

Financial and Directors' Report 2016

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* The topics of Article 119 of the Company Code, defining the content of the management report, that are not applicable for D'Ieteren, have not been included in this summary.

Declaration by Responsible Persons

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report.

Roland D'leteren, Chairman of the Board, and Axel Miller, Managing Director, certify, on behalf and for the account of s.a. D'leteren n.v., that, to the best of their knowledge, the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of s.a. D'leteren n.v. and the entities included in the consolidation as a whole, and the management report includes a fair overview of the development and performance of the business and the position of s.a. D'leteren n.v., and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

2016 Full-Year Results

The group uses Alternative Performance Measures ("APMs") to reflect its operational performance. Recent regulatory development has led the group to modify the designation of the APMs used, without any change of substance. The previously used wordings "Current result" and "Unusual items and re-measurements" have been replaced by "Adjusted result" and "Adjusting items". More detailed information regarding the definition, calculation and the content of these APMs are available on page 10.

2016 was a very positive year for the D'leteren group with both D'leteren Auto and Belron realizing sales growth and higher adjusted operating results, and with the acquisition of Moleskine. D'leteren Auto benefited from strong market trends, an attractive vehicle model pipeline and the positive effects of its three strategic priorities. Belron continued to gain market share in major vehicle glass repair and replacement (VGRR) markets, while working out its new service extension business strategy centred around "making a difference by solving people's problems with real care".

Including Moleskine during the last quarter, D'leteren's adjusted consolidated result before tax, group's share¹, increased by 13.9% to EUR 241.6 million in 2016. Excluding the contribution from Moleskine and related acquisition costs, D'leteren's adjusted consolidated result before tax, group's share¹, improved by 12.1%.

For 2017 D'leteren aims at an adjusted consolidated result before tax, group's share¹, that is about 10% higher compared to EUR 241.6 million in 2016.

1. Group Summary

A. SALES

Consolidated sales amounted to EUR 6,471.7 million, +7.2% compared to 2015. They are broken down as follows:

- **D'leteren Auto:** EUR 3,114.2 million, +8.4% year-on-year on the back of higher volumes and a positive mix effect. Excluding registrations of less than 30 days², Belgian new car registrations rose by 10.4% year-on-year and D'leteren Auto's market share² decreased marginally to 21.81% (22.34% in 2015). The total number of vehicles, including commercial vehicles, delivered by D'leteren Auto rose by 6.5% to 122,489 units in 2016.
- **Belron:** EUR 3,305.4 million, +4.6% year-on-year, comprising a 4.6% organic increase, primarily due to growth in the US, the UK, Germany, France and Spain, a 0.9% increase from acquisitions and a negative currency translation effect of 0.9%.
- **Moleskine's** results were fully consolidated in D'leteren's accounts as from 1 October 2016. Its contribution to D'leteren's consolidated sales amounted to EUR 52.1 million in 2016. On a full-year basis Moleskine's sales reached EUR 145.2 million (+ 13.3%).

Excluding Moleskine, consolidated sales increased by 6.4% compared to 2015.

B. RESULTS

- The **consolidated result before tax** reached EUR 99.6 million in 2016 compared to EUR 196.4 million in 2015. Excluding *adjusting items*¹ (EUR 151.3 million), the *adjusted* consolidated result before tax reached EUR 250.9 million (+15.8% year-on-year). The *adjusting items*¹ mainly comprised amortization and impairments at Belron and network restructuring costs that were partially offset by property disposal gains at D'Ieteren Auto.
- Our key performance indicator¹, the **adjusted consolidated result before tax, group's share**, reached EUR 241.6 million, up 13.9% compared to 2015. It is broken down as follows:
 - **D'Ieteren Auto and Corporate activities**: EUR 84.2 million, +13.0% year-on-year, mainly thanks to a strong increase in volumes and a positive mix effect.
 - **Belron**: EUR 148.4 million, +7.8% year-on-year, mainly due to improving profitability in the UK, the US and Spain. The fall through from higher sales to profits was limited in the US.
 - **Moleskine**: EUR 9.0 million (contribution as from 1 October 2016). Costs related to the acquisition of Moleskine amounted to EUR 6.2 million of which EUR 5.7 million were booked at D'Ieteren Auto and Corporate and EUR 0.5 million at Moleskine.
- **Excluding the contribution of Moleskine and costs related to the acquisition**, our key performance indicator reached EUR 237.7 million in 2016, up 12.1% compared to EUR 212.1 million in 2015.
- Including Moleskine, the **group's share in the net result for the period** amounted to EUR 49.9 million (EUR 130.7 million in 2015). The *adjusted* net profit, group's share¹, increased by 18.2% to EUR 215.3 million.

C. DIVIDEND

The Board of Directors of D'Ieteren proposes to increase the gross dividend from EUR 0.90 per share for 2015 to EUR 0.95 per share for 2016. If this dividend is approved by the General Meeting of Shareholders held on 1 June 2017, it will be paid on 8 June 2017 (ex date: 6 June 2017).

D. FINANCING OF THE ACTIVITIES

Between December 2015 and December 2016, the group's consolidated financial net debt³ has increased from EUR 573.2 million to EUR 993.5 million, mainly as a result of the Moleskine acquisition.

The net cash position³ of the D'Ieteren Auto/Corporate segment declined by EUR 106.5 million to EUR 71.7 million. The latter includes a EUR 151.3 million subordinated loan to DM Invest, the 100% subsidiary of D'Ieteren SA which acquired the Moleskine shares. The EUR 103.1 million decline in trading and other receivables as independent dealers switched to cash payments, EUR 43.4 million dividends from Belron and a higher EBITDA⁴ were more than offset by the equity financing (EUR 216.7 million) of the Moleskine acquisition and dividend payments (EUR 49.3 million).

Belron's net financial debt³ rose from EUR 751.4 million at the end of 2015 to EUR 793.1 million at the end of 2016, mainly due to the appreciation of the US dollar versus the euro.

The net debt of the Moleskine segment, including DM Invest, amounted to EUR 272.1 million at year-end.

E. OUTLOOK FOR FY 2017 ADJUSTED CONSOLIDATED RESULT BEFORE TAX, GROUP'S SHARE¹

For 2017 D'Ieteren aims at an *adjusted* consolidated result before tax, group's share¹, that is about 10% higher compared to EUR 241.6 million in 2016.

In a market that is expected to decrease slightly, D'Ieteren Auto aims at a slightly higher *adjusted* result before tax, group's share¹, thanks to market share gains. Moreover, the 2016 result included costs (EUR 5.7 million) related to the Moleskine acquisition, which will not be repeated.

Belron's *adjusted* result before tax, group's share¹, should come out slightly lower due to a higher charge related for the long term management incentive programme (expected at EUR 19.0 million in 2017 versus EUR 9.5 million in 2016).

Excluding the financing costs related to the acquisition by D'Ieteren, Moleskine is expected to grow its *adjusted* result before tax, group's share¹, by more than 10% in 2017 and it will contribute to the results of the group over the entire year compared to 3 months (Q4) in 2016.

2. Automobile distribution (D'leteren Auto) and Corporate activities

- Excluding new car registrations of less than 30 days², the Belgian market was up 10.4% year-on-year and D'leteren Auto's share decreased by 53bps to 21.81%.
- The new vehicle sales rose by 8.7% to EUR 2,731.9 million in 2016. Total sales amounted to 3,114.2 EUR million (EUR 2,874.2 million in 2015, +8.4%).
- The operating result reached EUR 77.5 million (EUR 60.4 million in 2015):
 - The *adjusted* operating result¹ rose by 14.0% to EUR 75.8 million.
 - *Adjusting* items comprised in the operating result reached EUR 1.7 million.
- The result before tax totalled EUR 81.1 million (EUR 57.1 million in 2015), up 42.0%.
- The *adjusted* result before tax, group's share¹, reached EUR 84.2 million (EUR 74.5 million in 2015), up 13.0%.
- D'leteren Auto aims to improve its share in a market that is expected to be slightly down in 2017.

2.1. ACTIVITIES AND RESULTS

D'leteren Auto's sales rose by 8.4% to EUR 3,114.2 million in 2016 due to higher volumes in a strong market and a positive mix effect (more SUV's and less downsizing).

New vehicles

Excluding registrations of less than 30 days², Belgian new car registrations rose by 10.4% year-on-year to 519,755 units. Including these registrations, the Belgian market totalled 539,519 new car registrations, up 7.7% year-on-year.

Excluding registrations of less than 30 days², the market share of the brands distributed by D'leteren Auto reached 21.81% in 2016 (vs 22.34% the previous year). Whereas at the beginning of 2016, D'leteren's share was negatively impacted by the "Emissiongate", it improved significantly during the remainder of the year. The decline in market share is mainly due to the timing of Audi's model renewals.

The Motor Show, which took place in January 2016, was the second-most-successful one in D'leteren Auto's history, with orders up by more than 20% on comparable periods in 2014 and 2015.

Volkswagen remained the leading brand in Belgium with a market share² of 10.15% in 2016 (up 10 bps) thanks to the successful run-out campaign of the previous Tiguan and the launch of the new version. Demand for the Touran was also solid. Audi's market share¹ declined by 50 bps to 6.26% in 2016 in spite of the success of the A4. The share improved however in H2 thanks to the launch of the new Q2 and the renewal of the A5. The market share of Škoda was broadly stable thanks to the success of the Octavia and the Superb. Porsche's overall market share was stable at a high level thanks to the success of the 911 and the renewed 718 models (Boxster and Cayman). Seat's market share was slightly lower due to the discontinuation of the Altea.

Registrations of new light commercial vehicles (0 to 6 tonnes) were up 11.1% to 68,540 units. D'leteren Auto's share improved from 9.19% in 2015 to 10.0% in 2016.

The total number of new vehicles, including commercial vehicles, delivered by D'leteren Auto in 2016 reached 122,489 units (+6.5% compared to 2015). Higher deliveries combined with a positive mix effect led to new vehicle sales of EUR 2,731.9 million (+8.7% compared to 2015).

Other activities

The sales of spare parts and accessories reached EUR 185.4 million, +2.8% year-on-year, the after-sales activities of the corporately-owned dealerships amounted to EUR 83.3 million (-0.7% year-on-year) and used vehicle sales equalled EUR 53.9 million (+16.9% year-on-year).

D'leteren Sport's sales, which are mainly comprised of Yamaha motorbikes, quads and scooters, rose by 9.4% in value to EUR 27.9 million.

Results

The operating result reached EUR 77.5 million (EUR 60.4 million in 2015). The *adjusted* operating result¹ improved by 14.0% to EUR 75.8 million with the impact from higher volumes and a positive mix effect (Tiguan and Touran at Volkswagen, Q7 and A4 at Audi, Superb and Octavia at Škoda and 911 at Porsche) partially offset by higher marketing and IT costs, EUR 7.8 million charges related to the “Wecare 24 months for free” campaign and EUR 5.7 million costs related to the acquisition of Moleskine. The profitability of the Retail activities continued to improve.

Adjusting items¹ at the level of the operating result amounted to EUR 1.7 million. They include real estate disposal gains and the reversal of some “Emissiongate” provisions and inventory write-downs, partially offset by charges related to the “Market Area” strategy.

The net financial costs amounted to EUR 1.0 million (EUR 3.8 million in 2015). *Adjusted* net financial costs¹ reached EUR 0.1 million (EUR 0.2 million in 2015).

The result before tax reached EUR 81.1 million (compared to EUR 57.1 million in 2015, +42.0%).

The *adjusted* result before tax, group's share¹, of the Automobile distribution & Corporate segment stood at EUR 84.2 million (compared to EUR 74.5 million in 2015, +13.0%). The contribution of the equity accounted entities to the *adjusted* result before tax, group's share¹, improved from EUR 8.2 million in 2015 to EUR 8.5 million due to strong commercial activity at Volkswagen D'Ieteren Finance.

2.2. KEY DEVELOPMENTS

Several new models were launched during 2016 including the Audi Q2, the Seat Ateca and the Bentley Bentayga. The Volkswagen Tiguan and Crafter, the Audi A4 Allroad and A5 and the Porsche Boxster, Cayman and Panamera were replaced. In addition to the above, the Volkswagen up!, Beetle and Amarok, the Audi A3 and Seat Leon received a facelift.

D'Ieteren Auto continued to implement its 2018-2020 strategy, based on three pillars:

- **“Powered by You”** involves streamlining the company's internal structure and placing the customer at the centre of the organisation. The new structure aims to achieve commercial and operational excellence while fostering cross-functional working practices.
- The **“Market Area”** project aims at strengthening the independent dealer network through economies of scale and synergies. By end-2016, no less than 21 Market Area agreements had been signed out of a total of 26, thereby enabling the Market Area Leaders to begin organising their region.
- **“Pole Position”** focuses at improving the performance of the D'Ieteren Car Centers (DCC) in the Brussels region. So far, 7 out of 12 sites have been closed and the activities of the Vilvorde, Fort-Jaco, Expo, Stockel, Meiser, Woluwe and Bentley/Lamborghini Zaventem sites have been relocated. A new hub (Auto Center Zaventem) was opened in 2016, bringing the four main brands under one roof.

The recalls related to the “Emissiongate”, involving about 300,000 vehicles equipped with a non-compliant software in Belgium, started in April 2016. The Volkswagen group had to develop a considerable number of technical solutions, each of which has to be approved by the KBA, Germany's federal automotive sector regulator. By the end of 2016, all of the solutions were made available and about 50,000 vehicles received an update. The updates completed so far have met the full satisfaction of the customers. The recall process should be completed this year.

