



Renault
2008 Consolidated financial statements

Renault

Year ended December 31, 2008

Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

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Membre de la Compagnie
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Commissaire aux comptes
Membre de la Compagnie
régionale de Versailles

Renault

Year ended December 31, 2008

Statutory auditor's report on the consolidated financial statements

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2008 on:

- the audit of the accompanying consolidated financial statements of Renault,
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2008 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

II. Justification of assessments

In accordance with the requirements of article L.823-9 of French Company Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the consolidated financial statements, Renault group management makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts. Certain accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2008 were made in a context of economic crisis, leading to reduced visibility of the future and creating conditions specific to this year for the preparation of the financial statements. These general conditions are summarized in note 2-B to the consolidated financial statements. The following consolidated financial statements captions have been valued in an uncertain context:
 - Intangible assets and Property, Plant and Equipment (notes 2-L and 12);
 - Investments in associates (notes 2-L, 13 and 14) ;
 - Second-hand vehicles held in inventories and leased vehicles recorded in property, plant and equipment or inventories, depending on the term of the related contracts (notes 2-G, 11-B and 15);
 - Sales financing receivables (notes 2-G and 16);
 - Deferred tax assets (notes 2-I and 9);

For all the items detailed above, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements; we reviewed the consistency of the underlying assumptions, the quantified impact thereof and available documentation and assessed on this basis the reasonableness of estimates made.

Finally, based on procedures performed and information communicated, we believe that note 26-B1 provides appropriate disclosures of the Group's exposure to liquidity risk.

- Your company also makes estimates regarding in particular, vehicle warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (note 20-C) and workforce adjustment provisions (note 7-A). For all such estimates, we reviewed the available documentation and assessed the reasonableness of the assessments made.
- As disclosed in note 13-A to the consolidated financial statements, the Group accounts for its investments in Nissan under the equity method; our audit of the consolidation scope included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting method.
- As part of our assessment of the accounting methods applied by the Group, we have reviewed the methodology adopted for the capitalization of development costs as intangible assets, their amortization and the verification of their recoverable amount and we satisfied ourselves that these methods were properly disclosed in notes 2-J and 11-A.

Such assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

III. Specific verification

In accordance with legislation, we also verified the information presented in the Group management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

A. Raimi

P. Chastaing-Doblin

D. Mary-Dauphin

A. de la Morandière

7.2.1 Consolidated income statements

€ million	2008	2007	2006
Sales of goods and services	36,241	39,190	38,901
Sales financing revenues	1,550	1,492	1,431
Revenues (note 4)	37,791	40,682	40,332
Cost of goods and services sold	(29,659)	(31,408)	(31,343)
Cost of sales financing (note 5)	(1,292)	(1,121)	(985)
Research and development expenses (note 11-A)	(1,858)	(1,850)	(1,963)
Selling, general and administrative expenses	(4,770)	(4,949)	(4,978)
Operating margin (note 6)	212	1,354	1,063
Other operating income and expenses (note 7)	(329)	(116)	(186)
Operating income	(117)	1,238	877
Net interest income (expense)	(216)	(101)	(110)
<i>Interest income</i>	157	274	223
<i>Interest expenses</i>	(373)	(375)	(333)
Other financial income and expenses, net	657	177	171
Financial income (note 8)	441	76	61
Share in net income (loss) of associates	437	1,675	2,277
<i>Nissan (note 13)</i>	345	1,288	1,888
<i>Other associates (note 14)</i>	92	387	389
Pre-tax income	761	2,989	3,215
Current and deferred taxes (note 9)	(162)	(255)	(255)
Net income	599	2,734	2,960
Net income - minority interests' share	28	65	74
Net income - Renault share	571	2,669	2,886
Earnings per share ⁽¹⁾ in € (note 10)	2.23	10.32	11.23
Diluted earnings per share ⁽¹⁾ in € (note 10)	2.22	10.17	11.10
Number of shares outstanding (in thousands) (note 10)			
<i>for earnings per share</i>	256,552	258,621	256,994
<i>for diluted earnings per share</i>	256,813	262,362	260,090

(1) Net income – Renault share divided by number of shares stated.

7.2.2 Consolidated balance sheets

€ million	December 31, 2008	December 31, 2007	December 31, 2006
ASSETS			
Non-current assets			
Intangible assets (note 11-A)	4,313	4,056	3,422
Property, plant and equipment (note 11-B)	12,818	13,055	13,166
Investments in associates	13,768	12,977	12,958
<i>Nissan (note 13)</i>	11,553	10,966	10,777
<i>Other associates (note 14)</i>	2,215	2,011	2,181
Non-current financial assets (notes 22 and 25)	982	606	563
Deferred tax assets (note 9)	252	220	313
Other non-current assets	420	504	376
Total non-current assets	32,553	31,418	30,798
Current assets			
Inventories (note 15)	5,266	5,932	5,309
Sales financing receivables (notes 16 and 25)	18,318	20,430	20,360
Automobile receivables (notes 17 and 25)	1,752	2,083	2,102
Current financial assets (notes 22 and 25)	1,036	1,239	2,229
Other current assets (note 18)	2,848	2,375	2,043
Cash and cash equivalents (note 23)	2,058	4,721	6,010
Total current assets	31,278	36,780	38,053
TOTAL ASSETS	63,831	68,198	68,851

€ million	December 31, 2008	December 31, 2007	December 31, 2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1,086	1,086	1,086
Share premium	3,453	3,453	3,453
Treasury shares	(612)	(499)	(373)
Revaluation of financial instruments	(223)	68	105
Translation adjustment	(2,241)	(982)	(269)
Reserves	16,925	15,782	13,700
Net income – Renault share	571	2,669	2,886
Shareholders' equity – Renault share	18,959	21,577	20,588
Shareholders' equity – minority interests' share	457	492	483
Total shareholders' equity (note 19)	19,416	22,069	21,071
Non-current liabilities			
Deferred tax liabilities (note 9)	132	118	251
Provisions – long-term (note 20)	1,543	1,765	1,847
Non-current financial liabilities (notes 24 and 25)	5,773	5,413	5,430
Other non-current liabilities	548	523	428
Total non-current liabilities	7,996	7,819	7,956
Current liabilities			
Provisions – short-term (note 20)	1,264	954	1,053
Current financial liabilities (notes 24 and 25)	5,219	1,517	3,715
Sales financing debts (notes 24 and 25)	18,950	21,196	21,212
Trade payables (note 25)	5,420	8,224	7,384
Current tax liability	55	166	121
Other current liabilities (note 21)	5,511	6,253	6,339
Total current liabilities	36,419	38,310	39,824
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	63,831	68,198	68,851

7.2.3 Consolidated shareholders' equity

A – Statement of income and expenses for the period

All amounts are reported net of taxes.

€ million	2008	2007	2006
Net income for the period	599	2,734	2,960
Actuarial gains and losses on defined-benefit pension plans ⁽¹⁾	(516)	(60)	21
Translation adjustment on foreign activities ^{(1) (2)}	(1,319)	(738)	(835)
Fair value adjustments on cash flow hedging instruments ^{(1) (3)}	(276)	(38)	85
Fair value adjustments on available-for-sale financial assets ^{(1) (3)}	(15)	1	(34)
Income and expenses recorded in shareholders' equity	(2,126)	(835)	(763)
TOTAL INCOME AND EXPENSES FOR THE PERIOD	(1,527)	1,899	2,197
Renault share	(1,495)	1,862	2,141
Minority interests' share	(32)	37	56

(1) Associates' share (€ million)

(€ million)	2008	2007	2006
Actuarial gains and losses	(513)	(12)	77
Translation adjustments on foreign activities	931	(662)	(1,182)
Cash flow hedges	(77)	(18)	17
Available-for-sale financial assets	(29)	-	5

(2) Including €(1,613) million for the partial hedge of the investment in Nissan in 2008 (€153 million in 2007 and €351 million in 2006).

(3) See note 19-F.

B – Statement of changes in shareholders' equity

€ million	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income - Renault share	Shareholders' equity (Renault share)	Shareholders' equity (minority interests)	Total shareholders' equity
Balance at December 31, 2006	284,937	1,086	3,453	(373)	105	(269)	13,700	2,886	20,588	483	21,071
2007 net income								2,669	2,669	65	2,734
Income and expenses recorded in shareholders' equity					(37)	(713)	(57)		(807)	(28)	(835)
Total income and expenses for the period					(37)	(713)	(57)	2,669	1,862	37	1,899
Allocation of 2006 net income							2,886	(2,886)	-	-	-
Dividends							(803)		(803)	(50)	(853)
Cost of stock option plans							66		66		66
(Acquisitions) / disposals of treasury shares				(126)					(126)		(126)
Impact of changes in the scope of consolidation and capital increases ⁽¹⁾							(10)		(10)	22	12
Balance at December 31, 2007	284,937	1,086	3,453	(499)	68	(982)	15,782	2,669	21,577	492	22,069
2008 net income								571	571	28	599
Income and expenses recorded in shareholders' equity					(291)	(1,259)	(516)		(2,066)	(60)	(2,126)
Total income and expenses for the period					(291)	(1,259)	(516)	571	(1,495)	(32)	(1,527)
Allocation of 2007 net income							2,669	(2,669)	-	-	-
Dividends							(975)		(975)	(48)	(1,023)
Cost of stock option plans							(16)		(16)		(16)
(Acquisitions) / disposals of treasury shares				(113)					(113)		(113)
Impact of changes in the scope of consolidation and capital increases ⁽¹⁾							(19)		(19)	45	26
Balance at December 31, 2008	284,937	1,086	3,453	(612)	(223)	(2,241)	16,925	571	18,959	457	19,416

(1) The impact of changes in the scope of consolidation on the Renault share of shareholders' equity result from the treatment applied to acquisitions of minority interests and put options for buyouts of minority shareholdings in controlled companies (note 2-J).

Details of changes in consolidated shareholders' equity in 2008 are given in note 19.

7.2.4 Consolidated statements of cash flows

€ million	2008	2007	2006
Net income	599	2,734	2,960
Cancellation of unrealised income and expenses:			
- Depreciation and amortisation	2,943	2,865	2,835
- Share in net income (loss) of associates	(437)	(1,675)	(2,277)
- Dividends received from associates	688	936	602
- Other unrealised income and expenses (note 27-A)	(496)	(114)	(430)
Cash flow	3,297	4,746	3,690
Financing for final customers	(10,506)	(11,114)	(12,008)
Customer repayments	11,378	11,708	12,300
Net change in renewable dealer financing	427	(37)	231
Decrease (increase) in sales financing receivables	1,299	557	523
Bond issuance by the Sales financing division (note 24-A)	1,299	2,022	1,875
Bond redemption by the Sales financing division (note 24-A)	(3,455)	(3,139)	(2,966)
Net change in other Sales financing debts	48	1,265	(792)
Net change in other securities and loans of the Sales financing division	102	(359)	(58)
Net change in Sales financing financial assets and debts	(2,006)	(211)	(1,941)
Decrease (increase) in working capital (note 27-B)	(2,833)	(347)	314
CASH FLOWS FROM OPERATING ACTIVITIES	(243)	4,745	2,586
Capital expenditure (note 27-C)	(4,369)	(4,644)	(4,644)
Acquisitions of investments, net of cash acquired	(662)	(67)	(30)
Disposals of property, plant and equipment and intangibles	927	1,086	1,152
Disposals of investments, net of cash transferred, and other	74	63	55
Net decrease (increase) in other securities and loans of the Automobile division ⁽¹⁾	192	615	423
CASH FLOWS FROM INVESTING ACTIVITIES	(3,838)	(2,947)	(3,044)
Transactions with minority shareholders ⁽²⁾	88	26	(131)
Dividends paid to parent company shareholders (note 19-D)	(1,049)	(863)	(664)
Dividends paid to minority shareholders	(28)	(50)	(22)
Purchases/sales of treasury shares	(113)	(126)	85
Cash flows with shareholders	(1,102)	(1,013)	(732)
Bond issuance by the Automobile division (note 24-A)	682	588	851
Bond redemption by the Automobile division (note 24-A)	(426)	(451)	(928)
Net increase (decrease) in other financial liabilities of the Automobile division	2,340	(2,065)	1,069
Net change in financial liabilities of the Automobile division	2,596	(1,928)	992
CASH FLOWS FROM FINANCING ACTIVITIES	1,494	(2,941)	260
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,587)	(1,143)	(198)

(1) In 2006, this includes a €135 million gain on the sale of Scania shares.

(2) Via capital increases or capital reductions and acquisitions of additional investments in controlled companies (note 2-J).

€ million	2008	2007	2006
Cash and cash equivalents: opening balance	4,721	6,010	6,151
Increase (decrease)	(2,587)	(1,143)	(198)
Effect of changes in exchange rate and other changes	(76)	(146)	57
Cash and cash equivalents: closing balance	2,058	4,721	6,010

Details of interest received and paid by the Automobile division are given in note 27-D.

Current taxes paid by the Group are reported in note 9-A.

7.2.5 Segment information

A. Information by division

A1. Consolidated income statements by division

€ million	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
2008				
Sales of goods and services	35,757	484	-	36,241
Sales financing revenues	-	1,550	-	1,550
External sales (note 4)	35,757	2,034	-	37,791
Interdivision sales ⁽¹⁾	(230)	372	(142)	-
Revenues	35,527	2,406	(142)	37,791
Operating margin	(288)	487	13	212
Operating income	(608)	478	13	(117)
Financial income				441
Share in net income (loss) of associates	431	6	-	437
Pre-tax income				761
Current and deferred taxes				(162)
Net income				599
2007				
Sales of goods and services	38,679	511	-	39,190
Sales financing revenues	-	1,492	-	1,492
External sales (note 4)	38,679	2,003	-	40,682
Interdivision sales ⁽¹⁾	(276)	327	(51)	-
Revenues	38,403	2,330	(51)	40,682
Operating margin	858	472	24	1,354
Operating income	767	457	14	1,238
Financial expense				76
Share in net income (loss) of associates	1,668	7	-	1,675
Pre-tax income				2,989
Current and deferred taxes				(255)
Net income				2,734
2006				
Sales of goods and services	38,409	492	-	38,901
Sales financing revenues	-	1,431	-	1,431
External sales (note 4)	38,409	1,923	-	40,332
Interdivision sales ⁽¹⁾	(203)	270	(67)	-
Revenues	38,206	2,193	(67)	40,332
Operating margin	486	492	85	1,063
Operating income	303	489	85	877
Financial expense				61
Share in net income (loss) of associates	2,272	5	-	2,277
Pre-tax income				3,215
Current and deferred taxes				(255)
Net income				2,960

(1) Interdivision transactions are carried out under near-market conditions.

A2. CONSOLIDATED BALANCE SHEETS BY DIVISION

December 31, 2008 (€ million)	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
Non-current assets				
Property, plant and equipment and intangible assets	16,862	288	(19)	17,131
Investments in associates	13,745	23		13,768
Non-current financial assets – investments in non-controlled entities	2,186	1	(2,153)	34
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	964	-	(16)	948
Deferred tax assets and other non-current assets	523	140	9	672
Total non-current assets	34,280	452	(2,179)	32,553
Current assets				
Inventories	5,261	5		5,266
Customer receivables	1,846	18,563	(339)	20,070
Current financial assets	1,167	515	(646)	1,036
Other current assets	2,106	2,473	(1,731)	2,848
Cash and cash equivalents	1,141	1,045	(128)	2,058
Total current assets	11,521	22,601	(2,844)	31,278
TOTAL ASSETS	45,801	23,053	(5,023)	63,831
Shareholders' equity	19,316	2,158	(2,058)	19,416
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,390	238	47	1,675
Non-current financial liabilities	5,511	262		5,773
Other non-current liabilities	437	111		548
Total non-current liabilities	7,338	611	47	7,996
Current liabilities				
Short-term provisions	1,221	43		1,264
Current financial liabilities	5,705		(486)	5,219
Trade payables and Sales financing debts	5,468	19,654	(752)	24,370
Other current liabilities and current tax liability	6,753	587	(1,774)	5,566
Total current liabilities	19,147	20,284	(3,012)	36,419
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	45,801	23,053	(5,023)	63,831

(1) Interdivision transactions are carried out under near-market conditions.

December 31, 2007 <i>(€ million)</i>	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
Non-current assets				
Property, plant and equipment and intangible assets	16,788	343	(20)	17,111
Investments in associates	12,956	21	-	12,977
Non-current financial assets – investments in non-controlled entities	2,423	10	(2,395)	38
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	585		(17)	568
Deferred tax assets and other non-current assets	603	111	10	724
Total non-current assets	33,355	485	(2,422)	31,418
Current assets				
Inventories	5,927	5	-	5,932
Customer receivables	2,177	21,104	(768)	22,513
Current financial assets	1,184	608	(553)	1,239
Other current assets	1,839	2,124	(1,588)	2,375
Cash and cash equivalents	3,697	1,319	(295)	4,721
Total current assets	14,824	25,160	(3,204)	36,780
TOTAL ASSETS	48,179	25,645	(5,626)	68,198
Shareholders' equity	21,987	2,385	(2,303)	22,069
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,582	248	53	1,883
Non-current financial liabilities	5,141	272	-	5,413
Other non-current liabilities	459	64	-	523
Total non-current liabilities	7,182	584	53	7,819
Current liabilities				
Short-term provisions	902	52	-	954
Current financial liabilities	2,413	-	(896)	1,517
Trade payables and Sales financing debts	8,347	21,964	(891)	29,420
Other current liabilities and current tax liability	7,348	660	(1,589)	6,419
Total current liabilities	19,010	22,676	(3,376)	38,310
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	48,179	25,645	(5,626)	68,198

(1) Interdivision transactions are carried out under near-market conditions.

December 31, 2006 (€ million)	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
Non-current assets				
Property, plant and equipment and intangible assets	16,263	371	(46)	16,588
Investments in associates	12,943	15	-	12,958
Non-current financial assets – investments in non-controlled entities	2,401	2	(2,367)	36
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	527	-	-	527
Deferred tax assets and other non-current assets	588	103	(2)	689
Total non-current assets	32,722	491	(2,415)	30,798
Current assets				
Inventories	5,301	8	-	5,309
Customer receivables	2,210	20,869	(617)	22,462
Current financial assets	1,678	1,171	(620)	2,229
Other current assets	1,633	1,957	(1,547)	2,043
Cash and cash equivalents	4,963	1,077	(30)	6,010
Total current assets	15,785	25,082	(2,814)	38,053
TOTAL ASSETS	48,507	25,573	(5,229)	68,851
Shareholders' equity	21,000	2,366	(2,295)	21,071
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,776	268	54	2,098
Non-current financial liabilities	5,159	271	-	5,430
Other non-current liabilities	371	57	-	428
Total non-current liabilities	7,306	596	54	7,956
Current liabilities				
Short-term provisions	994	59	-	1,053
Current financial liabilities	4,423	-	(708)	3,715
Trade payables and Sales financing debts	7,487	21,786	(677)	28,596
Other current liabilities and current tax liability	7,297	766	(1,603)	6,460
Total current liabilities	20,201	22,611	(2,988)	39,824
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	48,507	25,573	(5,229)	68,851

(1) Interdivision transactions are carried out under near-market conditions.

