

**2005 Parent company Financial statements
Renault S.A.**

INCOME STATEMENT		
(€ million)	2005	2004
Operating income	1	5
Operating expenses	(25)	(30)
NET OPERATING EXPENSE	(24)	(25)
Investment income	580	545
Reversals of provisions		54
Increases to provisions	(1)	(20)
INVESTMENT INCOME AND EXPENSES (Note 2)	579	579
Foreign exchange gains	34	186
Reversals of provisions for exchange risks	(6)	
Foreign exchange losses	(5)	(35)
FOREIGN EXCHANGE GAINS AND LOSSES (Note 3)	23	151
Interest and equivalent income	3	5
Interest and equivalent expense	(203)	(164)
Reversals of provisions and transfers of charges	8	49
Net gains on sales of marketable securities	1	
OTHER FINANCIAL INCOME AND EXPENSES (Note 4)	(191)	(110)
NET FINANCIAL INCOME	411	620
PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS	387	595
EXCEPTIONAL INCOME	160	
EXCEPTIONAL EXPENSES	(57)	(341)
NET EXCEPTIONAL ITEMS (Note 5)	103	(341)
INCOME TAX (Note 6)	91	(2)
NET INCOME	581	252

BALANCE SHEET				
	2005			2004
ASSETS (€ million)	Gross	Depreciation, amortisation & provisions	Net	Net
Investments stated at equity (Note 7)	7 586		7 586	5 610
Investment in NISSAN MOTOR (Note 7)	6 413		6 413	6 413
Other investments (Note 7)	13	13	0	54
Advances to subsidiaries and affiliates (Note 8)	8 521	5	8 516	9 519
Loans	7	2	5	28
FINANCIAL ASSETS	22 540	20	22 520	21 624
TOTAL FIXED ASSETS	22 540	20	22 520	21 624
RECEIVABLES	60		60	33
MARKETABLE SECURITIES (Note 9)	2 058		2 058	513
CASH AND CASH EQUIVALENTS	12		12	
OTHER ASSETS (Note 10)	46		46	47
TOTAL ASSETS	24 716	20	24 696	22 217

BALANCE SHEET		
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	2005	2004
Share capital	1 086	1 086
Share premium	4 423	4 423
Revaluation surplus	9	9
Equity valuation difference	3 925	1 949
Legal and tax basis reserves	108	108
Retained earnings	6 124	6 366
Net income	581	252
SHAREHOLDERS' EQUITY (Note 11)	16 256	14 193
REDEEMABLE SHARES (Note 12)	129	129
PROVISIONS FOR RISKS AND LIABILITIES (Note 13)	73	213
Bonds	4 280	4 380
Borrowings from credit institutions	515	527
Other loans and financial debts	3 063	2 359
FINANCIAL LOANS AND BORROWINGS (Note 14)	7 858	7 266
OTHER LIABILITIES	80	76
DEFERRED INCOME (Note 15)	300	340
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	24 696	22 217

STATEMENT OF CHANGES IN CASH		
(€ million)	2005	2004
Cash flow (Note 19)	337	564
Change in working capital requirements	(3)	(18)
Cash flow from operating activities	334	546
Gains on disposal of investments	160	
Net decrease (increase) in other financial assets	(16)	(200)
Cash flow from investing activities	144	(200)
Repurchase of redeemable shares		(545)
Bond issues	245	407
Bond redemptions	(389)	(305)
Net increase (decrease) in interest-bearing borrowings	696	627
Net decrease (increase) in loans and marketable securities	(519)	(149)
Dividends paid to shareholders	(494)	(383)
Cash flow from financing activities	(461)	(348)
Cash and cash equivalents: opening balance	(7)	(5)
Increase (decrease) in cash and cash equivalents	17	(2)
Cash and cash equivalents: closing balance	10	(7)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Renault SA draws up its accounts in accordance with French law and accounting regulations. The annual financial statements are presented using French chart of accounts 99-03 of April 29, 1999, amended by CRC (*Comité de la Règlementation Comptable*) regulations.

