with central purchasing is self-evident. Euro Insurances permits LeasePlan to offer its customers a better overall product that includes insurance.

The insurance product is efficient and involves low handling costs. It also facilitates price differentiation (between contracts). Moreover, LeasePlan's size and business efficiency allow it to assume a certain level of risk, which keeps costs under control.

CarNext offers a unique opportunity to enlarge the market for used LeasePlan cars by selling specific makes and models in markets where demand is strongest, thus maximising the selling price. The software package that facilitates the cross-border sale of used cars was rolled out only recently; its potential is considerable.

At the same time, commercial reality continues to change in line with the market, requiring LeasePlan to assess whether specific activities continue to form part of its core business. Partly in view of these assessments, management divested QEK Benelux (vehicle management solutions) and Keddy Belgium (short-term rental). The other QEK activities were divested in 2005. The company is making preparations for the divestment of MOX (golf cart leasing). Moreover LeasePlan is considering its approach towards JB and CarflexS (its body repair activities).

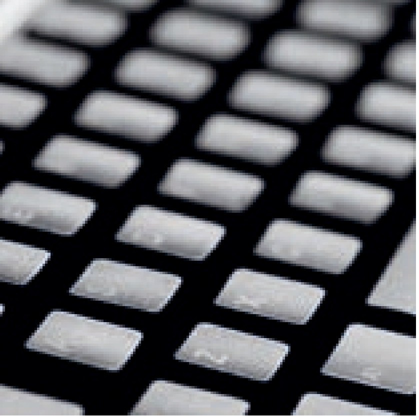
Client focus

The CRM strategy implemented in recent years has proven highly successful, creating a uniform customer approach throughout the organisation. Regular customer satisfaction surveys play an important role in the ongoing search for excellence. Such surveys are conducted at least once a year in all major countries where LeasePlan maintains a presence. A centrally coordinated quality monitoring system was introduced in several key countries in 2006. The system uses data from customer satisfaction surveys to highlight areas for improvement or change.

LeasePlan has always made an effort to ensure that its customers spend as little time as possible managing their fleet. By combining this objective with powerful ICT solutions, LeasePlan has developed and introduced several advanced systems. A number of important changes were made to these systems during the year under review. In addition to a widely used functionality that allows customers to calculate lease-related costs, a new module has been introduced that enables customers to communicate directly with LeasePlan on many day-to-day issues via an electronic communication channel. An upgrade of Plan8Push, the highly popular reporting programme, is scheduled for 2007. At the same time, the name of the package will be changed to FleetReporting.

Sustainability vision

Sustainability is a broad subject that affects the LeasePlan organisation at different levels. As far as LeasePlan's operations are concerned, sustainable entrepreneurship plays an important role. Each subsidiary is responsible for minimising the environmental impact of its operations. Where sustainability overlaps with care for the internal community, LeasePlan lives up to its responsibilities by creating a healthy, inspiring and challenging work environment, and by offering favourable compensation and benefits. When it comes to the external community, many LeasePlan companies are actively involved in local community projects. The organisation has also established LeasePlan ChildPlan, a centralised project that helps disadvantaged children in developing countries. LeasePlan ChildPlan is a joint project between LeasePlan and Net4kids, a foundation that ensures all donations reach their intended destination. Net4kids and LeasePlan ChildPlan have jointly committed to a project that supports street children at the Child Watabaran Center in Nepal. As part



of this longer term commitment, a mobile health service will be set up for children who are otherwise deprived of healthcare. LeasePlan will post regular project updates on the Net4kids website (among other media).

As far as LeasePlan's core activities are concerned, the organisation plays an important role in advising its customers about sustainable entrepreneurship. There is a long-held notion that large fleets are, in view of their impact on the environment, incompatible with the concept of sustainability. While this environmental impact is very real, so is the large number of cars on the road each day. If the environmental and societal impact of the motor vehicle can be reduced, a more sustainable society will be created. Fleet managers are ideally positioned to assist customers wishing to make their fleet more sustainable, particularly if they have LeasePlan's size, experience and expertise. Over the years, LeasePlan has amassed a wealth of knowledge and experience in areas such as automotive engineering, fuel consumption, (the impact of) maintenance, and sensible driving behaviour.

In their sustainability drive, LeasePlan customers target a healthy balance between three variables: People, Planet and Profit. One positive side-effect is that different activities aimed at improving sustainability are mutually reinforcing. Proper maintenance, for example, is not only good for the environment and society within a wider context, it also keeps costs under control. A quality fleet management discipline should, at any rate, allow for improved sustainability without increasing costs. As far as fleets are concerned, one of the most important issues to consider is CO_2 emissions and their impact on global warming. In addressing this issue, LeasePlan has introduced the GreenPlan initiative, which includes a series of measures to reduce or compensate CO_2 emissions (choice of cars, imposition of fuel limits, driving behaviour).

Information management and ICT

Advanced ICT systems have made a critical contribution to the development of both LeasePlan and the car leasing sector as a whole. As a consequence, LeasePlan constantly improves and expands its ICT systems. This has resulted in a solid infrastructure comprising uniform systems and programmes that use a shared data centre. In addition, our company policy clearly calls for further improvements to external and internal IT service levels, further cost efficiencies and improved steering and management of strategic IT projects at Group level.

During 2006, preparations continued for the development of a new global common system using advanced technology. Within LeasePlan Australia a blueprint has been developed that will form the basis of a global blueprint being prepared. Assuming the new common system is successful and its benefits are realised, it may be introduced in other LeasePlan countries in a phased approach.

As far as LeasePlan's core activities are concerned, the organisation plays an important role in advising its customers about sustainable entrepreneurship.

Only green coloured cars are completely green. But when it comes to sustainability you'll find that we know how to manage vehicle fleets in a way that best complies with societal, health and environmental needs. This knowledge extends to training drivers and choosing the right cars and strategies for saving fuel and reducing CO_2 emissions. We know a lot about things that help make your fleet as sustainable as possible. With LeasePlan you're given the green light to keep on driving.

It's easier to be green

Financial review

Equity position

Shareholders' equity rose by EUR 165.7 million (13.7%) to EUR 1,372.0 million in 2006. This represents a Tier 1 capital base for compliance with bank supervision solvency rules of EUR 1,245.6 million (an increase of EUR 134.3 million or 12.1%).

Growth in shareholders' equity is attributable to the result for the year (EUR 210.8 million), an interim dividend of EUR 65 million, negative foreign exchange differences of EUR 6.1 million and marking-to-market revaluations of hedging derivatives of EUR 26.0 million. The increase in shareholders' equity highlights our ability to support the Group's autonomous growth on a structural basis, while simultaneously meeting the dividend requirements of our shareholders. The Tier 1 capital base reflects LeasePlan's commitment to maintaining an average ratio between Tier 1 capital and risk-weighted assets of 8% over the year. Again, LeasePlan's sound and consistent performance demonstrates its ability to self-support autonomous growth in risk-weighted assets, whilst maintaining the right capital ratios.

The overall BIS ratio, including Tier 2 subordinated debt funding, increased to 12.2% mainly due to a successful issue of lower Tier 2 bonds under LeasePlan's EMTN programme. The issue was used to repay Tier 2 funding extended by (former) shareholders and to increase the level of Tier 2 subordinated debt funding (from EUR 240.9 million to EUR 500 million).

Financial result

The number of funded cars grew by 4.1% (or 37,400 units) in 2006, causing the lease contracts to increase to EUR 13.2 billion. This represents an increase of EUR 0.7 billion (5.5%) compared to 2005. Growth in the asset base reflects the growth opportunities that LeasePlan pursues on an ongoing basis. Clear differences in the lifecycle of geographical markets where LeasePlan is active allow the Group to benefit from selective growth strategies. In 2006, almost all LeasePlan entities contributed to growth (the growth percentages varied between -1% and 142%).

Total operating income rose by 5.7% to EUR 942.1 million. As the increase in total operating expenses was lower (by 3.2% to EUR 658.9 million), LeasePlan improved its efficiency ratio by 2.2%-point to 68.3% in 2006. LeasePlan is constantly targeting a reduction in the reported ratio as a reflection of further improved efficiencies. The ratio should, however, also be seen in the context of its fleet and vehicle management activities.

The acquisition and efficient integration of Europcar Fleet Services in Italy, Spain and Portugal, improved the balance between income and expenses. Adjusted for one-off integration costs, these operations already contributed to the profit during the reporting period.

A breakdown of total operating income (of EUR 942.1 million) not only highlights the growing importance of other revenues (48% of total operating income), it also points to LeasePlan's diminishing reliance on traditional sources of income, such as interest margins and fee income. This ongoing trend further diversifies LeasePlan's income stream and enhances its strategic ability to benefit from the increased scale and scope of its business.

Income tax expenses increased compared to last year on account of the higher total operating result and a slightly higher effective tax rate of 26.1%. The latter was mainly due to a revaluation of deferred tax assets in two of the countries where LeasePlan is active (and where corporate income tax rates are due to be lowered in 2007 and 2008).

The profit for the year under review amounted to EUR 210.8 million, representing a healthy increase of 5.9% compared to the previous year.

Funding and liquidity

LeasePlan's treasury activities are centralised in Dublin and are responsible for managing all debt capital market transactions, intra-Group financing and related treasury services.

All issues were significantly oversubscribed, underscoring the demand for LeasePlan bonds.

The treasury unit achieved several exceptional results during the reporting period, including the re-financing of LeasePlan's balance sheet in international Debt Capital Markets in a truly diversified manner, enabling LeasePlan to terminate a EUR 5.0 billion Facility Credit Agreement from its former parent ABN AMRO two and a half years ahead of schedule.

Since the inaugural benchmark public bond issue in December 2004, LeasePlan has issued EUR 9.6 billion in public bonds and private placements (split 50/50). The strategy of diversification by investor base, product and currency was again in evidence this year, resulting in five public benchmark issues (totalling EUR 2.7 billion) in three different currencies and targeted at a diverse investor base. Issuing currencies were Australian Dollars (AUD 500 million), Euros (EUR 1,250 million) and Pounds Sterling (GBP 750 million). All issues were significantly oversubscribed, underscoring the demand for LeasePlan bonds generated by an intensive roadshow programme during which LeasePlan met with more than 350 investors in 18 countries over the past two years.

A number of these bond issues picked up awards from leading financial weekly publications in Europe and Australia, all highlighting that these issues had attracted participation from the highest quality real money investors. Euroweek (the leading weekly in Debt Capital Markets) in particular recognised these achievements when they awarded LeasePlan its award for 'Best New Euro MTN Borrower' as well as featuring it in the 'One to Watch' category in the 'Celebration of Excellence' publication.

Thanks to the successful refinancing in international Debt Capital Markets, LeasePlan is now on a stronger liquidity footing than at any time in its history. The EUR 500 million 10-year non-call 5 lower Tier 2 issue strengthened LeasePlan's overall BIS ratio to 12.2% at year-end 2006, comfortably above LeasePlan's minimum target ratio of 10%. Of the proceeds, EUR 240.9 million was used to repay lower Tier 2 loans previously extended by consecutive shareholders.

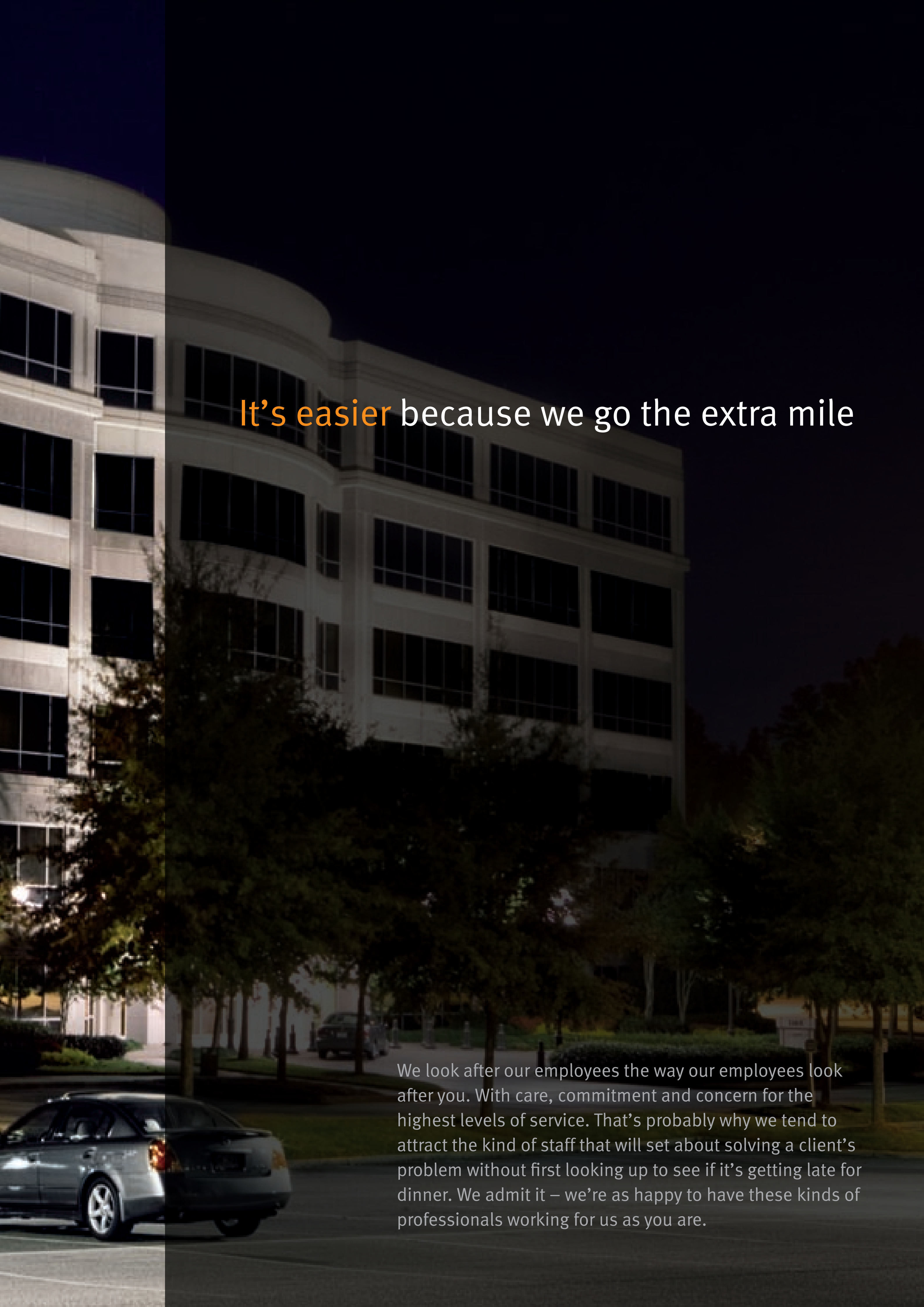
The termination of the ABN AMRO Facility Credit Agreement has led to the establishment of alternative back-stop liquidity facilities. These include a new EUR 2 billion syndicated back-stop facility extended by 24 leading banks and a EUR 1 billion own book securitisation as described hereunder in addition to the existing EUR 750 million of the Dutch Central Bank approved liquidity back-stop facilities from three Dutch Banks.

December 2006 saw LeasePlan's first own book securitisation transaction, which involved the securitisation of the lease portfolio of LeasePlan in the Netherlands. The transaction entailed the issue of debt securities totalling EUR 1 billion. The anticipated average weighted term of the transaction is approximately seven years, with the first repayments due after five years. The transaction was rated by Fitch Ratings. The vast majority of the debt securities (notes) have been rated triple-A. The notes are listed on the Irish Stock Exchange. LeasePlan acquired all the above debt securities and deposited them with the Dutch Central Bank as collateral. In turn, this allowed LeasePlan Treasury to participate in monetary central bank transactions up to a maximum of EUR 1 billion. Undrawn, this facility creates a significant addition to LeasePlan's reported liquidity.

In 2007, LeasePlan will continue its funding diversification strategy with a focus on asset backed funding on a programme basis.

During 2006, LeasePlan enlisted the services of Fitch Ratings as its third rating agency. Fitch Ratings assigned LeasePlan a long-term credit rating of A, with a positive outlook. This outlook reflects Fitch's opinion that LeasePlan's debt rating could be upgraded if (i) it successfully finalises its independent re-financing in the international debt capital markets and (ii) it implements the alternative liquidity back-stop facilities described above. The newly implemented liquidity back-stop strategy was shared with the three rating agencies, all of which took a very positive view of these developments.


LeasePlan



It’s easier because we go the extra mile

We look after our employees the way our employees look after you. With care, commitment and concern for the highest levels of service. That’s probably why we tend to attract the kind of staff that will set about solving a client’s problem without first looking up to see if it’s getting late for dinner. We admit it – we’re as happy to have these kinds of professionals working for us as you are.

Risk and risk management

LeasePlan's fleet management activities are exposed to the following special risks: risks related to residual values, credit risks, operational risks, insurance risks, treasury risks and compliance risks. LeasePlan has identified these risks, and taken steps to manage them as effectively as possible. All risk management systems are being honed in preparation for the implementation of the Basel II revised international capital framework on 1 January 2008. It is noted that LeasePlan is preparing for the implementation of advanced methodologies.

By making the risk sensitivity of individual processes more transparent, these efforts have already had a favourable impact on the risk management discipline at Group level. In addition to the above measures, the models used to estimate credit risks were improved, a new credit risk management reporting system was introduced, operational risk management procedures were rolled out to all LeasePlan entities and a model capable of quantifying capital requirements for operational risk management was developed. In response to the Basel II requirements (Second Pillar), governance of risk management has been improved and broadened.

Residual values

As the residual value (the value of the vehicle at the end of the lease as estimated by LeasePlan in advance) may differ from the actual market price at the end of the lease, it is considered a market risk. The residual value is mainly influenced by external factors and surrounded with internal procedures.

External factors, such as the supply of used cars, consumer preferences, exchange rates and government policies, can only be managed to a certain extent. Within this context, developing cars that are more environment-friendly and promoting them through the possible restructuring of national car tax systems are important to LeasePlan. These factors may influence the residual values of the present generation of more polluting cars.

Internal procedures, including the calculation of residual values, can be controlled. The Group has a robust policy in place with respect to residual value risks. This policy establishes an adequate residual value risk management framework for all LeasePlan entities. Among other things, it describes the roles and responsibilities in relation to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum risk mitigation standards.

Statistical models are applied to calculate the future value of a car as accurately as possible, taking country-specific factors into account. LeasePlan has an advanced management information system, which accurately monitors the development of residual values under its lease contracts. It also monitors the residual values realised when the vehicles are sold. In addition, all LeasePlan entities assess their portfolio exposure to residual values at least once a year, depending on the size and risk profile, and consider whether there are any indications for revaluation.

LeasePlan has an advanced management information system, which accurately monitors the development of residual values under its lease contracts.

To optimise risk exposure at Group level, best practices in the area of residual value risk management are shared among the Group entities. In turn, this improves client propositions and Group results.

Credit risks
In most countries where LeasePlan is active, economic developments were favourable during the year under review. Moreover, a growing share of the portfolio comprises large international clients, most of which have a sound financial basis. This has caused the creditworthiness of the consolidated LeasePlan portfolio to improve slightly.

The creditworthiness of corporate clients is regularly monitored using a global credit management system that includes a rating model designed to calculate the likelihood of a client not being able to meets its obligations in time. During 2006, the rating model was reviewed and certain elements were modified to improve its predictability. Furthermore, a concrete effort was made to upgrade LeasePlan's management information system, which supports the organisation in calculating its capital requirements under Basel II regulations.

Operational risks
Operational risk management focuses on identifying weaknesses in internal procedures and external causes of wilful or accidental damage to the company. Procedures are adapted to prevent losses or limit their potential impact. LeasePlan actively manages operational risks at a local and central level, mainly using three support tools. The first consists of a central database used to collect and analyse information on operational losses incurred by all Group companies. Second, LeasePlan has developed risk self-assessment methods, which have been rolled out to all Group companies. This method provides Group companies with a structural means of identifying current and future risks, as well as the necessary steps to mitigate them. Third, all identified operational risks are collected in 'risk libraries', which were developed and implemented in all LeasePlan entities in 2006. These libraries, which are consolidated centrally, provide guidance for sharing best practices among Group companies and form the basis for estimating and preventing future losses.

In 2006, initiatives in the area of business continuity management, which also forms part of operational risk management, focused on the ongoing testing and maintenance of the contingency plans. These plans guarantee that critical business processes are repaired in time in the event of a serious disruption.

Insurance risks
LeasePlan extends non-life insurance services in relation to a growing number of vehicles. This not only involves risks on account of vehicle damage (short-tail risk, which is materially kept in-house), but also in relation to third party liability, passenger indemnity and legal assistance (long-tail risk, which is largely reinsured). Some of these risks, such as the risk of exceptional damage and incidence (for example hail and flood damage), are insured with financially healthy reinsurers. During the year under review, LeasePlan also established a reinsurance captive on the Isle of Man to better structure these programmes.

Vehicle fleets are underwritten in accordance with strict procedures. Regular analysis of claims statistics, strict compliance with claims handling procedures and, when necessary, reviews of insurance premiums ensure a healthy balance between premiums and claims risk, both on an aggregate level and at an individual fleet level. The insurance premiums can be adjusted annually during the term of the lease.

The provision for claims is regularly assessed and periodically checked by external actuaries. LeasePlan's insurance company, Euro Insurances (based in Dublin, Ireland), is regulated by the Irish Financial Services Regulatory Authority and its 'European passport' enables it to support Group companies in all EU countries.

Treasury risks
To manage treasury risks, LeasePlan applies risk limits and regularly conducts risk analyses. Interest rate and exchange rate risks are minimised by financing the lease contracts in local currencies, and by ensuring that the financial instruments match the term of the contract wherever possible. Derivatives are used only for hedging purposes. In 2006, the range of product offering via LeasePlan's treasury department was further expanded, requiring the risk management activities to be adjusted in order to monitor the accompanying risks. As LeasePlan raises funding on an independent footing, the monitoring of liquidity risk has become more important. The successful implementation of a strategy of lengthening the maturity profile of LeasePlan's debt while diversifying our sources of funding has put LeasePlan in a stronger liquidity position than ever before. In addition to this, LeasePlan has arranged back-stop facilities in excess of EUR 3 billion.