A3. CONSOLIDATED CASH FLOW STATEMENTS BY DIVISION

(€ million)	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
2008				
Net income	556	325	(282)	599
Cancellation of unrealised income and expenses:				
- Depreciation and amortisation	2,892	67	(16)	2,943
- Share in net income (loss) of associates	(431)	(6)	-	(437)
- Dividends received from associates	688	-	-	688
- Other unrealised income and expenses	(644)	154	(6)	(496)
Cash flow	3,061	540	(304)	3,297
Decrease (increase) in sales financing receivables	-	1,740	(441)	1,299
Net change in Sales financing financial assets and debts	-	(2,092)	86	(2,006)
Decrease (increase) in working capital	(2,704)	(147)	18	(2,833)
CASH FLOWS FROM OPERATING ACTIVITIES	357	41	(641)	(243)
Purchases of intangible assets	(1,177)	(1)	-	(1,178)
Purchases of property, plant and equipment ⁽²⁾	(3,043)	(152)	4	(3,191)
Disposals of property, plant and equipment and intangibles ⁽²⁾	835	92	-	927
Acquisition of investments, net of disposals and other	(587)	(1)	-	(588)
Net decrease (increase) in other securities and loans of the Automobile division	97	-	95	192
CASH FLOWS FROM INVESTING ACTIVITIES	(3,875)	(62)	99	(3,838)
Cash flows with shareholders	(1,167)	(236)	301	(1,102)
Net change in financial liabilities of the Automobile division	2,172	-	424	2,596
CASH FLOWS FROM FINANCING ACTIVITIES	1,005	(236)	725	1,494
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,513)	(257)	183	(2,587)

(1) Interdivision transactions are carried out under near-market conditions.

(2) Including impact of leased vehicles:

(€ million)	Automobile	Sales financing	Group total
Purchases of property, plant and equipment	(734)	(142)	(876)
Disposals of property, plant and equipment	581	92	673

€ million	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
2007				
Net income	2,654	323	(243)	2,734
Cancellation of unrealised income and expenses:				
- Depreciation and amortisation	2,815	87	(37)	2,865
- Share in net income (loss) of associates	(1,668)	(7)	-	(1,675)
- Dividends received from associates	936	-	-	936
- Other unrealised income and expenses	(185)	55	16	(114)
Cash flow	4,552	458	(264)	4,746
Decrease (increase) in sales financing receivables	-	413	144	557
Net change in Sales financing financial assets and debts	-	13	(224)	(211)
Decrease (increase) in working capital	(26)	(336)	15	(347)
CASH FLOWS FROM OPERATING ACTIVITIES	4,526	548	(329)	4,745
Purchases of intangible assets	(1,347)	(1)	-	(1,348)
Purchases of property, plant and equipment ⁽²⁾	(3,160)	(145)	9	(3,296)
Disposals of property, plant and equipment and intangibles ⁽²⁾	942	141	3	1,086
Acquisition of investments, net of disposals and other	41	(45)	-	(4)
Net decrease (increase) in other securities and loans of the Automobile division	652	-	(37)	615
CASH FLOWS FROM INVESTING ACTIVITIES	(2,872)	(50)	(25)	(2,947)
Cash flows with shareholders	(1,017)	(248)	252	(1,013)
Net change in financial liabilities of the Automobile division	(1,765)	-	(163)	(1,928)
CASH FLOWS FROM FINANCING ACTIVITIES	(2,782)	(248)	89	(2,941)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,128)	250	(265)	(1,143)

(1) Interdivision transactions are carried out under near-market conditions.

(2) Including impact of leased vehicles:

(€ million)	Automobile	Sales financing	Group total
Purchases of property, plant and equipment	(876)	(130)	(1,006)
Disposals of property, plant and equipment	767	144	911

(€ million)	Automobile	Sales financing	Interdivision transactions ⁽¹⁾	Consolidated total
2006				
Net income	2,603	312	45	2,960
Cancellation of unrealised income and expenses:				
- Depreciation and amortisation	2,817	86	(68)	2,835
- Share in net income (loss) of associates	(2,272)	(5)	-	(2,277)
- Dividends received from associates	602	-	-	602
- Other unrealised income and expenses	(487)	32	25	(430)
Cash flow	3,263	425	2	3,690
Decrease (increase) in sales financing receivables	-	524	(1)	523
Net change in Sales financing financial assets and debts	-	(1,935)	(6)	(1,941)
Decrease (increase) in working capital	281	70	(37)	314
CASH FLOWS FROM OPERATING ACTIVITIES	3,544	(916)	(42)	2,586
Purchases of intangible assets	(1,129)	(3)	-	(1,132)
Purchases of property, plant and equipment ⁽²⁾	(3,340)	(193)	21	(3,512)
Disposals of property, plant and equipment and intangibles ⁽²⁾	884	268	-	1,152
Acquisition of investments, net of disposals and other	23	2	-	25
Net decrease (increase) in other securities and loans of the Automobile division ⁽³⁾	421	-	2	423
CASH FLOWS FROM INVESTING ACTIVITIES	(3,141)	74	23	(3,044)
Cash flows with shareholders	(719)	(14)	1	(732)
Net change in financial liabilities of the Automobile division	966	-	26	992
CASH FLOWS FROM FINANCING ACTIVITIES	247	(14)	27	260
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	650	(856)	8	(198)

(1) Interdivision transactions are carried out under near-market conditions.

(2) Including impact of leased vehicles:

(€ million)	Automobile	Sales financing	Group total
Purchases of property, plant and equipment	(969)	(165)	(1,134)
Disposals of property, plant and equipment	685	268	953

(3) In 2006, this includes a €135 million gain on the sale of Scania shares.

B – Information by geographic area

€ million	Europe ⁽¹⁾	Euromed	Asia-Africa	America	Consolidated total
2008					
Revenues	27,653	4,422	2,628	3,088	37,791
Capital expenditure	3,538	451	293	87	4,369
Property, plant and equipment and intangibles	13,997	1,838	726	570	17,131
Other operating assets ⁽²⁾	7,518	997	577	774	9,866
2007					
Revenues	30,447	4,310	2,757	3,168	40,682
Capital expenditure	3,836	408	266	134	4,644
Property, plant and equipment and intangibles	13,922	1,751	756	682	17,111
Other operating assets ⁽²⁾	8,190	813	577	810	10,390
2006					
Revenues	31,593	3,733	2,689	2,317	40,332
Capital expenditure	3,826	373	283	162	4,644
Property, plant and equipment and intangibles	13,665	1,526	735	662	16,588
Other operating assets ⁽²⁾	7,720	766	331	637	9,454

(1) Including France

(2) Other operating assets include inventories, Automobile receivables and other current assets.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles, capital expenditure and other operating assets are presented by location of subsidiaries and joint ventures.

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7.2.6 Notes to the consolidated financial statement

7.2.6.1 Accounting policies and scope of consolidation

1 – APPROVAL OF THE FINANCIAL STATEMENTS

The Renault group's consolidated financial statements for 2008 were finalised at the Board of Directors' meeting of February 11, 2009 and will be submitted for approval by the shareholders at the General Shareholders' Meeting to be held on 6 May, 2009.

2 – ACCOUNTING POLICIES

In application of regulation 1606/2002 passed on July 19, 2002 by the European Parliament and the Council of Europe, Renault's consolidated financial statements for 2008 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2008 and adopted by the European Union at the year-end.

A. Changes in accounting policies

The following standards and interpretations which became mandatory from January 1, 2008 and were published in the Official Journal of the European Union at December 31, 2008, were applied for the first time in 2008:

- IFRIC 11, "IFRS 2: Group and Treasury Share Transactions" mandatory from January 1, 2008;
- Amendments to IAS 39, "Financial instruments: recognition and measurement" and IFRS 7, "Financial instruments: disclosures" on the reclassification of financial assets, which became mandatory on July 1, 2008.

Application of this interpretation and these amendments has no impact on the financial statements at December 31, 2008.

The Group undertakes no early application of any standard or interpretation or associated amendments, including the following which were already published in the Official Journal of the European Union at December 31, 2008:

- The amendment to IFRS 2, "Share-based payments" on vesting conditions and cancellations, which is mandatory for financial years beginning on or after January 1, 2009;
- IFRS 8, "Operating segments", which replaces IAS 14, "Segment Reporting", mandatory for financial years beginning on or after January 1, 2009;
- IAS 1, "Presentation of financial statements" (revised 2007), mandatory for financial years beginning on or after January 1, 2009;
- IFRIC 13, "Customer Loyalty Programmes", mandatory for financial years beginning on or after January 1, 2009;
- IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", mandatory for financial years beginning on or after January 1, 2009.
- IAS 23, "Borrowing Costs" (revised 2007), mandatory for financial years beginning on or after January 1, 2009.

The Group does not currently expect adoption of these new standards, interpretations and amendments to have any significant impact on the financial statements with the exception of IAS 23, "Borrowing costs". The potential impacts of this standard on the consolidated financial statements are currently being analysed.

B – Estimates and judgments

In preparing its financial statements, Renault has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain notes. Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future financial statements could differ from the current estimates.

2008 was marked by a worldwide economic crisis that seriously affected the automobile sector. There were sudden downturns on the Group's principal traditional markets, mostly beginning in the final quarter of 2008, followed by similar declines on the emerging markets which up to that point had shown strong growth. It is difficult to predict the scale and duration of this crisis beyond December 31, 2008. Renault expects market conditions to worsen in 2009.

The consolidated financial statements for 2008 have been established in this context. The crisis particularly affects assessment of resale values for used vehicles (either in inventories or covered by a buy-back clause), and to a lesser degree the credit risk on loans provided by the Sales financing division. However, assets measured with reference to longer-term prospects, particularly fixed assets (property, plant and equipment and intangibles), net deferred tax assets and investments in associates, have been valued on a basis that assumes the economic crisis will be only of limited duration.

The main items in the financial statements that are sensitive to estimates and judgements at December 31, 2008 are the following:

- Fixed assets – estimation of recoverable value (note 2-L and 12),
- Property, plant and equipment related to leased vehicles or inventories related to used vehicles - estimation of recoverable value (notes 2-G, 11-B and 15),
- Investments in associates - estimation of recoverable value (notes 2-L, 13 and 14),
- Sales financing receivables - estimation of recoverable value (notes 2-G and 16),
- Deferred taxes (notes 2-I and 9),
- Provisions, particularly vehicle warranty provisions (note 2-G), provisions for pension and other long-term employee benefit obligations (note 20-C) and provisions for workforce adjustment measures (note 7-A).

C – Consolidation principles

The consolidated financial statements include the financial statements of all companies controlled exclusively, directly or indirectly, by the Group (“subsidiaries”). Jointly controlled companies (“joint ventures”) are proportionately consolidated. Companies in which the Group exercises significant influence (“associates”) are included in the financial statements on an equity basis.

Significant intercompany transactions and unrealised internal profits are eliminated.

Non-consolidated companies which fulfil these criteria are recorded as other non-current assets.

None of these companies' individual contributions to consolidated figures exceeds the following:

- revenues €20 million
- inventories €20 million

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognised via impairment losses, and which:

- acquire almost all their purchases from Group companies, most of these companies being dealership-type establishments, or
- carry out almost all their sales transactions with Group companies, the principal company concerned being Renault Sport.

D – Presentation of the financial statements

Operating income and operating margin

Operating income includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin corresponds to the operating income before other operating income and expenses, which cover:

- restructuring costs and costs relating to workforce adjustment,
- gains or losses on disposal of businesses or operating entities,
- gains or losses on disposal of property, plant and equipment or intangible assets (except vehicle sales),
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount.

Primary segment reporting

Primary segment information is disclosed for the following divisions:

- the Automobile division, comprising the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries, and the subsidiaries in charge of cash management for these companies,
- the Sales financing division, which the Group considers as an operating activity, carried out by RCI Banque and its subsidiaries for the distribution network and final customers.

Each of these two divisions forms a coherent unit with its own specific risks and returns.

Apart from taxes, income and expenses relating to sales financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automobile division.

Assets and liabilities are specific to each division. Receivables assigned by the Automobile division to the sales financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred.

Vehicles for which the Automobile division has a repurchase commitment are included in the division's assets. When these vehicles are financed by the Sales financing division, the Sales financing division recognises a receivable on the Automobile division.

Secondary segment reporting

Secondary segment information is disclosed by geographic area, as defined in the Group's internal management.

Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales financing division (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, as they are used in the division's normal business cycle.

For the Automobile division, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

E – Translation of the financial statements of foreign companies

The Group's presentation currency is the Euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that currency is adopted as the functional currency.

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) Task Force. In 2008, this list included none of the countries where Renault has significant business activity.

Foreign companies' accounts are established in their functional currency, and subsequently translated into the Group's presentation currency as follows:

- balance sheet items other than components of shareholders' equity, which are stated at historical value, are translated at the closing rate of exchange;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is included in consolidated shareholders' equity and has no impact on net income.

Goodwill and valuation adjustments generated by a business combination with a foreign company are treated as an asset or liability of the entity acquired, as appropriate.

When a foreign company is sold, the translation adjustments recorded in shareholder's equity in respect of its assets and liabilities are taken to income.

F – Translation of foreign currency transactions

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary items in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognised in the income statement, except for foreign exchange gains and losses on debts, receivables, and financial instruments designated as hedges of the net investment in a foreign entity (note 2-V).

- translation adjustments related to financial operations by the Automobile division are included in the net financial income;
- other translation adjustments are included in the operating margin.

Derivatives are measured and recorded as described in note 2-V.

G – Revenues and margin

Revenues comprise all proceeds from sales of the Group's automobile products, services related to these sales, sales of automobile technologies, marketing rights and the various sales financing products marketed by the Group's companies to their customers.

Sales of goods and services and margin recognition

- Sales and margin recognition

Sales of goods are recognised when vehicles are made available to the distribution network in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. The margin on sales is recognised immediately for normal sales by the Automobile division, including sales with associated financing contracts that can be considered as finance leases (long-term or with a purchase option). However, no sale is recognised when the vehicle is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment, when the term of the contract covers an insufficient portion of the vehicle's useful life.

In such cases, the transactions are recorded as operating leases and included in sales of services. The difference between the price paid by the customer and the buy-back price is treated as rental income, and spread over the period the vehicle is at the customer's disposal. The production cost for the new vehicle concerned is recorded in inventories for contracts of less than one year, or included in property, plant and equipment under vehicles leased to customers when the contracts exceed one year. The sale of the vehicle as second-hand at the end of the lease gives rise to recognition of sales revenue and the related margin. The forecast resale value takes account of recent known developments on the second-hand vehicle market but also future anticipated developments over the period in which the vehicles will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range, lower manufacturer prices). As soon as a loss is expected on the resale, a provision (if the vehicle is in inventories) or additional depreciation (if the vehicle is included in property, plant and equipment) is recognised to cover the loss. When the overall position of the lease contract (rental income and income on resale) shows a loss, an additional provision is also recorded immediately to cover the future loss.

Sales of automobile technologies and marketing rights are recognised when the associated risks and benefits are actually transferred. The timing of this transfer depends on the terms of the sale contracts, taking into consideration factors such as the period covered and the volumes concerned, and the recoverability or otherwise for the purchaser of the amounts paid.

- Sales incentive programmes

When based on the volume or price of the products sold, the cost of these programmes is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programmes are approved after the sales, a provision is established when the decision is made.

The Group sometimes organises promotional campaigns offering reduced-interest loans to end-users. The cost of these operations is deducted from sales. This expense is recognised immediately when the rates offered cannot cover refinancing and administration costs, and spread over the duration of the loan otherwise.

- Warranty

The estimated or incurred costs relating to product or part warranties not covered by insurance are charged to expenses when the sales are recorded. In the event of product recalls relating to incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign

has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered practically certain they will be recovered, and included in Automobile division customer receivables in the consolidated balance sheet.

- Services related to sales of automobile products

Renault offers its customers extended warranty and maintenance contracts, the income and margin on which are recognised over the period covered by the contract.

Sales financing revenues and margin recognition

- Sales financing revenues

Sales financing revenues are generated by financing operations for sales of vehicles to dealers and end-users. These financing operations take the form of loans from the Sales financing division companies, and are carried in the balance sheet at amortised cost under the effective tax rate method, less any impairment. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in sales revenues.

- Sales financing costs

The costs of sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by sales financing companies to refinance their customer transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks other than those relating to refinancing of receivables.

- Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

- Impaired receivables

Impairment for credit risk is recognised to cover the risk of non-recovery of receivables. When there is objective evidence of a loss of value (payments overdue, deterioration in the financial position, litigation procedures, etc) for an individual receivable, impairment is determined on an individual basis (using a statistical or case-by-case approach). Otherwise, a collectively-based provision may be recorded (for example in the event of unfavourable developments in a macro-economic and/or segment indicator associated with otherwise sound receivables).

Impairment for country risk is determined based on assessment of the transfer risk (related to the future solvency of each country in the base affected by the impairment) or the systemic credit risk to which debtors are exposed (in the event of long-term continuous deterioration in the economic and general environment of the countries included in the base).

H – Financial income (expense)

Interest income and expenses are recognised under the effective interest rate method, whereby interest and transaction costs are spread on an actuarial basis over the duration of the loan or borrowing.

Interest income and expenses include accrued interest on interest rate derivatives used in fair value and cash flow hedging (when this income or expense is transferred from equity). Changes in the fair value of interest rate derivatives, excluding accrued interest, are included in other financial income and expenses.

Other financial income and expenses also include changes in the fair value of Renault SA redeemable shares.

I – Income tax

The Group recognises deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Using the liability method, deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorised to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Net deferred tax assets are recognised according to the probability of future recovery.

For fully consolidated companies, a deferred tax liability is recorded in respect of dividend distributions likely to be made by the Group.

For joint ventures and associates, a deferred tax liability on dividend distributions is booked for all differences between the book value and fiscal value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the company makes a taxable profit are set against the relevant nature of expense.

J – Intangible assets

Goodwill

Goodwill recorded upon acquisitions of investments in subsidiaries, joint ventures or associates corresponds to the difference at acquisition date between the purchase price of the shares (including acquisition expenses) and the share in the fair value of assets and liabilities acquired.

Goodwill is not amortised, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less accumulated impairment. Any impairment losses on goodwill are included in the operating margin.

Goodwill relating to associates is included in the balance sheet line "investments in associates". In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates.

Acquisitions of additional investments in controlled companies and put options to buy out minority interests are treated as equity transactions. The positive or negative difference between the cost of acquiring shares (including acquisition expenses) and the book value of the minority interests acquired is recorded in shareholders' equity. The minority interests concerned by the put options are stated at present value and reclassified as liabilities in the balance sheet.

Research and development expenses

Development expenses incurred between the approval of the decision to begin development and implement production facilities for a new vehicle or part (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalised as intangible assets. They are amortised on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, up to a maximum period of seven years. Capitalised development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, and a share of overheads dedicated exclusively to development activities.

Expenses incurred before the formal approval of product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

K – Property, plant and equipment

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

Borrowing costs borne during the final preparation of the assets for use are charged to expenses for the period they are incurred, and are not included in the value of the asset.

Investment subsidies received are deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets used by the Group under finance leases are treated as assets financed by credit.

Vehicles leased to customers are vehicles under lease from a Group finance company, for which the Group has a repurchase commitment, or vehicles sold under an agreement including a buy-back clause covering more than one year (note 2-G).