The following methods were applied in valuing balance sheet and income statement items:

A – NET EXCEPTIONAL ITEMS

Exceptional items are revenues and expenses resulting from events or transactions that are clearly distinct from the company's normal business operations, and are not expected to recur on a frequent or regular basis.

B - INVESTMENTS

a) As allowed by CNC (*Conseil National de la Comptabilité*) avis n°34 (July 1988), as an alternative to the standard valuation method for investments carried in the balance sheet, Renault SA has opted to state investments in wholly controlled companies at equity:

- this method is applied to all fully consolidated companies,
- the shareholders' equity of these companies is determined under the accounting policies applied in the consolidated financial statements; as this is a valuation method, intercompany eliminations are not taken into account,
- in valuing a subsidiary, its holdings in companies wholly controlled by the Group are valued in the same way,
- the change during the year in the overall percentage of shareholders' equity corresponding to these interests is not an income or loss item; it is entered under shareholders' equity as "equity valuation surplus". This amount cannot be distributed or used to offset losses. When it is negative, a provision for general depreciation is established as a charge against income.

b) Investments in companies not wholly controlled by Renault SA are valued at acquisition cost, less related expenses, or at their book value if this is lower. Provisions are established when the book value of the investments is lower than the gross value. The book value takes account of profitability and commercial prospects, and the share of net assets.

C - MARKETABLE SECURITIES

Marketable securities are valued at acquisition cost, excluding related expenses and accrued interest for bonds, or at market value if this is lower.

Treasury shares held for the purposes of stock option plans awarded to Group managers and executives are recorded under marketable securities at the lower of purchase price and stock market price, in which case a provision corresponding to the difference is recognised. A provision for risks and liabilities is established when the option exercise price falls below the net book value.

D - LOAN COSTS AND ISSUANCE EXPENSES

Loan costs, including issuance expenses, and bond redemption premiums are amortised over the corresponding duration.

E - TRANSLATION OF FOREIGN CURRENCY RECEIVABLES AND LIABILITIES

Receivables and liabilities denominated in foreign currencies are translated as follows:

- all receivables and liabilities in foreign currencies are converted at the year-end exchange rate,
- exchange differences arising between the date of transactions and December 31 are recorded in Other assets and Deferred income (translation adjustment),
- a provision for risk equal to the unrealised exchange losses is established as follows :
 - a foreign exchange position is determined for each currency and term, based on balance sheet items stated in foreign currencies and foreign exchange risk hedges recorded off balance sheet,
 - unrealised foreign exchange gains are netted against unrealised foreign exchange losses with a similar term in the same currency,
 - any residual unrealised foreign exchange losses by currency and term are recognised.

F - PROVISIONS FOR RISKS AND LIABILITIES

Provisions for risks and liabilities are determined in accordance with the *Comité de la Réglementation Comptable* (CRC) rule 00-06. Provisions for risks and liabilities are associated with an obligation that is probable or definite at year-end. A contingent liability is an obligation that is neither probable nor certain at the date the financial statements are established, or a probable obligation for which expenditure of resources is not probable. Provisions are not established for contingent liabilities, but an off-balance sheet commitment is reported where relevant.

G - DERIVATIVES

Gains and losses on derivatives designated as hedges are recorded in the income statement in the same way as the revenues and expenses relating to the hedged item.

Derivatives not designated as hedges are adjusted to fair value at each closing date. Any resulting unrealised loss is recognised in the income statement, while in application of the conservatism principle, unrealised gains are not taken to income.

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 year-end market conditions into consideration.