Compliance risks
LeasePlan realises that sound business operations depend on reliable and well-disciplined staff. As a consequence, the company has adopted several corporate values, which are embedded throughout the Group. To make certain that the role of compliance risk management reflects international developments and regulations, LeasePlan has drawn up a compliance charter and accompanying policy for the entire Group.

All medium-sized and large Group companies employ a Compliance Officer as well as an Information Security Officer. This not only ensures that compliance is actively monitored at a local level, but guarantees that information relating to LeasePlan, its customers, its drivers and its suppliers is secure.

The successful implementation of a strategy of lengthening the maturity profile of LeasePlan's debt while diversifying our sources of funding has put LeasePlan in a stronger liquidity position than ever before.

Human Resources Management

LeasePlan's corporate Human Resources (HR) department supports the local LeasePlan operating companies with their HR activities and strives to be a service excellence centre in the areas of international training, management development, compensation & benefits for senior management and offering of best practices. Our objective is to ensure that our employees continue to make the difference. This is also reflected in our training programmes and remuneration structures.

LeasePlan HR's strategic focus has shifted from local companies operating as independent entities to a more centralised approach that emphasises the mutual dependence of these local entities. This is achieved by standardising HR policies and processes and by harmonising HR methodologies and tools. The actual implementation and execution of HR policies is left to the Group companies. LeasePlan's objective is to recruit and retain the best people and to develop their skills. This supports LeasePlan in achieving its strategic objectives. With this goal in mind, a series of management development programmes was introduced in 2006. These programmes, which form part of the recently established LeasePlan Academy, are targeted at senior management and high-potentials. They involve training, coaching and tutoring. Other programmes will follow in 2007.

The year under review also saw the introduction of several measures aimed at improving communications among the Group companies and between the Group companies and the central HR department. HR representatives from the largest Group companies meet twice a year to discuss global HR projects and trends and to exchange best practices.

To optimise cost controls, LeasePlan stimulates the efficient use of internal services. To this end, a start was made with the 'multinational pooling' programme in 2006. Under this programme, local employee benefit contracts are pooled within an umbrella arrangement.
The resulting savings accrue to the Group companies. In line with social developments, the existing pension schemes offered in a number of countries have been made future-proof. In many cases, this involved a conversion from defined benefit to defined contribution.
As LeasePlan is a quality employer, all subsidiaries offer competitive and favourable compensation and benefits packages. In addition, most Group companies organise activities that allow LeasePlan staff to get to know each other better and stimulate teamwork.

Apart from caring for the wellbeing of staff, many Group companies organise community care activities. At a local level, LeasePlan organises various activities that support the disadvantaged.

LeasePlan's objective is to recruit and retain the best people and to develop their skills. This supports LeasePlan in achieving its strategic objectives.

It’s easier because we’re proactive

We have plenty of experience. So we often know what drivers like before they ask for it. Just like we know what fleet owners need in order to meet their targets. And because we’re dedicated to your success, we’ll provide you with a head start whenever we can. When you need it. In the form you need it. The only thing we like more than taking the lead, is passing it on to you.

Review of operations

LeasePlan targets areas of the automotive value chain where it is able to add value. Its activities range from buying new cars to selling used cars at the end of their lease period. The company additionally offers related services, which are either extended by Group entities or by partner companies (under LeasePlan's supervision).

While LeasePlan's core activities comprise vehicle and fleet management, its subsidiaries Euro Insurances and Travelcard Nederland offer car insurance and a system for controlling fuel costs respectively. LeasePlan International is charged with concluding international fleet management contracts for companies with multinational operations.

Although they do not maintain direct contact with LeasePlan's customers, both CarNext, which specialises in the cross-border sale of used cars, and LeasePlan Supply Services, which is responsible for central purchasing, make an important contribution to the optimisation of LeasePlan's overall service offer.

Fleet and vehicle management
LeasePlan's core business is the provision of fleet and vehicle management services to both business users and the public sector. LeasePlan's key objective is to become the preferred partner for fleet owners by offering cost-efficient fleet management solutions. The company directly services the large fleet segment by providing proactive advice and outsourcing solutions. The small fleet segment is targeted both directly and indirectly, through a network of distribution partners. LeasePlan offers a wide range of leasing and fleet management products, designed to suit the specific requirements of any client, regardless of its fleet size.

A key focus for LeasePlan is the essential combination of service excellence vis-à-vis the client and its drivers, and a commitment to lowering the total cost of ownership. LeasePlan's operational business is managed through a regional structure, whereby the corporate centre provides local subsidiaries with support and added-value services. Almost all companies performed in line with expectations during 2006, making a major contribution to the Group's overall profit.

Competition remains strong in all markets, with fees and margins under constant pressure; many markets experience growing consolidation among leasing and fleet management companies. Growth in mergers and acquisitions is also evident. Countries most affected by this trend are Germany, the United Kingdom, Australia and New Zealand. Despite these developments, LeasePlan managed to increase its fleet by 2.7% compared with 2005, equalling or outperforming local market operating lease growth in the majority of the countries in which LeasePlan operates. LeasePlan has maintained its strong focus on continuous improvements to customer services.
Our objective is to establish long-term business partnerships with our clients by delivering our brand promise: "It's easier to leaseplan".

LeasePlan maintains a presence in 28 countries and continually looks to expand into new geographic markets, thus allowing the organisation to offer its clients fleet solutions via a truly global network. This expansion programme is achieved through a combination of "greenfield" establishments and, where possible, targeted acquisitions.

A key focus for LeasePlan is the essential combination of service excellence vis-à-vis the client and its drivers, and a commitment to lowering the total cost of ownership.

Forms of leasing

There are two basic forms of leasing: finance leasing and operating leasing. The difference between the two primarily lies in the economic ownership of the vehicle. Under a finance lease, the economic risk is borne by the customer. The vehicle is usually carried on the customer's balance sheet. Under an operating lease, the economic risk (mainly related to residual value) is borne by the lessor. In this case, the vehicle is carried on the lessor's balance sheet, not the customer's. Less than 20% of LeasePlan's portfolio consists of finance leases.

LeasePlan operating leases

Payment for services can be arranged in several ways, depending on the customer's preference. LeasePlan has achieved market leadership on the basis of its Open Calculation concept, which gives the customer full access to all the information on costs actually incurred. With this type of agreement, LeasePlan bears the risk if the actual costs exceed the budgeted costs – i.e. the customer is credited if the actual costs are less than the budgeted costs. With the Closed Calculation concept, the customer has limited cost transparency and any positive or negative divergences from the budgeted costs are for the account of LeasePlan. LeasePlan's services have evolved in recent years towards a harmonised but still highly diverse global product range that accurately matches the needs of individual customers. Drawing on its global expertise, LeasePlan has developed a set of six core products designed to meet the wishes of the customers with maximum effect. These core products are available in all countries, which is of great importance when concluding consistent international agreements with multinational customers.

CarNext

The residual value of a car at the end of the lease contract is vital, particularly in view of the type of lease contracts offered by the Group. Although the selling price may be accurately predicted on the basis of regularly updated models, it is important that the overall sales process is optimised. Within this context, the country organisations are dependent on local demand, which could fluctuate considerably from demand in other geographic markets. This not only applies in terms of price, but also in terms of specific makes and models. As it maintains subsidiaries in most European countries, LeasePlan is ideally positioned to exploit discrepancies in local demand for specific makes and models by facilitating cross-border sales. This approach enlarges the geographic market in which cars may be sold, thus optimising the selling price. To facilitate the cross-border sale of used cars, LeasePlan's subsidiary CarNext uses a proprietary software package, which was first piloted in 2006. CarNext additionally organises highly successful (physical) car auctions in a number of countries, and provides general support to the country organisations by exchanging best practices. One spin-off is the further development and future TüV certification of internal guidelines for the 'Fair Wear & Tear' standard. These guidelines establish standards for normal and acceptable wear and tear. LeasePlan is the first company in the world to be awarded the 'Fair Wear & Tear' standard. TüV Cert, an independent certification agency, reviewed the car remarketing activities of seven European subsidiaries before awarding a certificate. The certification process will be continued in 2007.

LeasePlan Supply Services

For a company like LeasePlan, which consists of a powerful and coherent network of Group companies, the cost advantages of global procurement are obvious. The distribution, sale, repair and maintenance of cars have historically been governed by European guidelines that have restricted LeasePlan's entrepreneurial freedom. However, following the introduction of the European Block Exemption Regulation in 2005, LeasePlan has been designated as end-user. As a consequence, it has been able to leverage its size and market position when buying new cars. LeasePlan had previously established LeasePlan Supply Services with the aim of concluding international agreements with car manufacturers and other suppliers. Although LeasePlan Supply Services concentrates mainly on negotiating contracts with car manufacturers and component suppliers, it is generally active in global procurement for the entire LeasePlan Group (including non-automotive procurement). The company specifically focuses on international service level agreements, quality control and the structured exchange of information at both a local and international level. LeasePlan Supply Services also mediates in the exchange of best practices, not only within the Group, but also between LeasePlan and its business partners. The objective is to reduce the customers' Total Cost of Ownership further.

LeasePlan International

The trend for companies to source their fleet requirements under an international agreement continues to grow. In this regard, LeasePlan International is at the forefront of the market playing a key role in leading the approach of the LeasePlan Group to this global sector.

By the end of 2006 the fleet managed under an international agreement by LeasePlan International had reached over 250,000 vehicles, representing approximately 20% of the vehicles managed by LeasePlan worldwide. In addition to a significant increase in the number of clients, the last twelve months has also seen the global nature of this sector continue to evolve with large increases in international fleet being recorded in the US, Australia, Poland, Brazil and Greece.

The role of LeasePlan International is to support companies that wish to capitalise on their global scale when sourcing fleet. It is increasingly clear that the primary business objective for many international customers is to control and reduce the Total Cost of Ownership for the global fleet. This is directly linked to an increase in the level of outsourcing and a reduction in the number of fleet suppliers. To ensure client companies successfully meet these objectives, LeasePlan International delivers on three levels: expertise, commitment and control.

Expertise represents the shared knowledge and experience to identify the relevant cost drivers on a global and local basis and the potential for improvement. At all times a balanced view, which includes the key fiscal and market trends combined with a clear perspective on the impact for the driver, is required. This expertise is particularly important when supporting a company to develop the business case to go global on their fleet approach.

Once the key targets for the customer have been defined, LeasePlan International commits on behalf of the LeasePlan Group to realising these goals. These commitments are laid down contractually in service level agreements and relationship roadmaps that detail the key initiatives and deliverables for the joint partnership. These are achieved by leading the LeasePlan team at both an international and national level to deliver the desired objective for the customer which can include improvements to car policy and negotiations with vehicle manufacturers.

Together with each of the 28 wholly owned LeasePlan subsidiaries, LeasePlan International also brings the necessary control to demonstrate to clients that the cost and service objectives are being achieved. This control is delivered through a dedicated international customer team, best in class global consolidated fleet reporting and structured processes between the international and national LeasePlan companies. This close cooperation and control with every client also ensures a commitment to constantly improve existing solutions and capabilities in response to changing market conditions and client needs. During 2006, a dedicated Fleet Consultancy unit, ConsultPlus™, was established which conducts improvement and benchmark studies. The team works alongside the dedicated global account team and the customer to identify and deliver the policy and process improvements and, therefore, the targeted total cost of ownership savings to the customer.

Euro Insurances

Euro Insurances, LeasePlan's own insurance subsidiary, successfully manages insurance risks in a growing number of European countries. Where possible, the organisation closely cooperates with local LeasePlan subsidiaries. During the year under review, Euro Insurances concluded several car insurance contracts with external parties acting on behalf of their clients. Economies of scale and low handling costs allow Euro Insurances to offer an insurance product that at least matches its competitors in terms of quality and risk profile. The fact that the Euro Insurances product is less expensive benefits all parties involved. The prudent underlying insurance policy and the strict claims handling procedures provide an additional competitive edge. Insurance activities were introduced in three additional countries during the year under review: Hungary, Poland and Denmark. This brings the total number of countries where LeasePlan markets its own insurance products to 12.

Economies of scale and low handling costs allow **Euro Insurances** to offer an insurance product that at least matches its competitors in terms of **quality** and risk profile.

At year-end 2006, Euro Insurances maintained approximately 270,000 cars on its books. The introduction of insurance products in the Czech Republic, Sweden, Austria and Italy is scheduled for 2007. The incorporation of a small reinsurance company on the Isle or Man permits Euro Insurances to offer its customers improved price stability.

Travelcard

With its universal fuel card, Travelcard offers business drivers in the Netherlands a convenient means of paying for fuel and lubricants. The card may be used at any petrol station in the Netherlands and can also be used selectively abroad. Travelcard is the only oil company independent provider of a multi-brand fuel card in the Netherlands. If required, the card can accommodate the client's house style. Approximately 75% of all outstanding cards are used by a total of 70 leasing companies; the balance is used by companies that operate their own fleet. Travelcard established its own sales unit in 2005, which specifically targets the small and medium enterprises segment. The unit experienced rapid growth in 2006.

Travelcard increasingly advises clients on potential fuel savings. To this end, it has developed a number of special tools. The simulation programme introduced in 2005, which enables fleet managers to calculate potential cost savings, was expanded to include a Plus Module (launched at the end of 2006). The module makes it possible for customers to block (expensive) fuel brands and/or petrol stations, allowing transactions by cardholders to be controlled (and steered). The product met with a warm reception and proved to be so innovative that Travelcard has applied for a patent. This new product is expected to contribute to improved results. The results achieved by Travelcard in 2006 are in line with overall growth in the company car market.

Other activities

Keddy Belgium (short-term rental), MOX (golf cart leasing), JB Carrosserie (body repair, Belgium) and CarflexS (body repair, the Netherlands) formed part of LeasePlan in 2006. Keddy Belgium was divested in 2006 while an impairment provision was formed for the divestment of MOX. The decision to divest the above-mentioned companies is based on LeasePlan's strategy to focus on its core activities. With this strategy in mind, LeasePlan is also considering its approach towards JB and CarflexS.

Almere, 15 March 2007

Managing Board

V. Daemi, chairman
A.S. Tomas
H.P. Lützenkirchen

It’s easier because we care about relationships

We’re committed to our relationships. And that means having the courage to tackle complaints head on. Because they give us a good idea about where we fell short. And we’re interested in the long-term. So at LeasePlan, we foster a culture of openness. Openness with ourselves, with each other, and with you. Because we know that nobody can build a relationship alone.

Management

Supervisory Board

H.D. Pötsch, Chairman
Nationality: Austrian
Position: Member of the Board of Management, Volkswagen AG

B.P. Breiing
Nationality: German
Position: Member of the Board of Management, Volkswagen Financial Services AG

S. Jacoby
Nationality: German
Position: Executive Vice-President Marketing and Sales, Volkswagen AG

L.H. Santelmann
Nationality: German
Position: Executive Vice-President, Volkswagen Financial Services AG

K.K. Al Mubarak
Nationality: Resident of the United Arab Emirates
Position: Chief Executive Officer, Mubadala Development Company

W.A. Al Mokarrab
Nationality: Resident of the United Arab Emirates
Position: Director of Acquisitions, Mubadala Development Company

H.N. Lazkani
Nationality: British
Position: Head of International Private Equity, Olayan Europe Limited

F.W. Vermeulen
Nationality: Dutch
Position: Advisor, Olayan Financing Company

Managing Board

V. Daemi
Chairman and Chief Executive Officer
Nationality: British
Appointed: 1 April 1998
(Chairman since 1 May 2006)

A.S. Tomas
Chief Financial Officer
Nationality: Australian
Appointed: 1 January 2006

H.P. Lützenkirchen
Chief Operating Officer
Nationality: German
Appointed: 1 October 2006

Ms. F.P.M. Hennekes - van Rosmalen
Corporate Secretary

Senior Corporate Vice-Presidents

A.B. Stoelinga
Corporate Strategy & Development

B.P. Snijders
Treasury

E.R. de Jong
Risk Management

L.C.M. Walraven
Audit

T. Kuipers
Control, Reporting & Taxation

T.R. Bercx
Human Resources Management and Legal

LEASEPLAN GROUP

Regional Senior Vice-Presidents

J. Contreras Garcia
Central Europe & Asia

K.D. McNally
Northern Europe & Americas

N.J. Salkeld
Southern Europe & Pacific

Senior Vice-Presidents Group Services

W.E. Reinhold
Car Remarketing & Operations

J. Requeijo Gutierrez
Business Development

M. Vlietstra
Business Information Management

Shareholders of LeasePlan Corporation

Volkswagen Bank GmbH (50%)
Volkswagen Bank is a 100% subsidiary of Volkswagen Financial Services AG, which heads and consolidates entities that provide financing, leasing and insurance products to consumers and corporate customers in the European and Asia-Pacific region. Volkswagen Bank, operating solely in Europe, also has one of the largest direct banking activities in Germany, which offers classic banking products (such as savings and payments accounts) and insurance. The bank has its own subsidiaries in Belgium, France, Germany, Greece, the Republic of Ireland, Italy, the Netherlands, Spain and the United Kingdom.

Mubadala Development Company (25%)
Mubadala Development Company is a principal investment and development company wholly owned by the Government of the Emirate of Abu Dhabi, with a mandate to establish new businesses and acquire (wholly or partly) existing businesses either in the United Arab Emirates or abroad. Mubadala invests in a wide range of strategic sectors including energy, utilities, basic industries, health care, technology, aviation, real estate, public-private partnerships, infrastructure and services. The company's goal is to diversify and further develop the rapidly growing economy of Abu Dhabi, while achieving solid returns on commercially viable investments.

Olayan Group (25%)
The Olayan Group is a private, multinational enterprise made up of more than 50 companies and affiliated businesses. Founded in 1947, the Group has built its reputation on a bedrock of dedication, integrity, teamwork and continual improvement and growth. In Saudi Arabia, where the Group originated, Olayan engages in product distribution, manufacturing, services and investment, often alongside leading multinational and regional partners. These activities extend to other Gulf and Middle East countries. The Group invests internationally in both public and private equities, including real estate, and in fixed income securities. Its multi-billion-dollar portfolio is concentrated in North America, Europe and the Middle East.

Report of the Supervisory Board

We are pleased to present the financial statements of LeasePlan Corporation N.V. for the financial year 2006, as drawn up by the Managing Board. The financial statements have been audited by PricewaterhouseCoopers Accountants N.V. Their unqualified auditor's report can be found on page 100.

We recommend that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the company's affairs and the supervision thereof by the members of the Supervisory Board.

Supervision
The Supervisory Board met on four occasions. The recurring items on the agenda for these meetings included the financial and commercial results, developments in the market, developments relating to LeasePlan Treasury, and risk management. The strategy and policy for the medium and long term are discussed once a year, as is the annual plan for the ensuing two-year period. Other items on the agenda during 2006 included divestment of non core activities, the establishment of insurance agencies in Spain and Portugal and a reinsurance captive on the Isle of Man, the progress of the integration of the Europcar Fleet Services operations in Italy, Portugal and Spain, the revision of the pension scheme in the Netherlands, the establishment of a LeasePlan subsidiary in the United Arab Emirates and Romania, possible acquisitions in several countries, the acquisition framework in general, the appointment of a member of the Managing Board in the position of Chief Operating Officer and the appointment of a member of the Supervisory Board.

The Supervisory Board has three committees: the Audit Committee, the Credit Committee and the Remuneration Committee. Each committee consists of members of the Supervisory Board and has its own composition. The Audit Committee met on four occasions in 2006 with a focus on internal control for which main input is provided by the Group Audit Department. Once a year the meeting of the Audit Committee is also attended by the external auditors and the Senior Corporate Vice-President Audit.
The Credit Committee met on 22 occasions during the year, to discuss credit proposals above the agreed limit as submitted by LeasePlan.

Board changes
Managing Board: On 1 January 2006 Mr A.S. Tomas assumed the position of CFO in succession of Mr J.M. Coppoolse.
Effective 1 May 2006 Mr V. Daemi was appointed chairman of the Managing Board and CEO in succession of Mr H.M. Levecke.
Mr H.P. Lützenkirchen was appointed COO with effect from 1 October 2006.

Supervisory Board:
VW Group: Mr Lützenkirchen resigned as member of the Supervisory Board in view of his appointment as member of the Managing Board of LeasePlan. He was succeeded by Mr L.H. Santelmann on 1 October 2006.
Olayan Group: Mr H.N. Lazkani and Mr F.W. Vermeulen were appointed members of the Supervisory Board with effect from 6 January 2006 in succession of Mr Y.W. Eid and Mr S.T. Yaghnam.
Mubadala Development Company: Mr A.A. Al Sayegh was succeeded by Mr W.A. Al Mokarrab as of 20 March 2006.

Reflection on the year under review
2006 has been another successful year for LeasePlan Corporation. The organisation generated significant organic growth and next to that realised complete independence in its funding. Focus has been on further optimising the customer relationships which is expected to create a solid basis for the continued success of the company whilst at the same time realising favourable financial results. With the recent opening of a LeasePlan office in the United Arab Emirates and the imminent establishment of a subsidiary in Romania the geographic network further expands thus satisfying the requirements of international customers worldwide.