Depreciation

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings ⁽¹⁾	15 to 30 years
Specific tools	2 to 7 years
Machinery and other tools (other than press lines)	5 to 15 years
Press lines	20 to 30 years
Other tangible assets	4 to 6 years

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or part from the market.

L – Impairment of assets

Impairment of fixed assets (other than leased vehicles)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automobile division**, impairment tests are carried out at two levels:

- At the level of vehicle-specific assets

Vehicle-specific assets are capitalised development expenses, specific tools and supplier tools. Impairment tests are carried out by comparing the net book value of the asset with the recoverable value, calculated based on discounted future cash flows related to the vehicle.

- At the level of cash-generating units

A cash-generating unit is defined as the smallest identifiable group of assets that generates largely independent cash flows. Fixed assets related to cash-generating units include goodwill, specific assets and capacity assets.

Impairment tests are carried out on cash-generating units by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset. Future cash flows derive from a 5-year business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in

the sale price of products and the price of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

For the Sales financing division, an impairment test is carried out at least once a year or whenever as there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. Value in use is the present value of future cash flows as determined in the most recent 3-year forecasts for each cash-generating unit, consisting of legal entities or groups of legal entities in a given country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate.

Impairment of investments in associates

Impairment tests of the value of investments in associates are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate with the share of the present value of future estimated cash flows expected from the associate.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate.

M – Non-current assets or groups of assets held for sale

Assets held for sale are non-current assets or groups of assets that are available for sale (and do not require significant work to prepare them for sale) and very likely to be sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further depreciation or amortisation is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the balance sheet.

N – Inventories

Inventories are stated at the lower of cost or net realisable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses and a share of manufacturing overheads based on a normal level of activity. Inventories are valued under the FIFO (First In First Out) method.

When the net realisable value is lower than the value under the FIFO method, impairment equal to the difference is recorded.

O – Assignment of receivables

Receivables assigned to third parties (through securitisation or discounting) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question.

The same treatment applies to assignments between the Automobile and Sales financing divisions. The resulting receivables and liabilities are recorded as operating items.

P – Treasury shares

Treasury shares, including those held for the purposes of stock option plans awarded to Group managers and executives, are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity, and transferred to cash and cash equivalents once payment has been received. Consequently, no gain or loss on treasury shares is included in the net income for the period.

Q – Stock option plans / Free share attribution plans

The Group awards stock option plans (purchase and subscription options) and share attribution plans, all for Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or free shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or free shares is measured by reference to the fair value of those options or shares at their grant date, using a binomial mathematical model. Entitlements to attribution of free shares are valued based on the share value at grant date less dividends expected during the vesting period.

The fair value is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

In compliance with IFRS 2's transitional measures, only plans beginning after November 7, 2002 concerning options unvested at January 1, 2005 have been valued and recorded as described above.

R – Provisions

Pensions and other long-term employee benefit obligations

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The unrecognised actuarial gains and losses resulting from revisions of the underlying assumptions are included in equity, as allowed under the option contained in the amendment to IAS 19.

The net expense for the year, corresponding to the sum of the current period service costs, the discount cost less the expected return on fund assets and a portion of deferred past service costs, is charged in full to the operating margin.

Restructuring measures / Termination benefits

The estimated cost of restructuring and the cost of workforce adjustment measures is recognised as soon as a detailed plan has been defined and is either announced or in progress.

S – Financial assets

The Group recognises a financial asset when it becomes a party to the contractual provisions of the instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, securities, loans, and derivative assets related to financial transactions (note 2-V).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets or cash equivalents as appropriate.

Securities: investments in non-controlled companies in which Renault does not have significant influence

Dividends from such companies are recorded in the year of distribution.

These investments are considered to be "available for sale", and are accordingly stated at their fair value at the financial reporting date, with any changes in fair value included directly in consolidated reserves. The amounts recorded in consolidated reserves are transferred to the income statement upon disposal of the investment.

Impairment is recognised in the income statement when there is objective evidence that these investments are impaired. One indicator providing objective evidence of impairment is a significant or prolonged fall in the fair value of investments below their acquisition cost.

The fair values of such investments are determined by reference to the market price when possible.

Securities that do not represent a share in another entity's capital

These securities are short-term investments undertaken as part of the Group's cash surplus management policy, and are initially stated at fair value.

The valuation methods and subsequent accounting treatment vary according to whether such securities are considered "available for sale" or designated from the outset as "assets stated at fair value through profit or loss". The relevant category is determined on a case-by-case basis and depends on the underlying management strategy. Securities intended for sale in the short term are classified as "assets stated at fair value through profit or loss"; all other securities are classified as "available for sale".

Securities intended for sale in the short term are stated at fair value at the reporting date, with changes in fair value taken to income

Available-for-sale securities are stated at fair value at the reporting date, and changes in this fair value are recorded directly in equity. The amounts included in equity are taken to income upon derecognition of the asset. Impairment losses are recorded in the income statement when there is objective evidence of depreciation in value.

Fair values of securities are mainly determined by reference to the market price.

Loans

Loans include interbank loans for investment of cash surpluses and loans to non-controlled companies in which Renault holds investments.

Loans are initially recognised at fair value, plus directly attributable transaction costs.

At each closing date, loans are valued at amortised cost. Impairment is recognised in the income statement when there is objective evidence of depreciation in value caused by an event that occurred after the initial recognition of the asset.

T – Cash and cash equivalents

Cash includes cash on hand and bank deposits, with the exception of bank overdrafts, which are included in financial liabilities.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value.

U – Financial liabilities and sales financing debts

The Group recognises a financial liability (for the Automobile division) or a sales financing debt when it becomes a party to the contractual provisions of the instrument.

Financial liabilities and sales financing debts comprise redeemable shares, bonds, other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-V).

Redeemable shares

In accordance with IAS 39, the Group considers that the variable interest on redeemable shares is an embedded derivative which cannot be valued separately. Consequently, the Group has stated all its redeemable shares at fair value. For these shares, fair value is equal to market value. Changes in the fair value of Automobile division redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales financing division redeemable shares are recorded in the operating margin.

Bonds and other interest-bearing borrowings

Bonds and other interest-bearing borrowings are initially recorded at fair value, less any directly attributable transaction costs.

At each reporting date, apart from specific hedge accounting methods (note 2-V), these financial liabilities are restated at amortised cost using the effective interest rate method. The financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

Renegotiations of the terms of borrowings and similar operations are recorded as an extinction of the former liability with recognition of a new liability only if there are substantial differences between the old and new terms. When this is the case, the costs borne for renegotiation are included in the financial expenses for the period during which the negotiation takes place.

V – Derivatives and hedge accounting

Measurement and presentation

Derivatives are initially recognised at fair value. This fair value is subsequently reviewed at each closing date.

- The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).
- The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account any unrealised gains or losses based on current interest rates and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest.
- The fair value of commodity derivatives is based on market conditions.

The Automobile division's derivatives are reported in the balance sheet as current if they mature within 12 months and non-current otherwise. All Sales financing division derivatives are reported in the balance sheet as current.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge,
- cash flow hedge,
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge.

- Fair value hedges: the hedged item is adjusted to fair value in view of the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument.
- Cash flow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.
- Hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the investment. The interest rate component of financial instruments used to hedge the investment in Nissan (forward sales and fixed/fixed cross-currency swaps) is treated as an ineffective portion and consequently recorded directly in financial income and expenses.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognised directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating margin.

3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	Automobile	Sales financing	Total
Number of companies consolidated at December 31, 2006	153	49	202
Newly consolidated companies (acquisitions, formations, etc)	3	1	4
Deconsolidated companies (disposals, mergers, liquidations, etc)	(7)	(8)	(15)
Number of companies consolidated at December 31, 2007	149	42	191
Newly consolidated companies (acquisitions, formations, etc)	8	2	10
Deconsolidated companies (disposals, mergers, liquidations, etc)	(17)	(4)	(21)
Number of companies consolidated at December 31, 2008	140	40	180

The main newly consolidated entities are the following.

- 2008

Renault and AvtoVAZ confirmed their strategic partnership with the signature of agreements on February 29, 2008. Renault invested USD 1 billion to acquire 25% plus 1 share in AvtoVAZ. Renault's investment in the AvtoVAZ group is accounted for by the equity method in the Group's consolidated financial statements from March 1, 2008. Details are given in note 14-B.

The minority interests in the Colombian company SOFASA were acquired at the end of 2008, raising Renault's percentage ownership of SOFASA from 60% to 100%.

- 2007

Somaca (Société Marocaine de Construction) was first consolidated at January 1, 2007 after Renault brought its investment in the company to 80% through successive acquisitions of shares.

In July 2007, the Group raised its interest in Renault Financial Services Ltd. (RFS) from 50% to 100% and RFS has been fully consolidated since then (it was previously proportionately consolidated). This operation generated goodwill of €32 million.

- 2006

Renault Pars (Iran) has been consolidated since January 1, 2006. This company is held 51% by Renault and 49% by the Iranian company AID co, an entity set up by IDRO (Industrial Development & Renovation Organization, a state-owned Iranian body in charge of the automotive industry) and Iran's two leading automakers, Iran Khodro and Saipa. Renault Pars holds the Logan license, and is responsible for engineering, purchasing and logistics, coordination of sales policy, marketing and after-sales services. Iran Khodro and Saipa will manufacture and sell the Logan.

At January 1, 2006, 24 dealers in Europe (located in Belgium, the Czech republic, Luxembourg, Poland, Portugal, and Switzerland) were also consolidated for the first time.

Minority interests in the holding company COFAL were acquired at the end of 2006. The main effect of this operation was to bring Renault's percentage ownership of Renault do Brasil and Renault Argentina to 100%.

7.2.6.2 Income statement

4 – REVENUES

A – 2007 Revenues applying 2008 Group structure and methods

€ million	Automobile	Sales financing	Total
2007 revenues	38,679	2,003	40,682
Changes in scope of consolidation	(71)	9	(62)
2007 revenues applying 2008 Group structure and methods	38,608	2,012	40,620
2008 revenues	35,757	2,034	37,791

B – Breakdown of revenues

€ million	2008	2007	2006
Sales of goods	33,949	37,104	37,020
Sales of services ^{(1) (2)}	2,292	2,086	1,881
Sales of goods and services	36,241	39,190	38,901
Income on customer financing	1,087	1,053	997
Income on leasing and similar operations	463	439	434
Sales financing revenues	1,550	1,492	1,431
REVENUES	37,791	40,682	40,332

(1) Including €485 million generated by the Sales Financing division in 2008 (€511 million in 2007 and €492 million in 2006).

(2) Including €165 million of sales of automobile technologies and marketing rights to AvtoVAZ in 2008 (see note 14-B).

C – Vehicle rental income

Rental income recorded by the Group in connection with vehicle sales with a repurchase commitment or vehicle rentals totalled €609 million in 2008 (€638 million in 2007 and €612 million in 2006). This income is included in sales of services.

5 – COST OF SALES FINANCING

€ million	2008	2007	2006
New impairment	(491)	(291)	(269)
Recovery of impairment	349	240	255
Forgiveness of debt and other net credit losses	(54)	(103)	(127)
Net credit losses	(196)	(154)	(141)
Income on cash investments	261	294	174
Refinancing expenses	(1,357)	(1,261)	(1,018)
Other sales financing costs	(1,096)	(967)	(844)
COST OF SALES FINANCING	(1,292)	(1,121)	(985)

6 – OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

A – Cost of goods and services sold

The Group's information systems are designed to present income statements by function, and cannot therefore supply the value of purchases consumed.

B – Personnel expenses

	2008	2007	2006
Personnel expenses (€ million)	5,417	5,962	5,948
Workforce at December 31	130,985	133,854	134,236

Personnel expenses include €120 million for pensions and other long-term benefits paid out to employees in 2008 (€113 million in 2007 and €114 million in 2006).

C – Share-based payments

Share-based payments exclusively concern stock options and free share granted to personnel. Revision of the number of options and free shares attributed under plans containing performance conditions resulted in income of €19 million for 2008. This was booked as a reduction in personnel expenses (compared to share-based payment expenses of €62 million recognised in 2007 and €41 million in 2006).

The plan valuation method is presented in note 19-H.

D – Rental expenses

Rents amounted to approximately €275 million in 2008 (stable compared to 2007 and 2006).

E – Foreign exchange gains/losses

In 2008, the operating margin included a net foreign exchange loss of €68 million (compared to a net foreign exchange loss of €56 million in 2007 and €13 million in 2006).

F – Impairment of assets

In application of the Group's accounting policies (note 2-L), impairment tests on assets led to recognition of a €114 million expense in the 2008 operating margin, via impairment on intangible assets related to two models from the range.

7 – OTHER OPERATING INCOME AND EXPENSES

€ million	2008	2007	2006
Restructuring and workforce adjustment costs and provisions	(489)	(143)	(241)
Gains and losses on disposal of businesses or operating entities	8	(63)	(59)
Gains and losses on disposal of property, plant and equipment and intangible assets (except vehicle sales)	150	86	109
Unusual items	2	4	5
Total	(329)	(116)	(186)

A – Restructuring and workforce adjustment costs and provisions

Restructuring costs for 2008 include a €200 million expense in respect of the voluntary termination plan "Projet Renault Volontariat", introduced in October 2008 for Renault SAS employees in France. This plan applies until April 30, 2009 and primarily covers voluntary retirement measures, grants for personal or professional development plans, and retraining leave. The expense booked in 2008 corresponds to the €361 million cost of these measures less an amount of €161 million reversed from the provision for retirement bonuses (note 20-C6). It was determined on the basis of a forecast 4,000 departures. A decrease of 1,000 in the number of forecast departures would have a positive impact of €50 million on the net expense recorded.

Restructuring costs also include a €150 million expense associated with discontinuation of a project as part of a range reorganisation (mainly concerning impairment of intangible assets).

B – Gains and losses on disposal of property, plant and equipment and intangible assets (except vehicle sales)

Most of the gain on disposal of property, plant and equipment and intangible assets results from sales of land (in Spain and France) during the years presented.

8 – FINANCIAL EXPENSE

Other financial income and expenses comprise:

€ million	2008	2007	2006
Change in fair value of redeemable shares (note 24-A)	509	53	(31)
Other	148	124	202
Total	657	177	171

Foreign exchange gains and losses included under "Other" represented a net gain of €14 million in 2008 (compared to a net loss of €4 million in 2007 and a gain of €18 million in 2006).

In 2006, "Other" includes a €135 million profit on the sale of Scania shares.

9 – CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

The Renault group also applies other optional tax consolidation systems in Germany, Italy, Spain, the UK, the Netherlands and Portugal.

A – Current and deferred tax expense

Breakdown of the tax charge

€ million	2008	2007	2006
Current income taxes	(188)	(313)	(341)
Deferred tax credits (charges)	26	58	86
Current and deferred taxes	(162)	(255)	(255)

In 2008, €176 million of current income taxes were generated by foreign entities (€323 million in 2007 and €269 million in 2006).

The amount of deferred taxes reported in the income statement includes income of €2 million resulting from tax rate changes during 2008 (tax rate changes generated an expense of €12 million in 2007 and income of €16 million in 2006).

Current taxes paid by the Group during 2008 totalled €350 million (€243 million in 2007 and €309 million in 2006).

B – Tax proof

	2008	2007	2006
Income before taxes and share in net income of associates	324	1,314	938
Income tax rate applicable in France	34.43%	34.43%	34.43%
Theoretical tax income (charge)	(112)	(453)	(323)
Effect of differences between local rate and the French rate	61	76	78
Tax credits	49	87	72
Deferred tax liabilities on net income (distributed or undistributed) of associates	(30)	(25)	(42)
Change in unrecognised deferred tax assets	(93)	(17)	5
Other impacts ⁽¹⁾	(37)	77	(45)
Current and deferred tax income (charge)	(162)	(255)	(255)

(1) Other impacts are primarily the following: permanent differences, income subject to reduced tax rates and the cost of tax reassessments.

The effective tax rate for 2008 (excluding the impact of Renault's share in net income of associates) was 50 % (19 % in 2007 and 27 % in 2006)

In 2008, due to a lack of visibility over short-term and medium-term taxable income, independently of the indefinite validity for utilisation of tax losses carried forward, deferred tax assets on the tax loss carryforwards of the French tax group were recognised to the extent of the net balance of deferred tax assets and liabilities on temporary differences (see note 9-C2). This has a negative effect of €96 million on the Group's tax proof, reported as "Change in unrecognised deferred tax assets". Excluding this item, the effective tax rate for 2008 is 20%.

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

	2008	2007
Deferred tax assets	220	313
(Deferred tax liabilities)	(118)	(251)
Net deferred tax assets (liabilities) at January 1	102	62
Deferred tax income (expense) for the period	26	58
Change in deferred taxes included in equity ⁽¹⁾	(10)	(30)
Translation adjustments	(23)	(5)
Change in scope of consolidation and other	25	17
Net deferred tax assets (liabilities) at December 31	120	102
<i>Including :</i>		
- deferred tax assets	252	220
- (deferred tax liabilities)	(132)	(118)

(1) Mainly related to changes in the financial instrument revaluation reserve, actuarial gains and losses, and the effect of the hedge of the investment in Nissan.

C2 - Breakdown of net deferred tax assets by nature

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Deferred taxes on:			
Investments in associates	(107)	(84)	(83)
Fixed assets	(1,825)	(1,577)	(1,372)
Provisions and other expenses or valuation allowances deductible upon utilisation	848	762	808
Loss carryforwards	2,382	1,195	969
Other	40	457	340
Net deferred tax assets (liabilities)	1,338	753	662
Unrecognised deferred tax assets (note 9-C3)	(1,218)	(651)	(600)
Net deferred tax assets (liabilities) reported	120	102	62

Deferred tax assets amounting to €714 million reported by entities included in the French tax consolidation were not recognised in 2008 due to a lack of visibility over short-term and medium-term taxable income. €618 million of these unrecognised assets arose during the year on items included in equity (chiefly the effects of Nissan hedges), and €96 million on items affecting the income statement.

C3 - Breakdown of unrecognised net deferred tax assets, by expiry

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Net deferred tax assets that can be carried forward indefinitely	1,151	509	492
Other net deferred tax assets expiring in more than 5 years	7	12	5
Other net deferred tax assets expiring between 1 and 5 years	12	54	60
Other net deferred tax assets expiring within 1 year	48	76	43
Total unrecognised net deferred tax assets ⁽¹⁾	1,218	651	600
<i>Including :</i>			
- deferred taxes on tax loss carryforwards	1,133	547	545
- other deferred taxes	85	104	55

(1) Including €714 million in 2008 following non-recognition of deferred tax assets of entities included in the French tax consolidation (note 9-C2)

10 – BASIC AND DILUTED EARNINGS PER SHARE

Renault's basic earnings per share and diluted earnings per share are calculated by dividing Renault's share of net income by the relevant number of shares.

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralisation of treasury shares and Renault shares held by Nissan.

In thousands of shares	2008	2007	2006
Shares in circulation	284,937	284,937	284,937
Treasury shares	(8,852)	(6,897)	(8,500)
Shares held by Nissan x Renault's share in Nissan	(19,533)	(19,419)	(19,443)
Number of shares used to calculate basic earnings per share	256,552	258,621	256,994

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of dilutive stock options and dilutive rights to free share attribution.