2. INVESTMENT INCOME AND EXPENSES

Investment income is as follows:

	2005	2004
(€ million)		
Dividends received from Nissan Motor Co Ltd	383	345
Interest on loans and advances to subsidiaries and affiliates	197	200
TOTAL	580	545

In 2004, the €54 million provision on Nissan Diesel shares has been reversed

3 - FOREIGN EXCHANGE GAINS AND LOSSES

In 2005, following redemption of the bond issued on December 20, 1996 (€305 million), settlement of the cross-currency swap undertaken to hedge this bond generated a foreign exchange gain of €22 million.

In 2004, foreign exchange gains and losses included the transaction related to settlement of the cross-currency swap undertaken to hedge the €1 billion bond issue of June 26, 2002 following the Group's decision to reduce its yen hedging of the investment in Nissan Motor Co. Ltd. This generated a gain of €137 million.

4. OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses mainly comprise net interest payments on Renault bonds after swaps, totalling €203 million in 2005 (€164 million in 2004). The net amount of interest paid on bonds comprises €362 million of interest paid and €255 million of interest received on the swaps.

The €49 million of reversals of provisions and transfers of charges in 2004 include the transfer to assets of a €33 million payment made when the 1%-rate housing loan financing operation was introduced (see note 10).

5. NET EXCEPTIONAL ITEMS

The net exceptional income for 2005 includes the €106 million profit on the sale of Renault SA's investment in Nissan Diesel Motors Co. Ltd.

In 2004, the principal exceptional item was the €339 million expense generated by the repurchase of redeemable shares (see note 12).

6. INCOME TAX

Renault SA decided not to renew its option for the French worldwide tax consolidation regime, allowing taxable income to be reported on a consolidated basis, as of January 1, 2004.

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this regime has continued to apply to the Group in which Renault SA is taxed in France since January 1, 2004. French subsidiaries that are more than 95% owned by Renault SA pay their income taxes directly to Renault SA under this regime. Each entity included in the domestic tax consolidation records its theoretical taxes as if it was taxed separately. The tax saving generated by this system is treated as income for the company heading the group of entities concerned.

When subsidiaries return to profit, the parent company records an additional tax expense due to the fact that the subsidiaries' past tax losses were previously deducted. At December 31, 2005, a total of €1,962 million of tax losses from subsidiaries had been utilised by Renault SA.

In 2005, the net income tax receivable for the tax consolidated group was €91 million: €69 million income from the tax consolidation and a net reversal of €22 million from provisions for tax risks. The income from the tax consolidation includes €93 million received from subsidiaries and €24 million of tax payable to the State.

Details of the tax charge related to the year are as follows:

(€ million)	Current income before tax	Taxes		Tax Credit	Tax due	Net income	
		Theoretical tax charge	Netting			Theoretical	As booked
Current income subject to normal rate	387	(1)		1		387	387
Current income subject to reduced rate							
Exceptional income subject to normal rate	(3)					(3)	(3)
Exceptional income subject to reduced rate	106	17			17	89	89
Effet of tax consolidation regime					(86)		86
Reversal of provisions for tax without application					(22)		22
TOTAL	490	16	0	1	(91)	473	581

Details of Renault SA's future tax position are as follows:

(€ million)	2005		2004		Variations	
	Assets (1)	Liabilities (2)	Assets (1)	Liabilities (2)	Assets	Liabilities
Temporarily non-deductible expenses						
Provisions for risks and liabilities	23		(17)		40	
Other			24		(24)	
Operations taxed at reduced rate	2				2	
Temporarily non-taxable income						
Expenses deducted (or taxable income) not yet recognised for accounting purposes						
	105	15	103	50	2	(35)
TOTAL	130	15	110	50	20	(35)

(1) i.e. future tax credit

(2) i.e. future tax charge

7. INVESTMENTS

Changes in investments in 2005 were as follows:

(€ million)	At start of year	Acquisitions	Change over the year	At year-end
Investments stated at equity	5 610		1 976	7 586
Investment in Nissan Motor Co. Ltd	6 413			6 413
Other investments	67	(54)		13
Provisions on other investments	(13)			(13)
Total	12 077	(54)	1 976	13 999

The €1,976 million change during the year in investments stated at equity is taken to shareholders' equity (see note 11).