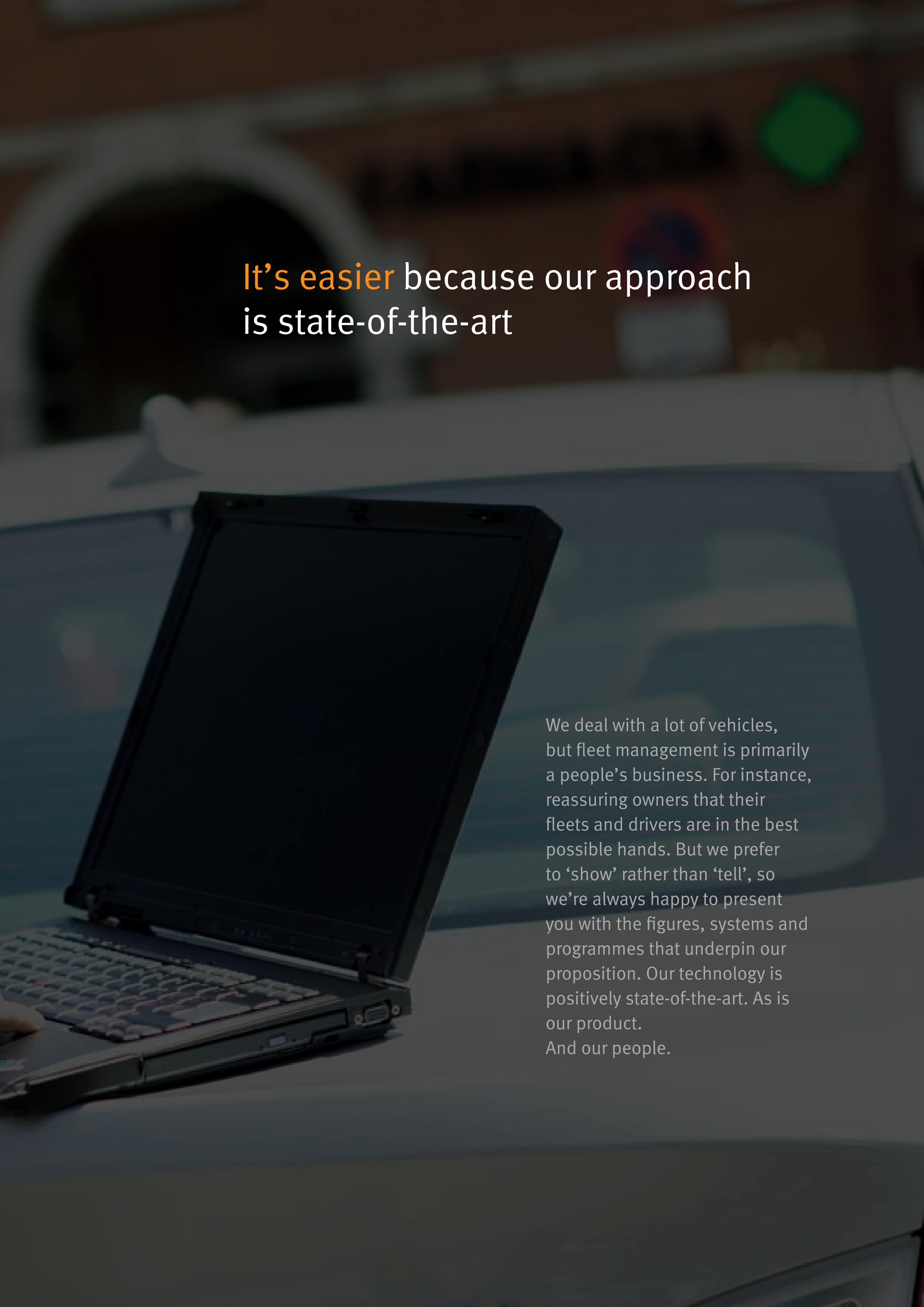
We realise that the success of LeasePlan depends on the professionalism and dedication of each member of the staff. We thank the Managing Board and all employees for their contribution to the many achievements during 2006.

Supervisory Board

Volkswagen Group
- H.D. Pötsch, chairman
- B.P. Breiing
- S. Jacoby
- L.H. Santelmann

Mubadala Development Company
- K.K. Al Mubarak
- W.A. Al Mokarrab

Olayan Group
- H.N. Lazkani
- F.W. Vermeulen



It’s easier because our approach is state-of-the-art

We deal with a lot of vehicles, but fleet management is primarily a people’s business. For instance, reassuring owners that their fleets and drivers are in the best possible hands. But we prefer to ‘show’ rather than ‘tell’, so we’re always happy to present you with the figures, systems and programmes that underpin our proposition. Our technology is positively state-of-the-art. As is our product.
And our people.

Annual Accounts 2006

Consolidated income statement

for the year ended 31 December 2006

In thousands of euros	Note	2006 Continuing operations	2006 Dis-continued operations	2006 Total	2005 Continuing operations	2005 Dis-continued operations	2005 Total
Lease revenues, excluding interest and fee income	5	3,096,675	14,349	3,111,024	2,683,590	17,958	2,701,548
Interest income	9	749,553	5,102	754,655	657,923	6,686	664,609
Fee income		187,314	1,017	188,331	174,244	621	174,865
Rental revenues		174,753	13,868	188,621	132,776	25,428	158,204
Insurance revenues, net of reinsurance	6	105,699	-	105,699	105,034	-	105,034
Other revenues	7	284,232	85,966	370,198	269,174	105,694	374,868
Total revenues		**4,598,226**	**120,302**	**4,718,528**	**4,022,741**	**156,387**	**4,179,128**
Lease expenses	5	2,882,436	14,522	2,896,958	2,531,661	16,805	2,548,466
Interest expenses	10	446,855	2,886	449,741	364,734	3,743	368,477
Rental expenses		156,687	7,063	163,750	117,330	18,069	135,399
Claims and benefits incurred on insurance	6	43,465	-	43,465	51,546	-	51,546
Other expenses	8	169,155	50,675	219,830	155,963	49,112	205,075
Total costs		**3,698,598**	**75,146**	**3,773,744**	**3,221,234**	**87,729**	**3,308,963**
Sales result and settlements from returned objects	11	19,288	-	19,288	36,107	-	36,107
Impairment losses on leased assets	12	-	-	-	-	-	-
Impairment losses on receivables	13, 20	-21,931	-33	-21,964	-14,867	185	-14,682
Total operating income		**896,985**	**45,123**	**942,108**	**822,747**	**68,843**	**891,590**
Staff expenses	14	360,144	31,853	391,997	334,385	47,772	382,157
General and administrative expenses	15	210,939	9,857	220,796	200,853	13,638	214,491
Depreciation and amortisation	16	43,472	2,635	46,107	38,691	3,393	42,084
Total operating expenses		**614,555**	**44,345**	**658,900**	**573,929**	**64,803**	**638,732**
Total operating result		**282,430**	**778**	**283,208**	**248,818**	**4,040**	**252,858**
Share of profit of associates	25	123	-	123	2,454	-	2,454
Gain on sale of discontinued operations	2, 3	-	46	46	-	-	-
Profit before tax		**282,553**	**824**	**283,377**	**251,272**	**4,040**	**255,312**
Income tax expenses	17	73,099	734	73,833	53,661	3,047	56,708
Profit for the period		**209,454**	**90**	**209,544**	**197,611**	**993**	**198,604**
Attributable to:							
Equity holders of the Company		210,778	26	210,804	198,203	941	199,144
Minority interests	40	-1,324	64	-1,260	-592	52	-540
Profit for the period		**209,454**	**90**	**209,544**	**197,611**	**993**	**198,604**

Consolidated statement of changes in shareholders' equity

In thousands of euros	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Retained earnings	Total	Minority interests	Total equity
Balance as at 1 January 2005	**71,586**	**506,398**	**-6,016**	**-3,669**	**460,301**	**1,028,600**	**436**	**1,029,036**
Effective portion of changes in fair value of cash flow hedging instruments				15,979		15,979		15,979
Amounts of SCE *				89		89		89
Exchange differences on foreign operations			24,680			24,680		24,680
Reversal foreign exchange on disposed operations			-558			-558		-558
Other equity changes					-1,699	-1,699	2,165	466
Net income/(expenses) recognised directly in equity	**-**	**-**	**24,122**	**16,068**	**-1,699**	**38,491**	**2,165**	**40,656**
Profit for the period					199,144	199,144	-540	198,604
Total recognised income and expenses for the period	**-**	**-**	**24,122**	**16,068**	**197,445**	**237,635**	**1,625**	**239,260**
Dividend					-60,000	-60,000		-60,000
Balance as at 31 December 2005	**71,586**	**506,398**	**18,106**	**12,399**	**597,746**	**1,206,235**	**2,061**	**1,208,296**
Effective portion of changes in fair value of cash flow hedging instruments				26,190		26,190		26,190
Amounts of SCE *				-155		-155		-155
Exchange differences on foreign operations			-6,102			-6,102	37	-6,065
Other equity changes**							-1,842	-1,842
Net income/(expenses) recognised directly in equity	**-**	**-**	**-6,102**	**26,035**	**-**	**19,933**	**-1,805**	**18,128**
Profit for the period					210,804	210,804	-1,260	209,544
Total recognised income and expenses for the period	**-**	**-**	**-6,102**	**26,035**	**210,804**	**230,737**	**-3,065**	**227,672**
Dividend					-65,000	-65,000		-65,000
Balance as at 31 December 2006	**71,586**	**506,398**	**12,004**	**38,434**	**743,550**	**1,371,972**	**-1,004**	**1,370,968**

* SCE: Special Component of Equity
** Reference is made to note 40

Consolidated balance sheet

as at 31 December 2006

In thousands of euros	Note	31 December 2006	31 December 2005
Assets			
Cash	18	12,732	37,671
Derivative financial instruments	21	56,090	22,404
Receivables from financial institutions	19	840,906	157,698
Receivables from customers	20	2,481,836	2,573,285
Reinsurance assets	36	15,016	14,059
Financial assets designated at fair value through the income statement	24	31,271	-
Assets held-for-sale (including assets of a disposal group classified as held-for-sale)	22	193,534	128,997
Corporate income tax receivable		59,408	17,348
Financial assets held-to-maturity	23	155,589	70,062
Investments in associates and jointly controlled entities	25	17,509	15,512
Property and equipment under operating lease and rental fleet	26	11,098,408	10,347,730
Other property and equipment	27	93,256	127,278
Deferred tax assets	28	120,579	138,983
Intangible assets	29	111,357	112,685
Other assets	30	517,958	552,556
Total assets		**15,805, 449**	**14,316,268**
Liabilities			
Corporate income tax payable		26,170	63,439
Liabilities of a disposal group classified as held-for-sale	3	17,994	4,214
Liabilities to financial institutions	31	955,508	3,592,247
Funds entrusted	32	380,888	642,090
Debt securities issued	33	10,699,014	6,907,464
Derivative financial instruments	21	15,526	12,664
Other liabilities	34	1,472,753	1,289,905
Deferred tax liabilities	28	133,384	112,160
Provisions	35	31,094	51,671
Insurance contract provisions	36	202,150	191,261
Subordinated loans	37	500,000	240,857
Total liabilities		**14,434,481**	**13,107,972**
Equity			
Issued capital	38	71,586	71,586
Share premium		506,398	506,398
Other reserves	39	793,988	628,251
Shareholders' equity attributable to equity holders of the Company		**1,371,972**	**1,206,235**
Minority interests	40	-1,004	2,061
Total equity		**1,370,968**	**1,208,296**
Total equity and liabilities		**15,805,449**	**14,316,268**

Consolidated statement of cash flows

for the year ended 31 December 2006

In thousands of euros	Note	2006	2005
Cash flows from operating activities			
Result before tax		283,377	255,312
Impairment on (leased) assets	29	1,288	-
Impairment assets held-for-sale	22	-	3,317
Impairment on receivables	13	21,964	14,682
Gain or loss on disposal of objects in operating lease portfolio		-19,288	-36,107
Depreciation operating leasing portfolio and rental fleet	26	2,472,259	2,164,405
Depreciation other property, equipment, intangible assets	27	29,873	29,934
Amortisation intangible assets	29	15,006	8,828
Increase / (decrease) provisions		18,469	56,603
Increase / (decrease) other liabilities and other assets		-242,898	-554,571
Cash generated from operations		**2,580,050**	**1,942,403**
Dividend received from associates and jointly controlled entities	25	1,290	1,440
Interest (paid)		-482,741	-359,867
Interest received		749,581	714,952
Income taxes (paid)		-57,711	-67,977
Income taxes received		29,717	19,955
Net cash from operating activities		**2,820,186**	**2,250,906**
Cash flows from investing activities			
Amounts received for disposal of objects under operating lease portfolio		2,017,097	2,272,726
Amounts (paid) for acquisition of objects under operating lease portfolio	26	-5,480,755	-5,243,387
Acquired new financial leases		-1,124,758	-1,449,832
Repayment finance leases		1,285,686	753,427
Proceeds from sale of other property and equipment		17,727	14,389
Acquisition of other property and equipment	27	-37,568	-45,746
Acquisition of software	29	-3,915	-4,479
Capital increase in associates and jointly controlled entities	25	-999	-1,444
Proceeds from sale of subsidiaries, net of cash disposed of, and from sale of associates	2	18,941	21,519
Increase / (decrease) other financial assets		-116,854	-48,898
Acquisition of subsidiary, net of cash acquired, and associates		-	-128,783
Net cash from investing activities		**-3,425,398**	**-3,860,508**
Cash flows from financing activities			
Receipt of liabilities from financial institutions		1,810,383	13,728,598
(Repayment) of liabilities from financial institutions		-4,966,013	-17,408,234
Receipt of funds entrusted		378,063	3,235,244
(Repayment) of funds entrusted		-599,255	-2,983,305
Receipt of debt securities		8,281,180	8,052,527
(Repayment) of debt securities		-4,489,631	-2,961,560
Receipt of subordinated loans	37	500,000	-
(Repayment) of subordinated loans	37	-240,856	-
Dividends paid	39	-65,000	-60,000
Net cash from financing activities		**608,871**	**1, 603,270**
Cash and cash equivalents at 1 January		-38,984	-34,483
Net movement in cash and cash equivalents		3,659	-6,332
Cash held by discontinuing entities	3	-6,987	-
Effect of exchange rate fluctuations on cash held		-1,350	1,831
Cash and cash equivalents at 31 December	18	**-43,662**	**-38,984**

Notes to the consolidated financial statements

1. General

LeasePlan Corporation N.V. (the "Company") is a company domiciled in Almere, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The shares of the Company are held by Global Mobility Holding B.V. (approximately 98%) and Stichting Werknemersparticipatie LPC (approximately 2%).

Global Mobility Holding B.V. is a limited liability company established in the Netherlands in which a 50% interest is held by Volkswagen Bank GmbH, and a 25% interest is held by each of Mubadala Development Company from Abu Dhabi and the Olayan Group with its head office in Athens.

In connection with a Stock Option Incentive Plan approximately 2% of the total issued share capital in the Company is held by Stichting Werknemersparticipatie LPC that has issued depository receipts representing the economic interest in these shares. These depository receipts are currently owned by Global Mobility Holding B.V.

The Company has been entered in the register of banking institutions since 1993. The Company is a bank for purposes of International Financial Reporting Standards (IFRSs). Specific additional disclosures and presentation requirements are therefore required by IAS 30 'Disclosures in the financial statements of banks and similar financial institutions'. These additional disclosure requirements focus on the Company's liquidity and solvency, together with the risks associated with the assets and liabilities recognised on its balance sheet and with its off-balance sheet items.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

2. Basis of preparation

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs and its interpretations as adopted by the European Union.

The application of the amendments and interpretations listed below did not result in substantial changes to the Group's accounting policies:

- IAS 19 Amendment – Actuarial Gains and Losses, Group Plans and Disclosures;
- IAS 21 Amendment – Net Investment in a Foreign Operation;
- IAS 39 – Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 and IFRS 4 Amendment – Financial Guarantee Contracts; and
- IFRIC 4 – Determining whether an Arrangement contains a Lease.

Amendments to published standards and new standards effective in 2007

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements.

The Group has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2006:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies;
- IFRIC 8 Scope of IFRS 2 Share-based Payment;
- IFRIC 9 Reassessment of Embedded Derivatives;
- IFRIC 10 Interim Financial Reporting and Impairment;
- IFRIC 11, IFRS 2 Group Treasury Share Transactions;
- IFRIC 12 Service Concession Arrangements;
- IFRS 7 Financial Instruments Disclosure;
- IFRS 8 Operating segments; and
- Amendment to IAS 1 Capital Disclosures.

The above standards and amendments become mandatory for the Group's 2007 financial statements and are not expected to have any impact on the financial position and the results of the consolidated financial statements, other than changes in presentation.

The financial statements were authorised for issue by the Supervisory Board on 15 March 2007.

(ii) Basis of measurement

These consolidated financial statements are prepared on historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- managed funds are designated at fair value through the income statement; and
- (non-current) assets held-for-sale are stated at the lower of the carrying amount and the fair value less costs to sell.

(iii) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in 'euro', which is the Company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated.

(iv) Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The main estimates and underlying assumptions relate to the estimated residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pension obligations, the fair value of the derivatives, the assessment of the income tax position and insurance provision and the impairment of intangibles and goodwill.

Information about the above mentioned areas of estimation and judgement are described in note (Z), Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision or, in any future periods affected, if the revision affects both current and future periods.

3. Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group entities for purposes of these consolidated financial statements.

(A) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of their acquisition and when control commences or, up to the date of their disposal and when control ceases. The purchase method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair values, on the date of exchange of assets and liabilities assumed or incurred by the Group to obtain control and any directly attributable acquisition costs.

(i) Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

(ii) Associates
Associates are those entities where the Group has significant influence, but no control, over the financial and operating policies generally accompanying a shareholding between 20% and 50% of the voting rights.

The Group's share of the income and expenses of the investments in associates is recognised under the equity method in the income statement, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The Group's share of post-acquisition movements in reserves is recognised in the reserves of the shareholders' equity. The cumulative post-acquisition movements in reserves are adjusted in the carrying amount of the investment.

(iii) Joint ventures
Joint ventures are those entities over which' activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total income and expenses of joint ventures under the equity method, which is recognised from the date that joint control commences until the date that joint control ceases.

(iv) Special purpose entities
Special purpose entities are entities created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose entities are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses LeasePlan Securitisatie B.V. and Bumper I B.V., which have been incorporated specifically for the Group's securitisation transactions, and these two companies are

therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

(v) Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but are considered as an impairment indicator of the asset.

(B) Foreign currency
(i) Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euros at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the prevailing exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to euros at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences on foreign currency transactions arising on translation to the functional currency are recognised in the income statement.

(ii) Foreign operations
The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency, euro, as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

On consolidation, foreign exchange differences arising from the translation of the net investment in foreign operations are recognised directly to shareholders' equity. Since 1 January 2004, the Group's date of transition to IFRSs, such translation differences have been recognised in the foreign currency translation reserves of equity. When a foreign operation is disposed or sold, in part or in full, the relevant amount in this reserve is recognised in the income statement as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(C) Financial assets and liabilities
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognised on settlement date, i.e. the date that a financial asset is delivered to the entity that purchased it. Loans are recognised when cash is advanced to the borrowers.

Initial recognition
Financial assets and liabilities are initially recognised at fair value.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses.

(iv) Available-for-sale
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement.

(v) Recognition
A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument.

(vi) Derecognition
Financial assets are derecognised if the Group's contractual rights to the received cash flows from the financial asset expire or, if the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction to another party in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(vii) Offsetting
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRSs.

(D) Derivative financial instruments and hedge-accounting
The Group applies IAS 32 and IAS 39 for financial instruments as of 1 January 2005.
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair value is calculated using a discounted cash flow method, while taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold derivative financial instruments for trading purposes. The Group applies cash flow hedge accounting and fair value hedge accounting.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedging
When a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecasted transaction qualifying as cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised directly in shareholders' equity as a separate component of equity. The gain or loss

relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged forecasted transaction will affect the income statement (for example, when the forecasted sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the hedge accounting should cease retrospectively and the cumulative unrealised gain or loss that was reported in equity is immediately transferred to the income statement.

In case ineffectiveness arises because insufficient cash flows are available but forecasted cash flows are still likely to occur or hedge ineffectiveness lies beyond a certain range, then hedge accounting ceases prospectively. This implies that the entire change in the net present value of the swap in the period is recognised in the income statement, whereas the gain or loss previously recorded in equity is amortised to the income statement over the average remaining period of the swaps.

(ii) Fair value hedging

The Group applies fair value hedging to hedge the exposure to changes in the fair value of structured notes arising from changes in interest rates.

The fixed leg of the swaps, which the Group will apply to change the interest profile of the structured notes, will match the structured notes exactly but in an opposite way thus creating a hedge. The total change in the fair value of the debt is in principle the same as the change in the fair value of the swap in case of a hedge. Fair value hedging will create a discount or premium on the structured note that will be amortised over the remaining maturity.

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is also measured at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting and is not held-for-trading, are recognised immediately in the income statement.

(E) Lease contracts

(i) Lease products

The Group leases assets to its customers for durations that normally range between 3-4 years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. There are two main types of leasing products offered:

(ii) Closed calculation contracts

Closed calculation contracts are typically leasing contracts whereby the customer is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the secondhand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(iii) Open calculation contracts

Open calculation contracts are leasing contracts whereby the customer, under particular circumstances may share a portion of any positive upside potential with the (negative) risks borne by the Group. The specifics of each contract can differ by country and/or by customer. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is returned to the customer. Most contracts contain certain requirements that the customer must fulfil in order to receive the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result.

(iv) Lease classification

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each leasing contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred.

Various criteria are used to determine lease classification. There are two main decision criteria used. These are:

- whether the lease term is for the major part the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

Both open and closed calculation contracts are classified as operating leases. Open calculation contracts are classified as operating leases on the basis of the negative risk being borne by the Group.

(v) Finance lease portfolio

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the un-guaranteed residual value accruing to the Group, after any accumulated impairment losses. The finance lease receivables are presented within loans and advances.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories on the income statement:

- lease revenues, excluding interest and fee income (percentage of completion method for service income);
- fee income (straight-line basis over the lease term); and
- interest income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method).

A reconciliation of finance lease revenues is presented in note 5.

(vi) Operating lease portfolio

An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risks and rewards incidental to ownership. The Group as a lessor presents the assets subject to operating leases in the balance sheet according to the nature of the asset.

The operating lease instalments are recognised in their entirety on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement:

- lease revenues, excluding interest and fee income;
- fee income (straight-line basis over the lease term); and
- interest income (effective interest rate method).

A reconciliation of operating lease revenues is presented in note 5.

(F) Accounting for insurance

The general insurance business is accounted for on an annual basis. The net insurance revenues comprise the gross insurance premiums earned less earned premiums ceded to reinsurers.

When the obligation to insure the lease object lies primarily with the lessee (or driver), and the insurance coverage is provided by the Group, the consideration for these services qualifies as insurance premium and is included in insurance revenues.

Written premiums comprise the premiums on contracts entered into during the year. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods and estimates for “pipeline” premiums.

An estimate is made at the balance sheet date to recognise retrospective adjustments to premiums or commissions. The earned portion of premiums received, including unclosed business, is recognised as revenues. Premiums on unclosed business are brought into account, based upon the pattern of booking of renewals and new business. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as a deduction from income in accordance with the pattern of reinsurance service received.