In thousands of shares	2008	2007	2006
Number of shares used to calculate basic earnings per share	256,552	258,621	256,994
Number of dilutive stock options and free share attribution rights	261	3,741	3,096
Number of shares used to calculate diluted earnings per share	256,813	262,362	260,090

7.2.6.3 Operating assets and liabilities, shareholders' equity

11 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A. Intangible assets

Intangible assets at December 31

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Capitalised development expenses	6,723	6,301	5,403
Goodwill	274	300	278
Other intangible assets	318	300	280
Intangible assets, gross	7,315	6,901	5,961
Amortisation of capitalised development expenses	(2,781)	(2,641)	(2,341)
Amortisation of other intangible assets	(221)	(204)	(198)
Amortisation and impairment	(3,002)	(2,845)	(2,539)
Intangible assets, net	4,313	4,056	3,422

Most goodwill is in Europe.

Changes during the year

€ million	Gross value	Amortisation and impairment	Net value
Value at December 31, 2006	5,961	(2,539)	3,422
Acquisitions (note 27-C)/(amortisation)	1,348	(724)	624
(Disposals)/reversals	(401)	399	(2)
Translation adjustment	(40)	11	(29)
Change in scope of consolidation and other	33	8	41
Value at December 31, 2007	6,901	(2,845)	4,056
Acquisitions (note 27-C)/(amortisation)	1,178	(887)	291
(Disposals)/reversals	(693)	689	(4)
Translation adjustment	(91)	36	(55)
Change in scope of consolidation and other	20	5	25
Value at December 31, 2008	7,315	(3,002)	4,313

Acquisitions of intangible assets in 2008 comprise €1,056 million of self-produced assets and €122 million of purchased assets (respectively €1,237 million and €111 million in 2007 and €976 million and €156 million in 2006).

Amortisation and impairment in 2008 include impairment totalling €197 million, comprising €83 million for development expenses written off when a project was discontinued as part of a range restructuring (note 7-A), and €114 million in respect of two models in the range following the results of impairment tests (note 6-F).

C – Research and development expenses included in income

€ million	2008	2007	2006
Research and development expenses	(2,235)	(2,462)	(2,400)
Capitalised development expenses	1,125	1,287	1,091
Amortisation of capitalised development expenses	(634)	(675)	(654)
TOTAL BEFORE IMPAIRMENT	(1,744)	(1,850)	(1,963)
Impairment of capitalised development expenses following impairment tests (note 6-F)	(114)	-	-
TOTAL REPORTED IN INCOME STATEMENT	(1,858)	(1,850)	(1,963)

B – Property, plant and equipment

Property, plant and equipment at December 31

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Land	611	613	645
Buildings	5,562	5,571	5,422
Specific tools	8,363	8,143	7,675
Machinery and other tools	12,169	11,938	11,605
Vehicles leased to customers	2,099	2,246	2,308
Other tangibles	646	718	830
Construction in progress	1,141	1,232	1,718
Property, plant and equipment, gross	30,591	30,461	30,203
Land and buildings	(2,582)	(2,430)	(2,304)
Specific tools	(5,765)	(5,947)	(5,732)
Machinery and other tools	(8,278)	(7,867)	(7,675)
Vehicles leased to customers	(555)	(578)	(632)
Other tangibles	(593)	(584)	(694)
Depreciation	(17,773)	(17,406)	(17,037)
Property, plant and equipment, net	12,818	13,055	13,166

Changes during the year

Changes during 2008 in property, plant and equipment were as follows:

€ million	December 31, 2007	Acquisitions / (depreciation)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other	December 31, 2008
Land	613	12	(52)	(24)	62	611
Buildings	5,571	214	(74)	(134)	(15)	5,562
Specific tools	8,143	1,073	(624)	(252)	23	8,363
Machinery and other tools	11,938	937	(478)	(256)	28	12,169
Vehicles leased to customers	2,246	876	(856)	(46)	(121)	2,099
Other tangibles	718	78	(63)	(19)	(68)	646
Construction in progress ⁽¹⁾	1,232	(40)	(17)	(28)	(6)	1,141
Property, plant and equipment, gross	30,461	3,150	(2,164)	(759)	(97)	30,591
Land	-	-	-	-	-	-
Buildings	(2,430)	(236)	49	37	(2)	(2,582)
Specific tools	(5,947)	(567)	624	124	1	(5,765)
Machinery and other tools	(7,867)	(970)	444	121	(6)	(8,278)
Vehicles leased to customers	(578)	(215)	183	13	42	(555)
Other tangibles	(584)	(81)	57	14	1	(593)
Construction in progress	-	-	-	-	-	-
Depreciation	(17,406)	(2,069)	1,357	309	36	(17,773)
Land	613	12	(52)	(24)	62	611
Buildings	3,141	(22)	(25)	(97)	(17)	2,980
Specific tools	2,196	506	-	(128)	24	2,598
Machinery and other tools	4,071	(33)	(34)	(135)	22	3,891
Vehicles leased to customers	1,668	661	(673)	(33)	(79)	1,544
Other tangibles	134	(3)	(6)	(5)	(67)	53
Construction in progress ⁽¹⁾	1,232	(40)	(17)	(28)	(6)	1,141
Property, plant and equipment net	13,055	1,081	(807)	(450)	(61)	12,818

(1) Construction in progress is reported in the "acquisitions / depreciation" column

In view of assumptions regarding the decline in residual values of leased vehicles, the amount of impairment on these vehicles was increased to €154 million at December 31, 2008 (€89 million at December 31, 2007). A 1% variation in the catalogue price applied to the residual values would have an impact of approximately €20 million on the amount of this impairment.

Changes during 2007 in property, plant and equipment were as follows.

€ million	Gross value	Depreciation	Net value
Value at December 31, 2006	30,203	(17,037)	13,166
Acquisitions (note 27-C)/(depreciation)	3,278	(2,141)	1,137
(Disposals)/reversals	(2,547)	1 521	(1,026)
Translation adjustment	(221)	79	(142)
Change in scope of consolidation and other	(252)	172	(80)
Value at December 31, 2007	30,461	(17,406)	13,055

12 – IMPAIRMENT TESTS ON FIXED ASSETS (OTHER THAN LEASED VEHICLES)

The Group carried out impairment tests on its fixed assets under the approach described in the accounting policies (note 2-L).

At December 31, 2007, no impairment tests were carried out for the Automobile division as there was no evidence of loss of value. Nevertheless, tests were carried out on assets specific to certain vehicles in the range, but the results did not indicate that impairment should be recognised. The after-tax discount rate used was 7.3%.

A – Impairment tests on vehicle-specific assets

Following impairment tests of assets dedicated to specific vehicles, impairment of €114 million was booked in respect of two models in the range, allocated in priority to capitalised development expenses.

Valuation of specific assets during impairment tests is sensitive to the assumptions applied concerning changes in volumes and margin levels.

B - Impairment tests on cash-generating units – Automobile division

Three cash-generating units were subjected to impairment tests in 2008: Europe, Brazil and Korea. Europe is considered as a single cash-generating unit since its industrial plant and product range form one coherent unit. This coherence results from the Group's management of its business within this geographical area: high interpenetration in industrial exchanges, optimisation of production capacity use, centralised research and development activities, and a large number of sales outlets across several countries for spare parts and vehicles.

The recoverable value used for the purposes of the impairment tests for each cash-generating unit was the value in use, determined under the discounted future cash flow method on the basis of the following assumptions in 2008:

	Europe	Brazil	Korea
Business plan duration	5 years	5 years	5 years
Growth rate to infinity	1.5%	2.8%	2.0%
After-tax discount rate	8.2%	9.3%	12.3%

In 2008, no impairment was recognised on assets included in the cash-generating units as a result of the impairment tests.

An impairment test was also carried out on the Automobile division as a cash-generating unit, following the same procedure as for tests of other cash-generating units.

The assumptions used for the Automobile division in 2008 were as follows:

Forecast sales volumes for 2013 (units)	2,700,000
Growth rate to infinity	1.5%
After-tax discount rate	8.2%

In 2008, no impairment was recognised on assets included in the Automobile division as a result of the impairment tests.

Changes in the assumptions underlying the calculations show that to cover the assets, for each factor considered individually:

- The volume reduction by 2013 must not exceed 125,000 units,
- The growth rate to infinity must be close to zero,
- The after-tax discount rate must not exceed 9.5%.

13 – INVESTMENT IN NISSAN

A – Nissan consolidation method

Renault holds 44.3% ownership in Nissan. Renault and Nissan have chosen to develop a unique type of alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organised so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault does not hold the majority of Nissan voting rights.
- The terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; at December 31, 2008 as in 2007 and 2006, Renault supplied 4 of the total 9 members of Nissan's Board of Directors
- Renault Nissan BV, owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. This entity does not enable Renault to direct Nissan's financial and operating strategies, and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault Nissan BV since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence in Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

B – Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo stock exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes consolidated financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period January to December are consolidated in Renault's annual financial statements). The 3-month difference in Nissan's consolidation of certain entities in its group (mainly in Europe and Mexico) has been absorbed over 2007.

Following Nissan's equity transactions, Nissan held 3.0% of its own shares at December 31, 2008, compared to 2.7% at December 31, 2007 and 2.1% at December 31, 2006. Consequently, Renault's percentage interest in Nissan was 45.7% at December 31, 2008, compared to 45.6% at December 31, 2007 and 45.3% at December 31, 2006.

C – Changes in the investment in Nissan

(€ million)	Share in net assets			Net goodwill	Total
	Before neutralisation	Neutralisation of 44.3% of Nissan's investment in Renault ⁽¹⁾	Net		
At December 31, 2006	11,098	(962)	10,136	641	10,777
2007 net income	1,288	-	1,288	-	1,288
Dividend distributed	(456)	-	(456)	-	(456)
Translation adjustment	(587)	-	(587)	(31)	(618)
Other changes ⁽²⁾	(6)	-	(6)	(19)	(25)
At December 31, 2007	11,337	(962)	10,375	591	10,966
2008 net income	345	-	345	-	345
Dividend distributed	(418)	-	(418)	-	(418)
Translation adjustment	876	-	876	181	1,057
Other changes ⁽²⁾	(394)	-	(394)	(3)	(397)
At December 31, 2008	11,746	(962)	10,784	769	11,553

(1) At December 31, 2008 and 2007, Nissan held 15% of Renault.

(2) Other changes include Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and changes in Nissan treasury shares.

D – Changes in Nissan equity restated for the purposes of the Renault consolidation

<i>(in billions of yen)</i>	December 31, 2007	2008 net income	Dividends	Translation adjustment	Other changes ⁽¹⁾	December 31, 2008
Shareholders' equity – Nissan share under Japanese GAAP	3,713	181	(126)	(793)	(64)	2,911
Restatements for Renault group requirements :						
• Restatement of fixed assets	415	(52)		1		364
• Provision for pension and other long term employee benefit obligations ⁽²⁾	(142)	19		7	(190)	(306)
• Capitalisation of development expenses	548	38		(1)		585
• Deferred taxes and other restatements	(430)	(39)	(10)	33	133	(313)
Net assets restated for Renault group requirements	4,104	147	(136)	(753)	(121)	3,241
<i>(€ million)</i>						
Net assets restated for Renault group requirements	24,883	755	(917)	1,915	(945)	25,691
Renault's share	45.6%					45.7%
(before neutralisation described below)	11,337	345	(418)	876	(394)	11,746
Neutralisation of 44.3% of Nissan's investment in Renault ⁽³⁾	(962)	-	-	-	-	(962)
Renault's share in the net assets of Nissan	10,375	345	(418)	876	(394)	10,784

(1) "Other changes" include Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and changes in Nissan treasury shares.

(2) Including actuarial gains and losses recognised in equity.

(3) At December 31, 2008, Nissan held 15% of Renault.

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2008 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2007 financial year and the first three quarters of its 2008 financial year.

	January to March 2008		April to September 2008		October to December 2008		January to December 2008	
	Final quarter of Nissan's 2007 financial year in Japan		First half of Nissan's 2008 financial year in Japan		Third quarter of Nissan's 2008 financial year in Japan		Reference period for Renault's 2008 consolidated financial statements	
	<i>(in billions of yen)</i>	<i>(€ million)</i> ⁽¹⁾	<i>(in billions of yen)</i>	<i>(€ million)</i> ⁽¹⁾	<i>(in billions of yen)</i>	<i>(€ million)</i> ⁽¹⁾	<i>(in billions of yen)</i>	<i>(€ million)</i> ⁽¹⁾
Net income – Nissan share	137.6	872	126.3	777	(83.2)	(658)	180.7	991

(1) Converted at the average 2008 exchange rate for each quarter.

F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated for the purposes of the Renault consolidation, for the period January 1 – December 31, 2008. The restatements include adjustments for harmonisation of accounting standards and the adjustments to fair value of assets and liabilities applied by Renault at the time of acquisitions in 1999 and 2002.

	in billions of yen	€million ⁽¹⁾
2008 revenues	9,474	62,191
2008 net income ⁽²⁾	152	999
Shareholders' equity at December 31, 2008	3,646	28,901
Balance sheet total at December 31, 2008	11,577	91,782

(1) Converted at the average exchange rate for 2008 i.e. 152 yen = 1 euro for income statement items, and at the December 31, 2008 rate i.e. 126 yen = 1 euro for balance sheet items.

(2) The net income reported does not include Renault's contribution to Nissan net income.

G – Hedging of the investment in Nissan

The investment in Nissan is hedged by operations with a total value at December 31, 2008 of 503 billion yen (€3,990 million), comprising 182 billion yen (€1,444 million) of private placements on the EMTN market and bonds issued directly in yen, and 321 billion yen (€2,546 million) of currency swaps. During 2008, these operations generated foreign exchange differences totalling €1,613 million net of tax, which were included in the Group's consolidated reserves (note 19-E).

Hedging transactions were reduced by 321 billion yen in 2008.

H – Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2008 of 320 yen per share, Renault's investment in Nissan is valued at €5,084 million (€14,945 million at December 31, 2007 based on the price of 1,230 yen per share, €18,299 million at December 31, 2006 based on the price of 1 433 yen per share).

I – Impairment test of the investment in Nissan

At December 31, 2008, the stock market value of the investment in Nissan was 56% below its value in the Renault financial statements. In view of this situation, an impairment test was carried out under the approach described in the accounting policies (note 2-L).

As this investment is a strategic investment, in compliance with IAS 36, the recoverable value was determined as the higher of the stock market price, representing the "fair value", and the value in use, determined by discounting future cash flows deriving from the business plan drawn up by the Management of Nissan. A discount rate of 5.1% and a growth rate to infinity of 2% were applied to calculate value in use. The terminal value was calculated assuming profitability in line with historical data for Nissan, and a return to normal market conditions in the medium term.

In 2008, no impairment was recorded in respect of the investment in Nissan as a result of the tests.

A 1% increase in the discount rate together with a 1% decrease in the growth rate to infinity would have no impact on the book value of the investment in Nissan.

J – Renault - Nissan cooperation

Renault and Nissan follow joint strategies for vehicle and part development, purchasing, and production and distribution resources.

The cooperation between the two groups in 2008 principally takes the following forms:

Joint investments

Renault and Nissan share development costs and investments for gearbox and engine production for medium range vehicles. The pace of cooperation was stepped up in 2008 with the decision to jointly develop three common powertrain components.

In March 2007, the common V6 diesel engine was put into production at the Cléon plant.

In 2008 production began in Korea for the first SUV-type vehicle based on a Nissan vehicle.

Since 2007, the two Groups have invested jointly in manufacturing the Logan in Brazil. This type of cooperation has been extended to South Africa, where the Nissan group began manufacturing vehicles from the Logan range in January 2009.

Vehicle manufacturing

In Mexico, Nissan supplies Renault with assembly services for the Clio, and also assembles the Platina model (Nissan-badged Clio sedans). Production totalled 12,000 units in 2008.

In Brazil, Renault launched production of Nissan-badged Logans at the Curitiba plant in 2008, for sale on the Mexican market. The total output for the year was 2,000 units. Renault also supplies Nissan with assembly services for its Frontier pickup and X-Terra models (6,000 vehicles in 2008). Since January 2009, the Renault do Brasil plant has been involved in production of the new Nissan Livina.

Renault Samsung Motors produced 46,000 Nissan-badged SM3 vehicles in 2008, purchased by Nissan for sale through its own network (mainly in Russia and the Middle East).

Concerning light commercial vehicles, Nissan produced 69,000 Traffic vans at its Barcelona plant over the year. 15% of these are sold through the Nissan network. Renault, meanwhile, produced 9,000 Nissan-badged Masters and Kangoo, purchased by Nissan for sale through its own network.

Part sales

In Europe, 2007 saw the Renault Group begin production of engines common to the Alliance at its Cléon plant, for use by Nissan's Japanese and UK plants in the Nissan Qashqai and XTrail vehicles. Renault continues to supply Nissan's Sunderland plant in the UK and Barcelona plant in Spain with gearboxes and engines produced at the plants in Cacia in Portugal, Valladolid in Spain and Cléon in France and Pitesti in Romania since September 2008. These parts are used in Nissan's Micra, Almera and Primera. Renault also supplies gearboxes to Nissan for use in production at its plants in Japan, China, South Africa, Indonesia and Thailand.

In Mexico, Renault supplies engines and gearboxes to Nissan's Aguascalientes plant for the Clio and Platina.

In total Renault supplied 580,000 gearboxes and 230,000 engines during 2008.

In South Korea, Nissan supplies Renault Samsung Motors with parts and engines used in the SM3, SM5, SM7 and the new QM5/Koleos.

Renault uses Nissan's V6 3.5 litre petrol engine for the Vel Satis and the Espace and Nissan pinions for the Megane. Renault also uses a Nissan 2.0 litre engine for the new Laguna and Clio.

Sales

Group Offices, run by Renault, have been set up at European level to facilitate exchanges of best practices for after-sales documentation and marketing studies.

At local level, local joint Group Offices, held and run by Renault, have been set up in four European countries: France, the UK, Spain and Italy. Front office operations remain separate for the two groups.

Renault markets Nissan vehicles in Europe (essentially in Croatia and Serbia) and South America (Brazil).

Similarly, Nissan markets Renault vehicles in Australia and the Gulf countries.

Finance

From trading rooms in Lausanne and Singapore, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange, interest rate and commodity risks, in addition to its business for Renault. On the foreign exchange markets during 2008, Renault Finance undertook foreign exchange transactions totalling approximately €19 billion on behalf of Nissan. Foreign exchange, interest rate and commodity derivative transactions undertaken for Nissan are recorded at market price and included in the positions managed by Renault Finance.

Relations with the Sales Financing division

The Sales financing division helps to attract customers and build loyalty to the Nissan brands through a range of financing products and services incorporated into its sales policy, principally in Europe.

Total figures for 2008

Total sales by Renault to Nissan and purchases by Renault from Nissan during 2008 amounted to an estimated €1,600 million and €1,400 million respectively.

The joint policies for purchasing and other administrative functions such as information systems departments are reflected directly in the Renault and Nissan financial statements, and therefore generate no financial exchanges between the two Groups.

14 – INVESTMENTS IN OTHER ASSOCIATES

Details of other investments in other associates are as follows:

- balance sheet value: €2,215 million at December 31, 2008 (€2,011 million at December 31, 2007 and €2,181 million at December 31, 2006),
- Renault's share in the net income of other associates: €92 million for 2008 (€387 million for 2007 and €389 million for 2006).