Disposals of other investments concern the sale of Nissan Diesel Motors Co. Ltd shares for a net value of €54 million.

8. ADVANCES TO SUBSIDIARIES AND AFFILIATES

Changes during the year were as follows:

(€ million)	At start of year	Increases	Decreases	At year-end
Capitalisable advances	5			5
Advances to subsidiaries and affiliates	9 527	846	(1 857)	8 516
Total gross value (1)	9 532	846	(1 857)	8 521
Provisions	(13)		8	(5)
NET TOTAL	9 519	846	(1 849)	8 516
<i>(1) Due within one year</i>	<i>9 232</i>	<i>846</i>	<i>(1 678)</i>	<i>8 400</i>
<i>Due after one year</i>	<i>300</i>		<i>(179)</i>	<i>121</i>

Advances to subsidiaries and affiliates include:

- €3,452 million in short-term investments with Group finance companies as part of the Group's cash management programme (€3,231 million in 2004),
- €25 million in long-term loans to Renault s.a.s. (€1,370 million in 2004),
- €5,039 million in loans to finance the partnerships that own some of the Group's industrial assets in France, and other Group subsidiaries (€4,926 million in 2004).

9. MARKETABLE SECURITIES

Marketable securities comprise short-term mutual fund investments totalling €1,601 million and Renault SA treasury shares valued at €457 million (€513 million in 2004).

Renault SA invests its cash surpluses in response to the Group's aim to develop a more active cash investment policy. These short-term investment securities meet strict risk control requirements such as capital guarantees, and must present no foreign exchange or liquidity risks.

The €56 million decrease in treasury shares results from options exercised to purchase 1,299 726 shares and the sale of 41,300 shares in 2005 (€54 million and €2 million respectively).

At December 31, 2005, Renault SA held 9,539,964 of its own shares (with stock market value of €657 million), compared to 10,880,990 shares in 2004 (with stock market value of €670 million).

As of 2004, stock options awarded are share subscription options rather than share purchase options.

10. OTHER ASSETS

The major item included in Other assets is the €30 million payment made in connection with the Calyon loan (€32 million at December 31, 2005). For the purposes of the 1%-rate housing loan financing operation introduced in 2004, Renault contracted a loan from Calyon with nominal value of €112.4 million, bearing interest at the floating rate of 6-month Euribor + 0.67%, terminating on December 31, 2019. An interest rate swap was undertaken to convert this to a fixed rate of approximately 0.13%, and Renault SA also paid a sum of €33 million corresponding to the discounted interest differential recorded over the duration of the operation. This payment is amortised over the duration of the loan (15 years) at the same rate as the interest paid on the debt.

11. SHAREHOLDERS' EQUITY

Changes in shareholders' equity were as follows:

(€ million)	Balance at start of year	Allocation of 2004 net income	2005 net income	Other	Balance at year-end
Share capital	1 086				1 086
Share premium	4 423				4 423
Revaluation surplus	9				9
Equity valuation surplus	1 949			1 976	3 925
Legal and tax basis reserves	108				108
Retained earnings	6 366	(242)			6 124
Net income	252	(252)	581		581
TOTAL	14 193	(494)	581	1 976	16 256

At the General Shareholders' Meeting of April 29, 2005, it was decided to allocate the net income for 2004 as follows: €494 million (€1.80 per share) to distribution of dividends, including €242 million from retained earnings.

Non-distributable reserves amounted to €4,042 million at December 31, 2005.

A total of €456 million corresponds to the treasury share accounts.