D'Ieteren Auto has announced plans to set up a nationwide franchise network of body shops together with its network of independent dealers. Segmentation of the jobs and the use of the most efficient techniques (e.g. “smart repair”) should lead to cost savings, shorter repair times and improved cost transparency. In addition to the brands that are distributed by D'Ieteren Auto, this network will also repair vehicles of other brands.

D'Ieteren Auto aims to play a role in the mobility of the future which is bound to be revolutionized by car sharing, the growing success of electric vehicles, digitization and the arrival of autonomous cars. The goal of the new D'Ieteren Mobility team is to gain a better understanding of the changes ahead and to drive innovation within the company. The team will look for potential partnerships within the academic world and with innovative players. At the beginning of 2017, D'Ieteren announced that it will cooperate with Drivy, the leading peer-to-peer car rental platform in Europe. Several D'Ieteren Auto dealerships in Brussels and Antwerp will rent out their replacement cars via Drivy's platform in order to maximize the usage rate of their fleet.

2.3. ACTIVITY OUTLOOK 2017

Belgian new car registrations are expected to decrease slightly in 2017. D'Ieteren Auto aims to improve its market share on the back of the promising pipeline of new models as well as commercial initiatives.

The pipeline for 2017 includes the launch of the Volkswagen 7-seater Tiguan and Arteon, the Škoda Kodiaq and the Porsche Panamera Sport Turismo, and the replacement of the Audi Q5, A5 Sportback and A5 Cabriolet, and the Seat Ibiza. The Volkswagen Golf and the Škoda Octavia, Citigo and Rapid will receive a facelift.

The order book (in number of units) was 4% lower year-on-year at the end of February 2017 and 30% higher on February 2015. Note that 2015 and 2017 were both “small” Brussels Motor Show editions.

In a market that is expected to decrease slightly, D'Ieteren Auto aims at a slightly higher *adjusted* result before tax, group's share¹, thanks to market share gains. Moreover, the 2016 result included costs (EUR 5.7 million) related to the Moleskine acquisition, which will not be repeated.

D'Ieteren Auto will continue to implement its strategy. The introduction of a new 360-degree Customer Relationship Management (CRM) tool will be a major step towards becoming a customer centric organisation. All the sales processes (new and used vehicles) will be centralised and automated. Once implemented, there will be a single database (sales and after-sales) for all the customers. The roll out started at the end of February 2017 and should be completed in May.

3. Vehicle Glass Repair and Replacement – Belron

- The external sales were up by 4.6% comprising a 4.6% organic increase, a 0.9% increase from acquisitions, partially offset by a negative currency translation effect of 0.9%.
- The operating result reached EUR 41.6 million (EUR 174.4 million in 2015):
 - The *adjusted* operating result¹ totalled EUR 190.7 million (+4.8%) due to improving results in Europe, especially in the UK. In the US, the fall through from higher sales to the *adjusted* operating result¹ was influenced by growth related investments.
 - *Adjusting* items¹ totalling EUR 149.1 million mainly include impairments and amortization of intangibles assets.
- The result before tax totalled EUR 5.3 million (EUR 139.3 million in 2015).
- The *adjusted* result before tax, group's share¹, reached EUR 148.4 million (EUR 137.6 million in 2015), up 7.9%.
- Belron expects moderate organic sales growth in 2017 with possible service extension acquisitions.

3.1. ACTIVITIES AND RESULTS

Sales

Belron's sales reached EUR 3,305.4 million in 2016, a year-on-year increase of 4.6%, comprising a 4.6% organic increase, 0.9% growth from acquisitions, partly offset by a negative currency translation impact of 0.9%. Total repair and replacement jobs increased by 3.7% to 11.3 million. In 2016 Belron served 15.2 million consumers across its four business streams (Vehicle Glass Repair & Replacement, Vehicle Repair, Property and Claims Management). This compares to 14.1 million consumers served in 2015.

European sales increased by 2.0%, comprising an increase in organic sales of 3.1%, 1.4% growth from acquisitions, partially offset by an adverse currency impact of 2.5%. The organic growth primarily reflects the continuing recovery of the UK business and market share gains in Germany. The acquired growth mainly relates to the 2015 acquisitions in the Netherlands and Germany together with the acquisition of the former Finnish franchisee and smaller 2016 acquisitions in Spain and Sweden. The negative currency impact was due to a weaker British pound following the UK's EU referendum.

Outside of Europe, sales increased by 6.8%, comprising an organic sales increase of 5.9%, primarily in the US due to increased marketing activity and continued progress with insurance partners, a positive 0.4% impact mainly due to acquisitions in the US and a 0.5% positive currency impact.

Results

The operating result reached EUR 41.6 million in 2016 (2015: EUR 174.4 million). The *adjusted* operating result¹, rose by 4.8% to EUR 190.7 million (2015: EUR 182.0 million) mainly on the back of lower losses in the UK and a higher contribution from the US partly offset by a higher charge for the long term management incentive plan (EUR 9.5 million in 2016 compared to EUR 4.9 million in 2015).

Adjusting items¹ to the operating result totalling EUR -149.1 million mainly relate to the impairment of goodwill in Italy (EUR 61.0 million), the Netherlands (EUR 32.8 million) and the UK (EUR 15.2 million), amortization (EUR 16.5 million) of brands and customer contracts and costs related to the closure of the US Enfield factory partly offset by gains related to fuel hedges in the US.

The net finance costs reached EUR 35.5 million (2015: EUR 35.1 million). *Adjusted* net finance costs¹ declined from EUR 36.9 million to EUR 34.1 million. The *adjusting* items¹ (EUR -1.4 million) relates to an impairment on a Brazilian loan.

The result before tax reached EUR 5.3 million (compared to EUR 139.3 million in 2015).

The *adjusted* result before tax, group's share¹, reached EUR 148.4 million (compared to EUR 137.6 million in 2015, +7.8%).

3.2. KEY DEVELOPMENTS

Following a strategic review which focussed on Belron's core capabilities, the following purpose statement emerged: "Making a difference by solving people's problems with real care." It has helped management to evaluate which new services Belron might enter into. Out of an initial list of over three hundred potential new services, three were identified as being the most aligned with the Belron purpose and core capabilities: vehicle repair, property and claims management services.

In line with the new strategy to extend the services it offers, Belron announced the acquisition of two automotive damage repair business at the end of 2016. On 15 December Carglass Belgium entered into an agreement to acquire CArE Carrosserie in Belgium. CArE Carrosserie has 16 branches across Belgium and shares the same philosophy and passion for customer service as Carglass. On 22 December 2016 Belron Canada completed the acquisition of Speedy Collision in Canada. Speedy Collision has a network of 24 franchise service centres strategically located across Alberta, Saskatchewan and Ontario.

These were the first major acquisitions as part of the new services strategy. Belron has also substantially expanded its non-glass claims management activities in the USA. In addition to the above, the company piloted smart repair services in the Netherlands and Italy and continued to expand its mobile vehicle damage services in the UK.

3.3. ACTIVITY OUTLOOK 2017

Within the vehicle glass repair and replacement segment moderate sales growth is expected through organic market share growth, offsetting the adverse underlying market trends. In addition growth organically and through acquisition is expected in the service extension areas. The business will continue to be innovative and look for further areas to improve operational efficiency and improve profitability. Belron's *adjusted* result before tax, group's share¹, should come out slightly lower due to a higher charge related for the long term management incentive programme (expected at EUR 19.0 million in 2017 versus EUR 9.5 million in 2016).

4. Moleskine

- Moleskine's results were fully consolidated in D'Ieteren's accounts as from 1 October 2016. The non-controlling interest in the income statement, which was calculated on a pro rata temporis basis, equalled 34% in Q4 2016.
- Moleskine's contribution (3 months) to D'Ieteren's 2016 full-year figures:
 - Sales: EUR 52.1 million
 - Operating result: EUR 14.6 million
 - Result before tax: EUR 13.2 million
 - *Adjusted* result before tax, group's share¹: EUR 9.0 million
- Highlights of Moleskine's FY 2016 (12 months) performance on a stand-alone basis:
 - The sales rose by 13.3% to EUR 145.2 million (+14.4% at constant exchange rates) with solid growth across all geographies, product categories and channels.
 - The operating result declined marginally from EUR 34.8 million in 2015 to EUR 34.0 million, reflecting the shift in channel mix with the growing weight of direct-to-consumer channels (Retail and E-Commerce) and softer than expected wholesale revenues in the US in Q4.

4.1. ACTIVITIES AND RESULTS

Sales

Moleskine's sales increased by 13.3% to EUR 145.2 million in 2016 (+14.4% at constant exchange rates). The negative currency impact reflects the weaker British pound.

Wholesale revenues (57% of total) increased by 5.5% at actual exchange rates in 2016. Sales to some important retailers in the US were softer than expected in Q4 2016. EMEA (Europe, Middle East and Africa) realized 6.6% sales growth at actual exchange rates thanks to the strengthening of direct sales to retailers and a more effective implementation of the brand strategy at the points of sale. The 2.8% rise (at actual exchange rates) in sales in the APAC (Asia-Pacific) region reflects growth across all countries with the exception of Japan.

Revenues in the B2B channel increased by 11.8% at actual exchange rates with the strongest growth rates in the EMEA and Americas regions. Retail (+52.5%) and E-Commerce (+37.9%) were the fastest growing distribution channels in 2016. Moleskine's store count reached 79 at the end of 2016 (+21 year-on-year). Initiatives to increase the productivity of existing stores explain the solid comparable store sales growth (+8.4% at constant exchange rates). The E-Commerce channel realized strong sales growth across all major geographies underpinned by the marked improvement of the main KPI's such as traffic and average order value and the successful roll-out of the *Smart Writing Set*.

Sales of Paper and Non-paper collections grew respectively by 6.4% and 17.3% at actual exchange rates. The Moleskine+ collection, which in-

cludes tools to bridge the analog-digital gap, saw revenues rise from EUR 2.3 million in 2015 to EUR 10.5 million in 2016 due to the successful launch of the *Smart Writing Set*.

All geographies continued to make strong contributions to Moleskine's revenue growth with the EMEA realizing the strongest sales growth (+14.9%) followed by the Americas (+13.1%) and the APAC region (+11.8%).

Results for FY 2016 on a stand-alone basis

The full-year operating result reached EUR 34.0 million in 2016 (2015: EUR 34.8 million). The operating margin declined from 27.2% to 23.4% reflecting a shift in the channel mix with the growing weight of direct-to-consumer channels (Retail and E-Commerce) and softer than expected wholesale revenues in the US in Q4 2016.

The full-year result before tax reached EUR 32.9 million (compared to EUR 34.6 million in 2015) and net profits declined from EUR 27.1 million to EUR 23.3 million due to temporarily higher taxes.

4.2. KEY DEVELOPMENTS

Moleskine continued to innovate while broadening and strengthening its product range in 2016. In the Paper category, it launched several limited editions products focused on Toy Story, Game of Thrones and The Beatles, among others. In the Non-paper category, it launched its first line of premium leather bags and wallets, and a collection of travel bags and luggage accessories developed in partnership with Bric's.

The company also launched the Smart Writing Set which combines a specially designed paper tablet, a smart pen and an app to instantly digitize notes and sketches. The consumer response was very enthusiastic and sales significantly exceeded expectations.

The first directly operated street-based Moleskine Café was opened in the Brera design district of Milan. The format is a contemporary interpretation of the café littéraire concept. It combines Moleskine brand values and products with a unique café experience. The Café, which met with very positive reactions from consumers and media, illustrates the company's focus on delivering innovative concepts and products.

On 24 January 2017, D'Ieteren successfully completed, through its DM Invest subsidiary, a squeeze out procedure on the remaining Moleskine shares. D'Ieteren now holds, together with Moleskine who owns treasury shares, 100% of the shares. Consequently, the Moleskine shares have been removed from the Milan Stock Exchange.

4.3. ACTIVITY OUTLOOK FOR 2017

Moleskine will continue to implement its strategy while building brand awareness, increasing customer proximity and innovating.

Excluding the financing costs related to the acquisition by D'Ieteren, Moleskine is expected to grow its *adjusted* consolidated result before tax, group's share¹, by more than 10% in 2017. It will contribute to the results of the group over the entire year compared to 3 months (Q4) in 2016.

1 In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, D'Ieteren uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definitions are not addressed by IFRS. D'Ieteren does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures. See page 9 for the definition of these performance indicators.

2 In order to provide an accurate picture of the car market, Febiac publishes market figures excluding registrations that have been cancelled within 30 days. Most of them relate to vehicles that are unlikely to have been put into circulation in Belgium by the end customer.

3 The net financial debt is not an IFRS indicator. D'Ieteren uses this Alternative Performance Measure to reflect its indebtedness. This non-GAAP indicator is defined as the sum of the borrowings minus cash, cash equivalents and investments in non-current and current financial assets. See page 15.

4 EBITDA is not an IFRS indicator. This APM (non-GAAP indicator) is defined as earnings before interest, taxes, depreciation and amortization.

5. Alternative Performance Measurement (APM) – Non-GAAP Measurement

5.1. FRAMEWORK AND DEFINITIONS

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures (“APMs”). These APMs are non-GAAP measures, i.e. their definition are not addressed by IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

Each line of the statement of profit or loss (see below), and each subtotal of the segment statement of profit or loss (see below), is broken down in order to provide information on the *adjusted* result and on the *adjusting* items.