Most of these amounts relate to the investments in AB Volvo and in AvtoVAZ, accounted for under the equity method.

A – AB Volvo

Changes in the value of Renault's investment in AB Volvo

€ million	Share in net assets	Net goodwill	Total
At December 31, 2006	1,998	42	2,040
2007 net income	352	-	352
Dividend distributed	(477)	-	(477)
Repurchase of AB Volvo own shares	(1)	-	(1)
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	(78)	(1)	(79)
At December 31, 2007	1,794	41	1,835
2008 net income	226	-	226
Dividend distributed	(259)	-	(259)
Repurchase of AB Volvo own shares	-	-	-
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	(245)	(6)	(251)
At December 31, 2008	1,516	35	1,551

AB Volvo owned 4.8% of its own shares at December 31, 2008 (4.8 % at December 31, 2007 and 4.9 % at December 31, 2006). Renault's investment in AB Volvo thus stood at 21.8% at December 31, 2008, unchanged from December 31, 2007 and from December 31, 2006.

Based on AB Volvo's stock market share price of SEK 43.7 per A share and SEK 42.9 per B share at December 31, 2008, Renault's investment in AB Volvo is valued at €1,753 million (€5,067 million at December 31, 2007 based on the prices of SEK 108.0 per A share and SEK 108.5 per B share).

Changes in AB Volvo equity restated for the purposes of the Renault consolidation

(€ million)	December 31, 2007	Net income 2008	Dividends	Other changes	December 31, 2008
Shareholders' equity – AB Volvo share	8,706	1,033	(1,188)	(823)	7,728
Restatements for Renault group requirements	(475)	4	-	(301)	(772)
Net assets restated for Renault group requirements	8,231	1,037	(1,188)	(1,124)	6,956
Renault's share in the net assets of AB Volvo	1,794	226	(259)	(245)	1,516

The restatements applied for Renault group requirements mainly concern cancellation of goodwill booked in AB Volvo's accounts when AB Volvo was acquired by Renault and recognition of actuarial gains and losses in equity.

AB Volvo financial information under IFRS

AB Volvo financial information for 2008 established under IFRS, as published by AB Volvo, is summarised as follows:

	in millions of SEK	€ million ⁽¹⁾
2008 revenues	303,667	31,566
2008 net income	10,016	1,041
Shareholders' equity at December 31, 2008	84,640	7,787
Balance sheet total at December 31, 2008	372,419	34,261

(1) Converted at the average exchange rate for 2008 i.e. SEK 9.62 = 1 euro for income statement items, and at the December 31, 2008 rate i.e. SEK 10.87 = 1 euro for balance sheet items.

B - AVTOVAZ

Renault and AvtoVAZ confirmed their strategic partnership with the signature of agreements on February 29, 2008. After restructuring of the capital of AvtoVAZ, the Renault Group and Russian Technologies each own 25% + 1 share in AvtoVAZ and the rest of the company's shares are listed on the Moscow stock exchange. To optimise integration and boost AvtoVAZ's transformation into a world player in the automobile industry, five executive managers nominated by Renault have joined the AvtoVAZ Executive Committee. Renault representatives also occupy 3 of the 12 seats on the company's Board of Directors.

Renault therefore exercises significant influence over AvtoVAZ, and accordingly its investment is accounted for by the equity method from March 1, 2008. AvtoVAZ's financial year-end is December 31, and its financial statements comply with IFRS.

For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AvtoVAZ are consolidated with a 3-month time-lag.

Changes in the value of Renault's investment in AvtoVAZ

€ million	Share in net assets	Net goodwill	Total
At March 1, 2008	578	84	662
Net income for the period March 1 – September 30, 2008	(33)	(84)	(117)
Dividend distributed	-	-	-
Repurchase of AvtoVAZ treasury shares	3	-	3
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	2	-	2
At December 31, 2008	550	-	550

Valuation of Renault's investment in AvtoVAZ based on stock market prices

Based on AvtoVAZ stock market share price of RUB 11.7 per ordinary share and RUB 5.4 per preferred share at September 30, 2008, Renault's investment in AvtoVAZ is valued at €129 million.

Value of the investment in AvtoVAZ

At December 31, 2008, the stock market valuation is 80% lower than the value of AvtoVAZ in Renault's financial statements. In view of this situation, an impairment test was carried out under the approach described in the accounting policies (note 2-L).

Renault acquired its investment in AvtoVAZ during 2008. While continuing to consider this investment as strategic, in view of the market decline and monetary fluctuations at the end of the year, the Group has recorded impairment against the initially recognised goodwill. This has a negative impact of €84 million on the share in net income of associates.

Changes in AvtoVAZ equity restated for the purposes of the Renault consolidation

(€ million)	March 1, 2008	Net income 2008	Dividends	Other changes	September 30, 2008
Shareholders' equity – AvtoVAZ share	2,296	(138)	-	24	2,182
Restatements for Renault group requirements	13	5	-	-	18
Net assets restated for Renault group requirements	2,309	(133)	-	24	2,200
Renault's share in the net assets of AvtoVAZ	578	(33)	-	5	550

Following completion of analyses for allocation of the purchase price, restatements for Renault group requirements mainly concern valuation of intangibles (the Lada brand) and fair value measurement of financial liabilities.

AvtoVAZ financial information under IFRS

For information, AvtoVAZ's published financial information under IFRS for 2007 (year ended December 31) is summarised below:

	millions of roubles	€ million ⁽¹⁾
2007 Sales	187,545	5,355
2007 Net income	3,669	105
Shareholders' equity at December 31, 2007	86,577	2,406
Balance sheet total at December 31, 2007	182,523	5,072

(1) Converted at the average exchange rate for 2007 (35,0 roubles/1 euro) for income statement items and the exchange rate at December 31, 2007 (36,0 roubles/1 euro) for balance sheet items.

Transactions between the Renault group and the AvtoVAZ group

The strategic partnership between Renault and AvtoVAZ is primarily intended as a framework for the two Groups to exchange technological expertise and share know-how. Renault has granted AvtoVAZ an unlimited-term manufacturing and sales licence for one vehicle model and certain components, for a total sum of €220 million invoiced during the second half of 2008. After elimination of internal margins, this transaction generated a profit of €165 million included in the Group's operating margin.

15 – INVENTORIES

(€ million)	December 31, 2008	December 31, 2007	December 31, 2006
Raw materials and supplies	1,091	1,185	1,052
Work-in-progress	301	340	370
Finished products	3,874	4,407	3,887
Inventories, net	5,266	5,932	5,309
<i>Inventories, gross</i> ⁽¹⁾	5,945	6,428	5,785
<i>Impairment</i>	(679)	(496)	(476)

(1) Including €1,549 million at December 31, 2008 for used vehicles (€1,239 million at December 31, 2007).

In view of assumptions regarding the decline in residual values of used vehicles (particularly vehicles covered by a buy-back commitment), the amount of impairment on these vehicles was increased to €281 million at December 31, 2008 (€77 million at December 31, 2007).

A 1% variation in the catalogue price applied to the residual values would have an impact of approximately €20 million on the amount of this impairment.

16 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

(€ million)	December 31, 2008	December 31, 2007	December 31, 2006
Dealership receivables	4,133	4,678	4,503
Financing for end-users	10,909	12,184	12,222
Leasing and similar operations	4,166	4,315	4,347
Gross value	19,208	21,177	21,072
Impairment	(890)	(747)	(712)
Net value	18,318	20,430	20,360

The Sales financing division undertook several securitisation operations through special purpose vehicles (in France, Italy and Germany) involving receivables on the dealership network or loans to final customers. This did not lead to derecognition of the receivables assigned, as all risks were retained by the Group. Sales financing receivables in the balance sheet thus amounted to €7,026 million at December 31, 2008 (€6,776 million at December 31, 2007 and €5,727 million at December 31, 2006). A liability of €3,493 million was recognised at December 31, 2008 (€3,533 million at December 31, 2007 and €3,108 million at December 31, 2006) in other debts represented by a certificate, corresponding to issues resulting from the securitisation operations. The difference between the receivables assigned and the amount of the liability corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve. The increase in credit concerns securities subscribed by subsidiaries which assign receivables in order to optimise the credit rating of the securities issued. Some securities subscribed by RCI Banque can be redeemed at the Banque de France and therefore form a liquidity reserve. At December 31, 2008, RCI Banque had provided guarantees of €2,662 million to the Banque de France: €2,418 million in the form of shares in securitisation vehicles and €244 million in sales financing receivables. RCI Banque has used €1,150 million of this liquidity reserve at December 31, 2008 (classified as borrowings from credit institutions in sales financing receivables - note 24).

RCI Banque also provided guarantees to the Société de Financement de l'Economie Française (SFEF) in the form of receivables with book value of €492 million, in return for financing of €282 million (classified as borrowings from credit institutions in sales financing receivables - note 24).

B – Sales financing receivables by maturity

(€ million)	December 31, 2008	December 31, 2007	December 31, 2006
- 1 year	10,030	11,064	10,929
1 to 5 years	8,192	9,272	9,341
+ 5 years	96	94	90
Total sales financing receivables, net	18,318	20,430	20,360

C. Breakdown of overdue sales financing receivables (gross values)

(€ million)	December 31, 2008	December 31, 2007
Receivables for which impairment has been recognised⁽¹⁾: overdue by	679	526
- 0 to 30 days	49	24
- 30 to 90 days	57	56
- 90 to 180 days	97	110
- More than 180 days	476	336
Receivables for which no impairment has been recognised: overdue by	85	117
- 0 to 30 days	3	28
- 30 to 90 days	63	40
- 90 to 180 days	15	49
- More than 180 days	4	-

(1) This only includes sales financing receivables partly or totally written off through impairment on an individual basis.

The maximum exposure to credit risk for the sales financing activity is represented by the net book value of sales financing receivables plus the amount of confirmed credit to customers reported under off-balance sheet commitments given (note 29-A).

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 29-B). Guarantees held in connection with overdue or impaired sales financing receivables amounted to €715 million at December 31, 2008 (€409 million at December 31, 2007).

There is no indication at the year-end that the quality of sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the Sales financing customer base.

D. Changes in impairment of sales financing receivables

(€ million)	
Impairment at December 31, 2006	(712)
Impairment recorded during the year	(309)
Reversals for application	128
Reversals of unused residual amounts	127
Translation adjustment and other	19
Impairment at December 31, 2007	(747)
Impairment recorded during the year	(516)
Reversals for application	220
Reversals of unused residual amounts	141
Translation adjustment and other	12
Impairment at December 31, 2008	(890)

17 – AUTOMOBILE RECEIVABLES

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Gross value	1,867	2,180	2,221
Impairment	(115)	(97)	(119)
Automobile receivables, net	1,752	2,083	2,102

These receivables do not include accounts receivable from dealers, in France and certain other European countries, when they are assigned to the Group's sales financing companies together with the risk of non-recovery. Receivables transferred in this way are included in sales financing receivables. If the risk is not transferred, although the receivables have been assigned from a legal point of view, these items remain in Automobile receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). This rule also applies to receivables assigned outside the Group, for example through discounting or factoring. The amount of assigned Automobile receivables reported in the balance sheet is not significant for the periods presented.

There is no significant concentration of risks within the Automobile customer base.

18 – OTHER CURRENT ASSETS

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Prepaid expenses	184	259	148
Tax receivables	1,090	900	910
Other receivables	1,005	892	717
Derivatives on operating transactions ⁽¹⁾ (note 26-A)	569	324	268
Other current assets	2,848	2,375	2,043
<i>Gross value</i>	<i>2,879</i>	<i>2,409</i>	<i>2,062</i>
<i>Impairment</i>	<i>(31)</i>	<i>(34)</i>	<i>(19)</i>

(1) Including €498 million for derivatives on financing operations of the Sales financing division in 2007 (€176 million in 2007 and €186 million in 2006).

19 – SHAREHOLDERS' EQUITY

A – Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2008 was 284,937 thousand, with par value of €3.81 per share (the total number and par value are unchanged from December 31, 2007 and from December 31, 2006).

Treasury shares do not bear dividends. They accounted for 3.08 % of Renault's share capital at December 31, 2008 (2.65 % at December 31, 2007 and 2.70 % at December 31, 2006).

The Nissan group holds 15% of Renault through its wholly-owned subsidiary Nissan Finance Co., Ltd (the voting rights attached to these shares cannot be exercised).

B. Capital management

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimise its cost.

The Group actively manages its capital structure, making adjustments in view of developments in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares. The management objectives, policies and procedures are unchanged from 2007.

The Group's objectives are monitored in different ways in the different divisions.

The Group manages the Automobile division's capital with reference to a ratio equal to the division's net indebtedness divided by the sum of shareholders' equity (net indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the division's loans; shareholders' equity is as reported in the Group's balance sheet). This ratio stood at 40.9% at December 31, 2008 (9.5% at December 31, 2007 and 11.5% at December 31, 2006).

The Sales financing division must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total risk-weighted assets) is 8%.

Finally, since 1999 the Group has partially hedged the yen/euro exchange risk associated with its investment in Nissan. These hedging operations are described in note 13-G, and have impacts on Group equity, generating exchange differences which are

included in the Group's translation adjustment reserves (note 19-E). These amounts partly offset the exchange differences arising on the share of Nissan's equity stated in yen.

C – Renault treasury shares

In accordance with decisions approved at General Shareholders' Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock option plans awarded to Group managers and executives.

	December 31, 2008	December 31, 2007	December 31, 2006
Total value of treasury shares (€ million)	612	499	373
Total number of treasury shares	8,773,698	7,555,139	7,681,580

D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 29, 2008, it was decided to distribute €3.80 per share or 1,049 million in dividends (compared to €3.10 per share or €863 million in 2007).

After elimination of dividends received by Nissan in proportion to Renault's interest in Nissan, the dividend distribution recorded in shareholders' equity amounted to €975 million in 2008 (€803 million in 2007 and €617 million in 2006).

It is decided to recommend to the General and Extraordinary Shareholders' Meeting of May 6, 2009 that dividends not be paid on 2008 earnings.

E – Translation adjustment

The change in translation adjustment over the year is as follows:

(€ million)	2008	2007	2006
Change in translation adjustment on the value of the investment in Nissan (note 13-C)	1,057	(618)	(1,185)
Impact, net of tax, of partial hedging of the investment in Nissan (note 13-G)	(1,613)	153	351
Total change in translation adjustment related to Nissan	(556)	(465)	(834)
Other changes in translation adjustment	(703)	(248)	17
Total change in translation adjustment	(1,259)	(713)	(817)

The impact of the translation of Nissan's financial statements, after adjustment for the partial hedging operations concerning the portion of Nissan's shareholders' equity expressed in yen, mainly relates to translation by Renault of Nissan's North American and Mexican subsidiaries' shareholders' equity.

Other changes in the translation adjustment are particularly significant in 2008, reflecting the fall of the Swedish krona and the Korean won against the Euro.

F. Financial instrument revaluation reserve

F1. Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

€ million	Cash flow hedges	Available-for-sale financial assets	Total
At December 31, 2006 ⁽¹⁾	84	21	105
Changes in fair value recorded in shareholders' equity	24	2	26
Transfer from shareholders' equity to the income statement ⁽²⁾	(62)	(1)	(63)
At December 31, 2007 ⁽¹⁾	46	22	68
Changes in fair value recorded in shareholders' equity	(155)	(24)	(179)
Transfer from shareholders' equity to the income statement ⁽²⁾	(121)	9	(112)
At December 31, 2008 ⁽¹⁾	(230)	7	(223)

(1) For the schedule of transfers of amounts related to cash flow hedges transferred to shareholders' equity, see note F-3 below.

(2) For a breakdown of the amounts related to cash flow hedges transferred to shareholders' equity, see note F-2 below.

F2. Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

€ million	2008	2007	2006
Operating margin	(76)	(81)	(1)
Other operating income and expenses	-	-	-
Net financial income (expense)	(2)	(7)	-
Share in net income of associates	(43)	(4)	27
Current and deferred taxes	-	30	-
Total transferred to the income statement for cash flow hedges	(121)	(62)	26

F3. Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Within one year	(82)	44	52
After one year	(65)	9	20
Revaluation reserve for cash flow hedges excluding associates	(147)	53	72
Revaluation reserve for cash flow hedges - associates	(83)	(7)	12
Total revaluation reserve for cash flow hedges	(230)	46	84

This schedule is based on contractual maturities of hedged cash flows.

G – Stock option and free share attribution plans

Since October 1996, the Board of Directors has periodically granted stock options to Group executives and managers, with prices and exercise periods specific to each plan.

No new stock option or free share plans were introduced in 2008. All plans introduced since 2006 include performance conditions which determine the number of options or shares awarded to beneficiaries.

Changes in the number of stock options held by personnel

	2008			2007		
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)
Outstanding at January 1	16,222,932	72		16,539,634	66	
Granted	2,022,787	97	77	2,018,300	95	96
Exercised	(395,441)	43	63	(2,268,502)	47	99
Expired	(6,146,663)	91	N/A	(66,500)	67	N/A
Outstanding at December 31	11,703,615	67		16,222,932	72	

Options attributed in 2008 relate to plans introduced in 2007. Beneficiaries were informed of the decision and granting conditions at the beginning of 2008.

Based on the estimated achievement of performance conditions in 2008, it was considered that a large number of free shares have been forfeited over the year (particularly under plans related to the Renault Commitment 2009 plan and the year 2008).

Options and free share attribution rights yet to be exercised at December 31, 2008

N° plan	Type of plan	Grant date	Exercise price (€)	Outstanding	Exercise period
Plan 3	Stock purchase options	October 27, 1998	32.13	-	October 28, 2003 - October 26, 2008
Plan 4	Stock purchase options	March 16, 1999	40.82	-	March 17, 2004 - March 15, 2009
Plan 5	Stock purchase options	October 19, 1999	50.94	341,562	October 20, 2004 - October 18, 2009
Plan 6	Stock purchase options	September 7, 2000 and October 24, 2000	49.27 49.57	468,537	September 6, 2005 – September 6, 2010 October 25, 2005 - October 23, 2010
Plan 7	Stock purchase options	December 18, 2001	48.97	938,196	December 19, 2006 - December 17, 2011
Plan 8	Stock purchase options	September 5, 2002	49.21	1,532,213	September 6, 2007 - September 4, 2012
Plan 9	Stock purchase options	September 8, 2003	53.36	1,621,047	September 9, 2007 - September 7, 2011
Plan 10	Stock subscription options	September 14, 2004	66.03	2,113,150	September 15, 2008 - September 13, 2012
Plan 11	Stock subscription options	September 13, 2005	72.98	1,610,393	September 14, 2009 - September 12, 2013
Plan 12	Stock subscription options	May 4, 2006 and May 12, 2006 and June 30, 2006	87.98	1,440,652	May 5, 2010 – May 5, 2014
Plan 13	Stock subscription options	May 4, 2006 and May 12, 2006 and July 17, 2006	87.98	-	May 5, 2010 – May 5, 2014
Plan 13 bis	Attribution of free shares	May 12, 2006 and July 17, 2006	-	-	May 5, 2012
Plan 14	Stock subscription options	December 5, 2006 and February 19, 2007	93.86	1,637,865	December 6, 2010 – December 4, 2014
Plan 15	Stock subscription options	December 5, 2007 and January 25, 2008	96.54	-	December 6, 2011 – December 5, 2015
Plan 16	Stock subscription options	December 5, 2007 and January 25, 2008	96.54	-	December 6, 2011 – December 5, 2015
Plan 16 bis	Attribution of free shares	December 5, 2007 and January 25, 2008	-	-	December 6, 2013

The grant date is the date at which beneficiaries are informed of the decision to grant these options or shares, and the terms of the relevant plans.