Claims and benefits incurred on insurance consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

When the obligation to insure the lease object lies primarily with the lessor (or owner) and the insurance coverage is also arranged by the Group, the consideration for these services qualifies as and is included in lease revenues. In addition, when the Group is taking insurance risk in a self-insurance programme – in other words retaining a risk that could have been covered by insurance – the amounts received from the lessee are also accounted for as part of lease revenues and the cost in case of damages are accounted for as lease expenses.

Income and expenses from reinsurance assets are not offset against the expenses or income from the related insurance contracts.

Income statement

(G) General and presentation format

The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and expenses and fee income are separately shown on the face of the income statement whereas the operating expenses are presented under the categorical method as commonly used within the banking industry. For its main activity – leasing – the Group makes a distinction, whereby the leasing related revenues and costs are shown separately based on the functional method taking into account IFRSs disclosure requirements.

As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction so as to give the reader a better understanding of the performance of the business.

Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

(H) Interest income and expenses

Interest income and expenses for all interest bearing assets and liabilities are recognised in the income statement on an accrual basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees, paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The interest income component in operating lease instalments, which is charged on a straight-line basis to the client, is presented based on the effective interest rate method in interest income using the rate included in the lease contract, whereas the correction required to arrive at a total straight-line recognition for operating lease contracts is part of lease revenues.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

The captions interest income and expenses also include gains and losses on hedging instruments that are recognised in profit or loss due to ineffectiveness.

(I) Total revenues and costs

(i) Lease revenues and expenses

Lease revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres ('RMT'), insurance and depreciation.

The lease instalments may include passed on costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as lease revenues.

The interest portion of the lease instalment is classified under interest income (see note (H) on interest income and expenses), in so far as it is based on the effective interest rate method.

The operating lease instalments are presented straight-line over the lease term net of the adjustment required to present the interest income on the effective interest rate method and any discounts granted in the contract, with the exception of those portions of the lease instalment that are considered to be service income. The service income portion is recognised and presented based on the percentage of completion method.

(ii) Service income

The income recognition on the RMT services is determined by the contractual agreement with the client.

For closed calculation contracts the service income is recognised over the term of the contract based on the percentage of completion method. Under this method, the revenues are recognised over the term of the contract based on historical statistics.

For open calculation contracts the service income that will be earned by the Company is not certain until final settlement takes place and accordingly is not recognised until that time and is recognised in the sales result settlements. Expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

(iii) Lease expenses

Lease expenses comprise the cost associated with providing the above-mentioned service components. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease expenses. Bonuses received on purchases of objects for operating lease contracts are deducted from the purchase consideration and as such result in lower depreciation. Bonuses received on purchases of objects for finance lease contracts are recognised immediately in the income statement.

(iv) Fee income

Management and other fees, which are calculated separately in the lease contract, are recognised in the income statement on a straight-line basis over the lease term.

(v) Rental revenues and expenses

Rental revenues comprise the revenues from renting out the rental fleet portfolio. These revenues are recognised on a straight-line basis over the term of the rental agreement. The costs associated with the rental activities are reported separately as rental expenses.

(vi) Other revenues and other expenses
This caption includes the income and associated direct (material) costs of the Group's body and damage repair operations, in addition to other revenues and cost categories that cannot be categorised as lease revenues or rental income, but are income categories of regular business operations.

Other revenues are generally recognised when services are rendered.

The margin and any bonuses earned in connection with pass-on costs, as mentioned under the caption lease revenues and expenses, are classified as other revenues and are recognised during the period as they are earned.

(J) Sales result and settlements from returned objects
Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client as follows:

- For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold.
- For open calculation contracts, the results are settled on a net basis with the client in accordance with the contractual agreement with the client. The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. When the contract end date for a specific lease object and the final settlement date with the client are not in the same financial period, the deferral is recognised in the balance sheet under Other liabilities. In the event of expected losses for the Group under open calculation settlements, these losses will be taken in the income statement in the period of the contract end date.

(K) Employee pension benefits
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

(i) Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred. Some less significant multi-employer defined benefit plans exist. These are accounted for as defined contribution plans, due to immateriality.

In case of a defined contribution plan the Group has no further payment obligations once the pension contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Defined benefit plans
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

The calculation is performed annually by an independent qualified actuary using the projected unit credit method. When the benefits of a plan are improved and the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period), the portion of the increased benefit relating to past services by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expenses are recognised immediately in the income statement.

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with unrecognised actuarial gains and losses and past service costs.

At 1 January 2004, the date of transition to IFRSs, all actuarial gains and losses were recognised. The Group recognises actuarial gains and losses that arise subsequent to 1 January 2004 using the corridor method. Under the corridor method, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are charged or credited to the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(iii) Settlements and curtailment
Settlements and curtailments invoke immediate recognition of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets, together with previously unrecognised actuarial gains and losses or past service costs that relate to these defined benefit obligations impacted by the settlement or curtailment.

A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the entity is demonstrably committed to reducing materially the number of employees in the defined benefit plan or the pension benefits for future services.

(iv) Other (post) employment plans
The Group had in one country a plan which entitles retired employees to receive annually a reimbursement of certain medical costs. The present value of these defined benefit obligations were actuarially determined. There were no plan assets. This entitlement no longer existed at year-end 2006.

The Group's net obligation in respect of other service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. These service benefits comprise short-term service benefits such as vacation and sick days and long-term service benefits such as long-service leave.

The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets, if any, is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(v) Share-based payment transactions
The share option programme allowed eligible Group employees to acquire depository receipts of shares of the Company up to 31 December 2003. No options have been issued subsequent to 31 December 2003. The stock option plan of the Company is a cash-settled share-based payment scheme under IFRS 2, given the requirement of the participants to offer depository receipts to the Company against the receipt of cash.

The fair value of the options outstanding at each balance sheet date is measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted.

(L) Income tax
Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 substantively 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 temporary differences can be utilised. Deferred tax assets are reviewed annually and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred and current tax assets and liabilities are offset when they arise from the same tax reporting group and where there is both a right to offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Balance sheet
(M) Receivables from financial institutions and Receivables from customers
These captions include lease instalments receivable from the finance and operating lease portfolio, from the rental portfolio and receivables arising from other business activities. These receivable balances are shown after any accumulated impairment losses and are stated at historical cost.

(N) (Non-current) assets held-for-sale and discontinued operations
A non-current asset or disposal group is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction, whereby the expectation is that the sale will be completed within one year of the classification of assets or disposal groups as held-for-sale, subject to extension in certain circumstances.

On initial classification as held-for-sale, (non-current) assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in the income statement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier and is presented in the balance sheet separately. When an operation is classified as a discontinued operation the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Depreciation and amortisation of assets ceases at the moment of initial classification as held-for-sale.

This caption includes also lease assets returned from clients upon the termination of the lease contract. These assets are stated at the lower of the carrying amount and the fair value less cost to sell.

(O) Intangible assets

(i) Goodwill

Acquisitions prior to 1 January 2004

As part of the transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2004, its date of transition to IFRSs. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Dutch GAAP, being charged directly to equity.

Acquisitions on or after 1 January 2004

All business combinations are accounted for by applying the purchase method. Goodwill is recognised on acquisitions of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is allocated to cash-generating units and is tested annually for impairment, using the discounted dividend method and whenever there is an indication that the unit may be impaired. Impairment losses are charged to the income statement and it is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

(ii) Software

Capitalised software relates to purchased software from third parties and to internally developed software for own use.

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.

Expenditure on development of software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of the replaced part is derecognised. All other expenditure is expensed when incurred.

(iii) Other intangible assets

Other intangible assets relate to customer relationship intangible assets and customer contract intangible assets. Customer relationship and customer contract intangible assets are recognised separately from goodwill. The Group acquired the customer relationship intangible with the lessee meeting the contractual legal criteria for identification as an intangible asset and is amortised over 10 years. Further a customer contract intangible asset was recognised for an acquired lease portfolio and the fair value attached to related assets and liabilities. This intangible is amortised over 4 years.

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment.

(iv) Amortisation

Intangible assets are amortised and recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally three to seven years. The capitalised intangibles assets have no estimated residual value.

(P) Other property and equipment

(i) Measurement

Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditure on property and equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred.

The cost of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the income statement.

(ii) Depreciation
The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Property	40 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

(iii) Investment property
Investment property is property that is not held for own use, but is to be leased out to third parties and is classified as part of other property and equipment. The Group holds investment property to earn rentals. Any such property interest is carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of the investment property, less the expected residual value, is depreciated and recognised in the income statement on a straight-line basis over the estimated useful life of the property, within a range of 10 to 25 years.

(Q) Operating lease contracts
Operating lease contracts are measured at cost less accumulated depreciation and impairment losses. The assets subject to operating leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Company's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period is on average ranging between 3 to 5 years.

(R) Inventories
Inventories and stock of spare parts are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(S) Impairment
(i) Impairment losses on (leased) assets and assets for own use
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external and internal sources of information. If such indication for impairment exists, an impairment loss is recognised in the income statement to the extent that the carrying value of the asset or cash-generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. In most cases the fair value less costs to sell will not be relevant as the Group is legally and contractually not able to sell the object or cash-generating unit, as these objects are subject to an operating lease which can in general only be terminated upon the initiative of the lessee. The Group will therefore base the conclusion on impairment in most cases on the value in use, which is determined as the present value of the future cash flows expected to be derived from the object or cash-generating unit.

(ii) Impairment losses on (lease) receivables
Impairment on a receivable is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the receivable. The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the value of expected cash flows, including amounts recoverable from guarantees and collateral.

For a finance lease, the lessor recognises lease receivables rather than the leased asset itself. There is an assessment annually whether there is any objective evidence that a financial asset is impaired or uncollectible. The occurred impairment is the difference between the carrying value of the asset and the present value of the expected future cash flows, discounted at the original effective interest rate.

Impairment loss on receivables is recognised in the income statement and is separately disclosed as part of total operating income.

(iii) Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

(iv) Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(T) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to liabilities to financial institutions, funds entrusted, debt securities issued and subordinated loans. Interest-bearing loans and borrowings are recognised initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at their amortised cost using the effective interest rate method. Any difference between cost and redemption value is recognised in the income statement over the maturity of the loans and borrowings.

(U) Dividends

Dividends are recognised as a liability in the balance sheet in the period when declared.

(V) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(i) Insurance provision

The insurance provision for third-party liability and damage claims outstanding relating to the self-insured vehicle fleet is calculated on the basis of the claims history and technical insurance principles. The amount of the provision also includes an allowance for losses incurred but not yet reported.

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities and are shown separately and are not offset against the related insurance liabilities. The Group as cedent assesses annually whether its amounts recoverable under a reinsurance contract are impaired. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and also from disputes on coverage.

Claims outstanding

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not and related internal and external claims handling expenses and an appropriate prudential margin. Claims outstanding are assessed by reviewing individual claims and making allowances for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Anticipated reinsurance recoveries are presented separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding. Provisions for claims outstanding are discounted at a risk free rate of interest where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the Group has raised a valid expectation that it will carry out the plan by either starting to implement the plan or by announcing its main features to those affected by it. Future operating costs are not provided for.

(iii) Onerous contracts

The present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect at least the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract.

(W) Cash flow statement

Only the cash flows of transactions are reported in the cash flow statement. For transactions where income and expenses are recognised in one period but cash flows occur in another, adjustments are made. Cash flows in foreign currencies are translated into the reporting currency at the average rate of exchange for the year, unless the exchange rate in effect on the date of the cash flow is materially different from the average exchange rate used. Where the balance of items in the cash flow statement does not correspond with the movements in the relevant balance sheet items this is mainly due to differences in translation.

(i) Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. Operating cash flows are calculated indirectly by adjusting the net profit or loss for the period for non-cash items and for investing and financing items. Interest paid is classified as an operating activity, even though it will arise on financing balances.

(ii) Investing cash flows

Investing activities include cash payments to acquire underlying assets under operating lease, property and equipment, intangible assets and other long-term assets. Investing activities also include cash payments and cash receipts relating to acquisition and disposal of debt and equity interests in other entities and interests in joint ventures and associates.

(iii) Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance. The sources of finance include amounts borrowed from other banks, loans, debentures and share capital. Dividends paid are classified separately and are included in financing cash flows. Cash flows relating to derivatives are classified according to the underlying hedged items.

(iv) Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The “short-term” characteristic of a cash equivalent is generally taken as a maturity of three months or less from the date of acquisition. The balance includes cash, cash at banks, call money and bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management. Call deposits with an original maturity of three months or less and bank overdrafts that are repayable on demand and that form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(v) Acquisitions and disposals

Cash flows in respect of acquisition or disposal are separately disclosed and classified as an investing cash flow. The amount reported is net of any cash included in the entity acquired or disposed of. The amount of cash in the entities acquired or disposed of is disclosed in the notes, together with the value of the consideration given or received. Subsidiaries’ cash flows are consolidated in the cash flow statement from the date of acquisition.

(vi) Discontinuing operations

Net cash flows relating to discontinuing operations are disclosed in the related notes. The cash flows are classified as operating, investing and financing.

(X) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Group’s primary format for segment reporting is based on geographical markets.

(Y) Comparatives

Where necessary, certain reclassifications have been made to the prior year financial statements (or comparatives) to conform to the current year presentation.

(Z) Critical accounting estimates and judgements

Preparation of the consolidated statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities. These include, but are not limited to the following areas:

(i) Impairment of goodwill and intangible assets
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the Groups of cash-generating units to which the goodwill and intangible assets have been allocated. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in cash flows.

If the estimated net result projection for periods after 31 December 2006 had been 5% lower than management's estimates at 31 December 2006, the Group would have recognised an impairment of goodwill of EUR 5 million.

If the estimated after-tax discount rate applied to the discounted cash flows had been 1% higher than management's estimates, the Group would have recognised impairment against goodwill of EUR 13 million.

(ii) Impairment of leased assets
The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract. A change in this accounting estimate of residual value leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

Statistical models and calculations (regression analysis) are used, for example, to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level in the countries by means of so-called Fleet Risk Assessments. Impairment is accounted for if internal set thresholds are exceeded.
The total contracted residual values that the Group bears risk on approximates to EUR 6.4 billion at the end of December 2006.

A one percent increase or decrease in the estimated consolidated residual value setting reflects a favourable and respectively unfavourable movement of EUR 64 million, spread over the remaining consolidated lease contract years. The ultimate impact on the income statement is dependent on various factors, among other things the type of lease contracts concerned and the risk mitigating factors taken by management in time.

(iii) Impairment losses on (lease) receivables
The Group reviews its outstanding receivables in its lease portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a lease portfolio before the decrease can be identified with an individual lease contract in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group.
Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iv) Post-employment benefits
The actuarial valuation of post-employment benefits is based on assumptions regarding inflation, discount rates, expected return on plan assets, salary rises and mortality rates. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

As the Group applies the corridor approach on the recognition of actuarial gains and losses, changes in estimates have a limited impact on the income statement as any excess above the corridor (10% of the higher of the plan assets and projected benefit obligations) will be amortised over the remaining service years.

(v) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

If the average income tax rate of the Group increases by 1% compared with management's estimates, the Group would need to change the income tax liability by EUR 2.8 million, if unfavourable; or decrease the income tax liability by EUR 2.8 million, if favourable.

(vi) Held-to-maturity assets
The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making

this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not amortised cost.

If the entire held-to-maturity investments are tainted, the value would decrease by EUR 2.1 million, with a corresponding entry in the fair value reserve in shareholders' equity.

Financial risk management

Introduction

This section presents information about the Group's exposure to a number of financial and operational risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital.

A. Strategy in using financial instruments

By their nature the Group's activities are principally related to the leasing of vehicles. The Group accepts and offers lease contracts to customers at both fixed and floating rates and for various periods. The Group seeks to maximise the spread between rates charged in lease contracts and the rates paid on various borrowings and at the same time to meet the solvency and liquidity requirements and targets set by the Dutch Central Bank and expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

(i) IAS 39 hedge accounting

The operational lease portfolio cannot be designated as a hedged item under IAS 39. The Group has applied cash flow and fair value hedging on the debt securities issued and on other borrowings. The hedges are concluded to mitigate both current and future income statement volatility arising due to the variability of cash flows arising from foreign exchange and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities due to interest rate and currency risks.

(ii) Cash flow hedges

In cash flow hedging, hedge relationships are based on future cash flows from anticipated re-pricings and/or roll-overs of external funding due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high.

The Group has decided to apply cash flow hedging (being aggregate hedging of a similar group of assets/liabilities). No specific derivative transaction is designated against a specific funding transaction.
A group of derivatives sharing the same characteristics is designated to the hedge relationship with a group of funding transactions with the same characteristics.

(iii) Fair value hedges

The risk being hedged is a change in the fair value of a recognised asset or liability that will affect the income statement. The Group applies a fair value hedge to hedge the exposure to changes in the fair value of issued structured notes arising from changes in the interest rate, prices of commodities and equities and currency fluctuations.

Fair value hedge accounting is applied in such a way that, for the risk that is hedged, the exposure in the fair value of the derivative transaction (interest rate swap or currency interest rate swap) mirrors the exposure in the fair value of the related structured note.

Fair value hedge accounting entails the hedged item (i.e. the structured note) and the hedging instrument (i.e. the derivative) being measured at fair value upon initial recognition, with subsequent remeasurement of fair value being recorded in the income statement.

(iv) Derivatives

Derivatives are financial instruments, the value of which changes in response to the change in value of an underlying variable, require little to no initial investment and are settled at a future date. Under IFRSs derivatives are initially and subsequently recognised on balance at their fair value.

Examples of derivatives used by the Group are forward rate agreements, interest rate swaps and currency swaps. Derivative transactions are contracted to hedge the interest rate and foreign exchange rate exposures associated with the funding of lease contracts. In particular, interest rate swaps cover the interest rate positions between lease contracts and borrowed funds and currency swaps cover the mismatch between the currency structure of leased contracts and borrowed funds.

The contracted notional amounts of various derivatives are listed below:

In millions of euros	Total	< 1 year	1-5 years	> 5 years	Positive replacement cost
Interest rate contracts					
Swaps	10,506	5,324	5,062	120	31
Forwards	5	5	0	0	0
Currency contracts					
Swaps	432	127	286	19	9
Forwards	2,436	2,436	0	0	4
Total as at 31 December 2006	**13,379**	**7,892**	**5,348**	**139**	**44**

The above amounts provide an indication of the size of the contracts, but do not indicate the extent of the cash flows and risks attached to derivatives. The risks inherent in derivatives are determined on the basis of the credit risk, expressed in terms of the weighted credit equivalent. This also includes the market risk, which is expressed as the positive replacement cost. The Group maintains strict control limits (both for credit risk and market risk) on derivative positions by both amount and term. This credit risk exposure is managed as part of the overall lending limits with financial institutions, together with potential exposures from market movements.

The table below lists the outstanding credit risk:

	31 December 2006		31 December 2005	
In millions of euros	Non-weighted	Weighted	Non-weighted	Weighted
Interest rate contracts	58	12	42	8
Currency contracts	54	11	36	7
Total as at 31 December	**112**	**23**	**78**	**15**

B. Capital adequacy

To monitor the adequacy of its capital the Group uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets and off-balance sheet commitments at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50% and 100%) are applied; for example, cash has a zero risk weighting which means that no capital is required to support the holding of these assets. Other property and equipment carries a 100% risk weighting meaning that it must be supported by capital to minimum 8% of the carrying amount. Off-balance sheet credit related commitments and forwards are taken into account by applying different categories of conversion factors, designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using the same percentages as for on-balance sheet assets.

The standards for the principal capital ratios applied by the Dutch Central Bank are also based on the capital adequacy directives of the Basel Committee of the BIS. These ratios compare the total BIS capital and Tier 1 capital with the total of risk-weighted assets and off-balance sheet items. The minimum requirement for the Tier 1 ratio and BIS ratio is 4% and 8% respectively of risk-weighted assets. The Company has set minimum targets of 8% and 10% for the Tier 1 ratio and the BIS ratio respectively.

The following table analyses actual capital and the minimum required capital (in millions of euros):

	31 December 2006		31 December 2005	
	Minimum required	Actual	Minimum required	Actual
Risk-weighted assets		14,289		13,479
Total BIS capital	1,144	1,746	1,078	1,352
Total BIS ratio	8%	12.2%	8%	10.0%
Tier 1 capital	572	1,246	539	1,111
Tier 1 capital ratio	4%	8.7%	4%	8.2%

In order to arrive at the Tier 1 capital, adjustments to the reported equity are required for the IFRSs prudential filters (IAS 39) and a part of the acquisition related intangible assets (IFRS 3). BIS capital includes the Group's Tier 1 capital and the subordinated loans.

C. Credit risk

As a result of its normal business activities the Group is exposed to credit risk which is the risk that the counterparty will be unable to fulfil its financial obligations when due. The Group structures the levels of credit risk it undertakes by placing limits on the amounts of risk accepted in relation to one borrower/lessee, or groups of borrowers/lessees and to industry segments.
Such risks are monitored on a revolving basis and subject to a periodic review.

The Managing Board has issued policies which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which the Group can do business. By product category, strict policies are in place and the decision on investment proposals is taken by the Group's Credit Committee. Further policies and guidelines exist on the data and reports to be provided. Furthermore, entities are required to define their risk appetite and set their local limits in respect of counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. The Group's Credit Committee discusses policies and main developments in new business, receivables and provisions on a six-weekly basis.

The credit risk on a client is measured via an internal rating system that aims at distinction of clients in terms of the likelihood that a client will not be able to meet its obligations within a defined time period. This system also enables reporting on the overall creditworthiness of the client portfolio.

Exposures on receivables due are monitored on a monthly basis. A qualitative analysis of the overall credit exposures, defaults and losses is reported to the Managing Board on a quarterly basis.

A summary of the approximation of the concentration of the outstanding contracted lease portfolio per industry as at 31 December 2006 can be shown as follows:

In millions of euros	**31 December 2006**
Manufacturing	3,984
Services	2,942
Wholesale trade	1,899
Transport and public utilities	1,047
Construction	1,025
Other	2,293
Total lease portfolio	**13,190**

The above exposures include both the contractual obligations and the residual value of the lease portfolio. The underlying assets are owned by LeasePlan.