The *adjusting* items are identified by the Group in order to present comparable figures and comprise the following items, but are not limited to:

- (a) Recognised fair value gains and losses on financial instruments (i.e. change in fair value between the opening and the end of the period, excluding the accrued cash flows of the derivatives that occurred during the period), where hedge accounting may not be applied under IAS 39 (in this case recognised fair value gains and losses being directly accounted for in the Consolidated Statement of Comprehensive Income);
- (b) Exchange gains and losses arising upon the translation of foreign currency loans and borrowings at the closing rate;
- (c) Re-measurement of financial liabilities resulting from put options granted to non-controlling interests as from 1 January 2010;
- (d) Impairment of goodwill and other non-current assets;
- (e) Amortisation of intangible assets with finite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination;
- (f) Other material items that derive from events or transactions that fall within the ordinary activities of the Group, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

Adjusted result consists of the IFRS reported result, excluding *adjusting* items as listed above.

The Group uses as key performance indicator the *adjusted* consolidated result before tax, Group's share (*Adjusted* PBT, Group's share). This APM consists of the IFRS reported result before tax (PBT), excluding *adjusting* items and excluding the share of minority shareholders.

Presentation of APMs in the consolidated statement of profit or loss for the year ended 31 December

EUR million	2016			2015		
	Total	Of which Adjusted result	Adjusting items	Total	Of which Adjusted result	Adjusting items
Revenue	6,471.7	6,471.7	-	6,035.4	6,035.4	-
Cost of sales	-4,472.3	-4,471.0	-1.3	-4,169.5	-4,171.6	2.1
Gross margin	1,999.4	2,000.7	-1.3	1,865.9	1,863.8	2.1
Commercial and administrative expenses	-1,751.5	-1,727.0	-24.5	-1,622.9	-1,611.7	-11.2
Other operating income	10.5	4.2	6.3	7.0	1.6	5.4
Other operating expenses	-124.7	3.2	-127.9	-15.2	-5.2	-10.0
Operating result	133.7	281.1	-147.4	234.8	248.5	-13.7
Net finance costs	-37.9	-35.6	-2.3	-38.9	-37.1	-1.8
Finance income	1.6	1.6	-	3.7	3.6	0.1
Finance costs	-39.5	-37.2	-2.3	-42.6	-40.7	-1.9
Share of result of entities accounted for using the equity method, net of income tax	3.8	5.4	-1.6	0.5	5.2	-4.7
Result before tax	99.6	250.9	-151.3	196.4	216.6	-20.2
Income tax expense	-23.0	-25.8	2.8	-21.6	-24.2	2.6
Result from continuing operations	76.6	225.1	-148.5	174.8	192.4	-17.6
Discontinued operations	-24.9	-	-24.9	-40.4	-4.4	-36.0
RESULT FOR THE PERIOD	51.7	225.1	-173.4	134.4	188.0	-53.6
Result attributable to:						
Equity holders of the Parent	49.9	215.3	-165.4	130.7	182.2	-51.5
Non-controlling interests	1.8	9.8	-8.0	3.7	5.8	-2.1
Earnings per share for result for the period attributable to equity holders of the Parent						
Basic (EUR)	0.91	3.92	-3.01	2.38	3.32	-0.94
Diluted (EUR)	0.91	3.92	-3.01	2.38	3.31	-0.93

Presentation of APMs in the segment statement of profit or loss for the year ended 31 December

EUR million	2016					2015			
	Auto- mobile Distri- bution	Vehicle Glass	Moleskine	Elimi- nations	Group	Auto- mobile Distri- bution	Vehicle Glass	Elimi- nations	Group
External revenue	3,114.2	3,305.4	52.1	-	6,471.7	2,874.2	3,161.2	-	6,035.4
Inter-segment revenue	7.7	-	-	-7.7	-	5.1	-	-5.1	-
Segment revenue	3,121.9	3,305.4	52.1	-7.7	6,471.7	2,879.3	3,161.2	-5.1	6,035.4
Operating result (being segment result)	77.5	41.6	14.6	-	133.7	60.4	174.4	-	234.8
<i>Of which Adjusted result</i>	<i>75.8</i>	<i>190.7</i>	<i>14.6</i>	<i>-</i>	<i>281.1</i>	<i>66.5</i>	<i>182.0</i>	<i>-</i>	<i>248.5</i>
<i>Adjusting items</i>	<i>1.7</i>	<i>-149.1</i>	<i>-</i>	<i>-</i>	<i>-147.4</i>	<i>-6.1</i>	<i>-7.6</i>	<i>-</i>	<i>-13.7</i>
Net finance costs	-1.0	-35.5	-1.4	-	-37.9	-3.8	-35.1	-	-38.9
Finance income	1.1	0.4	0.1	-	1.6	1.3	2.4	-	3.7
Finance costs	-2.1	-35.9	-1.5	-	-39.5	-5.1	-37.5	-	-42.6
Share of result of entities accounted for using the equity method, net of income tax	4.6	-0.8	-	-	3.8	0.5	-	-	0.5
Result before tax	81.1	5.3	13.2	-	99.6	57.1	139.3	-	196.4
<i>Of which Adjusted result</i>	<i>81.1</i>	<i>156.6</i>	<i>13.2</i>	<i>-</i>	<i>250.9</i>	<i>71.5</i>	<i>145.1</i>	<i>-</i>	<i>216.6</i>
<i>Adjusting items</i>	<i>-</i>	<i>-151.3</i>	<i>-</i>	<i>-</i>	<i>-151.3</i>	<i>-14.4</i>	<i>-5.8</i>	<i>-</i>	<i>-20.2</i>
Income tax expense	2.7	-21.6	-4.1	-	-23.0	2.6	-24.2	-	-21.6
Result from continuing operations	83.8	-16.3	9.1	-	76.6	59.7	115.1	-	174.8
<i>Of which Adjusted result</i>	<i>86.7</i>	<i>129.3</i>	<i>9.1</i>	<i>-</i>	<i>225.1</i>	<i>74.2</i>	<i>118.2</i>	<i>-</i>	<i>192.4</i>
<i>Adjusting items</i>	<i>-2.9</i>	<i>-145.6</i>	<i>-</i>	<i>-</i>	<i>-148.5</i>	<i>-14.5</i>	<i>-3.1</i>	<i>-</i>	<i>-17.6</i>
Discontinued operations	-	-24.9	-	-	-24.9	-	-40.4	-	-40.4
RESULT FOR THE PERIOD	83.8	-41.2	9.1	-	51.7	59.7	74.7	-	134.4

Attributable to:	Auto- mobile Distri- bution	Vehicle Glass	Moleskine	Elimi- nations	Group	Auto- mobile Distri- bution	Vehicle Glass	Elimi- nations	Group
Equity holders of the Parent	83.8	-39.9	6.0	-	49.9	59.8	70.9	-	130.7
<i>Of which Adjusted result</i>	<i>86.7</i>	<i>122.6</i>	<i>6.0</i>	<i>-</i>	<i>215.3</i>	<i>74.3</i>	<i>107.9</i>	<i>-</i>	<i>182.2</i>
<i>Adjusting items</i>	<i>-2.9</i>	<i>-162.5</i>	<i>-</i>	<i>-</i>	<i>-165.4</i>	<i>-14.5</i>	<i>-37.0</i>	<i>-</i>	<i>-51.5</i>
Non-controlling interests	-	-1.3	3.1	-	1.8	-0.1	3.8	-	3.7
RESULT FOR THE PERIOD	83.8	-41.2	9.1	-	51.7	59.7	74.7	-	134.4

Explanations and details of the figures presented as *adjusting items*

In 2016 and 2015, the Group identified the following items as *adjusting items*:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Adjusting items							
Included in operating result	1.7	-149.1	-	-147.4	-6.1	-7.6	-13.7
<i>Re-measurements of financial instruments</i>	-	5.9 (g)	-	5.9	-	6.1 (g)	6.1
<i>Amortisation of customer contracts</i>	-	-9.6 (h)	-	-9.6	-	-9.9 (h)	-9.9
<i>Amortisation of brands with finite useful life</i>	-	-1.0 (i)	-	-1.0	-	-1.6 (i)	-1.6
<i>Amortisation of other intangibles with finite useful life</i>	-	-	-	-	-0.6 (d)	-	-0.6
<i>Impairment of goodwill and of non-current assets</i>	-	-133.2 (j)	-	-133.2	-4.1 (e)	-13.1 (j)	-17.2
<i>Other adjusting items</i>	1.7 (a)	-11.2 (k)	-	-9.5	-1.4 (a)	10.9 (k)	9.5
Included in net finance costs	-0.9	-1.4	-	-2.3	-3.6	1.8	-1.8
<i>Impairment of financial assets</i>	-	-1.4 (l)	-	-1.4	-	-	-
<i>Re-measurements of financial instruments</i>	-	-	-	-	-1.7 (f)	1.8 (g)	0.1
<i>Re-measurements of put options granted to non-controlling interests</i>	-0.9 (b)	-	-	-0.9	-1.9 (b)	-	-1.9
Included in equity accounted result	-0.8 (c)	-0.8 (m)	-	-1.6	-4.7 (c)	-	-4.7
Included in result before taxes (PBT)	-	-151.3	-	-151.3	-14.4	-5.8	-20.2

Automobile Distribution

- (a) In the period, other *adjusting items* in operating result include a gain of EUR 6.3 million on the sale of buildings previously used for activities (part of them were classified as non-current assets held for sale as at 31 December 2015), a gain of EUR 3.1 million on the partial release of provisions recognised last year in relation to the “Emissiongate”, and a cost of EUR 7.7 million in the framework of the “Market Area” project (optimization of the independent dealer network). In the prior period, other *adjusting items* in operating result included a gain of EUR 5.4 million on the sale of buildings classified as non-current asset held for sale as at 31 December 2014 and costs of EUR 6.8 million related to the “Emissiongate”. These costs included provisions for extra costs to be disbursed in 2016 (e.g. logistic and mailing costs related to the upcoming recalls).
- (b) Net finance costs include a re-measurement charge of put options granted to certain non-controlling shareholders (family holding company of Belron’s CEO) amounting to EUR -0.9 million (EUR -1.9 million in the prior period).
- (c) In the period, the share of the Group in the *adjusting items* of entities accounted for using the equity method amounts to EUR -0.8 million (EUR -4.7 million in the prior period) and is related to the amortisation of intangible assets with a finite useful life (customer contracts recognised in the framework of the contribution of D’Ieteren Lease’s operating leases activities to Volkswagen D’Ieteren Finance – fully amortised as at 31 December 2016 - and intangible IT assets recognised in the framework of the contribution to OTA Keys s.a. of development activities around virtual key solutions) and, in 2016, was also related to additional write-downs related to the “Emissiongate” (Volkswagen D’Ieteren Finance).
- (d) In the prior period, the *adjusting items* included the amortisation of an intangible asset with a finite useful life (recognised in 2013 in the framework of a fair value *adjustment* made to the valuations related to the acquisition of the remaining 67% of S.M.A.R.T. & Clean Automotive Services s.a. – Wondercar – active in smart repairs on vehicles), fully amortised as at 30 June 2015.
- (e) In the prior period, an impairment charge of EUR 1.2 million was booked on properties in the framework of the optimization of the footprint of the corporately-owned dealerships (reshaping project announced in 2014) together with an impairment charge of EUR 2.6 million on certain intangible IT software following a change in strategy in the implementation of new technology.
- (f) In the prior period, net finance costs included re-measurements of financial instruments amounting to EUR -1.7 million arising from changes in the “clean” fair value of derivatives. Change in “clean” fair value of derivatives corresponds to the change of “dirty” fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.

Vehicle Glass

- (g) Fair value of fuel hedge instruments and re-measurements of financial instruments amounting to respectively EUR 5.9 million (EUR 6.1 million in the prior period) and nil (EUR 1.8 million in the prior period related to cross currency interest rate swaps) arising from changes in the “clean” fair value of derivatives. Change in “clean” fair value of derivatives corresponds to the change of “dirty” fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.
- (h) In the framework of recent acquisitions, certain customer contracts were recognised as intangible assets with a finite useful life. In the period, the amortisation amounts to EUR 9.6 million (EUR 9.9 million in the prior period). EUR 7.7 million relates to the US, of which the largest component dates back to the original Safelite acquisition and which becomes fully written down in 2017.
- (i) The amortisation of brands with finite useful lives (certain brands are no longer considered to be intangibles with indefinite useful lives since there is now a limit to the period over which these assets are expected to generate cash inflows) amounting to EUR 1.0 million (EUR 1.6 million in the prior period).
- (j) In the period, following the annual impairment test performed on every cash-generating unit, a total impairment charge of EUR 133.2 million was recognized on goodwill (EUR 114.1 million) and on other intangible (EUR 16.5 million) and tangible assets (EUR 2.6 million). These impairments relate to Italy (EUR 61 million), United Kingdom (EUR 31.7 million), Netherlands (EUR 32.8 million), Russia (EUR 4.9 million), Greece (EUR 2.2 million) and Ireland (EUR 0.6 million).

In the prior period, a total impairment charge of EUR 4.2 million on the Turkish cash-generating unit, an impairment charge on IT assets at the Centre (EUR 5.4 million) following the decision to pass down web site design, production and operation to individual countries and an impairment charge on IT assets in Australia and New-Zealand (EUR 3.5 million) from an aborted front office implementation and revised strategy.