H – Share-based payments

Share-based payments exclusively concern stock options and free shares awarded to personnel.

Plan values

The options awarded under these plans only become vested after a period of five years for plans 1 to 8, and four years for plans 9 to 16. For stock option plans, the exercise period then covers five years for plans 1 to 8 and four years for plans 9 to 16. Loss of the benefit of these options follows the applicable regulations: all options are forfeited in the event of resignation, and a decision is made for each individual case when an employee leaves at the company's instigation.

The valuation method follows a suitable binomial mathematical model, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is implicit volatility at the grant date. The dividend used is determined by reference to the dividend payout schedule contained in the Renault Commitment 2009 plan.

The plans have been valued as follows:

Plan	Initial value (000s of €)	Unit fair value	Expense for 2008 ⁽¹⁾ (€ million)	Expense for 2007 (€ million)	Expense for 2006 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option ⁽²⁾	Dividend per share (€)
Plan 9	32,820	18.15	-	(6)	(8)	55.40	33.0 %	3.79 %	53.36	4-8 years	1.15
Plan 10	39,870	19.75	(7)	(9)	(9)	69.05	27.0 %	3.71 %	66.03	4-8 years	1.40
Plan 11	22,480	14.65	(6)	(6)	(8)	72.45	23.5 %	2.68 %	72.98	4-8 years	1.80
Plan 12 ⁽³⁾	17,324	16.20	(5)	(5)	(3)	87.05	28.1 %	3.90 %	87.98	4-8 years	2.40 – 4.50
Plan 13 ⁽³⁾	36,634	15.86	14	(9)	(5)	87.82	27.2 %	3.85 %	87.98	4-8 years	2.40 – 4.50
Plan 13 bis ⁽³⁾	74,666	72.60	28	(20)	(8)	83.71	N/A	3.83 %	N/A	N/A	2.40 – 4.50
Plan 14 ⁽³⁾	26,066	15.00	(6)	(6)	-	92.65	26.7 %	3.88 %	93.86	4-8 years	2.40 – 4.50
Plan 15 ⁽³⁾	29,747	15.19	1	(1)	-	84.68	36.0 %	3.79 %	96.54	4-8 years	2.40 – 4.50
Plan 16 ⁽³⁾	10,279	13.68	-	-	-	81.79	36.4 %	3.77 %	96.54	4-8 years	2.40 – 4.50
Plan 16 bis ⁽³⁾	9,040	71.15	-	-	-	87.28	N/A	3.81 %	N/A	N/A	2.40 – 4.50
TOTAL	298,926		19	(62)	(41)						

(1) The expense for 2008 includes income of €83 million resulting from revision of the number of options and free shares attributed under plans containing performance conditions.

(2) Period during which the option is not considered vested for tax purposes.

(3) For these plans, options or free share attribution rights have been awarded at different dates within the stated period. The information reported may correspond to weighted averages based on quantities awarded per grant date.

20 – PROVISIONS

A – Provisions at December 31

(€ million)	December 31, 2008	December 31, 2007	December 31, 2006
Provisions (other than provisions for pension and other long-term employee obligations)	1,751	1,516	1,743
- Provisions for restructuring and workforce adjustment costs	513	253	445
- Provisions for warranty costs	807	819	735
- Provisions for tax risks and litigation	198	173	222
- Other provisions	233	271	341
Provisions for pension and other long-term employee benefit obligations	1,056	1,203	1,157
Total provisions	2,807	2,719	2,900
Provisions – long-term	1,543	1,765	1,847
Provision – short-term	1,264	954	1,053

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk.

B – Changes in provisions (other than provisions for pension and other long-term employee obligations)

€ million	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Other provisions	Total
At December 31, 2006	445	735	222	341	1,743
Increases	58	695	59	91	903
Reversals of provisions for application	(278)	(589)	(26)	(81)	(974)
Reversals of unused balance of provisions	(6)	(6)	(76)	(37)	(125)
Changes in scope of consolidation	-	(3)	-	(26)	(29)
Translation adjustments and other changes	34	(13)	(6)	(17)	(2)
At December 31, 2007	253	819	173	271	1,516
Increases	408	427	80	104	1,019
Reversals of provisions for application	(165)	(395)	(21)	(79)	(660)
Reversals of unused balance of provisions	(18)	(15)	(38)	(37)	(108)
Changes in scope of consolidation	1	1	1	-	3
Translation adjustments and other changes	34	(30)	3	(26)	(19)
At December 31, 2008	513	807	198	233	1,751

Reversal of unused balances mainly result from changes in the assumptions used to estimate the original provision.

At December 31, 2008, other provisions included €42 million of provisions established in application of environmental regulations (€50 million at December 31, 2007). These provisions principally concern environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site) and expenses related to the EU directive on end-of-life vehicles (note 29-A2).

As greenhouse gas emissions were lower than the Group's allocated quotas, no associated provisions were booked at December 31, 2008.

C – Provisions for pensions and other long-term employee benefit obligations

C1 – Pension and benefit plans

Pensions and other long-term employee benefit obligations essentially concern current employees.

These benefits are covered either by contributions to defined-contribution plans or by defined-benefit plans.

- Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organisations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans is approximately €450 million in 2008 (stable compared to 2007).

- Defined-benefit plans

Provisions are established for this type of plan, mainly concerning indemnities payable upon retirement, but also covering:

- other payments upon retirement and supplementary pensions,
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements,
- Healthcare expense coverage.

Defined-benefit plans are sometimes covered by funds which are valued annually based on market value. The value of fund assets, if any, is deducted from the corresponding liability. In view of the amounts involved, the Group's exposure to risk resulting from changes in these fund asset values is low (see note 20-C3).

C2 – Actuarial assumptions

The main actuarial assumptions used for the companies in France, the country accounting for most of the Group's obligations, are the following:

Retirement age	60 to 65
Salary increase	3 %
Discount rate ⁽¹⁾	5.3 %

(1) The rate most frequently used to value the Group's obligations in France is 5.3% (5.3% in 2007 and 4.4% in 2006). However, the rate varies between companies depending on the maturities of obligations.

C3 – Summary

€ million	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Present value of obligations	1 353	1,580	1,507	1,287
Fair value of fund assets	(307)	(388)	(363)	(247)
Actuarial gains and losses on obligations recorded in equity	(291)	(335)	(242)	(138)
Actuarial gains and losses on fund assets recorded in equity	(10)	37	27	8

C4 – Provisions for pension and other long-term employee benefit obligations (at December 31)

€ million	December 31, 2008	December 31, 2007	December 31, 2006
French companies	917	1,064	978
Foreign companies	139	139	179
TOTAL	1,056	1,203	1,157

C5 – Change in the provisions for pension and other long-term employee benefit obligations

€ million	Obligations	Fund assets	Obligations net of fund assets	Past service costs	Balance sheet provision
Balance at December 31, 2006	1,507	(363)	1,144	13	1,157
Net expense for the year 2007 (note 20-C6)	136	(21)	115	(2)	113
Benefits paid and contribution to funds	(91)	(16)	(107)		(107)
Actuarial gains (losses)	93	(10)	83		83
Unrecorded past service cost	-	-	-		-
Translation adjustments	(27)	23	(4)		(4)
Change in scope of consolidation and other	(38)	(1)	(39)		(39)
Balance at December 31, 2007	1,580	(388)	1,192	11	1,203
Net expense for the year 2008 (note 20-C6)	(24)	(15)	(39)	(2)	(41)
Benefits paid and contribution to funds	(99)	1	(98)		(98)
Actuarial gains (losses)	(44)	47	3		3
Unrecorded past service cost	-	-	-		-
Translation adjustments	(57)	49	(8)		(8)
Change in scope of consolidation and other	(3)	(1)	(4)	1	(3)
Balance at December 31, 2008	1,353	(307)	1,046	10	1,056

The increase in actuarial losses in 2007 and 2006 is principally attributable to the French companies, largely as a result of the French laws on social security financing. These laws subject retirement bonuses to social security charges when the employee leaves the company at his own initiative. While the Group has not modified the way it manages retirements, the effects of these laws have been taken into consideration in its actuarial parameters.

C6 – Net expense for the year

€ million	2008	2007	2006
Current service cost	84	88	86
Cost of unwinding the discount	51	46	43
Expected return on fund assets	(15)	(21)	(15)
Effects of workforce adjustment measures	(161)	-	-
Net expense (income) for the year	(41)	113	114

The effects of workforce adjustment measures in 2008 relate to Renault SAS' voluntary termination plan "Projet Renault Volontariat", and are directly deducted from the expense included in other operating income and expenses (note 7).

C7 – Reconciliation of the value of the obligations and the provisions

<i>€ million</i>	December 31, 2008	December 31, 2007	December 31, 2006
Actuarial value of obligations not covered by funds	977	1,130	1,021
Actuarial value of obligations covered by funds	376	450	486
Value of fund assets (note 20-C5)	(307)	(388)	(363)
Obligations net of fund assets	1,046	1,192	1,144
Unrecorded past service costs	10	11	13
Provisions for pension and other long-term employee benefit	1,056	1,203	1,157

C8 – Breakdown of fund assets

<i>€ million</i>	December 31, 2008	December 31, 2007	December 31, 2006
Equities	80	143	229
Bonds	192	212	126
Other	35	33	8
Total fund assets	307	388	363

The current best estimate for contributions payable in 2009 is €22 million.

21 – OTHER CURRENT LIABILITIES

<i>€ million</i>	December 31, 2008	December 31, 2007	December 31, 2006
Tax liabilities (excluding current taxes)	340	455	496
Social liabilities	1,202	1,616	1,505
Other liabilities	3,465	3,571	3,894
Deferred income	433	446	414
Derivatives on operating transactions (note 26-A)	71	165	30
Total	5,511	6,253	6,339

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment.

7.2.6.4 Financial assets and liabilities

22 – FINANCIAL ASSETS

A. Breakdown by nature

€ million	December 31, 2008			December 31, 2007			December 31, 2006		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	34	-	34	38	-	38	36	-	36
Other securities	-	122	122	-	204	204	1	312	313
Loans	68	437	505	72	669	741	78	1,575	1,653
Derivative assets on financing operations by the Automobile division (note 26-A)	880	477	1,357	496	366	862	448	342	790
Total	982	1,036	2,018	606	1,239	1,845	563	2,229	2,792
<i>Gross value</i>	<i>1,029</i>	<i>1,044</i>	<i>2,073</i>	<i>659</i>	<i>1,240</i>	<i>1,899</i>	<i>600</i>	<i>2,230</i>	<i>2,830</i>
<i>Impairment</i>	<i>(47)</i>	<i>(8)</i>	<i>(55)</i>	<i>(53)</i>	<i>(1)</i>	<i>(54)</i>	<i>(37)</i>	<i>(1)</i>	<i>(38)</i>

The current portion of other securities corresponds to securities that cannot be classified as cash equivalents.

Loans essentially comprise short-term investments of Automobile division cash surpluses with financial institutions.

B. Breakdown by category

€ million	Instruments Held for trading ⁽¹⁾	Hedging derivatives	Available-for-sale instruments	Loans and receivables	Total
Investments in non-controlled entities			34		34
Other securities	69		53		122
Loans				505	505
Derivative assets on financing operations by the Automobile division	1,245	112			1,357
Total financial assets at December 31, 2008	1,314	112	87	505	2,018
Investments in non-controlled entities			38		38
Other securities	102		102		204
Loans				741	741
Derivative assets on financing operations by the Automobile division	558	304			862
Total financial assets at December 31, 2007	660	304	140	741	1,845
Investments in non-controlled entities			36		36
Other securities	138		175		313
Loans				1,653	1,653
Derivative assets on financing operations by the Automobile division	404	386			790
Total financial assets at December 31, 2006	542	386	211	1,653	2,792

(1) Including derivatives not designated as hedges for accounting purposes.

23 – CASH AND CASH EQUIVALENTS

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Cash equivalents	8	1,058	1,694
- classified as held for trading	5	1,041	1,686
- classified as available-for-sale	3	17	8
Cash on hand and bank deposits	2,050	3,663	4,316
TOTAL	2,058	4,721	6,010

Cash on hand and bank deposits are classified as loans and receivables.

24 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Breakdown by nature

€ million	December 31, 2008			December 31, 2007			December 31, 2006		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	188	-	188	697	-	697	749	-	749
Bonds	3,465	1,342	4,807	3,728	416	4,144	3,575	618	4,193
Other debts represented by a certificate	-	1,018	1,018	-	-	-	-	-	-
Borrowings from credit institutions	870	520	1,390	179	275	454	346	1,508	1,854
Other interest-bearing borrowings	186	1,195	1,381	244	598	842	310	1,397	1,707
Financial liabilities of the Automobile division (excluding derivatives)	4,709	4,075	8,784	4,848	1,289	6,137	4,980	3,523	8,503
Derivative liabilities on financing operations of the Automobile division	802	1,144	1,946	293	228	521	179	192	371
Total financial liabilities of the Automobile division (note 24-B)	5,511	5,219	10,730	5,141	1,517	6,658	5,159	3,715	8,874
DIAC redeemable shares	9	-	9	19	-	19	19	-	19
Bonds	-	5,758	5,758	-	7,847	7,847	-	8,961	8,961
Other debts represented by a certificate	253	7,122	7,375	253	9,142	9,395	252	7,609	7,861
Borrowings from credit institutions	-	5,658	5,658	-	3,989	3,989	-	4,401	4,401
Other interest-bearing borrowings	-	134	134	-	62	62	-	124	124
Total financial liabilities and debts of the Sales financing division (excluding derivatives)	262	18,672	18,934	272	21,040	21,312	271	21,095	21,366
Derivative liabilities on financing operations of the Sales financing division	-	278	278	-	156	156	-	117	117
Financial liabilities and debts of the Sales financing division (note 24-B)	262	18,950	19,212	272	21,196	21,468	271	21,212	21,483
Total financial liabilities and debts of the Sales financing division	5,773	24,169	29,942	5,413	22,713	28,126	5,430	24,927	30,357

Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a fixed portion (6.75%) and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €17 million for 2008 (identical to 2007 and 2006), is included in interest expenses. These shares are listed on the Paris Stock Exchange, and traded for €236 at December 31, 2008 and €874 at December 31, 2007 for par value of €153, leading to a corresponding €509 million adjustment to the fair value of redeemable shares recorded in other financial income (note 8).

The return on Diac redeemable shares issued in 1985 comprises a fixed portion equal to the Annual Monetary Rate, and a variable portion calculated by multiplying an amount equal to 40% of the Annual Monetary Rate by the rate of increase in net consolidated profit of the Diac sub-group compared to the prior year.

Changes in bonds

In 2008, Renault SA redeemed bonds issued in 2003 for a total of €426 million, and undertook new bond issues totalling €682 million and maturing between 2011 and 2013.

RCI Bank also redeemed bonds for a total of €3,455 million in 2008, and issued new bonds totalling €1,299 million and maturing between 2009 and 2011.

Credit lines

At December 31, 2008, Renault SA confirmed credit lines opened with banks amounted to the equivalent of €4,220 million in various currencies (€4,480 million in 2007). The short-term portion amounted to €910 million at December 31, 2008 (€1,260 million in 2007). A total of €518 million of these credit lines was in use at December 31, 2008 (€8 million at December 31, 2007).

RCI Banque confirmed credit lines opened with banks amounted to the equivalent of €5,245 million in various currencies (€5,361 million in 2007). The short-term portion amounted to €650 million at December 31, 2008 (€481 million in 2007). A total of €753 million of these credit lines was in use at December 31, 2008 (none were in use at December 31, 2007).

B. Breakdown by category

€ million	Instruments held for trading ⁽¹⁾	Hedging derivatives	Instruments designated from initial recognition as at fair value	Instruments stated at amortised cost ⁽²⁾	Total
December 31, 2008					
Renault SA redeemable shares			188		188
Bonds			10	4,797	4,807
Other debts represented by a certificate				1,018	1,018
Borrowings from credit institutions			233	1,157	1,390
Other interest-bearing borrowings				1,381	1,381
Derivative liabilities on financing operations of the Automobile division	1,563	383			1,946
Total financial liabilities of the Automobile division	1,563	383	431	8,353	10,730
DIAC redeemable shares			9		9
Bonds				5,758	5,758
Other debts represented by a certificate				7,375	7,375
Borrowings from credit institutions				5,658	5,658
Other interest-bearing borrowings				134	134
Derivative liabilities on financing operations of the Sales financing division	35	243			278
Total financial liabilities and sales financing debts of the Sales financing division	35	243	9	18,925	19,212

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities covered by fair value hedges.

€ million December 31, 2007	Instrument s held for trading ⁽¹⁾	Hedging derivatives	Instruments designated from initial recognition as at fair value	Instruments stated at amortised cost ⁽²⁾	Total
Renault SA redeemable shares			697		697
Bonds			10	4,134	4,144
Other debts represented by a certificate					-
Borrowings from credit institutions				454	454
Other interest-bearing borrowings				842	842
Derivative liabilities on financing operations of the Automobile division	503	18			521
Total financial liabilities of the Automobile division	503	18	707	5,430	6,658
DIAC redeemable shares			19		19
Bonds				7,847	7,847
Other debts represented by a certificate				9,395	9,395
Borrowings from credit institutions				3,989	3,989
Other interest-bearing borrowings				62	62
Derivative liabilities on financing operations of the Sales financing division	58	98			156
Total financial liabilities and sales financing debts of the Sales financing division	58	98	19	21,293	21,468

€ million December 31, 2006	Instrument s held for trading ⁽¹⁾	Hedging derivatives	Instruments designated from initial recognition as at fair value	Instruments stated at amortised cost ⁽²⁾	Total
Renault SA redeemable shares			749		749
Bonds				4,193	4,193
Other debts represented by a certificate				-	-
Borrowings from credit institutions				1,854	1,854
Other interest-bearing borrowings				1,707	1,707
Derivative liabilities on financing operations of the Automobile	366	5			371
Total financial liabilities of the Automobile division	366	5	749	7,754	8,874
DIAC redeemable shares			19		19
Bonds				8,961	8,961
Other debts represented by a certificate				7,861	7,861
Borrowings from credit institutions				4,401	4,401
Other interest-bearing borrowings				124	124
Derivative liabilities on financing operations of the Sales financing division	55	62			117
Total financial liabilities and sales financing debts of the Sales financing division	55	62	19	21,347	21,483

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities covered by fair value hedges.

C – Breakdown by maturity

For derivative liabilities, contractual flows are the amounts to be paid.