D. Market risk

The main market risk the Group takes is the residual value risk included in the operating leases and management only leases with off-balance residual value guarantees. Residual value risk is LeasePlan's exposure to potential profit or loss due to the resale values of vehicles being above or declining below the estimates made at lease inception.

The residual value, being the estimated value of a vehicle at the end of the lease, is a market risk in that it may differ from the vehicle's future market price. The risk is mainly influenced by external factors and surrounded with internal procedures.

External factors, such as the supply of used cars, consumer preferences, exchange rates and government policies, can only be managed to a certain extent. Internal procedures, such as the calculation of residual values, can be controlled. Statistical models and calculations (i.e. regressions) are used to calculate a vehicle's future value as accurately as possible. Each country uses special systems and approaches to determine the estimated residual value at the end of the contract taking into account country specific aspects.

The Group has a robust policy in place with respect to residual value risks. This policy seeks to ensure that an adequate residual value risk management framework for local Group companies exists. This policy describes among other things the roles and responsibilities with respect to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum standards with respect to risk mitigation for Group companies. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. On a quarterly basis relevant items are reported at a Group level.

All Group companies assess at least once per year the exposures in their portfolios and consider if any indications for impairment exist. There were no indications for impairment on the relevant lease portfolios reported in 2006. A change in the estimated residual value may alternatively lead to a change in the depreciation pattern that has an effect in the current period and/or in the subsequent periods. Considering the residual value positions of the Group also no adjustments to depreciation were deemed necessary in 2006.

During the next 10 years governments within the European Union will change taxation regimes with respect to (the purchase of) vehicles. It is likely, following environmental considerations, that current new car taxation policies will be replaced by policies entailing environmental considerations. Depending on the ultimate decisions made by governments in this respect, resale values of used vehicles might be influenced.

It is expected that the result on sales in the coming years should, however, remain positive on a Group level.

E. Currency risk

Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result.

The Group has a limited exposure to effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The main cause for this limited exposure is that all debt funding, directly or via derivatives, is concluded in the currency in which assets are denominated. Also the Group's capital is exclusively allocated to the currencies in which assets are denominated. The Managing Board sets limits on the level of capital versus assets in each currency and groups of currencies that are linked, thereby protecting the capital adequacy of the consolidated balance sheet against foreign exchange rate movements.

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2006. Included in the table are the Group's assets and liabilities (including derivatives) at carrying amounts, categorised by currency:

In millions of euros	EUR	USD	GBP	Other	Total
As at 31 December 2006					
Total assets	5,691	2,166	3,643	4,306	15,806
Total liabilities	4,849	2,123	3,457	4,005	14,434
Net on-balance sheet position currency gap	**842**	**43**	**186**	**301**	**1,372**

LeasePlan is present in 28 countries in and outside the euro currency zone. The Group is therefore exposed to translation risk. This risk is the volatility in the euro value of its non-euro subsidiaries, both for equity and result for the year. On the basis of a going-concern approach this risk is neither hedged nor managed.

F. Interest rate risk

Interest rate risk is the risk that the profitability of the Group is affected by interest rate movements. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise. Exposure to interest rate risk is a key feature of the Group's main product. Each lease contains, sometimes exclusively, a financing dimension and interest rates are set individually at the inception of every single lease.

The matching of the maturities, amounts, currencies and repricing dates of interest bearing assets and liabilities for interest rate purposes is fundamental to the management of the Group, and has consistently been applied in the past. The consistency of this policy is an important factor in the predictability of interest margins as a major income stream and in assessing the Group's exposure to changes in interest rates.

It is Group policy to match the interest risk profile of the contract portfolio of leases held by each subsidiary with a corresponding profile in the funding to minimise the interest rate risks at local level. This matching principle is monitored through gap reports (funding graphs), which are reported on a monthly basis to the corporate risk department. Subsidiaries have interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (loans) and non-interest bearing liabilities (net working capital and equity). Subsidiaries are limited to have for every future month a maximum mismatch of 5% between their interest bearing assets and liabilities and on average a maximum of 2.5% mismatch.

Centrally interest exposures are consciously assumed and controlled by the Treasury centre. On the asset side loans are provided to Group companies and on the liability side funds are attracted from the market in combination with (interest rate) derivatives. The Managing Board sets limits on the level of mismatch of interest rate repricing that may be undertaken (per currency and time bucket), which is monitored daily by corporate risk management. (Interest) derivatives as concluded by the Treasury centre (as end-user) are a significant instrument in managing and reducing interest exposures.

The table below summarises the central Treasury's exposure to interest rate risks in a gap report as at 31 December 2006. The gaps are expressed in millions of the respective currency. The risk measurement methodology is based on a 'Money at Risk' philosophy, whereby the outstanding interest exposures are clustered per currency in time buckets. The gap is the future difference between the assets' and the related liabilities' run-off. This report includes the use of (interest) derivatives to reduce interest exposures.

Currency	**Time buckets**							
	0-3 months	**3-6 months**	**6-12 months**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**› 5years**
EUR	-166	-464	-431	-428	-302	-153	2	0
CHF	-14	-44	-33	-49	-39	-5	0	0
DKK	0	0	0	0	0	0	0	0
GBP	2	-84	-80	-36	109	0	0	0
NOK	0	0	0	0	0	0	0	0
SEK	21	0	0	0	0	0	0	0
USD	-78	-62	-45	0	0	0	0	0

Stress testing takes place regularly on similar exposures during the year by analysing the adverse or positive effect of a 100 basis points parallel yield curve shift in all currencies. At 31 December 2006 the annualised effect of such a change in interest rates would be equal to approximately 2.4% of profit after tax.

G. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the (re)financing of its assets and liabilities.

The Group is exposed to the risk that its liabilities require payment at a different moment in time than its assets turn into cash causing either a drain on the Group's available cash resources or creating excess liquidity. The Group cannot maintain cash resources to meet all liabilities of a going-concern. However, on the basis of a run-off of the existing, self liquidating leased assets, liabilities are concluded for maturities that match or exceed this run-off profile. Thereby the Group has created a position whereby at any moment in time all existing business is financed until contract maturity and even excess funds are available for new lease contracts. This policy of matched funding, not only from an interest rate perspective, but also from a liquidity perspective, has been pursued since 2002 because of a reduced use of interest rate derivatives and was accelerated in 2005 and 2006 as a reflection of LeasePlan's independent position in funding its current and future business.

From a going-concern perspective the continous (re)financing of new lease contracts is a major factor in managing liquidity risk for the Group. By structurally pursuing 'matched' funding on a consolidated basis for all new business, the Treasury centre of the Group reduces the liquidity risk on written lease contracts to a minimum. The wholesale funding character of its public, large scale transactions are complemented by a wide variety of private instruments that together create a spread of maturing liabilities that match or exceed the assets' profile. Key to this process is the credit status of LeasePlan as a specialised Dutch bank with high quality ratings and a consistent stable financial track record. Therefore, continued access to financial markets for funding diversified over maturity, currency and source is a key priority of LeasePlan.

As a precaution this continued access is backed up by a number of standby liquidity facilities to even further reduce the liquidity risk. Firstly, a EUR 1 billion securitisation transaction allowing efficient liquidation of assets was concluded for back-up purposes. Secondly, in 2006 LeasePlan renewed and replaced one of its major standby facilities. The credit facility with ABN AMRO that was concluded in 2004 at the time the Group was sold, was replaced by a EUR 2 billion committed facility provided by a syndicate of 24 banks.

Thirdly, specific standby facilities of EUR 500 million are in place with ABN AMRO and EUR 125 million each with ING Bank and Rabobank for compliance with central bank liquidity supervision.

In the stress scenario that Debt Capital Market funding is unavailable the above back-stop facilities in combination with available cash balances enable LeasePlan to fund its ongoing activities for a period comfortably exceeding 12 months.

For the Treasury centre the Managing Board sets limits on the maximum amount of maturing borrowings per future month. By spreading out maturities peak drains on liquidity are avoided. Compared to 2005 LeasePlan significantly lengthened the maturities and spread the sources of its borrowings to further limit liquidity risk.

Liquidity risk is measured and reported to the central bank on a monthly basis. The liquidity supervision by the Dutch Central Bank is focussed on identifying available sources of liquidity and required demands on liquidity.

The table below analyses available and required liquidity for a one week bucket and a one month bucket. The Dutch Central Bank sets out minimum liquidity level requirements for each period, by demanding that available liquidity exceeds required liquidity, according to their definitions, at all times:

In millions of euros	**2006 One week**	**2006 One month**	**2005 One week**	**2005 One month**
As at 31 December				
Available liquidity	1,367	3,824	1,698	3,085
Required liquidity	699	3,146	1,505	2,981
Surplus (minimum requirement is above nil)	**668**	**678**	**193**	**104**

H. Insurance risk

Insurance risk refers to long-tail risks (motor third party liability) and short-tail risks (motor material damage, passenger indemnity, guaranteed auto protection and legal assistance) attaching predominantly to the motor leasing fleets owned and/or managed by the Group.

The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any claim relating to such risk.

These risks are either retained in a self-insurance programme by the Group, or accepted from a policy holder when the Group issues an insurance contract and acts as an insurer through its own insurance company, Euro Insurances in Dublin (Ireland). Euro Insurances is regulated by the Irish Financial Services Regulatory Authority and its ‘European passport’ enables it to support Group companies in all EU countries.

Insurance specialists in each local LeasePlan entity underwrite the vehicle fleet risks under supervision of Euro Insurances in accordance with the strict guidelines of a pre-agreed underwriting policy. These policies set out the scope and nature of the risks to be underwritten (or not) as well as the underwriting authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

The overall approach is to selectively underwrite programmes that offer the best risk/return ratio. Growth is sought in territories with lower exposure limits, while reducing exposure to or withdrawing from markets with high limits and/or unlimited cover. This explains why currently less than 300,000 vehicles are insured out of the Group’s total motor leasing fleet of 1.26 million vehicles.

Claims handling is outsourced to specialised independent claims handling companies in accordance with the strict terms of a Service Level Agreement and following a pro-active approach to claims handling, from expert investigation to early settlement at the lowest possible cost.

Senior management in Euro Insurances monitors the underwriting process and the financial performance in each territory using actuarial and statistical methods for estimating liabilities and determining adequate premium levels. Regular analysis of claims statistics, strict compliance with claims handling procedures and underwriting policies and when necessary, reviews of insurance premiums, ensure a healthy balance between premiums and claims at both an aggregate level and an individual fleet level. The provision for claims is regularly assessed and periodically checked by external actuaries.

All funds representing technical reserves are invested conservatively (cash and bonds).

Reinsurance cover is purchased by Euro Insurances on an Excess of Loss basis for the two principal risks, Motor Third Party Liability and Motor Material Damage (Fire and Natural Perils), to minimise the financial impact of a single large accident and/or event (e.g. hail, flood). Reinsurers are selected on the basis of their financial strength (minimum S&P A-rated), price, capacity and service and are monitored on an ongoing quarterly basis.
Euro Insurances ensures that the insurance policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

Sensitivity towards insurance risk is limited as the Group is well spread in various countries whereby risks above certain retention levels are reinsured.

Annually, an assessment (Liability Adequacy Test) is carried out as to ascertain whether the recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the income statement.

The vehicle damage, passenger indemnity, guaranteed auto protection and legal assistance claims are considered short-tail risks, and normally run off in the course of a year. Third party liability (TPL) is considered a long-tail risk, which can take years to be identified and settled.

The development of the third party insurance liability exposures provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table below reconciles the cumulative claims to the amounts appearing in the balance sheet for TPL (reference is made to note 36 to the consolidated balance sheet). The accident year basis is considered the most appropriate for the business written by the Group.

Premiums are set in each market based on prevailing local market conditions after determining appropriate levels of reinsurance cover and the expected costs of managing and settling claims. Regular external actuarial assessments support internal actuary assessments of the individual programme loss ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large claim. These support the IBNR ('Incurred But Not Reported') factors used to determine appropriate reserve levels necessary to meet projected short and long-tail claims. Reserves are maintained in accordance with guidelines issued from time to time by the Irish regulator.

The movement of the technical known gross provisions for TPL can be shown as follows:

In thousands of euros

Underwriting year	**‹ 2001**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**Total**
At end of accident year	37,533	27,836	38,968	38,277	48,718	63,018	58,510	
- one year later	37,017	25,468	35,734	36,568	49,304	59,111		
- two years later	34,310	25,301	35,911	37,028	42,006			
- three years later	33,991	24,959	36,026	34,017				
- four years later	32,981	25,023	30,997					
- five years later	31,375	22,528						
- six years later and onwards	31,756							
Estimate of cumulative claims	31,756	22,528	30,997	34,017	42,006	59,111	58,510	
Cumulative payments to date	-24,766	-16,874	-21,300	-19,163	-22,532	-20,328		
Gross outstanding claim liabilities	**6,990**	**5,654**	**9,697**	**14,854**	**19,474**	**38,783**	**58,510**	**153,962**
Less: IBNR (incurred but not reported)	897	-1,203	156	8,532	6,140	13,677	21,372	49,571
Total provision for TPL, excluding IBNR	**6,093**	**6,857**	**9,541**	**6,322**	**13,334**	**25,106**	**37,138**	**104,391**

I. Fair value of financial instruments

The financial assets and liabilities held by the Group are not held-for-trading purposes, but are intended to be held-to-maturity. The Group does not manage its risk exposures related to operating and finance leases, financial assets, loan commitments and borrowings on a fair value basis and accordingly such information is not readily available, other than the balance sheet captions outlined below.

For a number of captions within the balance sheet the fair value is determined.

(i) Trade and other receivables

The fair value of trade and other receivables is in principle estimated as the present vale of future cash flows, discounted at the market rate of interest at the reporting date. However, the carrying amount is a reasonable approximation of fair value.

(ii) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(iii) Derivatives

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair value is calculated using a discounted cash flow method, by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date, while taking into account the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward bid price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(iv) Share based payments

The fair value of the depository receipts is measured using a binomial lattice model.

(v) Plan assets of the defined benefit schemes

The fair value of the plan assets of the defined benefit schemes are based on the listed market bid prices for the underlying debt and equity instruments.

(vi) Debt securities issued

For debt securities designated at fair value through profit or loss the fair value is based on the listed market price. All other debt securities issued are held-to-maturity and are measured against amortised cost.

(vii) Other

For other assets and other liabilities with a remaining life of less than one year the notional amount is deemed to reflect the fair value.

Notes to the consolidated financial statements

Index to the notes to the consolidated financial statements

Notes to the consolidated financial statements

1. Segment reporting

Segment information is presented in the consolidated financial statements in respect of the Group's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Business segments pay and receive interest to and from the central Treasury on an arm's length basis to reflect the allocation of capital and funding costs.

Segment revenues comprise total revenues. Internal segment revenues are not presented separately given their insignificance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The unallocated assets and liabilities relate to the tax positions reported by the segments.

Capital expenditures represent the investments in operating leases, software bought from third parties and other property and equipment.

Primary segment: Geographical markets

In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the assets.

The 'European Union – Euro Zone' segment contains the segments of subsidiaries in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

The United Kingdom represents the segments of subsidiaries in the United Kingdom.

The 'Rest of the World' contains the segments of subsidiaries in Australia, Brazil, Czech Republic, Denmark, Hungary, India, New Zealand, Norway, Poland, Romania, Slovakia, Sweden, Switzerland, United Arab Emirates and the United States of America.

Secondary segment: Business segments

The Group comprises the following main business segments:

- Leasing: these activities relate to services rendered under vehicle management, both under operational and finance lease and encompass replacement vehicles, insurance, funding, repair and maintenance;
- Insurances: these activities relate to the business conducted by our insurance captive.
- QEK Global Solutions; these activities relate to vehicle management services to car manufacturers and its suppliers; and
- Ancillary: these activities relate to other parts of the automotive value chain like fuel management, rental business, damage repair and other automotive services.

The Group also has shared operations that manage the Group's IT platform. Cost sharing agreements are used to allocate these central costs to business segments on a reasonable basis.

In 2006 the divestment of the business segment QEK Global Solutions was fully finalised.

Primary and secondary segments

for the year ended 31 December 2006

Primary segment	2006	2005	2006	2005	2006	2005	2006	2005
In thousands of euros	European Union (euro zone)		United Kingdom		Rest of the world		Consolidated	
Total segment revenues	**3,064,353**	**2,657,537**	**625,264**	**657,075**	**1,028,911**	**864,516**	**4,718,528**	**4,179,128**
Continuing operations segment result	185,359	160,802	41,770	38,578	55,301	49,438	282,430	248,818
Discontinuing segment result	778	6,463	-	-3,810	-	1,387	778	4,040
Total segment result	**186,137**	**167,265**	**41,770**	**34,768**	**55,301**	**50,825**	**283,208**	**252,858**
Operating result							**283,208**	**252,858**
Share of profit of associates							123	2,454
Gain or loss on discontinued operations							46	-
Income tax expenses							73,833	56,708
Profit for the period							**209,544**	**198,604**
Depreciation / amortisation other intangibles	26,943	27,879	10,374	6,672	8,790	7,533	46,107	42,084
Depreciation operating leases and rental fleet	1,588,500	1,379,569	408,743	398,343	475,016	386,493	2,472,259	2,164,405
Impairment losses recognised in income statement	-	3,317	1,228	-	-	-	1,228	3,317
Segment assets	9,820,123	8,758,703	1,841,937	1,776,474	3,945,892	3,609,248	15,607,952	14,144,425
Investment in associates	17,682	15,512	-	-	-173	-	17,509	15,512
Unallocated assets							179,988	156,331
Total assets							**15,805,449**	**14,316,268**
Segment liabilities	12,565,653	11,291,926	161,391	224,348	1,547,883	1,416,099	14,274,927	12,932,373
Unallocated liabilities							159,554	175,599
Total liabilities							**14,434,481**	**13,107,972**
Capital expenditure	3,430,010	3,512,223	696,402	719,078	1,236,030	1,064,258	5,362,442	5,295,559

Secondary segment	2006	2005	2006	2005	2006	2005
In thousands of euros	Segment revenues		Segment assets		Capital expenditure	
Leasing business	4,044,319	3,521,523	15,394,409	13,865,966	5,263,963	5,206,647
Insurances	113,866	111,215	269,922	240,373	-	30
QEK Global Solutions	553	36,700	2,047	4,907	-	516
Ancillary business	559,790	509,690	139,071	205,022	98,479	88,366
Consolidated	**4,718,528**	**4,179,128**	**15,805,449**	**14,316,268**	**5,362,442**	**5,295,559**

2. Effect of disposals

(i) QEK Global Solutions

At the end of January 2006 a 100% subsidiary, QEK Global Solutions Benelux BV, the Netherlands, was sold, being the last operating company left of the former QEK Global Solutions business segment. This sale followed the sale of the three QEK business units in Australia, the United Kingdom and the United States of America in April 2005.

A value adjustment of EUR 13 million arose on the measurement to fair value less cost to sell on the contemplated sale of the total QEK Group at the end of 2004.

The QEK business units in Australia, the United Kingdom and the United States of America were sold for USD 30.8 million in cash and the loss incurred of EUR 7.6 million was debited against the aforementioned impairment in 2005. The attributable income tax was nil due to the participation exemption.

QEK Global Solutions Benelux BV was sold for EUR 4.2 million in cash and the book loss of EUR 4.4 million was also accounted for against the impairment. The remainder of the impairment provision amounting to EUR 1.0 million was released to the income statement.

The effect of the disposal in 2005 was a decrease in the net assets of the Group of EUR 39.5 million. The net cash inflow on disposal, after deducting cash disposed of, was EUR 21.5 million. The three disposed QEK business units had an operating result before tax of EUR 1.0 million to the Group for the year ended 2005.

QEK Global Solutions Benelux had an operating loss before tax of EUR 2.0 million in 2005 and EUR 0.2 million in January 2006. The operating, financing and investing cash flows were not significant.

The disposed business units of the QEK Global Solutions Group forms part of the QEK Global Solutions business segment in the Segment Reporting.

In thousands of euros	2006	2005
Net identifiable assets and liabilities	**17**	**31,539**
Consideration received (paid), net of costs, satisfied in cash	-1,985	23,922
Cash disposed of	1,770	2,403
Net cash inflow (outflow)	**-3,755**	**21,519**

(ii) Keddy Rental Belgium

In June 2006, the Group sold the 100% subsidiary, Keddy nv in Belgium, which concentrates on short-term rental business for commercial and passenger vehicles in Belgium.

Keddy nv had an asset total of EUR 64 million, of which EUR 47 million related to the rental portfolio. The operating result before tax was EUR 1.6 million for the first half year 2006 and EUR 2.1 million for the full year 2005. The total managed fleet size was around 3,500 units. The results of Keddy nv are included in the result of discontinued operations in 2006. The book gain amounted to EUR 14.5 million.

In thousands of euros	2006
Net identifiable assets and liabilities	**7,237**
Consideration received, net of costs, satisfied in cash	21,784
Cash disposed of	-911
Net cash inflow	**22,695**

(iii) Discontinued operations

The 2005 comparatives in the income statement are restated for the classification of the body repair companies, the MOX group and Carsolutions as discontinued operations in 2006.

3. Assets and liabilities of disposal groups classified as held-for-sale

The Group is contemplating the sale of the vehicle body repair companies, CarflexS B.V., the Netherlands and the JB Carrosserie group in Belgium, as well as the MOX Group that leases small, mostly electric, vehicles to golf course operators and industry and is operating in the United Kingdom, France and Spain. Finally Carsolutions BV, a Dutch entity, is also contemplated to be sold. All these entities form part of the Ancillary business in the Segment Reporting. The assets and liabilities of these entities are presented separately from the assets and liabilities following the continuing operations. The comparative balance sheet for the previous period is not required to be re-presented (IFRS 5).

On initial classification as held-for-sale, the aforementioned disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. A value adjustment of EUR 14.5 million arose on the measurement to fair value less cost to sell for these disposal groups classified as held-for-sale. The value adjustment of EUR 14.5 million is included in the line 'Profit after tax from discontinued operations and loss on measurement to fair value less cost to sell' in the income statement.

Effect of classification as assets held-for-sale

For the year ended 31 December 2006, the above mentioned entities had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

This group of contemplated discontinued operations contributed an operating income of EUR 23.9 million to the Group for the year ended 2006 (EUR 28.0 million for the year ended 2005).