- (k) In the period, other *adjusting* items of EUR -11.2 million comprise EUR -11.8 million related to the closure of the Enfield plant in the United States, offset by the over provision from prior year (EUR 0.6 million, of which EUR 0.5 million arising on the disposal of the Autorestore® ADR business in the United Kingdom).

In the prior period, other *adjusting* items (EUR 10.9 million) related to a credit for the settlement of defined benefit pension obligations in the Netherlands (EUR 21.5 million), the additional costs associated with the closure of the UK defined benefit pension plan (EUR -0.6 million), the associated staff termination costs (EUR -0.7 million) following the decision to pass down web site design, production and operation to individual countries, the restructuring of call centres and the closure of the bus and coach glass distribution business in France (EUR -3.9 million), the loss on disposal (EUR -2.7 million) of the Autorestore® ADR business in the United Kingdom following the decision to focus the business solely on its mobile bodyshops going forward, the headcount reductions in Italy (EUR -2.2 million) and to the finalisation of the Guardian Glass acquisition in Spain (EUR -0.5 million).

- (l) In the period, due to continued under performance, total write off of a loan granted to its equity investment in Brazil.
- (m) In the period, EUR -0.8 million related to the full write-off of the 40% interest in Carglass Brazil.

Reconciliations between APMs and IFRS reported figures

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
From reported PBT to <i>adjusted</i> PBT, Group's share:							
Reported PBT	81.1	5.3	13.2	99.6	57.1	139.3	196.4
Less: <i>Adjusting</i> items in PBT	-	151.3	-	151.3	14.4	5.8	20.2
Adjusted PBT	81.1	156.6	13.2	250.9	71.5	145.1	216.6
Less: Share of the group in tax on <i>adjusted</i> results on equity accounted entities	3.1	-	-	3.1	2.9	-	2.9
Share of non-controlling interests in <i>adjusted</i> PBT	-	-8.2	-4.2	-12.4	0.1	-7.5	-7.4
Adjusted PBT, Group's share	84.2	148.4	9.0	241.6	74.5	137.6	212.1
From <i>adjusted</i> PBT Group's share, to <i>adjusted</i> PAT, Group's share:							
<i>Adjusted</i> PBT, Group's share	84.2	148.4	9.0	241.6	74.5	137.6	212.1
Share of the group in tax on <i>adjusted</i> result of equity accounted entities	-3.1	-	-	-3.1	-2.9	-	-2.9
<i>Adjusted tax</i> , Group's share	5.6	-25.8	-3.0	-23.2	2.7	-25.4	-22.7
Adjusted PAT, Group's share	86.7	122.6	6.0	215.3	74.3	112.2	186.5
From <i>adjusted</i> PAT, Group's share, to <i>adjusted</i> result for the period attributable to equity holder of the Parent							
<i>Adjusted</i> PAT, Group's share	86.7	122.6	6.0	215.3	74.3	112.2	186.5
Share of the group in <i>adjusted</i> discontinued operations	-	-	-	-	-	-4.3	-4.3
Adjusted result of the period attributable to equity holders of the parent	86.7	122.6	6.0	215.3	74.3	107.9	182.2

Key Performance Indicator

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Adjusted PBT, Group's share	84.2	148.4	9.0	241.6	74.5	137.6	212.1
Excluding:							
Contribution of Moleskine	-0.6	-	-9.0	-9.6	-	-	-
Costs related to the acquisition	5.7	-	-	5.7	-	-	-
Adjusted PBT, Group's share (constant perimeter)	89.3	148.4	-	237.7	74.5	137.6	212.1

In the Automobile Distribution segment, the -EUR 0.6 million relates to the inter-segment income on the loan granted to Moleskine in the framework of the acquisition.

Net debt

In order to better reflect its indebtedness, the Group uses the concept of net debt. This non-GAAP measure, i.e. its definition is not addressed by IFRS, is an Alternative Performance Measure (“APM”) and is not presented as an alternative to financial measures determined in accordance with IFRS. Net debt is based on loans and borrowings less cash, cash equivalents and non-current and current asset investments. It excludes the fair value of derivative debt instruments. The hedged loans and borrowings (i.e. those that are accounted for in accordance with the hedge accounting rules of IAS 39) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other loans and borrowings are translated at closing foreign exchange rates.

EUR million	31 December 2016				31 December 2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Non-current loans and borrowings	27.5	606.2	126.9	760.6	4.6	704.8	709.4
Current loans and borrowings	119.8	191.3	47.2	358.3	5.9	49.0	54.9
Inter-segment loan	-192.8	41.5	151.3	-	-20.0	20.0	-
Adjustment for hedged borrowings	-	-	-	-	-	-	-
Gross debt	-45.5	839.0	325.4	1.118.9	-9.5	773.8	764.3
Less: Cash and cash equivalents	-4.0	-45.9	-48.3	-98.2	-88.1	-22.0	-110.1
Less: Held-to-maturity investments	-	-	-	-5.0	-59.8	-	-59.8
Less: Other non-current receivables	-20.0	-	-	-20.0	-20.0	-	-20.0
Less: Other current receivables	-2.2	-	-5.0	-2.2	-0.8	-	-0.8
Net debt from continuing activities excluding assets and liabilities classified as held for sale	-71.7	793.1	272.1	993.5	-178.2	751.8	573.6
Net debt in assets and liabilities classified as held for sale	-	-	-	-	-	-0.4	-0.4
Net debt from discontinued operations	-	-	-	-	-	-	-
Total net debt	-71.7	793.1	272.1	993.5	-178.2	751.4	573.2

s.a. D'leteren n.v.

Consolidated Financial Statements 2016

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Consolidated Statement of Profit or Loss

Year ended 31 December

EUR million	Notes	2016	2015
Revenue	4	6,471.7	6,035.4
Cost of sales		-4,472.3	-4,169.5
Gross margin		1,999.4	1,865.9
Commercial and administrative expenses		-1,751.5	-1,622.9
Other operating income		10.5	7.0
Other operating expenses	5	-124.7	-15.2
Operating result	5	133.7	234.8
Net finance costs	6	-37.9	-38.9
Finance income		1.6	3.7
Finance costs		-39.5	-42.6
Share of result of entities accounted for using the equity method, net of income tax	7	3.8	0.5
Result before tax		99.6	196.4
Income tax expense	8	-23.0	-21.6
Result from continuing operations		76.6	174.8
Discontinued operations	39	-24.9	-40.4
RESULT FOR THE PERIOD		51.7	134.4
Result attributable to:			
Equity holders of the Parent		49.9	130.7
Non-controlling interests		1.8	3.7
Earnings per share			
Basic (EUR)	9	0.91	2.38
Diluted (EUR)	9	0.91	2.38
Earnings per share - Continuing operations			
Basic (EUR)	9	1.36	3.08
Diluted (EUR)	9	1.36	3.08

The notes on pages 22 to 79 are an integral part of these consolidated financial statements.

The Group uses Alternative Performance Measures (non-GAAP measures) to reflect its financial performance – See consolidated management report and press release.

Consolidated Statement of Comprehensive Income

Year ended 31 December

EUR million	Notes	2016	2015
Result for the period		51.7	134.4
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
<i>Re-measurements of defined benefit liabilities/assets</i>	19	-70.4	12.6
<i>Related tax</i>		-88.6	14.5
		18.2	-1.9
Items that may be reclassified subsequently to profit or loss:			
<i>Translation differences</i>		15.7	-7.6
<i>Reclassification of foreign currency differences on loss of control</i>	28/39	-5.7	-9.9
<i>Cash flow hedges: fair value gains (losses) in equity</i>	17	24.9	-
<i>Tax relating to cash flow hedges</i>		-4.0	2.7
		0.5	-0.4
Other comprehensive income, net of tax		-54.7	5.0
Total comprehensive income for the period		-3.0	139.4
<i>being: attributable to equity holders of the Parent</i>		-2.4	135.5
<i>attributable to non-controlling interests</i>		-0.6	3.9

The notes on pages 22 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December

EUR million	Notes	2016	2015
Goodwill	10	1,091.2	990.6
Intangible assets	12	876.8	470.7
Property, plant & equipment	14	574.4	521.0
Investment property	15	3.8	4.3
Equity accounted investments	7	63.8	59.5
Available-for-sale financial assets	16	0.5	0.5
Employee benefits	19	0.5	47.6
Deferred tax assets	20	86.3	46.5
Other receivables	21	27.9	25.1
Non-current assets		2,725.2	2,165.8
Non-current assets classified as held for sale	22	5.5	15.2
Inventories	23	679.0	614.7
Held-to-maturity investments	13	-	59.8
Derivative hedging instruments	17	1.0	4.3
Derivatives held for trading	18	1.2	0.9
Other financial assets	24	5.0	-
Current tax assets	25	7.5	3.8
Trade and other receivables	26	309.0	360.4
Cash & cash equivalents	27	98.2	110.1
Current assets		1,106.4	1,169.2
TOTAL ASSETS		3,831.6	3,335.0
Capital & reserves attributable to equity holders		1,683.0	1,733.3
Non-controlling interests		0.5	1.8
Equity		1,683.5	1,735.1
Employee benefits	19	53.7	26.5
Provisions	29	50.5	28.8
Loans & borrowings	30	760.6	709.4
Put options granted to non-controlling interests	31	90.0	85.2
Other payables	32	3.0	21.6
Deferred tax liabilities	20	145.1	31.1
Non-current liabilities		1,102.9	902.6
Liabilities associated with non-current assets held for sale	22	-	6.7
Provisions	29	36.2	10.9
Loans & borrowings	30	358.3	54.9
Derivative hedging instruments	17	0.9	0.2
Derivatives held for trading	18	-	5.5
Deferred consideration on acquisition of Moleskine	11	15.9	-
Current tax liabilities	25	25.0	17.0
Trade & other payables	33	608.9	602.1
Current liabilities		1,045.2	697.3
TOTAL EQUITY AND LIABILITIES		3,831.6	3,335.0

The notes on pages 22 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

At 31 December

EUR million	Capital and reserves attributable to equity holders									Total Group's share	Non- controlling interests	Equity
	Share capital	Share premium	Treasury shares	Share- based payment reserve	Hedging reserve	Retained earnings	Actuarial gains and losses	Taxes	Cumu- lative translation differences			
At 1 January 2015	160.0	24.4	-27.8	12.1	1.0	1,584.6	-93.0	16.3	-33.3	1,644.3	0.6	1,644.9
Treasury shares	-	-	-3.1	-	-	-	-	-	-	-3.1	-	-3.1
Dividend 2014 paid in 2015	-	-	-	-	-	-43.9	-	-	-	-43.9	-1.7	-45.6
Put options - Movement of the period	-	-	-	-	-	-	-	-	-	-	-1.9	-1.9
Acquisition of non-controlling interests	-	-	-	-	-	-0.9	-	-	-	-0.9	0.9	-
Defined benefit scheme pension transfer	-	-	-	-	-	-23.7	24.9	-1.2	-	-	-	-
Transfer within reserves	-	-	-0.1	-2.4	0.3	4.5	-1.9	-0.1	-0.3	-	-	-
Other movements	-	-	-	1.2	-	0.2	-	-	-	1.4	-	1.4
Total transactions with owners of the Company	-	-	-3.2	-1.2	0.3	-63.8	23.0	-1.3	-0.3	-46.5	-2.7	-49.2
Total comprehensive income	-	-	-	-	2.6	130.7	13.8	-2.2	-9.4	135.5	3.9	139.4
At 31 December 2015	160.0	24.4	-31.0	10.9	3.9	1,651.5	-56.2	12.8	-43.0	1,733.3	1.8	1,735.1
At 1 January 2016	160.0	24.4	-31.0	10.9	3.9	1,651.5	-56.2	12.8	-43.0	1,733.3	1.8	1,735.1
Treasury shares	-	-	-3.2	-	-	-	-	-	-	-3.2	-	-3.2
Dividend 2015 paid in 2016	-	-	-	-	-	-49.2	-	-	-	-49.2	-2.4	-51.6
Put options - Movement of the period	-	-	-	-	-	-	-	-	-	-	4.8	4.8
Acquisition of non-controlling interests (see note 11)	-	-	-	-	-	3.1	-	-	-	3.1	-3.1	-
Transfer within reserves	-	-	-0.1	-	-	0.7	-1.9	-	1.3	-	-	-
Defined benefit scheme pension transfer (see note 28)	-	-	-	-	-	-17.3	28.5	-11.2	-	-	-	-
Other movements (see note 35)	-	-	-	1.5	-	-0.1	-	-	-	1.4	-	1.4
Total transactions with owners of the Company	-	-	-3.3	1.5	-	-62.8	26.6	-11.2	1.3	-47.9	-0.7	-48.6
Total comprehensive income	-	-	-	-	-3.8	49.9	-84.9	18.2	18.2	-2.4	-0.6	-3.0
At 31 December 2016	160.0	24.4	-34.3	12.4	0.1	1,638.6	-114.5	19.8	-23.5	1,683.0	0.5	1,683.5

The notes on pages 22 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December