Renault SA's shareholding structure was as follows at December 31, 2005:

	Ownership structure		Voting rights	
	Number of shares held	% of capital	Number	%
French State	43 685 217	15,33%	43 685 217	18,78%
Employees	10 264 918	3,60%	10 264 918	4,41%
Treasury shares	9 539 964	3,35%		
Nissan	42 740 568	15,00%		
Other	178 706 451	62,72%	178 706 451	76,81%
TOTAL	284 937 118	100%	232 656 586	100%

The par value of a Renault SA share is €3.81.

12. REDEEMABLE SHARES

These shares, issued in October 1983 and April 1984 by Renault SA, can be redeemed with a premium on the sole initiative of Renault SA. 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 structure and methods.

In March and April 2004, Renault made a cash tender offer to buy back its redeemable shares at 450 euros per share, representing a 21% premium over market price. This operation generated a loss of €343 million.

797,659 redeemable shares remained on the market at December 31, 2005, with an average weighted cost of €158.93 each or a total of €129 million including accrued interest. These shares are listed on the Paris Bourse, and over the period December 31, 2004 to December 31, 2005 traded at between €561 and €900.50 for par value of €153.

The 2005 return on redeemable shares, amounting to €17 million (€24 million in 2004), is included in interest expenses.

13. PROVISIONS FOR RISKS AND LIABILITIES

Provisions for risks and liabilities break down as follows:

(€ million)	2004	Allocations	Reversals for application	Other reversals	Reclassification	2005
Provisions for tax risks and litigations	152		(122)	(22)		8
- Current (less than 1 year)	4		(122)		126	8
- Long-term (over 1 year)	148			(22)	(126)	
Other provisions for risks and liabilities	61	7	(3)			65
- Current (less than 1 year)	33					33
- Long-term (over 1 year)	28	7	(3)			32
TOTAL	213	7	(125)	(22)		73

All known litigation in which Renault SA is involved is examined at year-end. After seeking the opinion of legal and tax advisors, the provisions deemed necessary are, where appropriate, established to cover the estimated risk.

14. FINANCIAL LOANS AND BORROWINGS

A. BONDS

The principal changes in bonds over 2005 were as follows:

- redemption of the April 14, 1998 CDC 7-year bond issue totalling €76 million at the fixed rate of 1.5%, swapped to the floating rate of 3-month Pibor – 0.17% at the same date,
- redemption of the December 20, 1996 issue of 9-year bonds totalling €305 million at 5.8%. A currency swap was undertaken from April 17, 2003 to convert this issue into yen (39.5 billion yen) with a rate of 2.9111%,
- redemption of the December 20, 2002 3-year bond issue totalling 1 billion yen or €8 million at 0.8675%,
- issuance on December 15, 2005 on the Japanese domestic market of a 5-year bond with total nominal value of 25 billion yen, at the fixed rate of 1.12%,
- issuance on December 15, 2005 on the Japanese domestic market of a 7-year bond with total nominal value of 10 billion yen, at the fixed rate of 1.48%.

Bonds mature as follows:

December 31, 2005							
(€ million)	Total	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
1999	448	448					
2000	446		446				
2001	360	360					
2002	1 000				1 000		
2003	1 365	172		411		741	41
2004	397		90		257		50
2005	252					180	72
Accrued interest	12	12					
TOTAL	4 280	992	536	411	1 257	921	163

December 31, 2004							
(€ million)	Total	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
1996	282	282					
1998	76	76					
1999	446		446				
2000	443			443			
2001	358		358				
2002	1 007	7				1 000	
2003	1 360		172		410		778
2004	396			90		256	50
Accrued interest	12	12					
TOTAL	4 380	377	976	533	410	1 256	828

Breakdown by currency

(€ million)	December 31, 2005		December 31, 2004	
	before	after	before	after
	derivatives	derivatives	derivatives	derivatives
Euro	1 287	1 294	3 345	1 379
Yen	2 993	2 986	1 035	3 001
Other currencies				
TOTAL	4 280	4 280	4 380	4 380

Breakdown by interest rate

(€ million)	December 31, 2005		December 31, 2004	
	after	after	after	after
	derivatives	derivatives	derivatives	derivatives
Fixed rate		3 159		3 184
Floating rate		1 121		1 196
TOTAL		4 280		4 380

B. BORROWINGS FROM CREDIT INSTITUTIONS

Borrowings from credit institutions stand at €515 million at December 31, 2005 (€527 million in 2004), and are mainly contracted on the market.