In thousands of euros	**Note**	**2006**
Cash	18	5,058
Receivables from financial institutions		-
Receivables from customers		6,317
Impairment receivables from customers	20	-922
Deferred corporate income tax receivable	28	939
Property and equipment under operating lease and rental fleet	26	41,372
Other property and equipment	27	16,236
Stock		8,838
Intangible assets	29	369
Other assets		8,584
Impairment		-14,500
Total net assets disposal groups held-for-sale	22	**72, 291**
Provisions	35 (iv)	2,800
Other liabilities		16,490
Cash equivalent included in Liabilities to financial institutions	18	-1,929
Deferred tax liabilities	28	633
Total net liabilities disposal groups held-for-sale		**17,994**

4. Effect of deconsolidation

As of September 2006 the 51% investment in Overlease, Italy, was accounted for as a joint venture under the net equity method and no longer consolidated with separate presentation of the minority interest. As of that date the significant control ceased as a result of a new joint venture agreement the Group entered with Overlease, Italy. The result for the year of Overlease is shown as Result from associates and jointly controlled entities as of September 2006, the date control ceased.

The effect of this deconsolidation as at 31 August 2006 can be shown as follows:

In thousands of euros	**2006**
Receivables from customers	160,523
Corporate income tax receivable	537
Other assets	45,537
Total net assets deconsolidated	**206,597**
Other liabilities	32,894
Provisions	1,828
Liabilities to financial institutions	168,117
Total net liabilities deconsolidated	**202,839**

5. Operating and finance lease revenues and expenses

(i) Lease revenues

This note only relates to the revenues and income generated by operating and finance leasing.

	Note	2006	2005	2006	2005	2006	2005
		Operating		Finance		Total	
Lease revenues, excluding interest and fee income		3,088,481	2,679,971	22,543	21,577	3,111,024	2,701,548
Interest income	9	594,521	529,899	119,176	107,961	713,697	637,860
Fee income		151,023	148,153	25,764	26,712	176,787	174,865
Total		**3,834,025**	**3,358,023**	**167,483**	**156,250**	**4,001,508**	**3,514,273**

Fee income includes the net management and administrative fees receivables in respect of services rendered.

(ii) Lease expenses

Lease expenses comprise the cost associated with providing the repair maintenance and tyres service components. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease expenses. An important element of lease expenses is the depreciation on the operating leasing contracts which is charged to the client.

6. Insurance revenues, net of reinsurance

	2006	2005	2006	2005	2006	2005
	Third Party Liability		**Own Damages and other services**		**Total**	
Gross written premiums	56,047	47,971	62,502	72,658	118,549	120,629
less: written premiums ceded to reinsurers	-11,442	-14,226	-1,408	-1,369	-12,850	-15,595
Net insurance revenues	**44,605**	**33,745**	**61,094**	**71,289**	**105,699**	**105,034**

	2006	2005	2006	2005	2006	2005
	Third Party Liability		**Own Damages and other services**		**Total**	
Current year claims paid	37,998	20,329	5,199	24,028	43,197	44,357
Additional cost for prior years' claims	-270	1,324	538	5,865	268	7,189
Policyholder claims and benefits incurred	**37,728**	**21,653**	**5,737**	**29,893**	**43,465**	**51,546**

7. Other revenues

	2006	2005
Leveraged leasing	166,508	140,616
Damage and body repair	53,909	53,198
Other activities	119,423	137,767
Bonus and commission income	30,358	43,287
	370,198	**374,868**

8. Other expenses

	2006	2005
Leveraged leasing	158,011	131,601
Damage and body repair	21,223	22,109
Other activities	40,596	51,365
	219,830	**205,075**

9. Interest income

	Note	2006	2005
Interest income on finance leases	5	119,176	107,961
Interest income on operating leases and rental fleet	5	594,521	529,899
Other		40,958	26,749
		754,655	**664,609**

This caption includes the loss of ineffectiveness on hedges within operations amounting to EUR 0.2 million (2005: gain of EUR 0.1 million).

10. Interest expenses

	2006	2005
Interest expense on debt securities issued	298,964	95,520
Interest expense on funds entrusted	83,513	124,344
Interest expense on subordinated loans	6,704	6,039
Other	60,560	142,574
	449,741	**368,477**

This caption includes the fair value change arising on financial instruments measured at fair value through income statement amounting to EUR 4.3 million (2005: EUR 0.4 million).

11. Sales result and settlements from returned objects

Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client. For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold. For open calculation contracts, the results are settled on a net basis with the client in accordance with the contractual agreement with the client.

The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. In case a loss is expected this loss is reflected in the period in which it occurs.

12. Impairment losses on leased assets

There are no impairment losses on leased assets in 2006 and 2005.

13. Impairment losses on receivables

	Note	2006	2005
Impairment loss on amounts receivable from financial institutions		-	2
Impairment loss on amounts receivable from customers	20	21,964	14,680
		21,964	**14,682**

14. Staff expenses

	Note	2006	2005
Wages and salaries		304,648	294,787
Social security charges		43,138	39,066
Pension costs – defined contribution plans		12,890	10,572
Pension costs – defined benefit plans		6,014	11,732
Other post-retirement benefits		-4,905	461
Charge to / (release of) provision for share-based payments	35 (iii)	7	-498
Other staff costs		30,205	26,037
		391,997	**382,157**

The average number of staff employed (including temporary staff) by the Group during the year under review was 6,317 (2005: 6,497), of whom 1,164 (2005: 1,299) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,296 (2005: 6,413).

The pension costs for 2006 consist of a number of items and are recognised in the income statement. These items are shown in the following table.

The breakdown of actuarial determined post-employment benefits is as follows:

In thousands of euros	2006 Pensions	2005 Pensions	2006 Health insurance	2005 Health insurance
Current service costs	9,478	11,717	134	339
Interest costs	7,612	9,203	77	167
Expected return on plan assets	-8,052	-9,245	-	-
Net amortisation of past service costs	458	-	-2,222	-
Net amortisation of net actuarial gain (-) / loss (+)	3,109	57	-783	-45
Settlement effect	14,171	-	-	-
Curtailment effect	-20,762	-	-2,111	-
Pension costs - defined benefit plans	**6,014**	**11,732**	**-4,905**	**461**
Pension costs – defined contribution plans	12,890	10,572		
Total pension costs	**18,904**	**22,304**		
Other post retirement costs	**-4,905**	**461**		

15. General and administrative expenses

This item includes office overheads, automations costs, advertising costs, professional fees and other general expenses.

16. Depreciation and amortisation

	Note	2006	2005
Depreciation Other property and equipment	27	29,873	29,934
Impairment Assets held-for-sale	22	-	3,322
Amortisation intangible fixed assets	29	15,006	8,828
Impairment software	29	1,228	-
		46,107	**42,084**

17. Income tax expenses

Further information about deferred income tax is presented in Note 28.
The income tax expenses in the income statement can be shown as follows:

	2006	2005
Current tax	46,285	71,912
Deferred tax	27,548	-15, 204
	73,833	**56,708**

Reconciliations of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the home country (29.6%) of the parent and is as follows:

	2006	2005
Profit before tax	283,377	255,312
Tax calculated at a tax rate of 29.6% (2005: 31.5%)	83,880	80,423
Effect of different tax rates in foreign countries	-16,510	-15,042
Effect of tax exempt profits	-1,325	-1,299
Expenses not deductible for tax purposes	2,995	2,334
Adjustment of deferred tax	4,793	-9,708
Total income tax expenses	**73,833**	**56,708**

The 2006 adjustment of deferred tax mainly relates to the revaluation of deferred tax assets in the Netherlands and in Spain. In the Netherlands the nominal tax rate will decrease from 29.6% in 2006 to 25.5% in 2007. In Spain the nominal tax rate will decrease from 35% in 2006 to 32.5% in 2007 and to 30% in 2008.

The 2005 adjustment of deferred tax related to a prior years' tax adjustment in the United Kingdom (EUR 1.5 million), the recognition of a tax credit in Luxembourg and a recognised deferred tax asset in Spain (EUR 7.8 million in total).

The weighted average of the local tax rates applicable to the Group was 26.4% (2005: 26.3%).

18. Cash and cash equivalents

	2006	2005
Cash in hand and at banks	12,732	37,673
Call money, bank overdrafts included in Receivables from financial institutions	53,496	22,435
Call money, bank overdrafts included in Liabilities to financial institutions	-109,890	-99,092
Balance as at 31 December included in cash and cash equivalents	**-43,662**	**-38,984**
of which held by discontinuing groups classified as held-for-sale	6,987	-

This item includes all legal tender available at call.
The comparatives are adjusted for the reclassification of the mandatory reserve deposits at the Dutch Central Bank from Amounts receivable from financial institutions.

Mandatory reserve deposits amounting to EUR 12.7 million (2005: EUR 37.6 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the cash in hands and at banks.

19. Amounts receivable from financial institutions

This item includes amounts receivable from Dutch and foreign credit institutions under government supervision. Amounts receivable from financial institutions on demand includes call money and bank current account balances that form part of the cash and cash equivalents in the cash flow statement.

The maturity analysis is as follows:

	2006	2005
- three months or less	840,906	157,698
- longer than three months, less than a year	-	-
- longer than a year, less than five years	-	-
- longer than five years	-	-
Balance as at 31 December	**840,906**	**157,698**

The balances within three months or less relating to deposits on demand and call money are included in cash and cash equivalents in the cash flow statement.

The comparatives are adjusted for the reclassification of the mandatory reserve deposits at the Dutch Central Bank to cash in hand at banks. The increase in amounts from financial institutions is mainly due to a number of successful placements of public benchmark transactions in 2006, which led to an increase of the excess cash position of the Group.

20. Amounts receivable from customers

This item includes amounts receivable under lease contracts plus loans and advances other than Amounts receivable from financial institutions, after deduction of allowances for debtor risks, where necessary.

	2006	2005
Amounts receivable under finance lease contracts	2,091,101	2,150,540
Loans to non-consolidated Group companies	32,400	24,000
Other amounts receivable	358,335	398,745
Balance as at 31 December	**2,481,836**	**2,573,285**

The maturity analysis is as follows:

	2006	2005
- three months or less	580,670	593,839
- longer than three months, less than a year	600,712	549,526
- longer than a year, less than five years	1,235,688	1,359,026
- longer than five years	64,766	70,894
Balance as at 31 December	**2,481,836**	**2,573,285**

The fair value of the receivables does not significantly differ from the carrying amount.

(i) Impairment

The movement in impairment on receivables is as follows:

		2006	2005
Balance as at 1 January		65,696	50,691
Acquisitions due to business combinations		-	15,580
Impairment charge on receivables	13	39,903	31,093
Receivables written off during the year as uncollectible		-16,477	-15,697
Reversal of impairment through income statement	13	-17,939	-16,411
Transfer to Assets held-for-sale	3	-922	-
Foreign exchange		-398	440
Balance as at 31 December		**69,863**	**65,696**

(ii) Finance lease contracts

The Amounts receivable from customers include finance lease receivables, which may be analysed as follows:

	2006	2005
Gross investment in finance leases, with remaining maturities:		
- not longer than 1 year	882,346	808,229
- longer than a year, less than five years	1,340,961	1,431,430
- longer than five years	77,678	79,537
	2,300,985	**2,319,196**
Unearned finance income on finance leases	209,885	168,656
Net investment in finance leases	**2,091,100**	**2,150,540**

	2006	2005
Net investment in finance leases, with remaining maturities:		
- not longer than 1 year	810,345	737,719
- longer than a year, less than five years	1,215,989	1,341,926
- longer than five years	64,766	70,895
Balance as at 31 December	**2,091,100**	**2,150,540**

The unguaranteed residual values of finance lease assets accruing to the benefit of the lessor amounts to EUR 335 million (2005: 333 million). The accumulated allowance for uncollectible minimum lease payments receivable amounts to EUR 3.9 million (2005: EUR 3.8 million)

21. Derivative financial instruments

Derivative financial instruments are carried at fair value and are made up as follows:

In thousands of euros	Contract/ notional	Fair values		Contract/ notional	Fair values	
		2006			2005	
	Amount	Assets	Liabilities	Amount	Assets	Liabilities
Derivates designated as fair value hedges						
Interest rate swaps / forward rate agreements	286,013	263	4,791	75,194	-	280
Currency swaps	173,589	280	480	184,787	-	5,682
Subtotal	**459,602**	**543**	**5,271**	**259,981**	**-**	**5,962**
Derivates designated as cash flow hedges						
Interest rate swaps/ forward rate agreements	7,159,363	53,401	9,074	5,245,188	20,498	5,766
Currency swaps / currency forwards	-	-	-	-	-	-
Subtotal	**7,159,363**	**53,401**	**9,074**	**5,245,188**	**20,498**	**5,766**
Total recognised derivative assets /(liabilities) held for hedging	**7,618,965**	**53,944**	**14,345**	**5,505,169**	**20,498**	**11,728**
Interest rate swaps/ forward rate agreements	3,054,676	1,878	720	4,516,225	1,634	846
Currency swaps / currency forwards	2,704,878	268	461	2,929,406	272	90
Total non-hedge derivatives	**5,759,554**	**2,146**	**1,181**	**7,445,631**	**1,906**	**936**
Total	**13,378,519**	**56,090**	**15,526**	**12,950,800**	**22,404**	**12,664**

The fair value movement of derivatives recognised through the income statement was EUR 0.2 million relating to the ineffectiveness of some hedges and were recycled to the special component of equity, the hedging reserve.

The unrealised gain/loss on derivatives recognised in profit and loss in 2006 breaks down as follows:

In thousands of euros	2006	2005
(gain is positive/ loss is negative)		
Derivatives not designated as hedges	257	684
Derivatives at fair value hedges	-4,220	-508
Derivatives at cash flow hedges (ineffectiveness)	-155	89
	-4,118	**265**

22. Assets classified as held-for-sale

The Group holds a building, which is presented as an asset held-for-sale. The building is currently neither used by the Group for own use nor is it leased out. The value represents the fair value less cost to sell.
In 2005 an impairment loss of EUR 3.3 million on the measurement of the disposal building to fair value less cost to sell had been recognised and included in the caption Depreciation and amortisation in the income statement.

In 2006 an agreement was concluded to sell the building held-for-sale against the carrying value. Settlement of this agreement will take place in the first half of 2007.

	Note	2006	2005
Other property and equipment		13,844	13,707
Less: accumulated impairment losses		-6,384	-6,384
Assets of a disposal Group classified as held-for-sale	3, 26	72,291	2,883
Transfer from Property and equipment under operating lease and rental fleet	26	113,783	118,791
Less: accumulated impairment losses		-	-
Balance as at 31 December		**193,534**	**128,997**

The item Transfer from Property and equipment under operating lease and rental fleet (see note 26) comprises returned objects from operating lease contracts waiting for resale (amounting to EUR 113.8 million) and assets held by a disposal group classified as assets held-for-sale (EUR 41.4 million).

23. Financial assets held-to-maturity

	2006	2005
Bonds	151,126	54,177
Other financial assets	4,463	15,885
Balance as at 31 December	**155,589**	**70,062**

The fair value of the financial assets held-to-maturity amounts to EUR 154 million as at 31 December 2006.

The increase in bonds is partly due to the investment in bonds, which are used as collateral value by the Group's Treasury centre when engaging in monetary transactions with the Dutch Central Bank and partly due to the increased investment of excess funds by the Group's insurance captive.

24. Financial assets at fair value through the income statement

	2006	2005
Managed investment funds	31,271	-
Balance as at 31 December	**31,271**	**-**

The fair value is derived from listed market prices. The initial investment value was EUR 30 million.

25. Investments in associates and jointly controlled entities

	2006	2005
Balance as at 1 January	**15,512**	**13,013**
Acquisitions / (Disposals)/ Transfers	2,145	41
Share of results	123	2,454
Capital increases	999	1,444
Dividend received	-1,290	-1,440
Exchange rate changes	20	-
Balance as at 31 December	**17,509**	**15,512**

There are no material contingent liabilities of the associates and jointly controlled entities incurred jointly with the other investors.

The transfer relates to Overlease which was deconsolidated in 2006 and accounted for as a joint venture under the net equity method as of September 2006, the date control ceased.

The summarised financial information for the material interests in associates and joint ventures under a 100% interest assumption can be shown as follows:

	2006	2005
Assets	704,205	472,967
Liabilities	653,205	422,798
Revenues	288,080	184,726
Net income	3,955	8,795
Dividend paid	5,254	4,900

26. Property and equipment under operating lease and rental fleet

	Note	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2005		**8,397,657**	**92,622**	**8,490,279**
Purchases		5,136,163	107,224	5,243,387
Acquisitions due to business combinations		977,477	-	977,477
Transfer to assets held-for-sale	22	-118,791	-	-118,791
Disposals		-2,077,835	-93,256	-2,171,091
Impairment charge		-	-	-
Depreciation		-2,154,038	-10,368	-2,164,406
Exchange rate differences		89,211	1,664	90,875
Carrying amount as at 31 December 2005		**10,249,844**	**97,886**	**10,347,730**
Cost		14,266,926	117,228	14,384,154
Accumulated depreciation and impairment		-4,017,082	-19,342	-4,036,424
Carrying amount as at 31 December 2005		**10,249,844**	**97,886**	**10,347,730**
Purchases		5,353,375	127,380	5,480,755
Transfer to assets held-for-sale	3 (ii), 22	-155,073	-82	-155,155
Disposals		-1,967,288	-145,038	-2,112,326
Impairment charge		-	-	-
Depreciation		-2,459,247	-13,012	-2,472,259
Exchange rate differences		10,237	-574	9,663
Carrying amount as at 31 December 2006		**11,031,848**	**66,560**	**11,098,408**
Cost		15,282,053	77,547	15,359,600
Accumulated depreciation and impairment		-4,250,205	-10,987	-4,261,192
Carrying amount as at 31 December 2006		**11,031,848**	**66,560**	**11,098,408**

In 2005 and 2006 there was no impairment or reversal of impairment.

An approximation of the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods can be summarised as follows:

	2006 Nominal value	2005 Nominal value
- not longer than 1 year	3,778,087	3,257,007
- longer than a year, less than five years	8,837,719	7,986,733
- longer than five years	107,624	113,037
	12,723,430	**11,356,777**

27. Other property and equipment

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2005		**46,758**	**82,033**	**128,791**
Purchases		1,955	43,791	45,746
Acquisitions due to business combinations		-	1,516	1,516
Transfer to assets held-for-sale		-	-553	-553
Disposals		-2,048	-17,999	-20,047
Impairment charge		-	-	-
Depreciation		-2,231	-27,703	-29,934
Exchange rate differences		612	1,147	1,759
Carrying amount as at 31 December 2005		**45,046**	**82,232**	**127,278**
Cost		56,566	214,709	271,275
Accumulated depreciation and impairment		-11,520	-132,477	-143,997
Carrying amount as at 31 December 2005		**45,046**	**82,232**	**127,278**
Purchases		1,907	35,661	37,568
Acquisitions due to business combinations		-	-	-
Transfer to assets held-for-sale	3	-12,586	-3,650	-16,236
Disposals		-7,659	-17,300	-24,959
Impairment charge		-	-	-
Depreciation	16	-2,307	-27,566	-29,873
Exchange rate differences		-256	-266	-522
Carrying amount as at 31 December 2006		**24,145**	**69,111**	**93,256**
Cost		33,769	193,446	227,215
Accumulated depreciation and impairment		-9,624	-124,335	-133,959
Carrying amount as at 31 December 2006		**24,145**	**69,111**	**93,256**

The item Other property and equipment includes investment property with a carrying amount of EUR 3.5 million (2005: EUR 3.8 million). The rental income from investment property amounting to EUR 0.6 million (2005: EUR 0.6 million) is recognised in the income statement under the caption Other revenues. The direct Operating expenses amounting to EUR 0.4 million (2005: EUR 0.4 million) are also included in Other revenues. The fair value does not significantly differ from the carrying amount.

There are no bank borrowing secured against land and buildings.

28. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities as at 31 December are attributable to the following:

In thousands of euros	Note	2006 Deferred tax asset	2005 Deferred tax asset	2006 Deferred tax liability	2005 Deferred tax liability
Goodwill		19,244	17,831	4,633	-
Property and equipment under operating leases		23,710	24,176	131,482	146,425
Other property and equipment		7,699	6,082	68,664	10,185
Provisions		18,719	32,572	237	336
Deferred leasing income		43,367	33,840	15,050	16,593
Tax value of loss carry forwards recognised		69,419	56,944	-	-
Tax credits and prepayments		29,567	27,688	907	1,255
Other assets		10,651	11,368	13,927	8,140
Other liabilities		29,876	19,335	29,851	20,008
Tax (asset)/ liabilities		**252,252**	**229,836**	**264,751**	**202,942**
Set off of tax		-130,734	-90,853	-130,734	-90,853
Net tax (assets) / liabilities		**121, 518**	**138,983**	**134,017**	**112,089**
Tax position held by disposal group	3	-939	0	-633	71
Balance as at 31 December		**120,579**	**138,983**	**133,384**	**112,160**
Net tax position for total group		**-12,499**	**26,823**		

In connection with the assessment of the recognition of (un)recognised tax credits, an amount of EUR 3.5 million (2005: 2.4 million) has not been recognised and an allowance of EUR 5.6 million (2005: EUR 7.7 million) is established regarding recognised tax credits.

The Group has an aggregate of EUR 216 million (2005: 168 million) of tax loss carry forwards in various countries. Of this amount 7% expires within the next 5 years, 13% expires after 5 years and 80% carries forward indefinitely.

Current tax assets and current tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if an entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the asset and settle the liabilities simultaneously (often within one fiscal unity).