EUR million	Notes	2016	2015
Cash flows from operating activities – Continuing			
Result for the period		76.6	174.8
Income tax expense	8	23.0	21.6
Share of result of entities accounted for using the equity method, net of income tax	7	-3.8	-0.5
Net finance costs	6	37.9	38.9
Operating result from continuing operations		133.7	234.8
Depreciation	5/14	99.7	100.6
Amortisation of intangible assets	5/12	41.7	39.7
Impairment losses on goodwill and other non-current assets	5/10/12/14	133.3	19.3
Other non cash items		-1.5	8.3
Employee benefits		-22.7	-24.3
Other cash items		-16.3	-25.2
Change in net working capital		51.5	-4.0
Cash generated from operations		419.4	349.2
Income tax paid		-31.9	-18.0
Net cash from operating activities		387.5	331.2
Cash flows from investing activities - Continuing			
Purchase of property, plant and equipment and intangible assets		-153.2	-121.9
Sale of property, plant and equipment and intangible assets		20.4	11.8
Net capital expenditure		-132.8	-110.1
Acquisition of subsidiaries (net of cash acquired)	11	-495.2	-22.6
Contribution of cash to joint ventures		-1.4	-
Investment in held-to-maturity financial assets	13	59.8	116.4
Interest received		0.9	14.0
Dividends received from equity accounted entities	7	0.3	3.9
Net investment in other financial assets		0.1	-1.1
Net cash from investing activities		-568.3	0.5
Cash flows from financing activities - Continuing			
Exercise of stock options plans		9.8	-
Net disposal/(acquisition) of treasury shares		-3.2	-3.1
Capital element of finance lease payments		-32.1	-27.2
Net change in other loans and borrowings		290.8	-186.7
Interest paid		-36.2	-43.9
Dividends paid by Parent	28	-49.3	-43.9
Dividends received from/(paid by) subsidiaries		-2.4	-1.7
Net cash from financing activities		177.4	-306.5
Cash flows from continuing operations		-3.4	25.2
Cash flows from discontinued operations	39	-	-10.1
TOTAL CASH FLOW FOR THE PERIOD		-3.4	15.1
Reconciliation with statement of financial position			
Cash at beginning of period	27	110.1	84.8
Cash included in non-current assets classified as held for sale	22	0.6	-
Cash and cash equivalents at beginning of period		110.7	84.8
Total cash flow for the period		-3.4	15.1
Translation differences		-9.1	10.8
Cash and cash equivalents at end of period		98.2	110.7
Included within "Cash and cash equivalents"	27	98.2	110.1
Included within "Non-current assets classified as held for sale"	22	-	0.6

The notes on pages 22 to 79 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

NOTE 1: GENERAL INFORMATION

s.a. D'leteren n.v. (the Company or the Parent) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 28. The address of the Company's registered office is:

Rue du Mail 50
B-1050 Brussels

The Company, its subsidiaries and its interests in associates and joint ventures (together the Group) form an international group, currently active in three activities articulated around strong brands:

- D'leteren Auto (automobile distribution) distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles in Belgium. It is the country's number one car distributor, with a market share of about 22% and 1.2 million vehicles on the road at the end of 2016;
- Belron (Vehicle glass repair and replacement) is the worldwide leader in vehicle glass repair and replacement. Some 2,400 branches and 10,000 mobile vans, trading under more than 10 major brands including Carglass®, Safelite® AutoGlass and Autoglass®, serve customers in 34 countries;
- Moleskine is a premium and aspirational lifestyle brand which develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution (wholesale, B2B, e-Commerce and retail) strategy across 102 countries.

In existence since 1805, and across family generations, the Group seeks growth and value creation by pursuing a strategy on the long term for its businesses and actively encouraging and supporting them to develop their position in their industry or in their geographies.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been authorized for issue by the Board of Directors on 6 March 2017.

Significant transaction

On 22 September 2016, the Parent announced that it has entered into an agreement with two reference shareholders to acquire a 41.00% stake in Moleskine, a listed Italian company, at EUR 2.40 per share. Closing of this agreement occurred on 6 October 2016 after obtaining the required regulatory approvals. In accordance with Italian law, the Parent launched an unconditional mandatory takeover offer on the remaining shares of Moleskine at the same price. After obtaining on 9 November 2016 the approval of the Italian regulator, the tender commenced on 14 November 2016 and ended on 2 December 2016, followed by a sell-out phase in accordance with Italian regulation. On 13 December 2016, the Parent announced the success of its acquisition, owning 95.5% of the shares. Crossing the 95% threshold a squeeze out procedure was launched to acquire 100% of Moleskine's shares. On 24 January 2017 the Parent announced the finalization of this squeeze out procedure, owning 100% of the shares. The Moleskine shares have been removed from the Milan Stock Exchange.

Moleskine is an aspirational lifestyle brand with a global reach, and develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution strategy.

See note 11 of these consolidated financial statements for more information and adequate disclosures.

Alternative Performance Measurement – Non-GAAP measurement

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

Taking into account ESMA guidelines on APMs published in October 2015, the Board of Directors decided that, as from 31 December 2016, the APMs are presented in the consolidated management reports and press releases.

NOTE 2: ACCOUNTING POLICIES

Note 2.1: Basis of Preparation

These 2016 consolidated financial statements are for the 12 months ended 31 December 2016. They are presented in euro, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated. They have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the related International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued which have been adopted by the European Union ("EU") as at 31 December 2016 and are effective for the period ending 31 December 2016. They correspond to the standards and interpretations issued by the International Accounting Standards Board ("IASB") and are effective as at 31 December 2016.

These consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, money market assets (short-term securities of monetary instruments) classified within cash and cash equivalents, employee benefits, non-current assets and liabilities held for sale, business combination and financial assets and financial liabilities (including derivative instruments) that have been measured at fair value.

These consolidated financial statements are prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are mainly the measurement of defined benefit obligations (key actuarial assumptions), the recognition of deferred tax assets (availability of future taxable profit against which carryforward tax losses can be used), goodwill and brands with indefinite useful lives, the impairment test (key assumptions underlying recoverable amounts), the recognition and measurement of provisions and contingencies (key assumptions about the likelihood and magnitude of an outflow of resources) the allowance for doubtful trade receivables (management's best estimate of losses on trade receivables), provision for inventory obsolescence and the acquisition of subsidiary (fair value of the consideration transferred and of the assets acquired and liabilities assumed, measured on a provisional basis). They are also disclosed in the relevant notes.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The main areas are share-based payments, investment properties, financial instruments and business combinations. When measuring the fair value of an asset or a liability, the Group used observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. Further information is included in the relevant notes, especially the note 36.

Note 2.2: Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The new standards and amendments to standards that are mandatory for the first time for the Group's accounting period beginning on 1 January 2016 are listed below and have no significant impact on the Group's consolidated financial statements.

- Annual improvements to IFRS 2012-2014 cycle. These improvements are a collection of minor improvements to existing standards;
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11. This amendment determines that when an entity acquires an interest in a joint operation that is a business, as defined in IFRS 3, it shall apply all of the principles on business combinations accounting in IFRS 3, and other IFRS, that do not conflict with the guidance in this IFRS;
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38. These amendments emphasize that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Equity Method in Separate Financial Statements – Amendments to IAS 27;
- Disclosure Initiative – Amendment to IAS 1. This amendment aims to improve presentation and disclosures in financial reporting. There is an emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.

NOTE 2: ACCOUNTING POLICIES (continued)

The standards, amendments and interpretations to existing standards issued by the IASB but not yet effective in 2016 have not been early adopted by the Group. They are listed below.

- Disclosure Initiative – Amendments to IAS 7 (effective 1 January 2017 – subject to endorsement by the EU);
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (effective 1 January 2017 – subject to endorsement by the EU);
- Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions” (effective 1 January 2018 – subject to endorsement by the EU);
- Amendments to IAS 40 “Investment Property” (effective 1 January 2018 – subject to endorsement by the EU);
- Annual improvements to IFRS 2014-2016 cycle (effective 1 January 2018 – subject to endorsement by the EU);
- IFRIC 22 “Foreign currency transactions and advance consideration (effective 1 January 2018 – subject to endorsement by the EU);
- IFRS 9 “Financial Instruments: Classification and Measurement” (effective 1 January 2018 – subject to endorsement by the EU). This new standard will replace the existing guidance in IAS 39 “Financial Instruments: Recognition and Measurement”;
- IFRS 15 “Revenue from Contracts with Customers” (effective 1 January 2018 – subject to endorsement by the EU). This new standard will replace existing revenue recognition guidance (notably IAS 18 “Revenue”) and establish a comprehensive framework for determining whether, how much and when revenue is recognised;
- IFRS 16 “Leases” (effective 1 January 2019 – subject to endorsement by the EU). This new standard will require the Group when operating as a lessee to bring most leases on-balance sheet. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

The Group is currently undergoing a detailed review and analysis of these two new standards (IFRS 15 and IFRS 16) in order to be able to assess its business implications and impacts on the Group’s financial statements (recognition, measurement and presentation of assets, liabilities, income, expenses and cash flows).

At this stage, based on the analysis yet performed for IFRS 15, the Group does not expect significant impact on the pattern of revenue recognition for both the automobile distribution (notably new vehicles sales) and the vehicle glass segments. The same kind of detailed review will be launch at the level of the recently acquired Moleskine.

Based on the first current analysis available, it is anticipated that the impact of IFRS 16 will be material to the Group when adopted, particularly in the vehicle glass and Moleskine segments.

The Group will make more detailed assessments of the effects (qualitative and quantitative information) of these two new standards over the next six and twelve months. The Group does not expect to adopt these two new standards before 1 January 2018.

No significant impact on the Group’s consolidated financial statements is expected for the others.

Principles of Consolidation

Subsidiary undertakings

Subsidiary undertakings, which are those entities in which the Group has, directly or indirectly, an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date that control is transferred to the Group, and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest (that do not result in loss of control) are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date where control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associated undertakings

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of

NOTE 2: ACCOUNTING POLICIES (continued)

acquisition, until the date on which significant influence or joint control ceases. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of profit from the associate represents the Group's share of the associate's profit after tax. Profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised gains on transactions between the Group and its associate are also eliminated based on the same principle; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Interests in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are recognised using the equity method. The above principles regarding associated undertakings are also applicable to joint ventures.

Impairment of associates and joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate/joint venture" in the income statement.

Foreign Currency Translation

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate at the reporting date (except for each component of equity, translated once at the exchange rates at the dates of the relevant transactions). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. The translation reserve, which is recorded in other comprehensive income includes both the difference generated by translating income statement items at a different exchange rate from the period-end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised within the income statement. Exchange movements arising from the retranslation at closing rates of the Group's net investment in subsidiaries, joint ventures and associates are taken to the translation reserve component in other comprehensive income. The Group's net investment includes the Group's share of net assets of subsidiaries, joint ventures and associates, and certain inter-company loans. The net investment definition includes loans between "sister" companies and certain inter-company items denominated in any currency. Other exchange movements are taken to the income statement.

Where the Group hedges net investments in foreign operations, the gains and losses relating to the effective portion of the hedging instrument are recognised in the translation reserve in other comprehensive income. The gain or loss relating to any ineffective portion is recognised in the income statement. Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest and previously held interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed constitutes goodwill, and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Acquisition-

NOTE 2: ACCOUNTING POLICIES (continued)

related costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGU's that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level for business combinations and transactions performed by the Parent, and at the country level for business combinations performed by Belron s.a. and its subsidiaries.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible Assets

An item of intangible assets is valued at its cost less any accumulated amortisation and any accumulated impairment losses. Customer contracts and brands acquired in a business combination are recognised at fair value at the acquisition date. Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group which have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets.

The amortisation method used reflects the pattern in which the assets's future economic benefits are expected to be consumed. Intangible assets with a finite useful life are generally amortised over their useful life on a straight line basis. The estimated useful lives are between 2 and 10 years.

Brands for which there is a limit to the period over which these assets are expected to generate cash inflows will be amortised on a straight line basis over their remaining useful lives which are estimated to be up to 5 years. Amortisation periods are reassessed annually.

Brands that have indefinite useful lives are those, thanks to the marketing spend, the advertising made and the absence of factors that could cause their obsolescence, where there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

For any intangible asset with a finite or indefinite useful life, where an indication of impairment exists, its carrying amount is assessed and written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Expenditure on internally generated intangible assets is recognised in the consolidated income statement as an expense as incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit, on a pro rata basis.

Research and Development

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the Group has the intention to complete the intangible asset and use or sell it;
- (c) the Group has ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) the Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTE 2: ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

An item of property, plant and equipment is initially measured at cost. This cost comprises its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. If applicable, the initial estimate of the cost of dismantling and removing the item and restoring the site is also included in the cost of the item. After initial recognition, the item is carried at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The depreciable amount of the item is allocated according to the straight-line method over its useful life. Land is not depreciated. The main depreciation periods are the following:

- Buildings: 40 to 50 years;
- Plant and equipment: 3 to 15 years;
- IT equipment: 2 to 7 years;
- Leased assets: depending on the length of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Leases

Operating leases for which the Group is the lessor

Assets leased out under operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor (other than vehicles sold under buy-back agreements) are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

Operating leases for which the Group is the lessee

Lease payments under operating leases are recognised as expenses in the income statement on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Finance leases for which the Group is the lessee

Leases of property, plant and equipment for which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Vehicles sold under buy-back agreements

Vehicles sold under buy-back agreements are accounted for as operating leases (lessor accounting), and are presented in the statement of financial position under inventories. The difference between the sale price and the repurchase price (buy-back obligation) is considered as deferred income, while buy-back obligations are recognised in trade payables. The deferred income is recognised as revenue on a straight line basis over the relevant vehicle holding period.

Investment Properties

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. These items are amortised over their useful life on a straight-line basis method. The estimated useful lives are between 40 and 50 years.