Borrowings from credit institutions due after one year include short-term drawings on long-term credit lines (due after one year). They bear interest at market rates.

Breakdown by maturity

December 31, 2005							
(€ million)	Total	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
2001	300		150	150			
2002	8	4	4				
2003							
2004	201	9	10	8	105	6	63
2005	2	2					
Accrued interest	4	4					
TOTAL	515	19	164	158	105	6	63

December 31, 2004							
(€ million)	Total	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
2001	299			150	149		
2002	12	4		8			
2003							
2004	212	11	9	10	8	105	69
Accrued interest	4	4					
TOTAL	527	19	9	168	157	105	69

Breakdown by currency

	December 31, 2005		December 31, 2004	
(€ million)	before	after	before	after
	derivatives	derivatives	derivatives	derivatives
Euro	467	361	479	378
Yen		154		149
Other currencies	48		48	
TOTAL	515	515	527	527

Breakdown by interest rate

	December 31, 2005		December 31, 2004	
(€ million)	after	after	after	after
	derivatives	derivatives	derivatives	derivatives
Fixed rate		414		422
Floating rate		101		105
TOTAL		515		527

C. OTHER LOANS AND FINANCIAL DEBTS

Other loans and debts mature as follows:

(€ million)	2005	2004
Within one year	2 863	2 159
After one year	200	200
TOTAL	3 063	2 359

The portion of Other loans and financial debts due within one year (€2,863 million) is principally made up of borrowings from group subsidiaries with surplus cash, as follows:

- €1,003 million of borrowings from RESA
- €826 million of borrowings from Renault s.a.s.
- €410 million of borrowings from SI Epone
- €83 million of borrowings from Renault Nederland
- €52 million of borrowings from Renault Italia SPA
- €43 million of borrowings from Sirha
- €24 million of borrowings from Renault Belgique Luxembourg
- €25 million of borrowings from Sicofram
- €20 million of borrowings from Renault Osterreich

It also includes €120 million in treasury bills from various banks with maturities of under one year.

No loans or financial debts are secured.

The total includes approximately €1 million of accrued interest.

15. DEFERRED INCOME

Deferred income mainly comprises unrealised foreign exchange gains on bond issues in yen or swapped to yen.

16. INFORMATION CONCERNING RELATED COMPANIES

“Related companies” are all entities fully consolidated in the Group’s consolidated financial statements.

Income statement

	2005		2004	
(€ million)	Total	Related companies	Total	Related companies
Interest on loans and advances to subsidiaries and affiliates	197	196	200	197
Increases to provisions related to investments	(1)		(20)	(15)
Interest and equivalent expenses	(203)	(106)	(164)	(92)
Reversals of provisions and transfers of charges	8		49	15

Balance sheet

	2005		2004	
(€ million)	Total	Concerning related companies	Total	Concerning related companies
Advances to subsidiaries and affiliates	8 516	8 275	9 519	9 295
Loans	5	1	28	2
Receivables	60	21	33	4
Cash and cash equivalents	12	10		
Loans and financial debts	3 063	2 902	2 359	2 103
Other liabilities	80		76	16

17. FINANCIAL INSTRUMENTS

A - MANAGEMENT OF EXCHANGE AND INTEREST RATE RISK

The corresponding commitments, expressed in terms of notional amount where appropriate, are shown below:

At December 31 (€ million)	2005	2004
<i>Foreign exchange risks</i>		
Currency swaps		
Purchases	1 890	2 163
<i>with Renault Finance</i>	719	1 000
Sales	2 047	2 348
<i>with Renault Finance</i>	797	1 098
Other forward exchange contracts and options		
Purchases	352	146
<i>with Renault Finance</i>	352	146
Sales	352	147
<i>with Renault Finance</i>	352	147
<i>Interest rate risks</i>		
Interest rate swaps	1 644	1 729
<i>with Renault Finance</i>	1 337	1 337

At December 31, 2005, the transactions undertaken by Renault SA to manage its foreign exchange risk were mainly currency swaps and forward sales of yen for total nominal value of €3,333 million (463 billion yen), as a partial hedge of Renault's net investment in Nissan.

B - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

At December 31 (€ million)	2005		2004	
	Book value	Fair value	Book value	Fair value
ASSETS				
Marketable securities (1)	2 058	2 258	513	670
Loans and advances to subsidiaries and affiliates	8 508	8 508	9 529	9 529
Cash and cash equivalents	12	12		
LIABILITIES				
Redeemable shares	129	718	129	448
Bonds	4 280	4 647	4 380	4 876
Other interest-bearing borrowings (2)	3 578	3 600	2 886	2 912
<i>(1) including treasury shares</i>				
<i>(2) excluding redeemable shares</i>				

C - ESTIMATED FAIR VALUE OF OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

	2005		2004	
At December 31 (€ million)				
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	333	333	146	147
<i>with Renault Finance</i>	<i>333</i>	<i>333</i>	<i>146</i>	<i>147</i>
Currency swaps	2 178	1 947	2 534	2 349
<i>with Renault Finance</i>	<i>1 333</i>	<i>1 194</i>	<i>1 181</i>	<i>1 148</i>
Interest rate swaps	78	15	100	18
<i>with Renault Finance</i>	<i>53</i>	<i>3</i>	<i>51</i>	<i>4</i>

Assumptions and methods adopted:

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:

- **Assets:**
 - Marketable 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, floating-rate loans and advances to subsidiaries and affiliates, 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, 2005, and December 31, 2004 for loans with similar conditions and maturities.
- **Liabilities:** the fair value of financial liabilities is determined by discounting future cash flows at the rates offered to Renault at December 31, 2005 and December 31, 2004 for borrowings with similar conditions and maturities. The fair value of redeemable shares is based on their year-end stock market value.
- **Off-balance sheet foreign exchange instruments:** the fair value of forward contracts is estimated on the basis of prevailing market conditions. The fair value of currency swaps is determined by discounting future cash flows using exchange rates and interest rates prevailing at December 31, 2005 and December 31, 2004 for the contracts' residual lives.
- **Off-balance sheet interest rate instruments:** the fair value of interest rate swaps represents the amount Renault would receive (or pay) to settled outstanding contracts at the closing date, taking into account interest rates and the quality of the counterparty to each contract at December 31, 2005 and December 31, 2004.

18. OTHER COMMITMENTS AND CONTINGENCIES

Off-balance-sheet commitments are as follows:

	2005		2004	
(€ million)	Total	Concerning related companies	Total	Concerning related companies
<u>Commitments received</u>				
Guarantees and deposits	1	1	4	4
Unused credit lines	4 625	112	4 236	4
TOTAL	4 626	113	4 240	8
<u>Commitments given</u>				
Guarantees and deposits	453	450	456	450
Unused credit lines	169	152	112	111
TOTAL	622	602	568	561
<u>Financial commitments</u>				
Forward currency sales	352	352	147	147
Forward currency purchases	352	352	146	146
Currency swaps: loan	2 047	797	2 348	1 098
Currency swaps: borrowing	1 890	719	2 163	1 000
Interest rate swaps	1 644	1 337	1 729	1 337

Guarantees granted are mainly to financial organisations in France and other countries for borrowings by Group companies.