For other financial liabilities, the contractual flows correspond to repayment of the principal and payment of interest.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

C1 – Financial liabilities of the Automobile division

	December 31, 2008							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
€ million								
Bonds issued by Renault SA (by issue date)								
2002	1,026	1,026	1,026					
2003	811	811		770				41
2004	326	326	276		50			
2005	277	277		198		79		
2006	955	955			396		531	28
2007	635	635		16		556		63
2008	752	752			357		395	
Accrued interest, expenses and premiums	25	46	46					
Total	4,807	4,828	1,348	984	803	635	926	132
Other debts represented by a certificate	1,018	1,018	1,018					
Borrowings from credit institutions	1,390	1,383	520	213	92	69	182	307
Other interest-bearing borrowings	1,381	1,381	1,195	22	25	21	22	96
Total	3,789	3,782	2,733	235	117	90	204	403
Future interest on bonds and other financial liabilities	-	330	68	80	69	59	41	13
Redeemable shares	188							
Derivative liabilities on financing operations	1,946	1,946	1,144	260	140	291	107	4
Total financial liabilities	10,730	10,886	5,293	1,559	1,129	1,075	1,278	552

The portion of financial liabilities of the Automobile division maturing within one year breaks down as follows.

	December 31, 2008			
	Contractual flows maturing within 1 year	- 1 month	1-3 months	3 months – 1 year
€ million				
Bonds	1,348	12	45	1,291
Other financial liabilities	2,733	940	1,273	520
Future interest on bonds and other financial liabilities	68	1	-	67
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	1,144	841	138	165
Total financial liabilities maturing within 1 year	5,293	1,794	1,456	2,043

C2 – Financial liabilities of the Sales financing division and sales financing debts

€ million

December 31, 2008

	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
Bonds issued by RCI Banque (year of issue)								
1997	214	214	214					
2003	25	25		25				
2004	1,099	1,099	1,099					
2005	868	868		834	1	23		10
2006	784	784	275	425	71	1		12
2007	1,295	1,295	635	160		500		
2008	1,401	1,401	553	20	828			
Accrued interest, expenses and premiums	72	77	77					
Total	5,758	5,763	2,853	1,464	900	524		22
Other debts represented by a certificate	7,375	7,371	3,597	254	1,844	487	939	250
Borrowings from credit institutions	5,658	5,658	3,558	1,104	893	62	31	10
Other interest-bearing borrowings	134	134	134					
Total	13,167	13,163	7,289	1,358	2,737	549	970	260
Future interest on financial liabilities		604	228	195	118	25	16	22
Redeemable shares	9	-						
Derivative liabilities on financing operations	278	295	200	79	16			
Total financial liabilities	19,212	19,825	10,570	3,096	3,771	1,098	986	304

The portion of financial liabilities of the Sales Financing division maturing within one year breaks down as follows.

	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months – 1 year
Bonds	2,853	315	856	1,682
Other financial liabilities	7,289	2,845	2,822	1,622
Future interest on bonds and other financial liabilities	228	52	0	176
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	200	122	9	69
Total financial liabilities maturing within 1 year	10,570	3,334	3,687	3,549

D – Breakdown by currency

€ million	December 31, 2008		December 31, 2007		December 31, 2006	
	Before derivatives	After derivatives	Before derivatives	After derivatives	Before derivatives	After derivatives
Euro	23,302	22,686	23,581	22,595	25,733	24,258
Yen	2,103	2,219	1,268	1,928	1,078	2,507
Other	2,313	2,813	2,600	2,926	3,058	3,104
Total financial liabilities and sales financing debts (excluding derivatives)	27,718	27,718	27,449	27,449	29,869	29,869

25 – FAIR VALUE OF FINANCIAL INSTRUMENTS AND IMPACT ON NET INCOME

A. Fair value of financial instruments

The carrying amounts on the balance sheet and the estimated fair values of the Group's financial instruments are as follows:

€ million	December 31, 2008		December 31, 2007		December 31, 2006	
	Balance sheet value	Fair value	Balance sheet value	Fair value	Balance sheet value	Fair value
ASSETS						
Non-current financial assets	982	984	606	599	563	559
Sales financing receivables	18,318	18,143	20 430	20 317	20 360	20 329
Automobile receivables	1,752	1,752	2 083	2 083	2 102	2 102
Current financial assets	1,036	1,036	1 239	1 239	2 229	2 229
Derivatives on operating transactions	569	569	324	324	268	268
Cash and cash equivalents	2,058	2,058	4 721	4 721	6 010	6 010
LIABILITIES						
Non-current financial liabilities	5,773	5,467	5 413	5 427	5 430	5 525
Current financial liabilities	5,219	5,235	1 517	1 521	3 715	3 692
Sales financing debts	18,950	18,715	21 196	21 157	21 212	21 296
Trade payables	5,420	5,420	8 224	8 224	7 384	7 384
Derivatives on operating transactions	71	71	165	165	30	30

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question. However, the methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data. Adopting different assumptions and/or pricing methods could therefore have a significant impact on the values estimated.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, when the financial instrument is listed on an active and liquid market, the last listed price is used to calculate the market value. For unlisted instruments, market value is determined based on recognised valuation models that refer to observable market parameters. If Renault has no valuation tools, particularly for complex products, valuation is carried out by quality financial institutions.

The main assumptions and valuation methods are as follows:

- **Securities:** the fair value of securities is determined mainly by reference to market prices.
- **Loans:** for loans with an original maturity of less than three months and for floating-rate loans, the value recorded on the balance sheet is considered to be the fair value. Other fixed-rate loans have been measured by discounting future cash flows using the rates offered to Renault at December 31, 2008, and December 31, 2007 for loans with similar conditions and maturities.
- **Sales financing receivables:** fixed-rate sales financing receivables have been estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) as at December 31, 2008, and December 31, 2007.
- **Financial liabilities and sales financing debts:** the fair value has been determined by discounting future cash flows at the rates offered to Renault at December 31, 2008 and December 31, 2007 for borrowings with similar conditions

and maturities. For sales financing debts evidenced by securities issued with a life of less than 90 days, the value recorded on the balance sheet is considered the fair value.

B. Impact of financial instruments on net income

€ million	Financial assets other than derivatives			Financial liabilities other than derivatives		Derivatives	Total impact on net income
	Instruments held for trading	Available-for- sale instruments	Loans and receivables	Instruments designated as at fair value through profit and loss	Instruments stated at amortised cost		
December 31, 2008							
Interest income	16		141				157
Interest expenses				(17)	(356)		(373)
Change in fair value	15		(2)	501	334	(169)	679
Impairment			(44)				(44)
Dividends							-
Gains (losses) on sale		(4)	1				(3)
Net foreign exchange gains and losses	16		(66)		(5)		(55)
Total impact on net income - Automobile division	47	(4)	30	484	(27)	(169)	361
<i>Including :</i>	16		(93)		(20)	17	(80)
- operating margin							-
- other operating income and expenses							-
- net financial income (expense)	31	(4)	123	484	(7)	(186)	441
Interest income		12	1,578			167	1,757
Interest expenses					(1,162)	(94)	(1,256)
Change in fair value				6	(203)	201	4
Impairment		1	(215)				(214)
Dividends							
Gains (losses) on sale		(1)	(34)				(35)
Net foreign exchange gains and losses			(153)			155	2
Total impact on net income - Sales financing division		12	1,176	6	(1,365)	429	258
<i>Including :</i>		12	1,176	6	(1,365)	429	258
- operating margin							
- other operating income and expenses							
- net financial income (expense)							
TOTAL GAINS AND LOSSES WITH IMPACT ON NET INCOME	47	8	1,206	490	(1,392)	260	619

For the Automobile division, the impact of financial instruments on net income mainly corresponds to foreign exchange gains and losses on operating transactions, and the effects of derivatives related to commodity hedging (note 26-B5).

C. Fair value hedges

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Change in fair value of the hedging instrument	277	(29)	(53)
Change in fair value of the hedged item	(277)	30	52
Net impact on net income of fair value hedges	-	1	(1)

This net impact of fair value hedges on the net income corresponds to the ineffective portion of hedges. Hedge accounting methods are described in note 2-V.

26 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

A. Fair value of derivatives

The fair value of derivatives corresponds to their balance sheet value.

€ million	Financial assets		Other assets	Financial liabilities and Sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2008						
Cash flow hedges						
Fair value hedges			270		1	
Hedge of the net investment in Nissan		3		44	334	
Derivatives not classified as hedges and derivatives held for trading		242	189		638	
Total foreign exchange risk		245	459	44	973	
Cash flow hedges	16		31	3	244	
Fair value hedges	57	36	7			
Derivatives not classified as hedges and derivatives held for trading	807	196	1	755	205	
Total interest rate risk	880	232	39	758	449	
Cash flow hedges						
Fair value hedges						
Derivatives not classified as hedges and derivatives held for trading			71			71
Total commodity risk			71			71
Total	880	477	569	802	1,422	71
December 31, 2007						
Cash flow hedges						
Fair value hedges					1	
Hedge of the net investment in Nissan	143	115			10	
Derivatives not classified as hedges and derivatives held for trading		129	12		115	
Total foreign exchange risks	143	244	12		126	
Cash flow hedges	23		116	2	90	
Fair value hedges	22		2	5	8	
Derivatives not classified as hedges and derivatives held for trading	308	122	45	286	160	
Total interest rate risks	353	122	163	293	258	
Cash flow hedges						
Fair value hedges						
Derivatives not classified as hedges and derivatives held for trading			149			165
Total commodity risks			149			165
Total	496	366	324	293	384	165

€ million	Financial assets		Other assets	Financial liabilities and Sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2006						
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Hedge of the net investment in Nissan	193	139	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	98	6	-	90	-
Total foreign exchange risks	193	237	6	-	90	-
Cash flow hedges	25	-	123	5	57	-
Fair value hedges	29	-	8	-	6	-
Derivatives not classified as hedges and derivatives held for trading	201	105	49	174	156	-
Total interest rate risks	255	105	180	179	219	-
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	82	-	-	30
Total commodity risks	-	-	82	-	-	30
Total	448	342	268	179	309	30

The specialist subsidiary Renault Finance handles the Automobile division's short-term interbank investments. It is also Nissan's counterparty in derivatives trading to hedge exchange, interest rate and commodity risks.

The fair values of derivatives reported in the Group's consolidated balance sheet assets and liabilities mainly relate to Renault Finance's business conducted on its own behalf and its transactions with Renault and Nissan subsidiaries.

B. Management of financial risks

The Group is exposed to the following financial risks:

- Liquidity risks
- Market risks (foreign exchange, interest rate, equity and commodity risks)
- Counterparty risks
- Credit risks (notes 16 and 17)

B1. Liquidity risk

The Group is financed via the capital markets, through:

- long-term resources (bond issues, private placements, etc),
- short-term bank loans or commercial paper issues,
- a receivable securitisation programme by RCI Banque.

The Automobile division needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its debt, and this exposes it to liquidity risk in the event of market closure or tensions over credit availability. As part of its centralised cash management policy, Renault SA handles most refinancing for the Automobile division either through long-term resources via the capital markets (bond issues, private placements) or through short-term financing such as treasury notes or bank financing.

Short-term financing arrangements are secured by confirmed credit agreements. The documentation for these credit facilities contains no clause that might adversely affect credit availability as a result of a change in Renault's credit rating or financial ratio compliance.

The Sales Financing division's business depends on reliable access to financial resources: any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated. The liquidity risk is closely monitored on a regular basis. The static liquidity position, which has been constantly positive in the last few years, reflecting surplus long-term resources compared to applications, remains at a similar level to previous years. RCI Banque therefore distributes loans from resources raised several months previously, enabling the division to maintain a stable financial margin.

Details of the Group's financing structure are provided in note 24 on financial liabilities and sales financing debts.

Given the available cash reserves and confirmed credit lines unused at the year-end, the prospects for renewal of short-term financing for the Automobile and Sales Financing divisions, the issuance of a 5-year loan by the government (€3 billion for the Automobile division) and authorisation of the loan from Société de Financement de l'Economie Française (SFEF) to RCI Banque increasing its value from €500 million to €1 billion (see note 31), the Group has sufficient financial resources at its disposal to cover its commitments over a 12-month horizon. Those commitments are described in note 24 on financial liabilities and sales financing debts. Confirmed credit lines open but unused are described in notes 16-A and 24-A.

B2. Foreign exchange risks

- Management of foreign exchange risks

The Automobile division is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralised by Renault's Cash and Financing department.

It is Renault's general policy not to hedge operating future cash flows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks.

Subsidiaries' financing and investing cash flows in foreign currencies are usually hedged in the same.

Equity investments are not hedged, except for the portion of Nissan's shareholders' equity expressed in yen, totalling 503 billion yen at December 31, 2008 (note 13-G).

Renault Finance undertakes operations unrelated to operating cash flows on its own behalf. These operations are controlled daily and strict risk limits apply. They have no significant impact on Renault's consolidated results.

The Sales Financing division has low exposure to foreign exchange risks since its policy is to provide refinancing for subsidiaries in their own currencies.

The Group made no major changes to its foreign exchange risk management policy in 2008.

- Analysis of the sensitivity of financial instruments to foreign exchange risks

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into account items covered by fair value hedges (hedged assets or liabilities and derivatives), for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The Group has a significant amount of financial instruments denominated in Japanese yen, held for the purposes of the policy to hedge its investment in Nissan (note 13-G).

Impacts are estimated solely on the basis of instant conversion of the financial assets and liabilities concerned at year-end after application of the 1% variation in the Euro exchange rate.

The impact on equity concerns the 1 % variation in the Euro against other currencies applied to available-for-sale financial assets and cash flow hedges and the partial hedge of the investment in Nissan. All other impacts affect net income.

For the Automobile division, the impact on shareholders' equity (before taxes) of a 1 % rise in the Euro against the principal currencies, applied to financial instruments exposed to foreign exchange risks, would be €40 million at December 31, 2008. The impact on shareholders' equity results mainly from the partial hedge of the investment in Nissan. This impact is offset by the opposite variation in the translation adjustment on the value of the investment in Nissan (note 19-E). The estimated impact on net income at December 31, 2008 is not significant.

- Currency derivatives

€ million	December 31, 2008				December 31, 2007				December 31, 2006			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Currency swaps – purchases	2,066	649	1,410	7	2,594	1,397	1,166	31	2,438	669	1,715	54
Currency swaps - sales	2,422	908	1,503	11	2,719	1,431	1,267	21	2,357	555	1,748	54
Forward purchases	13,687	13,687	-	-	14,851	14,849	2	-	11,508	11,508	-	-
Forward sales	14,345	14,345	-	-	14,808	14,806	2	-	11,461	11,461	-	-

B3 – Interest rate risk

- Interest rate risk management

The Renault group's exposure to interest rate risk mainly concerns the sales financing business of RCI Banque and its subsidiaries. Customer loans are generally issued at fixed interest rates, for durations of between 12 and 72 months.

Interest rate risk is monitored using a methodology common to the entire RCI group, to allow overall management of interest rate risks at consolidated group level. Exposure is assessed daily and hedging is systematic, using swaps to convert floating-rate liabilities to fixed-rate liabilities (cash flow hedges). The objective for each subsidiary is to hedge all risks in order to protect the sales margin.

The Automobile division's interest rate risk management policy applies two basic principles: long-term investments use fixed-rate financing, and investments for cash reserves use floating-rate financing. In addition, the financing in yen undertaken as part of the hedge of Nissan equity is fixed-rate, over terms varying from one month to seven years.

Finally, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits. This arbitrage activity has no significant impact on Renault's consolidated net income.

The Group made no major changes to its interest rate risk management policy in 2008.

- Analysis of the sensitivity of financial instruments to interest rate risks

The Group is exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortised cost, and variations in the fair value of financial instruments stated at fair value (including fixed-rate instruments swapped to floating rate, and structured products),
- variations in the fair value of the fixed-rate financial instruments stated at fair value,
- variations in the fair value of derivatives (hedging derivatives and other derivatives).

Impacts are estimated by applying this 1% rise in interest rates over a one-year period to financial instruments reported in the closing balance sheet.

The impact on equity corresponds to the change in fair value of available-for-sale fixed-rate financial assets and cash flow hedges after a 1% rise in interest rates. All other impacts affect net income

Calculation of the individual divisions' sensitivity to interest rates includes interdivision loans and borrowings.

For the Automobile division, the impact on net income and shareholders' equity (before taxes) of a 1% rise in interest rates applied to financial instruments exposed to interest rate risks would be €(11) million and €5 million respectively at December 31, 2008.

For the Sales financing division, the impact on net income and equity (before taxes) of a 1% rise in interest rates applied to financial instruments exposed to interest rate risks would be €(6) million and €53 million respectively at December 31, 2008. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cash flows. The Sales financing division's sensitivity to interest rate risks is stable in comparison to 2007.

- Fixed rate/floating rate breakdown of financial liabilities and sales financing debts (excluding derivatives)

€ million	December 31, 2008	December 31, 2007	December 31, 2006
	After impact of derivatives	After impact of derivatives	After impact of derivatives
Fixed rate	21,024	22,215	24,721
Floating rate	6,694	5,234	5,148
Total financial liabilities, sales financing debts (excluding derivatives)	27,718	27,449	29,869

- Interest rate derivatives

€ million	December 31, 2008				December 31, 2007				December 31, 2006			
	Nominal	- 1 yr	1-5 years	+ 5 yrs	Nominal	- 1 yr	1-5 years	+ 5 yrs	Nominal	- 1 yr	1-5 years	+ 5 yrs
Interest rate swaps	58,608	19,036	39,178	394	67,865	25,357	41,534	974	67,947	25,264	41,780	903
FRAs	-	-	-	-	550	550	-	-	-	-	-	-
Other interest rate hedging instruments	1,160	1,100	60	-	940	940	-	-	3,914	3,698	216	-

B4. Equity risks

- Management of equity risks

The Group's exposure to equity risks essentially concerns marketable securities indexed to share prices. The Group does not use equity derivatives to hedge this risk.

The Group made no major changes to its equity risk management policy in 2008.

- Analysis of sensitivity of financial instruments to equity risks

Impacts are estimated by applying this 10% decline in share prices to the financial assets concerned at year-end.

The financial instruments' sensitivity to equity risks is not significant at December 31, 2008.

B5. Commodity risks

- Management of commodity risks

Renault's Purchases department may hedge part of its commodity risks using financial instruments such as forward purchase contracts, purchase options and tunnel contracts. These hedges concern physical purchasing operations required by the factories, and are subject to volume and time constraints.

There were no commodity hedges outstanding at December 31, 2008 for the Automobile division business.

- Commodity derivatives

€ million	December 31, 2008				December 31, 2007				December 31, 2006			
	Nominal	- 1 yr	1-5 years	+ 5 yrs	Nominal	- 1 yr	1-5 years	+ 5 yrs	Nominal	- 1 yr	1-5 years	+ 5 yrs
Forward purchases	170	170	-	-	623	493	130	-	177	177	-	-
Forward sales	170	170	-	-	418	305	113	-	229	229	-	-

Derivatives at December 31, 2008 relate to operations undertaken by Renault Finance with the Nissan Group, which are hedged on the market.

B6. Counterparty risk

The Group only does business on the financial and banking markets with quality counterparties, and is not subject to any significant risk concentration.

All Group entities use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For Group companies with significant exposure, compliance with authorised limits is monitored on a daily basis under strict internal control procedures.

Counterparty risks were the subject of heightened vigilance in 2008: certain banking counterparties were placed under close monitoring and in some cases limits previously granted were eliminated. No losses were recorded in 2008 due to default by a banking counterparty.