NOTE 2: ACCOUNTING POLICIES (continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items that are not interchangeable, like new vehicles and second-hand vehicles, are valued using specific identification of their individual costs. Other items are valued using the first in, first out or weighted average cost formula. When inventories are used, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. Losses and write-downs of inventories are recognised in the period in which they occur. Reversal of a write-down is recognised as a credit to cost of sales in the period in which the reversal occurs.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits, excluding any blocked or restricted cash held by the Group. Cash equivalents are short-term (maximum 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

Where the Company (or its subsidiaries) reacquires its own equity instruments, those instruments are deducted from equity as treasury shares. Where such equity instruments are subsequently sold, any consideration received is recognised in equity.

Dividends to holders of equity instruments proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date; it is presented in equity.

Provisions

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Post-employment Employee Benefits

The Group has various defined benefit pension plans and defined contribution pension plans. Most of these plans are funded schemes, i.e. they are financed through a pension fund or an external insurance policy. The minimum funding level of these schemes is defined by national rules.

Obligations for contributions to *defined contribution pension plans* are charged as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's commitments under *defined benefit pension plans*, and the related costs, are valued using the "projected unit credit method", with independent actuaries carrying out the valuations at least on a yearly basis. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in other comprehensive income. Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortised on a straight line basis until the benefits become vested.

The long-term employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of any refunds and reductions in future contributions to the plan.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without

NOTE 2: ACCOUNTING POLICIES (continued)

possibility of withdrawal. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Other long-term incentives

The group recognises a provision for long-term incentives where they are contractually obliged or where there is a past practice that has created a constructive obligation. This provision is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Financial Instruments Excluding Derivatives

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Held-to-maturity investments

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'other financial assets' in the statement of financial position.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Measurement of financial instruments:

(a) Available-for-sale financial assets are measured at fair value through other comprehensive income. Impairment losses are recorded in the income statement.

(b) The cost of treasury shares is deducted from equity.

(c) Trade and other receivables are measured at their amortised cost using the effective interest rate method, as reduced by appropriate allowances for irrecoverable amounts.

(d) Financial assets held for trading are measured at fair value.

(e) Trade and other payables, as well as borrowings, are measured at amortised cost using the effective interest rate method.

Financial Instruments – Derivatives

Derivatives are used as hedges in the financing and financial risk management of the Group.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and options to hedge these exposures. The Group does not use derivatives for speculative purposes. However, certain financial derivative transactions, while constituting effective economic hedges, do not qualify for hedge accounting under the specific rules in IAS 39.

Derivatives are recorded initially and subsequently at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. Unless accounted for as hedges, they are classified as held for trading and are subsequently measured at fair value. Derivatives

NOTE 2: ACCOUNTING POLICIES (continued)

classified as held for trading are those which do not meet the strict criteria of IAS 39 for application of hedge accounting. Changes in fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is a firm commitment or the forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Fair value hedge

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In the case of a cash flow hedge, any cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss when profit or loss is impacted by the hedged item. If the forecast transaction is no longer expected to occur, the cumulative gain or loss is reclassified in the profit or loss immediately.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in income statement.

Put Options Granted to Non-Controlling Interests

The Group is committed to acquiring the non-controlling interests owned by third parties in Belron, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interests is reflected as a financial liability in the consolidated statement of financial position. For put options granted to non-controlling interests prior to 1 January 2010, the goodwill is adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate.

Due to the introduction of the revised version of IFRS 3 (effective date 1 January 2010), for put options granted to non-controlling interests as from 1 January 2010, at inception, the difference between the consideration received and the exercise price of the options granted is recognised against the group's share of equity. At each period end, the re-measurement of the financial liability resulting from these options will be recognised in the consolidated income statement (net finance costs).

Non-Current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups comprising assets and liabilities) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of the business or geographical area of operations that either has been disposed of, or is classified as held for sale and is disclosed as a single line item in the income statement. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTE 2: ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from the *sale of goods* is recognised when all the following conditions have been satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of transaction can be measured reliably.

When the outcome of a transaction involving the *rendering of services* can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Group;
- (c) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured net of returns, trade discounts and volume rebates.

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset. *Royalties* are recognised on an accrual basis in accordance with the substance of the relevant agreement. *Dividends* are recognised when the shareholder's right to receive payment has been established.

In the income statement, sales of goods, rendering of services and royalties are presented under the heading "revenue". Interest income is presented under the heading "net finance costs".

Share-Based Payments

Share-based payments are exclusively made in connection with employee stock option plans ("ESOP").

Equity-settled ESOP granted after 7 November 2002 are accounted for in accordance with IFRS 2, such that their cost is recognised in the income statement, with a corresponding increase in equity, over the vesting period of the awards.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Government Grants

Government grants related to assets are presented in liabilities as deferred income, and amortised over the useful life of the related assets.

Income Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes relating to current and prior periods are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred taxes are provided in full using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not calculated on the following temporary differences: (i) the initial recognition of goodwill and (ii) the initial recognition of assets and liabilities that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and

NOTE 2: ACCOUNTING POLICIES (continued)

credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

NOTE 3: SEGMENT INFORMATION**Note 3.1: Basis of Segmentation**

The Group's reportable operating segments are Automobile Distribution, Vehicle Glass and Moleskine (as from 2016).

The Automobile Distribution segment includes the automobile distribution activities (D'leteren Auto - see note 1) as well as corporate activities. The Vehicle Glass segment comprises Belron s.a. and its subsidiaries (see note 1). The Moleskine segment comprises Moleskine S.p.a. and its subsidiaries (see note 1). These operating segments are consistent with the Group's organisational and internal reporting structure.

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group also uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definition are not addressed by IFRS. These APMs and the information related to are disclosed in the consolidated management report and press release (2016 full-year results).

Note 3.2: Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)

EUR million	Notes	2016					2015			
		Auto- mobile Distri- bution	Vehicle Glass	Moleskine	Elimi- nations	Group	Auto- mobile Distri- bution	Vehicle Glass	Elimi- nations	Group
External revenue	4	3,114.2	3,305.4	52.1	-	6,471.7	2,874.2	3,161.2	-	6,035.4
Inter-segment revenue		7.7	-	-	-7.7	-	5.1	-	-5.1	-
Segment revenue		3,121.9	3,305.4	52.1	-7.7	6,471.7	2,879.3	3,161.2	-5.1	6,035.4
Operating result (being segment result)	5	77.5	41.6	14.6	-	133.7	60.4	174.4	-	234.8
Net finance costs	6	-1.0	-35.5	-1.4	-	-37.9	-3.8	-35.1	-	-38.9
Finance income		1.1	0.4	0.1	-	1.6	1.3	2.4	-	3.7
Finance costs		-2.1	-35.9	-1.5	-	-39.5	-5.1	-37.5	-	-42.6
Share of result of entities accounted for using the equity method, net of income tax	7	4.6	-0.8	-	-	3.8	0.5	-	-	0.5
Result before tax		81.1	5.3	13.2	-	99.6	57.1	139.3	-	196.4
Income tax expense	8	2.7	-21.6	-4.1	-	-23.0	2.6	-24.2	-	-21.6
Result from continuing operations		83.8	-16.3	9.1	-	76.6	59.7	115.1	-	174.8
Discontinued operations	39	-	-24.9	-	-	-24.9	-	-40.4	-	-40.4
RESULT FOR THE PERIOD		83.8	-41.2	9.1	-	51.7	59.7	74.7	-	134.4

	Auto- mobile Distri- bution	Vehicle Glass	Moleskine	Elimi- nations	Group	Auto- mobile Distri- bution	Vehicle Glass	Elimi- nations	Group
Attributable to:									
Equity holders of the Parent	83.8	-39.9	6.0	-	49.9	59.8	70.9	-	130.7
Non-controlling interests	-	-1.3	3.1	-	1.8	-0.1	3.8	-	3.7
RESULT FOR THE PERIOD	83.8	-41.2	9.1	-	51.7	59.7	74.7	-	134.4

NOTE 3: SEGMENT INFORMATION (continued)

Note 3.3: Segment Statement of Financial Position - Operating Segments (At 31 December)

EUR million	Notes	2016				2015		
		Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Goodwill	10	12.3	907.0	171.9	1,091.2	9.9	980.7	990.6
Intangible assets	12	10.6	457.0	409.2	876.8	9.2	461.5	470.7
Property, plant & equipment	14	197.8	367.1	9.5	574.4	184.1	336.9	521.0
Investment property	15	3.8	-	-	3.8	4.3	-	4.3
Equity accounted investments	7	63.8	-	-	63.8	59.5	-	59.5
Available-for-sale financial assets	16	0.5	-	-	0.5	0.5	-	0.5
Employee benefits	19	-	0.5	-	0.5	-	47.6	47.6
Deferred tax assets	20	29.6	48.1	8.6	86.3	2.0	44.5	46.5
Other receivables	21	22.6	2.4	2.9	27.9	22.5	2.6	25.1
Non-current assets		341.0	1,782.1	602.1	2,725.2	292.0	1,873.8	2,165.8
Non-current assets classified as held for sale	22	5.5	-	-	5.5	7.0	8.2	15.2
Inventories	23	341.8	313.2	24.0	679.0	329.1	285.6	614.7
Held-to-maturity investments	13	-	-	-	-	59.8	-	59.8
Derivative hedging instruments	17	-	1.0	-	1.0	-	4.3	4.3
Derivatives held for trading	18	-	1.2	-	1.2	-	0.9	0.9
Other financial assets	24	-	-	5.0	5.0	-	-	-
Current tax assets	25	0.7	5.0	1.8	7.5	-	3.8	3.8
Trade and other receivables	26	20.8	261.4	26.8	309.0	117.5	242.9	360.4
Cash & cash equivalents	27	4.0	45.9	48.3	98.2	88.1	22.0	110.1
Current assets		372.8	627.7	105.9	1,106.4	601.5	567.7	1,169.2
TOTAL ASSETS		713.8	2,409.8	708.0	3,831.6	893.5	2,441.5	3,335.0
Capital & reserves attributable to equity holders		1,683.0	-	-	1,683.0	1,733.3	-	1,733.3
Non-controlling interests		-	0.5	-	0.5	-	1.8	1.8
Equity		1,683.0	0.5	-	1,683.5	1,733.3	1.8	1,735.1
Employee benefits	19	24.4	27.5	1.8	53.7	7.6	18.9	26.5
Provisions	29	18.7	31.7	0.1	50.5	21.9	6.9	28.8
Loans & borrowings	30	27.5	606.2	126.9	760.6	4.6	704.8	709.4
Inter-segment loan	30	-151.3	-	151.3	-	-	-	-
Put options granted to non-controlling interests	31	90.0	-	-	90.0	85.2	-	85.2
Other payables	32	-	1.9	1.1	3.0	-	21.6	21.6
Deferred tax liabilities	20	28.1	5.2	111.8	145.1	14.1	17.0	31.1
Non-current liabilities		37.4	672.5	393.0	1,102.9	133.4	769.2	902.6
Liabilities associated with non-current assets held for sale	22	-	-	-	-	-	6.7	6.7
Provisions	29	-	34.7	1.5	36.2	-	10.9	10.9
Loans & borrowings	30	119.8	191.3	47.2	358.3	5.9	49.0	54.9
Inter-segment loan	30	-41.5	41.5	-	-	-20.0	20.0	-
Derivative hedging instruments	17	-	0.9	-	0.9	-	0.2	0.2
Derivatives held for trading	18	-	-	-	-	-	5.5	5.5
Deferred consideration on acquisition of Moleskine	11	-	-	15.9	15.9	-	-	-
Current tax liabilities	25	2.0	23.0	-	25.0	1.1	15.9	17.0
Trade & other payables	33	88.3	489.0	31.6	608.9	117.8	484.3	602.1
Current liabilities		168.6	780.4	96.2	1,045.2	104.8	592.5	697.3
TOTAL EQUITY AND LIABILITIES		1,889.0	1,453.4	489.2	3,831.6	1,971.5	1,363.5	3,335.0

NOTE 3: SEGMENT INFORMATION (continued)
Note 3.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