The essential purpose of Renault SA's operations on the futures markets, mainly over-the-counter transactions, is to minimize foreign exchange risk and interest rate risk exposure.

Forward currency sales principally concern hedging of loans to subsidiaries and yen hedging operations for Renault SA's investment in Nissan Motor Co Ltd.

As part of the drive to improve RCI Banque's ratio, Renault SA refinanced the financing of REA's inventories by Cogera for €450 million. This financing arrangement, involving the pledge of receivables, is a limited recourse loan: Renault will only be reimbursed by Cogera to the extent of the amounts Cogera recovers in repayment of its financing for REA.

19. CASH FLOW

Cash flow is determined as follows:

(€ million)		2005	2004
Net income		581	252
Increases to provisions and deferred charges		6	12
Net increase to long-term provisions for risks and liabilities (> 1 year)		(144)	43
Net increase to provisions on financial assets			(54)
Transfer of financial charges (differential on Calyon loan)			(32)
Gain on disposal of Nissan Diesel shares		(106)	
Loss on repurchase of redeemable shares			343
TOTAL		337	564

20. WORKFORCE

Renault SA has no employees.

21. REMUNERATION OF DIRECTORS AND EXECUTIVE MANAGERS

Total remuneration to members of the Board of Directors and Executive Board was less than €1 million.

22. SUBSEQUENT EVENTS

No significant event has occurred subsequent to the year-end.

OTHER INFORMATION – SUBSIDIARIES AND AFFILIATES

(€ million)

Companies	Share capital	Reserves and retained earnings (2)	% of capital held	Book value of shares owned
INVESTMENTS				
Renault s.a.s.	534	3 374	100,00	7 035
Dacia	691	(300)	99,31	533
Nissan Motor Co Ltd (1)	4 446	11 764	44,33	6 413
Sofasa	1	67	23,71	18
TOTAL INVESTMENTS				13 999

(1) based on the financial statements published by Nissan Motor Co Ltd at September 30, 2005.

(exchange rate: 136.25 yen = 1 euro)

(2) before allocation of 2005 net income

OTHER INFORMATION – SUBSIDIARIES AND AFFILIATES (continued)

(€ million)

Companies	Outstanding loans and advances from Renault SA	Sales revenues, prior year	Net income (loss), prior year	Dividends received by Renault SA in 2005
INVESTMENTS				
Renault s.a.s.	25	34 200	461	
Dacia		1 172	81	
Nissan Motor Co Ltd		66 491	3 701	383
Sofasa		575	13	

ACQUISITION OF INVESTMENTS IN OTHER COMPANIES

No investments were acquired during 2005.

FIVE-YEAR FINANCIAL HIGHLIGHTS

(€ million)	2001	2001	2002	2003	2004	2005
	PRO FORMA					
Year-end financial position						
Share capital	923	923	1 086	1 086	1 086	1 086
Number of shares and investment certificates outstanding	242 196 550	242 196 550	284 937 118	284 937 118	284 937 118	284 937 118
Overall income from operations						
Revenues net of taxes	32 443					
Income before tax, amortisation, depreciation and provisions ⁽¹⁾	1 425	84	3 005	446	213	675
Income tax	107	107	53	0	(2)	(91)
Income after tax, amortisation, depreciation and provisions	554	170	3 111	771	252	581
Dividends paid	250		316	383	494	
Earnings per share in Euros						
Earnings before tax, amortisation, depreciation and provisions ⁽¹⁾	5,88	0,35	10,55	1,57	0,75	2,37
Earnings after tax, amortisation, depreciation and provisions	2,29	0,70	10,92	2,71	0,88	2,04
Net dividend per share	0,92		1,15	1,40	1,80	
Personnel						
Number of employees ⁽²⁾	47 515					
Payroll	1 677					
Benefit contributions (social security, benefit plans, etc)	631					

(1) Provisions are those recorded during the year, less reversals and applications.

(2) At 31 december.