29. Intangible assets

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2005		**8,451**	**7,670**	**-**	**-**	**-**	**16,121**
Purchases		4,914	4,479	-	-	-	9,393
Acquisitions due to business combinations		-	297	13,540	9,446	71,719	95,002
Divestments		-	-	-	-	-	-
Impairment charge		-	-	-	-	-	-
Amortisation		-2,928	-4,349	-339	-1,212	-	-8,828
Exchange rate differences		386	611	-	-	-	997
Carrying amount as at 31 December 2005		**10,823**	**8,708**	**13,201**	**8,234**	**71,719**	**112,685**
Cost		13,373	33,032	13,540	9,446	71,719	141,110
Accumulated amortisation and impairment		-2,550	-24,324	-339	-1,212	-	-28,425
Carrying amount as at 31 December 2005		**10,823**	**8,708**	**13,201**	**8,234**	**71,719**	**112,685**
Purchases		7,868	3,915				11,783
Transfer to assets held-for-sale	3		-369				-369
Increase goodwill						4,140	4,140
Divestments		-15	-8				-23
Impairment charge	16	-1,228					-1,228
Amortisation	16	-5,864	-3,377	-1,354	-4,411		-15,006
Exchange rate differences		-63	-562				-625
Carrying amount as at 31 December 2006		**11,521**	**8,307**	**11,847**	**3,823**	**75,859**	**111,357**
Cost		20,400	30,924	13,540	9,446	75,859	150,169
Accumulated amortisation and impairment		-8,879	-22,617	-1,693	-5,623	-	-38,812
Carrying amount as at 31 December 2006		**11,521**	**8,307**	**11,847**	**3,823**	**75,859**	**111,357**

The increase of goodwill relates to the final assessment of the provisional preliminary accounting adjustments made at the time of the acquisition in 2005 to align the Europcar Fleet Services accounting principles to the accounting principles of the Company. Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2006 (2005: nil).

The impairment test was based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of the cash generating units, being the acquired operating companies.

Cash flows were projected based on actual operating results and the 5 year business plan. After this 5 year period the cash flows for a further 11 years were extrapolated based on a gradually declining growth rate, ending at a terminal growth rate of 1.5%. A discount rate of 9% was applied which was based on an industry average weighted costs of capital.

30. Other assets

This item includes prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received, as well as to amounts that are not classified under any other balance sheet item as mentioned above.

	2006	2005
VAT and other taxes	68,389	57,573
Reclaimable damages	38,065	28,953
Stock of spare parts	304	9,437
Other assets	127,068	179,058
Prepaid motor vehicle tax and insurance premiums	89,041	87,332
Interest to be received	37,403	45,576
Other prepayments and accrued income	157,688	144,627
Balance as at 31 December	**517,958**	**552,556**

31. Liabilities to financial institutions

This item includes amounts owed to credit institutions under government supervision.

The maturity analysis of these loans is as follows:

	2006	2005
- on demand	141,071	203,339
- three months or less	312,662	587,700
- longer than three months, less than a year	254,425	1,452,666
- longer than a year, less than five years	247,350	1,348,542
- longer than five years	-	-
Balance as at 31 December	**955,508**	**3,592,247**

Amounts owed to financial institutions on demand relating to call money and bank overdraft balances form part of the cash and cash equivalents in the cash flow statement.

Liabilities to financial institutions include an outstanding balance of EUR 540.2 million which is non-euro currency denominated as at 31 December 2006. The remainder of the liabilities to financial institutions is denominated in euro.

The balance decreased mainly due to the repayment of all funding under a facility of EUR 5 billion. As a replacement of this facility the Group negotiated a syndicated back-stop facility with 24 banks, consisting of 2 tranches (EUR 1 billion ending December 2009 and EUR 1 billion ending December 2011). No amounts were drawn under this back-stop facility at year-end 2006.

32. Funds entrusted

This item includes all non-subordinated loans not included in Liabilities to financial institutions or Debt securities.
The maturity analysis of these loans is as follows:

	2006	2005
- three months or less	97,096	347,174
- longer than three months, less than a year	126,511	157,563
- longer than a year, less than five years	157,281	137,353
- longer than five years	-	-
Balance as at 31 December	**380,888**	**642,090**

The funds entrusted include an outstanding balance of EUR 10.3 million which is non-euro currency denominated as at 31 December 2006. The remainder of the funds entrusted is denominated in euro.

33. Debt securities

This item includes negotiable, interest-bearing securities, other than those of a subordinated nature.

	2006	2005
Commercial Paper	1,687,235	1,899,643
Certificates of Deposit	646,884	502,169
Bonds designated at fair value through profit or loss	441,661	254,281
Bonds and notes	7,923,234	4,251,371
Balance as at 31 December	**10,699,014**	**6,907,464**

There is no pledge of security for these debt securities.
The fair value change of the structured bonds designated at fair value through the income statement amounted to EUR 4.7 million (2005: EUR 0.4 million).

The debt securities include an outstanding balance of EUR 3,942.8 million which is non-euro currency denominated as at 31 December 2006. The remainder of the debt securities is denominated in euro.

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2006	2005
Commercial Paper	4.8%	2.4%
Certificates of Deposit	3.8%	2.4%
Bonds and notes	4.2%	2.7%
Total	**4.3%**	**2.6%**

The maturity analysis of these debt securities issued is as follows:

	2006	2005
- three months or less	2,791,114	1,387,798
- longer than three months, less than one year	1,688,256	1,656,442
- longer than one year, less than five years	6,219,644	3,863,224
	10,699,014	**6,907,464**

Securitisation

In December 2006 a securitisation transaction was completed whereby EUR 1,019.5 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from customers with whom a lease contract has been concluded and the anticipated revenue from the sale of ex-lease cars at the end of the lease period) was sold to LeasePlan Securitisatie B.V.

Debt securities were issued by Bumper I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I B.V. were specifically incorporated for the purpose of securitisation transactions. The vehicles and receivables have been sold and effectively pledged as security for the redemption and interest obligations on the debt securities.

The notes issued under this securitisation program have a final legal term of ten years and a revolving period of five years, after which the contracts expire and redemption takes place. Taking account of an average term of four years for the securitised lease contracts, the securitisation program is expected to have a weighted average term of seven years. LeasePlan Securitisatie B.V. and Bumper I B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company.

The debt securities issued in December 2006 are divided into A-notes (EUR 944.5 million), B-notes (EUR 27 million), C-notes (EUR 28.5 million) and D-notes (EUR 19.5 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by rating agency Fitch whereby the A-notes have been given a triple A-rating and the B-notes a double A-rating.

All notes are held by the Company. All A- and B-notes have been placed with the Dutch Central Bank allowing the Company to act as a counterparty for monetary transactions.

The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up. In the event of the company being wound up, the D-notes are subordinate to the C-notes, the C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes. In view of the revolving period of five years and the anticipated redemption schedule, at year-end 2011 the debt securities will amount to EUR 1,019.5 million.

34. Other liabilities

	2006	2005
Trade payables	397,810	432,465
Other amounts owed	155,329	102,511
Deferred leasing income	492,384	399,387
Interest payable	131,552	108,973
Advance lease instalments received	84,935	83,648
Other accruals and other deferred income	184,039	130,687
VAT and other taxes	26,704	32,234
Balance as at 31 December	**1,472,753**	**1,289,905**

35. Provisions

		2006	2005
Provision for pension obligation arrangements	(i)	12,596	27,718
Provision for health insurance post-retirement	(i)	-	4,925
Provision for employment arrangements	(ii)	5,019	4,401
Provision for share-based payments	(iii)	786	849
Restructuring provisions	(iv)	3,061	8,755
Provision for onerous contracts	(iv)	1,722	693
Provision for post-employment arrangements	(v)	5,339	2,187
Other provisions	(v)	2,571	2,143
Balance as at 31 December		**31,094**	**51,671**

(i) Provision for pension obligation arrangements and health insurance post-retirement

The valuations on the provisions for post-employment arrangements are performed by independent qualified actuaries on an annual basis. The following table summarises the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main defined benefit pension plans and the other post-employment benefit plans in the various countries.

In thousands of euros	2006 Pensions	2005 Pensions	2006 Health insurance	2005 Health insurance
Balance as at 1 January	**227,382**	**186,563**	**4,925**	**4,491**
Movements in projected benefit obligations:				
- Increase in present value of accrued benefits	9,278	11,417	134	339
- Interest costs	7,612	9,203	77	167
- Employer's contributions / refunds	-15,663	-	-	-
- Actuarial gains / (losses)	-131	23,751	-783	-
- Realisation past service costs	-	-	-2,222	-45
- Benefits paid	-1,890	-4,087	-20	-27
- Curtailment effect	-20,762	-	-2,111	-
- Settlement effect	-146,167	-	-	
- (De)consolidation	-2,155	-	-	-
- Currency translation differences	-1,088	535	-	-
Balance as at 31 December: benefit obligations	**56,417**	**227,382**	**-**	**4,925**
Balance as at 1 January	**182,256**	**154,196**	**-**	**-**
Movements in plan assets:				
- Actual return on plan assets	5,258	22,229	-	-
- Employer's contribution	20,386	10,663	-	-
- Benefits paid	-1,897	-4,087	-	-
- Settlement effect	-160,337	-	-	-
- (De)consolidation	-1, 428	-	-	-
- Currency translation differences	-297	-745	-	-
Balance as at 31 December: plan assets	**43,941**	**182,256**	**-**	**-**
Funded status: surplus (+)/deficit (-) as at 1 January	**-45,126**	**-32,367**	**-4,925**	**-4,491**
Funded status: surplus (+)/deficit (-) as at 31 December	**-12,476**	**-45,126**	**-**	**-4,925**
Unrecognised actuarial (gain) / losses	-192	18,590	-	-
Unrecognised past service costs	72	-1,182	-	-
Prepaid (+)/accrued (-) benefit cost as at 31 December	**-12,596**	**-27,718**	**-**	**-4,925**

Reference is made to note 14 for the details on the amounts recognised in the income statement in respect of the Group's benefit plans.

As per 1 October 2006 the main Dutch Group companies transferred their pension scheme to a so-called collective defined contribution (CDC) system. In this plan the Company only needs to pay a fixed contribution to a fund outside the consolidation scope of the Group each year. The risks of the fund and its investments are solely carried by the employees. This change resulted in a full settlement and curtailment of the Dutch defined benefit plans. Accordingly there is no longer a pension obligation in the Company's balance sheet regarding the Dutch projected defined benefit obligations and plan assets.

There are no pension plans that are wholly unfunded. None of the collective and the individual pension plans in the various countries are fully funded.

The provision for health insurance has been released as the Group decided not to continue with providing health insurance contributions to retirees in the Netherlands due to changes in legislation in 2006. The impact amounts to EUR 5.1 million relating to a curtailment impact of EUR 2.1 million, the realisation of unrecognised past service costs amounting to EUR 2.2 million and the write-off of the unrecognised actuarial gains amounting to EUR 0.8 million.

The weighted averages of the main actuarial assumptions used to determine the value of the provision for pensions as at 31 December were as follows:

	2006	2005
Pensions		
Discount rate	4.8%	4.2%
Expected increment in salaries	1.1%	2.6%
Expected return on investments	5.8%	5.5%
Post-retirement health insurance contributions		
Discount rate	4.4%	4.0%
Average increase in health care costs	4.0%	4.0%

The expected return on investments regarding pension obligations is weighted on the basis of the fair value of those investments. All other assumptions are weighted on the basis of the defined benefit plan obligations.

Assumptions regarding future mortality tables are based on published statistics of mortality tables.

(ii) Provision for employment arrangements

The provisions for employee obligations during employment with regards to jubilee payments and extra holiday day entitlements do not have any plan assets. These obligations are determined actuarially.

In thousands of euros	2006	2005
Balance as at 1 January	**4,401**	**4,174**
Movements in projected benefit obligations:		
- Increase in present value of accrued benefits	1,221	504
- Interest costs	425	203
- Actuarial gains / (losses)	-226	-244
- Benefits paid	-281	-236
- Deconsolidation	-521	-
Prepaid (+)/ accrued (-) benefit cost as at 31 December	**5,019**	**4,401**

The weighted averages of the main actuarial assumptions used to determine the value of the provision for Jubilee and extra holiday days as at 31 December were as follows:

	2006	2005
Jubilee and extra holiday days		
Discount rate	4.5%	4.0%
Expected increment in salaries	2.4%	1.7%

(iii) Provision for share based payments

Under the option plan introduced in 2001, the members of the Managing Board and a limited group of senior managers were granted options on depositary receipts for ordinary shares. The options granted have a life of seven years. The option plan was terminated in 2004, after which all options were fully vested.

The movement in the stock option provision can be summarised as follows:

	Note	2006	2005
Balance as at 1 January		849	1,756
Options exercised		-70	-409
Release of unused provision	14	7	-498
Balance as at 31 December		**786**	**849**

Options granted to employees

Year	Number granted	Number exercised	Number expired	Number outstanding	Average exercise price in euros	Year of expiry
2001	242,190	157,210	73,010	11,970	32.24	2008
2001	259,610	203,450	43,420	12,740	33.53	2008
2002	294,060	248,300	27,560	18,200	34.25	2009
2003	329,030	249,250	12,610	67,170	31.91	2010
	1,124,890	**858,210**	**156,600**	**110,080**	**-**	

No options have been granted to the members of the Supervisory Board. The current and former members of the Managing Board exercised all their outstanding option entitlements in 2004. The exercise price of the options granted is based on an annual valuation report issued by an external advisor. In accordance with the findings of this report, the exercise price offered participants in the option plan an 'at the money' variant or an 'out of the money' variant. The valuation report issued in November 2006 gave a value per share of EUR 35.25 (2005: EUR 30.63). The amount payable on the options is EUR 0.1 million (2005: EUR 0.5 million before tax) and was credited against the provision.

The movement in the number of options outstanding can be shown as follows:

	2006	2005
Number of options outstanding as at 1 January	**143,290**	**217,080**
2001 1st tranche exercised	-840	-23,400
2001 1st tranche expired	-10,920	-2,940
2001 2nd tranche exercised	-	-26,650
2001 2nd tranche expired	-	-
2002 tranche exercised	-3,900	-20,800
2002 tranche expired	-	-
2003 tranche exercised	-17,550	-
2003 tranche expired	-	-
Number of options outstanding as at 31 December	**110,080**	**143,290**

(iv) Restructuring provisions and provisions for onerous contracts

	Note	2006 Restructuring	2005 Restructuring	2006 Onerous contracts	2005 Onerous contracts
Carrying amount as at 1 January		8,755	5,806	693	994
Add: Additional provisions made/transfers		1,650	5,548	1,029	-
Less: transfer to Liabilities held-for-sale	3	-2,800	-	-	-
Less: Amounts used (incurred and charged)		-4,316	-2,562	-	-106
Less: reversal of provision		-228	-37	-	-195
Carrying amount as at 31 December		**3,061**	**8,755**	**1,722**	**693**

In three entities of the Group provisions are established in respect of reorganisation plans which focus on reduction in headcount. It is expected that the main provisions will run off within the coming two to three years.

(v) Provisions for post-employment arrangements and other provisions

The post-employment arrangement are actuarially determined once every three years.

	Post-employment	Post-employment	Other provisions	Other provisions
Carrying amount as at 1 January	2,187	1,887	2,143	3,176
Add: Additional provisions made/transfers	1,372	560	1,136	394
Add: transfer from other liabilities	2,984	-		
Less: Amounts used (incurred and charged)	-1,204	-260	-708	-1,427
Less: reversal of provision	-	-	-	-
Carrying amount as at 31 December	**5,339**	**2,187**	**2,571**	**2,143**

Other provisions mainly relate to a small number of mainly employee related litigations and obligations of relatively small sizes, and are expected to run off in the short run.

36. Insurance contract provisions

	2006	2005
Provision for Third Party Liability	104,163	91,789
Provision for damage claims and other provisions	38,326	36,887
IBNR	59,661	62,585
Balance as at 31 December	**202,150**	**191,261**

The insurance contract provisions can be shown as follows:

In thousands of euros		2006			2005	
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reported	142,489	-15,016	127,473	128,676	-14,059	114,617
Claims incurred but not reported	59,661		59,661	62,585		62,585
Total insurance contract provisions	**202,150**	**-15,016**	**187,134**	**191,261**	**-14,059**	**177,202**
Current	48,416		48,416	42,842		42,842
Non-current	153,734	-15,016	138,718	148,419	-14,059	134,360
Total insurance contract provisions	**202,150**	**-15,016**	**187,134**	**191,261**	**-14,059**	**177,202**

For the movements in the provision for Third Party Liabilities and the related IBNR reference is made to the financial risk management paragraph ("Insurance risk").

37. Subordinated loans and subordinated bond issue

In 2005 and up to 16 November 2006 the subordinated loans were granted by the 50% indirect shareholder the Volkswagen Group. The loans, carrying an average rate of interest of 3.1% (2005: 2.5%), were contracted for an indefinite period. The average rate of interest was based on Euribor plus a surcharge. Either party could cancel the loans subject to at least five year notice. Under the terms of the loan contracts, the loans were subordinated to all other liabilities of the Company.

Due to the success of a lower Tier 2 10 year non-call 5 bond issue in 2006, the existing subordinated loans with the Volkswagen Group were redeemed early at face value in full thereby raising the level of lower Tier 2 capital to EUR 500 million. The launch spread was mid-swaps +55 bps. Under the terms of the issue, the bonds are subordinated to all other liabilities of the Company. The issue was bought by a variety of (foreign) institutional investors.

38. Share capital

At 31 December 2006, the authorised capital amounted to EUR 250 million (2005: 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.9 million is issued and paid up.

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.

39. Reserves and retained earnings

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Dividend

In 2006, the Company made one interim dividend payment of EUR 65 million, at 1 June 2006 to its direct shareholder, Global Mobility Holding B.V. In 2005 the Company paid a dividend of EUR 60 million to its shareholder.

Undistributable reserves
The legal reserves, translation reserves and hedging reserves are undistributable reserves of the Company pursuant to the provisions of Book 2, Title 9 of the Netherlands Civil Code.

Profit appropriation
Reference is made to the statutory financial statements on the appropriation of profit for the year and the movements in the reserves.

40. Minority interests
Movements in Minority interests were as follows:

	2006	2005
As at 1 January	**2,061**	**436**
Share of net profit of subsidiaries	-1,260	-540
Acquisition /transfer	-	2,590
Dividend for the year	-	-
Other changes	-1,842	-425
Foreign exchange	37	-
As at 31 December	**-1,004**	**2,061**

In September 2006 the joint venture agreement of Overlease was renewed. As a result control no longer existed and as of that date the joint venture Overlease was accounted for as a jointly controlled entity under the equity method. The effect of the deconsolidation is recognised in Other equity changes in the Consolidated statement of changes in shareholders' equity

41. Commitments
Commitments entered into in connection with long-term rental and lease contracts amounted to EUR 139 million (2005: EUR 135 million) as at balance sheet date.

For a number of customers residual value guarantees have been given to a total of EUR 194 million (2005: EUR 133 million). Other guarantees relating to credit substitutes amounting to EUR 10 million (2005: EUR 14 million) have also been given on behalf of customers.

42. Related parties
Identity of related parties
Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company.

Global Mobility Holding B.V. is a shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms. At year-end 2006 a receivable under a warranty claim was outstanding with one of the indirect shareholders, Volkswagen Group regarding residual values in connection with the Europcar Fleet Services acquisition in 2005. The total receivable amounts to EUR 7.3 million and was received in January 2007.

Further the subordinated loan of EUR 240.9 million which was outstanding with Volkswagen Financial Services A.G. was repaid on 16 November 2006.

All business relations with joint ventures and non-consolidated subsidiaries are handled on normal market terms. The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its directors and executive officers. There were no related party transactions with the ultimate parent company or with the parent company other than the payment of dividend on ordinary shares.

Amounts receivable from customers include an amount totalling EUR 32.4 million (2005: EUR 24 million) receivable from an investment in a non-consolidated Group company.

Transaction with key management personnel
Key management personnel are considered to be the Managing Board and Senior Vice-Presidents.

In addition to their salaries, the Group also provides non-cash benefits to the key management and contributes to post-employment defined benefit and defined contribution plans on their behalf.

The key management personnel compensations are as follows:

In thousands of euros	2006	2005
Short-term employee benefits	10,944	10,484
Post-employment benefits	1,632	1,170
Total	**12,576**	**11,654**

The total remuneration is included in staff expenses (see note 14).

Option payments following the share option scheme to key management personnel amounted to EUR 0.1 million (2005: EUR 0.5 million). Reference is made to note 35 (iii).

In thousands of euros	2006	2005
Managing Board	3,643	3,492
Senior Vice-Presidents	8,933	8,162
Total	**12,576**	**11,654**

The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board
The members of the Supervisory Board receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to members of the Supervisory Board.

43. Contingent assets and liabilities

Legal litigations
Two of our subsidiaries are defending actions brought forward by a party with whom it entered into contracts for the sale of assets. While liability is not admitted, if defence against the actions is unsuccessful, liabilities, including fines and legal costs could amount to up to EUR 14.7 million. Based on legal advice obtained, it is considered highly unlikely that liabilities would be due and payable in full. The directors do not expect the outcome of the actions to have a material effect on the Group's financial position.

At 31 December 2006, the Company and its subsidiaries are involved in a number of other legal actions, either as claimant or as defendant. No material provisions were recorded as the probability of outflow of economic resources related to those actions was assessed as being remote.

Pursuant to the provisions of Article 403, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liabilities with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for the subsidiaries. The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at year-end 2006, guarantees had been provided on behalf of the consolidated subsidiaries operating outside the Netherlands in respect of commitments entered into by those companies with an equivalent value of EUR 1.8 billion (2005: EUR 1.7 billion).

Contingent assets
The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly no asset is recognised in the balance sheet.

Company Financial Statements

Balance sheet of the Company

(before profit appropriation)

In thousands of euros	Note	31 December 2006	31 December 2005
Assets			
Financial fixed assets			
Subsidiaries	2	1,682,528	1,141,312
Amounts receivable from subsidiaries	3	3,051,061	4,134,111
Joint venture	4	6	-220
Amounts receivable from non-consolidated Group companies	5	32,400	-
Own debt securities issued	6	1,019,500	-
Other financial assets	7	145,358	-
Current assets			
Other assets	8	58,404	40,254
Cash at central bank	9	12,682	37,594
Total assets		**6,001,939**	**5,353,051**
Liabilities			
Liabilities to financial institutions	10	26,305	798,830
Funds entrusted	11	183,600	445,000
Debt securities issued	12	3,064,742	2,566,782
Amounts payable to subsidiaries	13	789,715	67,533
Other liabilities	14	58,939	22,352
Provisions	15	6,666	5,462
Subordinated loans	16	500,000	240,857
Total liabilities		**4,629,967**	**4,146,816**
Equity			
Issued capital		71,586	71,586
Share premium reserve		506,398	506,398
Hedging reserve		38,434	12,399
Legal reserves		67,817	100,177
Translation reserve		12,004	18,106
Other reserves		464,929	298,425
Profit for the period		210,804	199,144
Shareholders' equity attributable to equity holders of the Company	17	**1,371,972**	**1,206,235**
Total equity and liabilities		**6,001,939**	**5,353,051**

Income statement of the Company

In thousands of euros	Note	2006	2005
Result from subsidiaries after taxation	2	193,626	187,143
Other results after taxation		17,178	12,001
Profit for the period		**210,804**	**199,144**

Notes to the Company financial statements

All amounts are in thousands of euros, unless stated otherwise.