EUR million	Notes	2016				2015		
		Autom. Distrib.	Vehicle Glass	Moleskine	Group	Autom. Distrib.	Vehicle Glass	Group
Cash flows from operating activities - Continuing								
Result for the period		83.8	-16.3	9.1	76.6	59.7	115.1	174.8
Income tax expense	8	-2.7	21.6	4.1	23.0	-2.6	24.2	21.6
Share of result of entities accounted for using the equity method, net of income tax	7	-4.6	0.8	-	-3.8	-0.5	-	-0.5
Net finance costs	6	1.0	35.5	1.4	37.9	3.8	35.1	38.9
Operating result from continuing operations		77.5	41.6	14.6	133.7	60.4	174.4	234.8
Depreciation	5/14	13.6	84.7	1.4	99.7	12.9	87.7	100.6
Amortisation of intangible assets	5/12	1.7	39.7	0.3	41.7	1.9	37.8	39.7
Impairment losses on goodwill and other non-current assets	5/10/12/14	0.1	133.2	-	133.3	4.1	15.2	19.3
Other non-cash items		-12.7	-9.9	1.3	-1.5	-3.2	11.5	8.3
Employee benefits		-	-22.6	-0.1	-22.7	-0.4	-23.9	-24.3
Other cash items		-	-15.8	-0.5	-16.3	-	-25.2	-25.2
Change in net working capital		61.4	-16.6	6.7	51.5	-10.1	6.1	-4.0
Cash generated from operations		141.6	254.1	23.7	419.4	65.6	283.6	349.2
Income tax paid		-4.8	-15.7	-11.4	-31.9	-0.7	-17.3	-18.0
Net cash from operating activities		136.8	238.4	12.3	387.5	64.9	266.3	331.2
Cash flows from investing activities - Continuing								
Purchase of property, plant and equipment and intangible assets		-29.2	-121.6	-2.4	-153.2	-27.1	-94.8	-121.9
Sale of property, plant and equipment and intangible assets		11.9	8.4	0.1	20.4	9.9	1.9	11.8
Net capital expenditure		-17.3	-113.2	-2.3	-132.8	-17.2	-92.9	-110.1
Acquisition of subsidiaries (net of cash acquired)	11	-212.5	-22.7	-260.0	-495.2	-	-22.6	-22.6
Contribution of cash to joint venture		-1.4	-	-	-1.4	-	-	-
Investment in held-to-maturity financial assets	13	59.8	-	-	59.8	116.4	-	116.4
Interest received		0.5	0.4	-	0.9	12.3	1.7	14.0
Dividends received from equity accounted entities	7	0.3	-	-	0.3	3.9	-	3.9
Net investment in other financial assets		-0.2	0.3	-	0.1	-0.9	-0.2	-1.1
Net cash from investing activities		-170.8	-135.2	-262.3	-568.3	114.5	-114.0	0.5
Cash flows from financing activities - Continuing								
Exercise of stock option plans		-	-	9.8	9.8	-	-	-
Net disposal/(acquisition) of treasury shares		-3.2	-	-	-3.2	-3.1	-	-3.1
Capital element of finance lease payments		-0.1	-32.0	-	-32.1	-	-27.2	-27.2
Net change in other loans and borrowings		132.7	20.7	137.4	290.8	-102.5	-84.2	-186.7
Inter-segment loans	30	-172.8	21.5	151.3	-	-20.0	20.0	-
Interest paid		-0.8	-35.2	-0.2	-36.2	-8.8	-35.1	-43.9
Dividends paid by Parent	28	-49.3	-	-	-49.3	-43.9	-	-43.9
Dividends received from/(paid by) subsidiaries		43.4	-45.8	-	-2.4	32.1	-33.8	-1.7
Net cash from financing activities		-50.1	-70.8	298.3	177.4	-146.2	-160.3	-306.5
Cash flows from continuing operations		-84.1	32.4	48.3	-3.4	33.2	-8.0	25.2
Cash flows from discontinued operations	39	-	-	-	-	-	-10.1	-10.1
TOTAL CASH FLOW FOR THE PERIOD		-84.1	32.4	48.3	-3.4	33.2	-18.1	15.1

NOTE 3: SEGMENT INFORMATION (continued)**Note 3.4: Segment Statement of Cash Flows - Operating Segments** (Year ended 31 December)

EUR million	Notes	Autom. Distrib.	Vehicle Glass	Moleskine	Group	Autom. Distrib.	Vehicle Glass	Group
Reconciliation with statement of financial position								
Cash at beginning of period	27	88.1	22.0	-	110.1	54.9	29.9	84.8
Cash included in non-current assets held for sale	22	-	0.6	-	0.6	-	-	-
Cash and cash equivalents at beginning of period	27	88.1	22.6	-	110.7	54.9	29.9	84.8
Total cash flow for the period		-84.1	32.4	48.3	-3.4	33.2	-18.1	15.1
Translation differences		-	-9.1	-	-9.1	-	10.8	10.8
Cash and cash equivalents at end of period		4.0	45.9	48.3	98.2	88.1	22.6	110.7
<i>Included within "Cash and cash equivalents"</i>	<i>27</i>	<i>4.0</i>	<i>45.9</i>	<i>48.3</i>	<i>98.2</i>	<i>88.1</i>	<i>22.0</i>	<i>110.1</i>
<i>Included within "Non-current assets held for sale"</i>	<i>22</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.6</i>	<i>0.6</i>

The line "Acquisition of subsidiaries" for the year ended 31 December 2016 included, among other transactions, the business combinations disclosed in note 11.

In 2016 and 2015, in the Vehicle Glass segment, the line "Other cash items" included, among other amounts, the cash outflow related to the restructurings announced.

In 2016, in the Vehicle Glass segment, the line "Employee benefits" includes, among other amounts, the cash employer contribution related to the termination of the defined benefit scheme in the United States (see note 19). In 2015, in the Vehicle Glass segment, this line included, among other amounts, the non-cash gain related to the settlement of defined benefit pension obligations in the Netherlands.

In 2016 and 2015, the line "Dividends received from equity accounted entities" included the group's share in the dividends paid by D'leteren Vehicle Trading s.a., a 49%-owned associate (see note 7).

In 2016, in the Moleskine segment, the line "Exercise of stock options plans" includes the cash inflow related to the exercise by employees of stock options (2016-2020 Stock Option Plan launched in April 2016 that became vested in advance due to the change of control in relation with the acquisition by the Parent).

In 2016, the inter-segment loans represented amounts lent by the Automobile Distribution segment to the Vehicle Glass and Moleskine segments, at arm's length conditions.

In 2016, in the Vehicle Glass segment, the line "Net capital expenditure" does not comprise new finance leases of EUR 43.7 million. These are comprised in the line "Additions" in notes 12 and 14.

Note 3.5: Geographical Segment Information (Year ended 31 December)

The Group's three operating segments operate in three main geographical areas, being Belgium (main market for the Automobile Distribution segment), the rest of Europe and the rest of the world.

EUR million	2016				2015			
	Belgium	Rest of Europe	Rest of the world	Group	Belgium	Rest of Europe	Rest of the world	Group
Segment revenue from external customers ⁽¹⁾	3,139.7	1,462.9	1,869.1	6,471.7	2,777.2	1,479.8	1,778.4	6,035.4
Non-current assets ⁽²⁾	349.0	1,770.7	605.5	2,725.2	244.1	1,099.3	668.3	2,011.7

(1) Based on the geographical location of the customers.

(2) Non-current assets, as defined by IFRS 8, consists of goodwill, intangible assets, property, plant and equipment, investment property and non-current other receivables.

NOTE 4: REVENUE

EUR million	2016	2015
New vehicles	2,731.8	2,512.8
Used cars	53.9	46.1
Spare parts and accessories	185.4	180.4
After-sales activities by D'leteren Car Centers	83.3	83.9
D'leteren Sport	28.0	25.5
Rental income under buy-back agreements	5.0	4.8
Other revenue	26.8	20.7
Subtotal Automobile Distribution	3,114.2	2,874.2
Vehicle Glass	3,305.4	3,161.2
Moleskine	52.1	-
REVENUE (EXTERNAL)	6,471.7	6,035.4
<i>of which: sales of goods</i>	<i>3,217.1</i>	<i>2,950.8</i>
<i>rendering of services</i>	<i>3,253.5</i>	<i>3,083.8</i>
<i>royalties</i>	<i>1.1</i>	<i>0.8</i>

Interest income and dividend income (if any) are presented among net finance costs (see note 6).

NOTE 5: OPERATING RESULT

Operating result is stated after charging:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Purchases and changes in inventories	-2,655.8	-762.6	-12.5	-3,430.9	-2,452.4	-728.6	-3,181.0
Depreciation	-13.6	-84.7	-1.4	-99.7	-12.9	-87.7	-100.6
Amortisation	-1.7	-39.7	-0.3	-41.7	-1.8	-37.6	-39.4
Impairment on goodwill & intangible assets	-	-130.6	-	-130.6	-2.6	-12.6	-15.2
Impairment on tangible assets	-0.1	-2.6	-	-2.7	-1.5	-2.6	-4.1
Other operating lease rentals ⁽¹⁾	-	-161.9	-	-161.9	-4.3	-160.8	-165.1
Write-down on inventories	1.3	5.6	-0.5	6.4	1.3	-3.1	-1.8
Employee benefit expenses (see note 34)	-163.7	-1,312.4	-6.2	-1,482.3	-165.1	-1,230.3	-1,395.4
Research and development expenditure	-	-2.1	-	-2.1	-	-2.1	-2.1
Bad and doubtful debts	3.6	1.7	-0.2	5.1	-0.2	-2.7	-2.9
Gain on sale of property, plant and equipment	4.6	-	-	4.6	5.5	-	5.5
Loss on sale of property, plant and equipment	-0.2	-	-	-0.2	-0.8	-0.6	-1.4
Rental income from investment property ⁽²⁾	1.4	-	-	1.4	1.0	-	1.0
Sundry ⁽³⁾	-212.5	-774.5	-16.4	-1,003.4	-180.0	-718.1	-898.1
NET OPERATING EXPENSES	-3,036.7	-3,263.8	-37.5	-6,338.0	-2,813.8	-2,986.8	-5,800.6

(1) Primarily hire of vehicles and other plant and equipment in relation with the business activity.

(2) The full amount is related to investment property that generated rental income.

(3) Mainly relates to marketing and IT costs, legal and consultancy fees.

Automobile Distribution

In 2016 and 2015, the gains on sale of property, plant and equipment mainly relate to buildings previously used for automobile distribution activities.

In the prior period, operating expenses comprised an impairment charge of EUR 2.6 million on certain intangible IT software following a change in strategy in the implementation of new technology and an impairment charge of EUR 1.5 million on properties in the framework of the optimization of the footprint of the corporately-owned car dealerships.

Vehicle Glass

In the period, following the annual impairment test performed on every cash-generating unit, an impairment charge of EUR 133.2 million was recognized on goodwill (EUR 114.1 million in other operating expenses – see note 10) and on intangible (EUR 16.5 million in commercial and administrative expenses – see note 12) and tangible assets. These impairments relate to Italy (EUR 61.0 million), United Kingdom (EUR 31.7 million), Netherlands (EUR 32.8 million), Russia (EUR 4.9 million), Greece (EUR 2.2 million) and Ireland (EUR 0.6 million).

NOTE 6: NET FINANCE COSTS

Net finance costs are broken down as follows:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Finance costs:							
Interest expense	-1.6	-35.1	-0.2	-36.9	-1.0	-37.6	-38,6
Interest costs on pension	-0.1	1.0	-	0.9	-0.1	0.4	0,3
Write-off of a loan granted to equity-accounted entity	-	-1.4	-	-1.4	-	-	-
Other financial charges	-0.5	-	-0.7	-1.2	-2.1	-	-2,1
Subtotal finance costs	-2.2	-35.5	-0.9	-38.6	-3.2	-37.2	-40.4
Re-measurements of put options granted to non-controlling interests (see note 31)	-0.9	-	-	-0.9	-1.9	-	-1.9
Re-measurements of financial instruments ⁽¹⁾ :							
Designated at fair value upon initial recognition	-	-	-	-	-1.7	1.8	0,1
Finance income	1.1	0.4	0.1	1.6	2.7	0.6	3.3
Inter-segment financing interest	1.0	-0.4	-0.6	-	0.3	-0.3	-
NET FINANCE COSTS	-1.0	-35.5	-1.4	-37.9	-3.8	-35.1	-38.9

(1) Change in “clean” fair value of derivatives corresponds to the change of “dirty” fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.

In the Vehicle Glass segment, due to continued under performance of its investment in Brazil, a loan of EUR 1.4 million was fully impaired during the period.

NOTE 7: ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In 2016, four group entities (three in 2015) are accounted for using the equity method.

EUR million	2016			2015		
	Automobile Distribution	Vehicle Glass	Group	Automobile Distribution	Vehicle Glass	Group
Interests in joint ventures	62.7	-	62.7	58.1	-	58.1
Interests in associate	1.1	-	1.1	1.4	-	1.4
Total of equity accounted investments	63.8	-	63.8	59.5	-	59.5
Share of profit in joint ventures	4.6	-0.8	3.8	0.4	-	0.4
Share of profit in associate	-	-	-	0.1	-	0.1
Total of share of result after tax of equity accounted companies	4.6	-0.8	3.8	0.5	-	0.5

Joint ventures

In 2016, three joint ventures (two in 2015) are accounted for using the equity method.

The largest joint venture is Volkswagen D’leteren Finance (VDFin), owned 50% minus one share by the Group and 50% plus one share by Volkswagen Financial Services (a subsidiary of the Volkswagen group), active in a full range of financial services related to the sale of the Volkswagen group vehicles on the Belgian market.

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

The following table summarises the financial information of VDFin as included in its own financial statements, adjusted for differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in VDFin.

EUR million	2016	2015
Non-current assets	982.0	815.0
Current assets (excluding cash and cash equivalents)	602.8	406.1
Cash and cash equivalents	52.9	20.2
Non-current liabilities (excluding financial liabilities)	-6.2	-5.8
Non-current financial liabilities	-643.0	-441.0
Current liabilities (excluding financial liabilities)	-99.7	-72.5
Current financial liabilities	-762.9	-607.3
Net assets (100%)	125.9	114.7
Group's share of net assets (49,99%) and carrying amount of interest in joint venture	62.9	57.3
Revenue	318.8	294.3
Profit before tax	16.9	3.9
Result for the period (100%)	11.4	2.9
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	11.4	2.9
Group's share of profit and comprehensive income (49,99%)	5.7	1.4

Share of net assets represents the share of the Group in the equity of VDFin as at 31 December 2016. In the framework of the contribution in early 2012 of D'Ieteren Lease n.v. to VDFin and in accordance with IFRS 3 "Business Combinations", customer contracts were recognised as an intangible asset with a finite useful life (EUR 38.9 million of initial gross amount net of deferred taxes; nil of carrying amount as at 31 December 2016). The share of the Group in the amortisation after tax amounted to EUR 0.2 million (2015: EUR 3.1 million). The amortisation method was based on the expected pattern of the revenue generated by this portfolio of contracts. In 2016 and 2015, in the framework of the "Emissiongate", additional write-downs on vehicles have been accounted for. The share of the Group in this charge after tax amounted to EUR 0.4 million (2015: EUR 1.5 million).