7.2.6.5 Cash flows and other information

27 – CASH FLOWS

A – Other unrealised income and expenses

<i>€ million</i>	2008	2007	2006
Net allocation to provisions	104	(185)	(256)
Net effects of sales financing credit losses	155	54	14
Net gain (loss) on asset disposals	(143)	(19)	(188)
Change in fair value of redeemable shares	(515)	(53)	34
Change in fair value of other financial instruments	(53)	76	40
Deferred taxes	(26)	(58)	(86)
Other	(18)	71	12
Other unrealised income and expenses	(496)	(114)	(430)

B – Change in working capital

<i>€ million</i>	2008	2007	2006
Decrease (increase) in net inventories	584	(862)	656
Decrease (increase) in Automobile receivables	283	(171)	51
Decrease (increase) in other assets	(195)	(419)	190
Increase (decrease) in trade payables	(2,676)	1,008	(522)
Increase (decrease) in other liabilities	(829)	97	(61)
Decrease (increase) in working capital	(2,833)	(347)	314

C – Cash flows from investing activities

<i>€ million</i>	2008	2007	2006
Purchases of intangible assets	(1,178)	(1,348)	(1,132)
Purchases of property, plant and equipment	(3,150)	(3,278)	(3,577)
Total purchases for the period	(4,328)	(4,626)	(4,709)
Deferred payments	(41)	(18)	65
Total capital expenditure	(4,369)	(4,644)	(4,644)

D – Interest received and paid by the Automobile division

<i>€ million</i>	2008	2007	2006
Interest received	207	280	202
Interest paid	(372)	(350)	(281)
Interest received and paid	(165)	(70)	(79)

28 – RELATED PARTIES

A – Remuneration of Directors and Executives

Remuneration of the President and CEO and the Chairman of the Board of Directors

Excluding stock option plans, the consideration and related benefits of the President and CEO and the Chairman of the Board of Directors amounted to €1.8 million and €0.3 million respectively for 2008 (€4.1 million and €1.2 million respectively for 2007). The following amounts were recognised in expenses in the relevant years:

€ million	2008	2007
Basic salary	1.2	1.2
Performance-related salary	ND	1.4
Employer's social security charges	0.5	0.8
Complementary pension	0.1	0.6
Stock option plans	2.4	7.4
Stock option plans – effect of cancellations	(7.6)	-
Other remuneration	-	0.1
President and CEO	(3.4)	11.5
Basic salary	-	-
Fixed fee payable to the Chairman of the Board	0.2	0.2
Employer's social security charges	0.1	0.1
Complementary pension	-	0.8
Stock option plans	0.7	1.3
Stock option plans – effect of cancellations	-	-
Other remuneration	-	0.1
Chairman of the Board of Directors	1.0	2.4

Directors' fees amounted to €557,475 in 2008 (€557,770 in 2007), of which €56,000 for the President and CEO and the Chairman of the Board (unchanged from 2007).

Remuneration of Executive Committee members

Excluding stock option plans, the consideration and related benefits of members of the Executive Committee amounted to €5.3 million for 2008 (€7.7 million for 2007). The following amounts were recognised in expenses in the relevant years:

€ million	2008	2007
Basic salary	2.4	2.3
Performance-related salary	ND	1.7
Employer's social security charges	1.1	1.5
Complementary pension	1.7	2.1
Stock option plans	1.5	5.0
Stock option plans – effect of cancellations	(3.7)	-
Other remuneration	0.1	0.1
Executive Committee members	3.1	12.7

B – Renault's investment in Nissan

Details of Renault's investment in Nissan are provided in note 13.

C – Renault's investment in AB Volvo

Details of Renault's investment in AB Volvo are provided in note 14-A.

D – Renault's investment in AvtoVAZ

Details of Renault's investment in AvtoVAZ are provided in note 14-B.

29 – OFF- BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Renault enters into a certain number of commitments in the course of its business. When these commitments qualify as liabilities, they are covered by provisions (e.g. retirement and other personnel benefits, litigations, etc.).

Details of off-balance sheet commitments and contingencies are provided below (note 29-A).

Renault also receives commitments from customers (deposits, mortgages, etc) and may benefit from credit lines with credit institutions (note 29-B).

A. Off-balance sheet commitments given

A1 – Ordinary operations

The Group is committed for the following amounts:

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Other guarantees given	353	357	340
Opening of confirmed credit lines for customers ⁽¹⁾	3,064	2,616	2,509
Firm investment orders	850	769	878
Lease commitments	314	355	404
Assets pledged or mortgaged ⁽²⁾	119	167	254

(1) Confirmed credit lines opened for customers by the Sales financing division lead to a maximum payment of this amount within 12 months after the year-end.

(2) Pledged and mortgaged assets are mainly assets provided as guarantees by Renault Samsung Motors when it was acquired by Renault in 2000.

Lease commitments include rent from non-cancellable leases. The breakdown is as follows:

€ million	December 31, 2008	December 31, 2007	December 31, 2006
Less than 1 year	57	56	56
Between 1 and 5 years	193	234	239
More than 5 years	64	65	109
Lease commitments	314	355	404

A2. Special operations

- End-of-life vehicles

Under EC Directive 2000/53/EC concerning end-of-life vehicles, published in September 2000, EU member states will be obliged to take measures to ensure that:

- vehicles at the end of their useful life can be transferred to an approved processing centre free of charge to the last owner,
- specific progressive targets are met concerning the re-use rate for vehicle components, with priority given to recycling, and the value of components that can be re-used.

Since January 1, 2007, this Directive has concerned all vehicles on the road.

The Group establishes provisions in relation to the corresponding cost on a country-by-country basis, as the Directive is incorporated into national laws and when the procedures for recycling operations are defined. These provisions are regularly reviewed to ensure they take account of changes in each country's situation.

For countries where the legislation is not yet complete, until the laws are in existence, it is impossible to accurately determine whether the Group will have to bear a residual cost

- Other commitments

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2008, Renault had not identified any significant risks in connection with these operations.

Following partial sales of subsidiaries during previous years, Renault retains options to sell all or a portion of its residual investment. Exercising these options would not have any significant impact on the consolidated financial statements.

The agreement signed in March 2007 by Renault and the Japanese group NTN for the sale of 35% of SNR also provides for a firm future purchase by NTN of a further 16% in SNR on the first anniversary of the sale. In addition, Renault and NTN respectively hold a sale and purchase option concerning 29% of SNR, which can be exercised during a 60-day period starting on the 3rd and 4th anniversary dates of the original transaction. From the 5th anniversary date, Renault has a unilateral option to sell its residual 20% investment in SNR, valid for 5 years. If this option is not exercised by the end of the five-year period, NTN will have a purchase option on the residual investment.

Group companies are periodically subject to tax inspections in the countries in which they operate. Tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognised on a case-by-case basis, taking into account the risk that the proceedings or appeal may be unsuccessful.

B. Off-balance sheet commitments received

<i>€ million</i>	December 31, 2008	December 31, 2007	December 31, 2006
Other guarantees given ⁽¹⁾	3,479	3,027	2,641
Assets pledged or mortgaged ⁽²⁾	600	594	452
Other commitments	161	314	285

(1) Including €2,034 million for commitments received by the Sales financing division for sale to a third party of rental vehicles at the end of the rental contract.

(2) The Sales financing division receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €495 million at December 31, 2008.

Off balance sheet commitments received concerning confirmed opened credit lines are presented in note 24-A.

30 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The audit fees recognized in 2008 by Renault SA and its fully consolidated subsidiaries for the engagements and assignments performed by the Statutory Auditors and their networks can be broken down as follows:

Ernst & Young network

<i>€ thousands</i>	2008		2007	
	Amount excluding tax	%	Amount excluding tax	%
Audit				
Statutory audit, certification, review of individual and accounts				
- Issuer ⁽¹⁾	2,278	44.1%	2,503	39.9%
- Fully consolidated subsidiaries	2,639	51.0%	3,067	48.8%
Other inspections and services directly linked to the statutory auditor's mission				
- Issuer ⁽¹⁾	45	0.9%	266	4.2%
- Fully consolidated subsidiaries	135	2.6%	444	7.1%
Subtotal	5,097	98.6%	6,280	100.0%
Other network services for the fully consolidated subsidiaries				
- Legal, tax, labor-related	74	1.4%	-	-
- Other	-	-	-	-
Subtotal	74	1.4%	-	-
Total fees	5,171	100.0%	6,280	100.0%

(1) Renault SA and Renault s.a.s.

Deloitte network

€ thousands	2008		2007	
	Amount excluding tax	%	Amount excluding tax	%
Audit				
Statutory audit, certification, review of individual and accounts				
- Issuer ⁽¹⁾	2,478	28.3%	2,120	34.3%
- Fully consolidated subsidiaries	4,189	47.7%	3,356	54.4%
Other inspections and services directly linked to the statutory auditor's mission				
- Issuer ⁽¹⁾	1,214	13.8%	30	0.5%
- Fully consolidated subsidiaries	154	1.8%	246	4.0%
Subtotal	8,035	91.6%	5,752	93.2%
Other network services for the fully consolidated subsidiaries				
- Legal, tax, labor-related	135	1.5%	124	2.0%
- Other	605	6.9%	296	4.8%
Subtotal	740	8.4%	420	6.8%
Total fees	8,775	100.0%	6,172	100.0%

(1) Renault SA and Renault s.a.s.

31 – SUBSEQUENT EVENTS

Government support for Renault – announcements of February 9, 2009

In response to the economic crisis sweeping the automobile industry, the French government announced a package of support measures for the sector on February 9, 2009.

For Renault, this support will take the form of a €3 billion loan, and extension of the authorization of the loan by Société de Financement de l'Economie Française (SFEF) to RCI Banque from €500 million to €1 billion.

Renault has renewed its undertaking not to close any vehicle assembly plants in France in the next few years. The Group is also committed to developing in priority systems and technologies for clean vehicles and to maintaining the necessary research, engineering and test resources. It will allocate its income in priority to strengthening equity and investments, to ensure it has all the resources needed to pursue development. Lastly, because Renault cannot grow without strong suppliers, the Group will improve its support for companies in the automotive sector, notably by doubling its contribution to the Automobile Investment Fund (to a total €200 million).

Nissan – announcements of February 9, 2009

In announcing its third-quarter financial results, Nissan revised its forecasts for the fiscal year ending March 31, 2009. The company expects a net loss of 265 billion yen. Excluding the effect of restatements for accounting harmonisation and fair value measurement of assets and liabilities applied by Renault, this would result in a negative first-quarter contribution of some €1,100 million to the Renault group's net income for the first half-year of 2009.

Nissan intends to introduce a plan during the next fiscal year to reduce its global headcount by 20,000.

Nissan also announced it was to cut back on industrial investments, through a plan that will involve a review of Nissan's participation in some of the Alliance's joint industrial projects:

- in India (Chennai), the joint Renault-Nissan plant will proceed with a reduced ramp-up;
- In Morocco (Tangiers), Nissan is suspending its participation in the plans for a joint plant.

32 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
AUTOMOBILE				
FRANCE				
Renault s.a.s	France	100	100	100
Arkanéo	France	100	100	100
Auto Châssis International (ACI) Le Mans	France	100	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100	100
Car life Siège and subsidiaries	France	-	100	100
Emboutissage Tôlerie Gennevilliers (ETG)	France	-	100	100
Fonderie de Normandie	France	100	-	-
SNR Group (Société Nouvelle de Roulements)	France	-	-	100
IDVU	France	100	100	100
Maubeuge Construction Automobile (MCA)	France	100	100	100
Renault Développement Industriel et Commercial (RDIC)	France	100	100	100
Renault Retail Group SA and subsidiaries	France	100	100	100
SCI parc industriel du Mans	France	100	100	100
SCI Plateau de Guyancourt	France	100	100	100
SNC Renault Cléon	France	100	100	100
SNC Renault Douai	France	100	100	100
SNC Renault Flins	France	100	100	100
SNC Renault Le Mans	France	100	100	100
SNC Renault Sandouville	France	100	100	100
Société des automobiles Alpine Renault	France	100	100	100
Sofrastock International	France	100	100	100
Société de transmissions automatiques	France	80	80	80
Société de véhicules automobiles de Batilly (SOVAB)	France	100	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiary	France	100	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100	100
Société Immobilière d'Epone	France	100	100	100
Société Immobilière pour l'Automobile et la Mécanique (SIAM)	France	100	100	100
SODICAM 2	France	100	100	100
Société Financière et Foncière (SFF)	France	100	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100	100
EUROPE				
Auto Châssis International (ACI) Valladolid	Spain	-	100	100
CACIA	Portugal	100	100	100
Cofal	Luxembourg	100	100	100
Grigny Ltd.	United Kingdom	100	100	100
Mecanizacion Contable SA (Meconsa)	Spain	-	100	100
Motor Reinsurance Company	Luxembourg	100	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100	100
Renault Ceska Republica and subsidiaries	Czech Republic	100	100	100
Renault Croatia	Croatia	100	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100	100

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
Renault Espana SA and subsidiaries	Spain	100	100	100
Renault Finance	Switzerland	100	100	100
Renault F1 Team Ltd.	United Kingdom	100	100	100
Renault Group b.v.	Netherlands	100	100	100
Renault Hungaria and subsidiaries	Hungary	100	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100	100
Renault Italia and subsidiaries	Italy	100	100	100
Renault Irlande	Ireland	100	-	-
Renault Deutsche AG and subsidiaries	Germany	100	100	100
Renault Nederland and subsidiaries	Netherlands	100	100	100
Renault Österreich and subsidiaries	Austria	100	100	100
Renault Nordic	Sweden	100	100	-
Renault Suisse SA and subsidiaries	Switzerland	100	100	100
Renault Polska	Poland	100	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100	100
Renault Retail Group U.K. Ltd.	United Kingdom	100	100	100
Renault Slovakia	Slovakia	100	100	100
Renault Nissan Slovenia d.o.o.	Slovenia	100	100	100
Renault U.K.	United Kingdom	100	100	100
Revoz	Slovenia	100	100	100
EUROMED				
AFM Industrie	Russia	100	100	100
Auto Châssis International (ACI) Romania	Romania	100	100	100
Avtoframos	Russia	94	94	94
Dacia and subsidiaries	Romania	99	99	99
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52	52
Remosprom	Russia	64	-	-
Renault Algérie	Algeria	100	100	100
Renault Industrie Roumanie	Romania	100	100	100
Renault Maroc	Morocco	80	80	80
Renault Mécanique Roumanie	Romania	100	100	100
Renault Nissan Roumanie	Romania	100	100	100
Renault Technologie Roumanie	Romania	100	100	-
Renault Ukraine	Ukraine	100	100	100
Renault Nissan Bulgarie	Bulgaria	100	100	100
Société Marocaine de Construction (SOMACA)	Morocco	77	77	-
AMERICA				
Groupe Renault Argentina	Argentina	100	100	100
Renault do Brasil LTDA	Brazil	100	100	100
Renault do Brasil SA	Brazil	100	100	100
Renault Corporativo SA de C.V.	Mexico	100	100	100
Renault Mexico	Mexico	100	100	100
Sociedad de Fabricacion de Automotores (SOFASA)	Colombia	100	60	60
Renault Venezuela	Venezuela	100	100	100
ASIA & AFRICA				
Renault Private Ltd	India	100	-	-
Renault Pars	Iran	51	51	51

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
Renault Samsung Motors	South Korea	80	80	80
Renault South Africa and subsidiaries	South Africa	51	51	51
SALES FINANCING				
FRANCE				
Diac	France	100	100	100
Diac Location	France	100	100	100
Compagnie de Gestion Rationnelle (COGERA)	France	100	100	100
RCI Banque and branches	France	100	100	100
Réalisation, Études, Courtage et Assurances (RECA)	France	-	-	100
Société Internationale de Gestion et de Maintenance Automobile (SIGMA)	France	100	100	100
Société de Gestion, d'Exploitation de Services en Moyens Administratifs (SOGESMA)	France	100	100	100
EUROPE				
Accordia Espana SA	Spain	-	-	100
ARTIDA	Spain	-	100	100
RCI Financial Services Ltd	United Kingdom	100	100	100
Overlease Espagne	Spain	100	100	100
RCI Bank AG	Austria	100	100	100
RCI Bank Polska	Poland	100	100	100
RCI Finance CZ sro	Czech Republic	100	100	100
RCI Finance SK sro	Slovakia	100	100	-
RCI Financial Services Belgique	Belgium	100	100	100
RCI Financial Services BV	Netherlands	100	100	100
RCI Finanzholding GmbH	Germany	-	100	100
RCI Gest IFIC and subsidiary	Portugal	100	100	100
RCI Gest Seguros	Portugal	100	100	100
RCI Leasing GmbH	Germany	100	100	100
RCI Versicherungs Service GmbH	Germany	100	100	100
Renault Acceptance GmbH	Germany	-	-	-
Renault Acceptance Ltd	United Kingdom	100	100	100
Refactor	Italy	-	-	100
Renault Autofin SA Belgique	Belgium	100	100	100
Renault Credit Polska	Poland	100	100	100
Renault Financial Services Ltd. (RFS)	United Kingdom	100	100	-
RCI Zrt Hongrie	Hungary	100	100	100
RCI Finance SA	Switzerland	100	100	100
Renault Financiaciones	Spain	-	-	100
Renault Services SA Belgique	Belgium	100	100	100
RNC (ex Accordia)	Italy	-	-	100
EUROMED				
RCI Broker de Assigurare	Romania	100	100	100
RCI Leasing Romania	Romania	100	100	100
RCI Finance Maroc	Morocco	100	-	-
RCI Finantare Romania	Romania	100	100	100
AMERICA				
Consortio Renault do Brasil	Brazil	100	100	100

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
Cia Arrademento Mercantil Renault do Brasil	Brazil	60	60	60
CFI Renault do Brasil	Brazil	60	60	60
Courtage SA	Argentina	100	-	-
Renault do Brasil S/A Corr. de Seguros	Brazil	100	100	100
ROMBO Compania Financiera	Argentina	60	60	60
ASIA & AFRICA				
RCI Korea	South Korea	100	100	100

B – Proportionately consolidated companies (joint ventures)

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
AUTOMOBILE				
Ciudad Comunicacion Valladolid	Spain	-	-	50
Française de Mécanique	France	50	50	50
GIE TA 96	France	-	50	50
Mahindra Renault Ltd	India	49	-	-
Renault Nissan Technology and Business Centre India Private Ltd (RNTBCI)	India	67	-	-
SALES FINANCING				
Syigma Finance	France	-	50	50
Renault Leasing CZ sro	Czech Republic	50	50	50
Renault Credit Car	Belgium	50	50	50
Renault Financial Services Ltd. (RFS)	United Kingdom	-	-	50
Overlease Italia	Italy	49	49	49

C - Companies accounted for by the equity method (associates)

Renault group's interest (%)	Country	December 31, 2008	December 31, 2007	December 31, 2006
AUTOMOBILE				
AB Volvo Group	Sweden	21.8	21.8	21.8
AvtoVAZ Group	Russia	25.0	-	-
MAIS	Turkey	49	49	49
Nissan Group	Japan	45.7	45.6	45.3
SALES FINANCING				
Nissan Renault Wholesale Mexico	Mexico	-	-	15
Nissan Renault Finance Mexico	Mexico	15	15	15

The percentage control is different from the percentage ownership for the following entity:

Renault group's % control	Country	December 31, 2008	December 31, 2007	December 31, 2006
AB Volvo Group	Sweden	21.3	21.3	21.3