1. General
For certain notes to the Company's balance sheet reference is made to the notes to the consolidated balance sheet unless stated otherwise.

The Company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Netherlands Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Netherlands Civil Code.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

Under reference to Article 362 sub 8, Title 9, of the Netherlands Civil Code, the participating interests are measured and valued in accordance with the same IFRSs accounting standards as adopted in the consolidated financial statements of the Company.

By adopting Article 362 sub 8, Title 9, of the Netherlands Civil Code, the shareholders' equity in the Company's financial statements accounts equals the shareholders' equity in the consolidated financial statements of the Company.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2006 and the consolidated financial statements for the year ended 31 December 2005 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

(i) Investments in subsidiaries, jointly controlled entities and associates
The investments in subsidiaries that are not classified as held-for-sale are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements.

The investments in non-consolidated joint ventures and associates that are not classified as held-for-sale are accounted for in accordance with the net equity method based upon accounting policies used in the consolidated financial statements.

When the Group's share of losses exceeds its interest in a subsidiary, jointly controlled entity or associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the subsidiary, jointly controlled entity or associate.

(ii) Adoption of IFRSs
The Company also applied the same first time adoption exemptions (IFRS 1) as per transition date of 1 January 2004 as in the consolidated financial statements.

Since 1 January 2004, the Company's date of transition to IFRSs, such translation differences have been recognised in the foreign currency translation reserves of equity. When a foreign operation is disposed or sold, in part or in full, the relevant amount in this reserve is recycled and recognised in the income statement as part of the gain or loss on disposal or sale.

2. Subsidiaries

Movements in subsidiaries were as follows:

	2006	2005
Balance as at 1 January	**1,141,312**	**912,949**
Purchase of and increase in subsidiaries	495,263	229,451
Deconsolidation of and reductions in subsidiaries	-167,606	-223,597
Impairment of subsidiaries	-	-5,383
Result of subsidiaries	193,626	187,143
Marking to market movements under IAS 39	26,035	16,068
Exchange differences	-6,102	24,681
Balance as at 31 December	**1,682,528**	**1,141,312**

In 2006 an impairment has been formed for the contemplated sale of a number of disposal groups as disclosed in note 3 to the consolidated financial statements.

In 2005 the impairment relates to the sale of part of the QEK Global Solutions Group. With the effectuation of the sale of all operating QEK Global Solutions business units in 2005 and 2006 the majority of the impairment was used and the remainder was released in the income statement.

3. Amounts receivable from subsidiaries

The amounts receivable from subsidiaries at year-end 2005 were mainly with the Dutch Group's financing company. The amounts receivable at the year-end 2006 comprise mainly amounts receivable from other operating subsidiaries.

The maturity analysis is as follows:

	2006	2005
- three months or less	1,467,742	292,383
- longer than three months, less than a year	747,351	1,946,058
- longer than a year, less than five years	834,308	1,654,813
- longer than five years	1,660	240,857
Balance as at 31 December	**3,051,061**	**4,134,111**

4. Joint venture

This caption relates to a 49%-interest in a joint venture in the United States of America.

5. Amounts receivable from non-consolidated Group companies

This caption relates to loans issued to a non-consolidated group company, being ceded to the Company from our Group's Treasury centre at the end of 2006.

	2006	2005
- three months or less	2,700	-
- longer than three months, less than a year	10,000	-
- longer than a year, less than five years	19,700	-
- longer than five years	-	-
Balance as at 31 December	**32,400**	**-**

6. Securitised debt securities

	2006	2005
- three months or less	-	-
- longer than three months, less than a year	-	-
- longer than a year, less than five years	-	-
- longer than five years	1,019,500	-
Balance as at 31 December	**1,019,500**	**-**

In December 2006 a securitisation transaction was completed whereby EUR 1,019.5 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from customers with whom a lease contract has been concluded and the anticipated revenue from the sale of ex-lease cars at the end of the lease period) was sold to LeasePlan Securitisatie B.V.

Debt securities were issued by Bumper I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I B.V. were specifically incorporated for the purpose of securitisation transactions. The vehicles and receivables have been sold and effectively pledged as security for the Group's redemption and interest obligations on the debt securities.

The notes issued under this securitisation program have a final legal term of ten years and a revolving period of five years, after which the contracts expire and redemption takes place. Taking account of an average term of four years for the securitised lease contracts, the securitisation program is expected to have a weighted average term of seven years. LeasePlan Securitisatie B.V. and Bumper I B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company.

The debt securities issued in December 2006 are divided into A-notes (EUR 944.5 million), B-notes (EUR 27 million), C-notes (EUR 28.5 million) and D-notes (EUR 19.5 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by rating agency Fitch whereby the A-notes have been given a triple A-rating and the B-notes a double A-rating.

All notes are held by the Company. All A- and B-notes have been placed with the Dutch Central Bank allowing the Company to act as a counterparty for monetary transactions.

The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up. In the event of the company being wound up, the D-notes are subordinate to the C-notes, the C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.
In view of the revolving period of five years and the anticipated redemption schedule, at year-end 2011 the debt securities will amount to EUR 1,019.5 million.

The securitised debt securities are all denominated in euro.

7. Other financial assets
The increase in other financial assets is partly due to the investment in bonds, which are used as collateral value by the Group's Treasury centre when engaging in monetary transactions with the Dutch Central Bank and partly relates to ceded financial assets by the Treasury centre to the Company.

8. Other assets
Other assets included a EUR 20 million subordinated loan granted in 2003 by the Company to strengthen the Dutch pension fund's reserve position. This 10-year loan was repayable in five equal annual instalments as from 2013 with due regard for the subordinated nature of the loan. Repayment depended on the pension fund's reserve position at the time of repayment.

As at 1 October 2006 the Group changed the defined benefit pension arrangement in the Netherlands and moved to a Collective Defined Contribution plan. The settlement and curtailment of this pension plan also invoked the repayment of the subordinated loan by the pension fund to the Company on 1 October 2006.

Other assets also include a current corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The Company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

Further, Other assets include the fair value of the derivatives financial instruments concluded by the Company in 2006.

Derivative financial instruments are carried at fair value and are made up as follows:

In thousands of euros	Contract/ notional	Fair values		Contract/ notional	Fair values	
		2006			2005	
	Amount	Assets	Liabilities	Amount	Assets	Liabilities
Derivates designated as fair value hedges						
Interest rate swaps / forward rate agreements	54,189	139	672	4,009	60	-
Currency swaps	-	-	-	-	-	-
Subtotal	**54,189**	**139**	**672**	**4,009**	**60**	**-**
Derivates designated as cash flow hedges						
Interest rate swaps/ forward rate agreements	2,777,853	15,009	4,828	2,016,568	9,351	1,199
Currency swaps / currency forwards	-	-	-	-	-	-
Subtotal	**2,777,853**	**15,009**	**4,828**	**2,016,568**	**9,351**	**1,199**
Total recognised derivative assets /(liabilities) held for hedging	**2,832,042**	**15,148**	**5,500**	**2,020,577**	**9,411**	**1,199**
Interest rate swaps/ forward rate agreements	1,366,535	433	295	2,073,896	664	508
Currency swaps / currency forwards	607,502	23	14	1,072,581	56	45
Total non-hedge derivatives	**1,974,037**	**456**	**309**	**3,146,477**	**720**	**553**
Total	**4,806,079**	**15,604**	**5,809**	**5,167,054**	**10,131**	**1,752**

The fair value movement of derivatives recognised through the income statement was EUR 0.2 million relating to the ineffectiveness of some hedges and were recycled to the special component of equity, the hedging reserve.

9. Cash at central bank

Mandatory reserve deposits amounting to EUR 12.7 million (2005: EUR 37.6 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of cash.

10. Liabilities to financial institutions

This item includes amounts owed to credit institutions under government supervision.
The maturity analysis of these loans is as follows:

	2006	2005
- three months or less	21,305	13,841
- longer than three months, less than a year	5,000	629,280
- longer than one year, less than five years	-	155,709
Balance as at 31 December	**26,305**	**798,830**

Liabilities to financial institutions include an outstanding balance of EUR 1.3 million which is non-euro currency denominated as at 31 December 2006. The remainder of the liabilities to financial institutions is denominated in euro.

11. Funds entrusted

This item includes all non-subordinated loans not included in Liabilities to financial institutions or Debt securities issued. The maturity analysis of these loans is as follows:

	2006	2005
- three months or less	75,600	325,700
- longer than three months, less than a year	86,000	116,300
- longer than one year, less than five years	22,000	3,000
Balance as at 31 December	**183,600**	**445,000**

The funds entrusted are fully denominated in euro as at 31 December 2006.

12. Debt securities issued

This item includes negotiable, interest-bearing securities, other than those of a subordinated nature.

The issued debt securities which are used in a fair value hedge are valued on the balance sheet at their fair value. The change in fair value is posted through the profit and loss account. As at the end of 2006 this fair value change amounts to EUR 0.5 million and is not a part of the maturity analysis.

	2006	2005
Commercial Paper	132,946	568,535
Certificates of Deposit	646,884	502,143
Bonds and notes	2,284,912	1,496,104
Balance as at 31 December	**3,064,742**	**2,566,782**

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2006	2005
Commercial Paper	4.5%	2.1%
Certificates of Deposit	3.8%	2.4%
Bonds and notes	4.1%	3.2%
	4.1%	**2.8%**

The maturity analysis of these debt securities issued is as follows:

	2006	2005
- three months or less	566,357	709,390
- longer than three months, less than a year	718,472	361,288
- longer than one year, less than five years	1,779,913	1,496,104
Balance as at 31 December	**3,064,742**	**2,566,782**

The debt securities include an outstanding balance of EUR 501.6 million which is non-euro currency denominated as at 31 December 2006. The remainder of the debt securities is denominated in euro.

13. Amount payable to subsidiaries

The amounts payable to subsidiaries comprise mainly a transaction with the Group's Treasury centre.

The maturity analysis of these amounts payable is as follows:

	2006	2005
- three months or less	789,715	67,533
- longer than three months, less than a year	-	-
- longer than one year, less than five years	-	-
Balance as at 31 December	**789,715**	**67,533**

14. Other liabilities

Other liabilities mainly relate to accrued interest payable and the fair value balance of derivatives concluded. Reference is made to note 8 to the balance sheet for further details.

15. Provisions

Provisions include the deferred tax liability and the provision for share based payments.

With respect to the disclosure of the provision for share based payments, reference is made to note 35 (iii) in the consolidated financial statements of the Company.

The deferred tax liability relates to a provision for deferred tax and is mostly long-term in nature.

16. Subordinated loans

With respect to the disclosure of the subordinated loan, reference is made to note 37 in the consolidated financial statements of the Company.

17. Shareholders' equity

Share capital

As at 31 December 2006, the authorised capital amounted to EUR 250 million (2005: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each. There were no movements in the issued and paid-up capital in 2006 and 2005.

Movements in shareholders' equity

In thousands of euros

	Share capital	Share premium	Legal reserves	Hedging reserve	Other reserves	Translation reserve	Result for the year	Total equity
Balance as at 1 January 2005	**71,586**	**506,398**	**49,583**	**-**	**201,236**	**-6,016**	**209,482**	**1,032,269**
Changes in equity								
Effect of transition to IAS 39				-3,669				-3,669
Restated balance under IFRSs	**71,586**	**506,398**	**49,583**	**-3,669**	**201,236**	**-6,016**	**209,482**	**1,028,600**
Effective portion of changes in fair value of cash flow hedges				15,979				15,979
Amounts of SCE *				89				89
Exchange differences on foreign operations						24,680		24,680
Reversal foreign exchange on disposed operations						-558		-558
Other equity changes					-1,699			-1,699
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**16,068**	**-1,699**	**24,122**	**-**	**38,491**
Profit for the period							199,144	199,144
Total recognised income and expense for the period	**-**	**-**	**-**	**16,068**	**-1,699**	**24,122**	**199,144**	**237,635**
Transfer from/to			50,594		-50,594			-
Appropriation of result					209,482		-209,482	-
Dividend					-60,000			-60,000
Balance as at 31 December 2005	**71,586**	**506,398**	**100,177**	**12,399**	**298,425**	**18,106**	**199,144**	**1,206,235**
Effective portion of changes in fair value of cash flow hedges				26,190				26,190
Amounts of SCE *				-155				-155
Exchange differences on foreign operations						-6,102		-6,102
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**26,035**	**-**	**-6,102**	**-**	**19.933**
Profit for the period							210,804	210,804
Total recognised income and expense for the period	**-**	**-**	**-**	**26,035**	**-**	**-6,102**	**210,804**	**230,737**
Transfer from/to			-32,360		32,360			
Appropriation of result					199,144		-199,144	-
Dividend					-65,000			-65,000
Balance as at 31 December 2006	**71,586**	**506,398**	**67,817**	**38,434**	**464,929**	**12,004**	**210,804**	**1,371,972**

* SCE: Special Component of Equity

The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004.

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company and/or by local law.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and that prove to be highly effective in relation to the hedged risk.

The movements in the legal reserves can be shown as follows:

In thousands of euros	**Internally developed software**	**Legal reserves held by subsidiaries**	**Other legal reserves**	**Total legal reserves**
Balance as at 1 January 2005	**-**	**49,583**	**-**	**49,583**
Changes in legal reserves				
Transfer from/to other reserves	10,823	-18,916	58,687	50,594
Balance as at 31 December 2005	**10,823**	**30,667**	**58,687**	**100,177**
Changes in legal reserves				
Transfer from/to other reserves	698	15,349	-48,407	-32,360
Balance as at 31 December 2006	**11,521**	**46,016**	**10,280**	**67,817**

There are no statutory reserves prescribed in the Articles of Association of the Company.

The legal reserves, translation reserves and hedging reserves are undistributable reserves of the Company pursuant to the provisions of Book 2, Title 9 of the Netherlands Civil Code.

The legal reserves relate to minimum reserves to be maintained for internally developed software, for legal reserves kept by subsidiaries and for changes in the equity of associates (positive net result, direct equity changes less any dividend paid out and the translation reserve for investments in subsidiaries).

18. Staff

The Company has no employees.

19. Managing Board remuneration

In addition to their salaries, the Group also provides non-cash benefits to the Managing Board and contributes to post-employment defined benefit and defined contribution plans on their behalf. The Managing Board is also the statutory board of the Company.

The statutory board remuneration is as follows:

In thousands of euro	**2006**	**2005**
Short-term employee benefits	3,252	2,533
Post-employment benefits	391	959
Total	**3,643**	**3,492**

The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board
The members of the Supervisory Board receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to members of the Supervisory Board.

20. Contingent liabilities

Pursuant to the provisions of Article 403, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liabilities with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at 31 December 2006, guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands in respect of commitments entered into by those companies with an equivalent value of EUR 1.8 billion (2005: EUR 1.7 billion).

Almere, 15 March 2007

Supervisory Board

H.D. Pötsch, chairman
B.P. Breiing
S. Jacoby
L.H. Santelmann
K.K. Al Mubarak
W.A. Al Mokarrab
H.N. Lazkani
F.W. Vermeulen

Managing Board

V. Daemi
A.S. Tomas
H.P. Lützenkirchen

List of principal consolidated participating interests

Pursuant to Article 379, Title 9, Book 2, of the Netherlands Civil Code a full list of Group companies and non-consolidated participating interests complying with the relevant statutory requirements has been filed with the Lelystad Trade Register. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
Automotive Leasing Limited, London
Bumper I B.V., Amsterdam (a special purpose vehicle with no shareholding)
CarflexS B.V., Den Bosch
Euro Insurances Limited, Dublin
Globalines Reinsurance Ltd, Isle of Man (*)
JB Carrosserie N.V., Brussels
LeasePlan Australia Limited, Melbourne (*)
LeasePlan Beteiligungs- und Leasinggesellschaft mbH, Dusseldorf (*)
LeasePlan Brasil Ltda., San Paulo (*)
LeasePlan Česká republika s.r.o., Prague (*)
LeasePlan Danmark A/S, Copenhagen (*)
LeasePlan Finance N.V., Almere (*)
LeasePlan Finland Oy, Helsinki (*)
LeasePlan Fleet Management N.V., Brussels (*)
LeasePlan Fleet Management (Polská) Sp. z o.o., Warsaw (*)
LeasePlan Fleet Management Services Ireland Limited, Dublin (*)
LeasePlan France S.A., Paris (*)
LeasePlan Hellas S.A., Athens (*)
LeasePlan Hungária Rt., Budapest (*)
LeasePlan India Limited, New Delhi (51%) (*)
LeasePlan International B.V., Amsterdam (*)
LeasePlan International Finance N.V., Almere (*)
LeasePlan Italia S.p.A., Milan (*)
LeasePlan Luxembourg S.A., Luxembourg (*)
LeasePlan Nederland N.V., Amsterdam
LeasePlan New Zealand Limited, Auckland (*)
LeasePlan Norge A/S, Oslo (*)
LeasePlan Österreich Fuhrparkmanagement GmbH, Vienna (*)
LeasePlan Portugal Lda., Lisbon (*)
LeasePlan (Schweiz) AG, Zurich (*)
LeasePlan Securitisatie B.V., Amsterdam (a special purpose vehicle with no shareholding)
LeasePlan Servicios S.A., Madrid (*)
LeasePlan Slovakia, Bratislava
LeasePlan Sverige AB, Stockholm (*)
LeasePlan UK Limited, London (*)
LeasePlan USA, Inc., Atlanta (*)
LPC Auto Lease B.V., Amsterdam
MOX France S.A., Paris
MOX UK Ltd, Windsor (*)
QEK International B.V., Hoofddorp (*)
Travelcard Nederland b.v., Almere (*)

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2005.

Principal non-consolidated participating interests that are accounted for under net equity accounting in the consolidated financial statements are:
SurePlan USA, Inc. (49%) (*)
LeasePlan Emirates Fleet Management - LeasePlan Emirates LL (49%)
Elease S.A.S., France (5%)
Overlease S.r.L., Rome (51%)
PLease S.C.S., France (97.66%)
Excelease N.V., Belgium (49%)
Terberg Leasing B.V., the Netherlands (24%)

Pursuant to the provisions of Article 403, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liabilities with respect to the majority of the participating interests in the Netherlands. For the following participating interests an Article 403 declaration is filed:

AALH Participaties B.V.(*)
CarflexS B.V.
Carsolutions B.V.
Energie LeasePlan B.V. (*)
Lease Beheer N.V.
Lease Beheer Holding N.V. (*)
LeasePlan International B.V. (*)
LeasePlan International Finance N.V. (*)
LeasePlan Nederland N.V.
LPC Auto Lease B.V.
Travelcard Nederland b.v. (*)

The subsidiaries with an asterix are directly held by the Company.

Other information

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2006 of LeasePlan Corporation N.V. ('the Company'), Amsterdam, as set out on pages 39 to 99. The financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the income statement, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Company financial statements comprise the Company balance sheet as at 31 December 2006, the income statement for the year then ended and the notes.

The managing board's responsibility

The managing board of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the managing board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managing board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company financial statements

In our opinion, LeasePlan Corporation N.V. financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Article 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the managing board is consistent with the financial statements as required by Article 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 19 March 2007
PricewaterhouseCoopers Accountants N.V.

H.F.M. Gertsen RA

Provisions of the Articles of Association on profit appropriation

Article 22

1. The Managing Board shall in respect of distributable profits make a proposal for distribution of dividend and the allocation to the general reserve. Such proposal is subject to the approval of the Supervisory Board.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
3. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
4. Distribution of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.
5. The Supervisory Board may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 of this article has been met as shown in an interim statement of assets and liabilities as referred to in article 2:105(4) Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Proposed profit appropriation

An interim dividend of EUR 65 million was paid out in June 2006. A final dividend of EUR 65 million, bringing the total dividend for the year to EUR 130 million, was declared after balance sheet date but before the financial statements were authorised for issue. This dividend is not recognised as a liability at the balance sheet date of 31 December 2006, because this payable does not meet the criteria of a present obligation under IAS 37. The remainder of the financial net profit amounting to EUR 80.8 million will be added to the general reserve (Other Reserves).

Events after balance sheet date

There were no significant events up to 15 March 2007.

Five-year review

All amounts in thousands of euros	2006	2005	2004	2004	2003	2002
Total operating income	942,108	891,590	872,744	861,872	812,620	793,051
Operating expenses	658,900	638,732	615,974	568,731	554,342	543,009
Profit before tax	283,377	255,312	278,359	278,986	248,331	232,361
Profit for the period	210,804	199,144	209,482	209,168	192,787	180,181
Dividend paid	65,000	60,000	130,000	130,000	-	-
Balance sheet						
Lease contracts *	13,189,508	12,502,042	10,214,491	10,388,285	9,719,221	9,569,330
Debt financing	12,035,410	11,141,801	9,214,351	9,214,351	8,128,844	8,272,508
Shareholders' equity	1,371,972	1,206,235	1,032,269	1,094,828	1,025,570	890,737
Total assets	15,805,449	14,316,268	11,864,681	11,994,462	10,840,265	10,798,581
Key figures						
Number of staff (nominal)	6,296	6,413	7,198	7,198	7,113	6,985
Number of cars	1,258,000	1,225,000	1,090,000	1,090,000	1,074,000	1,089,000
Efficiency ratio **	68.3%	70.5%	69.5%	64.9%	69.1%	70.0%
Return on equity	16.0%	17.3%	19.8%	18.6%	20.1%	22.3%
BIS ratio	12.2%	10.0%	11.7%	12.6%	13.0%	11.7%

* This item includes the operating lease portfolio, the rental fleet (included in 'Property and equipment under operating lease and rental fleet') as well as the finance lease portfolio (included in 'Receivables from customers').

** Total operating expenses / Total operating income excluding impairment losses on receivables.

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