In September 2014, the Parent and Continental AG have set up OTA Keys s.a., a joint venture owned 50% by the Group and 50% by Continental AG, bringing together their development activities around virtual key solutions. The following table summarises financial information of OTA Keys s.a. as included in its own financial statements, adjusted for differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in OTA Keys s.a.

EUR million	2016	2015
Non-current assets	2.6	2.9
Current assets	1.7	0.6
Current liabilities	-4.8	-1.9
Net assets (100%)	-0.5	1.6
Group's share of net assets (50%) and carrying amount of interest in joint venture	-0.2	0.8
Result for the period (100%)	-2.2	-2.1
Group's share of profit and comprehensive income (50%)	-1.1	-1.0

On 7 January 2016 the Parent announced that the Vehicle Glass segment has entered into an agreement with Advisia Investimentos ("Advisia") to form a joint venture in Brazil. Under the agreement, the Vehicle Glass segment sold 60% of its investment in Carglass Brazil to Advisia. The Board of Directors of the Parent has decided that this sale of Carglass Brazil involved the loss of control of the subsidiary and in line with accounting standards the remaining 40% interest has been accounted for as an equity investment as from January 2016. At year-end, due to continued under performance, the investment was fully written off (loss of EUR 0.8 million).

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

As from June 2012, new finance lease services to customers of the Automobile Distribution segment are provided by the joint venture VDFin. Services related to previous finance lease contracts are still provided by D'leteren Vehicle Trading (DVT) s.a., a 49%-owned associate.

The following table summarises the financial information of DVT as included in its own financial statements and also reconciles this summarised financial information to the carrying amount of the Group's interest in DVT.

EUR million	2016	2015
Non-current assets	2.4	9.4
Current assets	3.4	6.7
Non-current liabilities	-2.9	-11.3
Current liabilities	-0.6	-2.0
Net assets (100%)	2.3	2.8
Group's share of net assets (49%) and carrying amount of interest in associate	1.1	1.4
Revenue	2.8	7.4
Profit before tax	0.3	0.3
Result for the period (100%)	0.1	0.2
Group's share of profit and comprehensive income (49%)	-	0.1

The decrease in net assets is mainly explained by the dividends (EUR 0.3 million for the Group's share) paid during the period.

NOTE 8: INCOME TAX EXPENSE

Income tax expense is broken down as follows:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Current year income tax	-5.0	-22.7	-3.4	-31.1	-1.8	-20.6	-22.4
Prior year income tax	-	1.1	-	1.1	-	0.6	0.6
Movement in deferred taxes	7.7	-	-0.7	7.0	4.4	-4.2	0.2
Income tax expense	2.7	-21.6	-4.1	-23.0	2.6	-24.2	-21.6

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

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Result before taxes	81.1	5.3	13.2	99.6	57.1	139.3	196.4
Tax at the Belgian corporation tax rate of 33.99%	-27.6	-1.8	-4.5	-33.9	-19.4	-47.3	-66.7
Reconciling items (see below)	30.3	-19.8	0.4	10.9	22.0	23.1	45.1
Actual income tax on result before taxes	2.7	-21.6	-4.1	-23.0	2.6	-24.2	-21.6

NOTE 8: INCOME TAX EXPENSE (continued)

The reconciling items are provided below:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Result before tax	81.1	5.3	13.2	99.6	57.1	139.3	196.4
Tax at the Belgian corporation tax rate of 33.99%	-27.6	-1.8	-4.5	-33.9	-19.4	-47.3	-66.7
Rate differential	-	0.9	0.7	1.6	-	-3.2	-3.2
Permanent differences	7.4	-27.7	0.6	-19.7	18.7	3.6	22.3
Utilisation of tax credits previously unrecognised	10.0	-	-	10.0	2.8	-	2.8
Other temporary differences	-0.6	1.4	-	0.8	-	-	-
Adjustments in respect of prior years	-	-0.2	-	-0.2	-	0.8	0.8
Deferred tax assets not recognised	-2.3	-0.5	-0.2	-3.0	-4.1	20.0	15.9
Recognition of previously unrecognised deferred tax assets	14.4	6.3	-0.7	20.0	4.3	1.9	6.2
Joint venture and associate	1.6	-	-	1.6	0.2	-	0.2
Other	-0.2	-	-	-0.2	0.1	-	0.1
Actual income tax on result before tax	2.7	-21.6	-4.1	-23.0	2.6	-24.2	-21.6

The Group's consolidated effective tax rate for the twelve months ended 31 December 2016 was 23% (twelve months ended 31 December 2015: 11%). The increase in effective tax rate is primarily the result of the impairment charges (EUR 133.2 million) for which no tax relief is available, partially offset by the recognition of deferred tax assets on unused tax losses and credits, due to future profit streams.

The Group is subject to several factors which may affect future tax charges, principally the levels and mix of profitability in different jurisdictions and tax rates imposed.

NOTE 9: EARNINGS PER SHARE

Earnings per share ("EPS") and earnings per share for continuing operations ("Continuing EPS") are shown above on the face of the consolidated statement of profit or loss. Basic and diluted EPS are based on the result for the period attributable to equity holders of the Parent (based on the result from continuing operations attributable to equity holders of the Parent for the continuing EPS), after adjustment for participating shares (each participating share confers one voting right and gives right to a dividend equal to one eighth of the dividend of an ordinary share).

The weighted average number of ordinary shares in issue for the period is shown in the table below.

The Group has granted options to employees over ordinary shares of the Parent. Such shares constitute the only category of potentially dilutive ordinary shares.

The options over ordinary shares of the Parent increased the weighted average number of shares of the Parent in 2015 and 2016 as some option exercise prices were below the average market share price. These options are dilutive for the purpose of calculating diluted earnings per share.

NOTE 9: EARNINGS PER SHARE (continued)

The computation of basic and diluted EPS is set out below:

		2016	2015
Result for the period attributable to equity holders		49.9	130.7
Adjustment for participating shares		-0.6	-1.6
Numerator for EPS (EUR million)	(a)	49.3	129.1
Result from continuing operations		76.6	174.8
Share of non-controlling interests in result from continuing operations		-1.8	-5.9
Result from continuing operations attributable to equity holders		74.8	168.9
Adjustment for participating shares		-0.8	-1.6
Numerator for continuing EPS (EUR million)	(b)	74.0	167.3
Weighted average number of ordinary shares outstanding during the period	(c)	54,223,534	54,245,790
Adjustment for stock option plans		120,853	93,697
Weighted average number of ordinary shares taken into account for diluted EPS	(d)	54,344,387	54,339,487
Result for the period attributable to equity holders			
Basic EPS (EUR)	(a)/(c)	0.91	2.38
Diluted EPS (EUR)	(a)/(d)	0.91	2.38
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(b)/(c)	1.36	3.08
Diluted continuing EPS (EUR)	(b)/(d)	1.36	3.08

NOTE 10: GOODWILL

EUR million	2016	2015
Gross amount at 1 January	1,112.4	1,068.2
Accumulated impairment losses at 1 January	-121.8	-102.5
Carrying amount at 1 January	990.6	965.7
Additions (see note 11)	189.1	26.8
Increase/(Decrease) arising from put options granted to non-controlling interests (see note 31)	8.7	6.2
Impairment losses	-114.1	-19.3
Adjustments	-0.4	-
Translation differences	17.3	11.2
Carrying amount at 31 December	1,091.2	990.6
<i>of which: gross amount</i>	<i>1,327.1</i>	<i>1,112.4</i>
<i>accumulated impairment losses</i>	<i>-235.9</i>	<i>-121.8</i>

In the period, the additions comprise the goodwill (EUR 166.8 million) arising from business combinations performed by the Group and the goodwill (EUR 22.3 million) previously recognized in an acquiree (goodwill related to the acquisition in October 2006 of the former Modo & Modo SpA – see Moleskine acquisition in note 11).

The increase arising from put options comprises the movement of goodwill recognised at year end to reflect the change in the exercise price of the remaining options granted to non-controlling interests and the carrying value of non-controlling interest to which they relate (see note 31).

In the period, following the annual impairment test performed by the Vehicle Glass segment, impairment losses were recognized in Italy (EUR 61.0 million), United Kingdom (EUR 15.2 million), Netherlands (EUR 32.8 million), Russia (EUR 4.5 million), Greece (EUR 0.5 million) and Ireland (EUR 0.1 million). In the prior period, in the Vehicle Glass segment, impairment losses related to Brazil (EUR 15.9 million) and Turkey (EUR 3.4 million).

In the period, the adjustments resulted from subsequent changes in the fair value of the net assets in relation to the acquisitions performed in 2015 by the Vehicle Glass segment.

NOTE 10: GOODWILL (continued)

The allocation of goodwill to cash-generating units is set out below (the allocation of intangible assets with indefinite useful lives is set out in note 12):

EUR million	2016	2015
Automobile Distribution	12.3	9.9
Moleskine	171.9	-
Vehicle Glass		
United Kingdom	-	15.5
France	143.6	143.6
Italy	24.7	85.4
Germany	138.4	138.4
Canada	93.7	83.1
The Netherlands	13.3	47.7
Belgium	33.1	33.1
Australia	31.0	30.9
United States	289.9	274.6
Spain	40.2	34.4
Norway	11.7	11.6
New Zealand	6.4	6.4
Finland	2.2	-
Sweden	12.4	12.6
Switzerland	11.3	11.4
Portugal	1.5	1.5
Denmark	5.2	5.2
Russia	-	5.3
Greece	-	0.2
Austria	0.3	0.3
Ireland	-	0.1
Hungary	0.4	0.4
Total of cash-generating units	859.3	941.7
Allocated at the Vehicle Glass segment as a whole	47.7	39.0
Subtotal Vehicle Glass	907.0	980.7
GROUP	1,091.2	990.6

Goodwill is monitored at the country level for business combinations performed by Belron s.a. and its subsidiaries and at the operating segment and country levels for business combinations and transactions performed by the Parent.

The goodwill allocated to the Vehicle Glass segment as a whole comes from the recognition of the put options granted to non-controlling interests of Belron following the introduction of IAS 32 from 1 January 2005 onwards (see note 31).

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed a review of the carrying value of goodwill and of the intangible assets with indefinite useful lives (see note 12) as at each year end. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

The Vehicle Glass segment completed this review for each of its cash-generating units (being the different countries where it operates). In 2016, this review led to a total impairment charge of EUR 133.2 million of which EUR 114.1 million relate to goodwill (Italy: EUR 61.0 million, United Kingdom: EUR 15.2 million, Netherlands: EUR 32.8 million, Russia: EUR 4.5 million, Greece: EUR 0.5 million and Ireland: EUR 0.1 million), EUR 16.5 million to brands with indefinite useful live (United Kingdom) and EUR 2.6 million to tangible assets (Greece, Russia and Ireland).

The impairment charges were primarily driven by lower cash flows reflecting the challenging market conditions in these countries, combined with the impact of the movements in assumptions, and for the United Kingdom the expected impact of Brexit and the weakening of the British Pound versus the Euro on future income streams. The value in use of both countries' (post impairment) assets was viewed as being equal to the recoverable amount.

In 2015, this review has led to an impairment of EUR 19.3 million in relation to the Brazilian (EUR 15.9 million) and Turkey (EUR 3.4 million) cash-generating units.

NOTE 10: GOODWILL (continued)

In determining the value in use of each cash-generating unit, the Vehicle Glass segment calculated the present value of the estimated future cash flows expected to arise from the continuing use of the assets using a specific pre-tax discount rate reflecting the risk profile of the identified cash-generating unit. This pre-tax discount rate is based upon the weighted average cost of capital of each cash-generating unit with appropriate adjustment for the relevant risks associated with the businesses and with the underlying country ("country risk premium"). Estimated future cash flows are based on projected long-term plans approved by management for each cash-generating unit, with extrapolation thereafter (terminal value) based on a long-term average growth rate. This growth rate is set at 2% (2015: 2%) for all the cash-generating units. The projected long-term plans cover a five-year period.

The pre-tax discount rates applied to the cash flow projections for the major cash-generating units are:

Pre-tax discount rate	2016	2015
United Kingdom	9.0%	7.1%
France	10.5%	6.5%
Italy	10.8%	8.0%
Germany	11.1%	5.8%
Canada	9.6%	6.6%
Netherlands	9.2%	5.2%
Belgium	10.5%	6.6%
Australia	10.1%	8.3%
United States	11.4%	8.3%
Spain	10.2%	7.8%
Brazil	-	28.8%
Turkey	16.3%	18.4%
Greece	17.0%	15.6%
Others	from 9.0% to 22.2%	from 4.0% to 18.1%

The Board of Directors of the Parent also reviewed the carrying amount of its investment in Belron. In determining the value in use, the Parent calculated the present value of the estimated future cash flows expected to arise, based on Belron's latest five years plan reviewed by the Board of Directors, with extrapolation thereafter (terminal growth rate of 2% in 2016 and 1% in 2015). The discount rate applied (pre-tax rate of 9.6% in 2016 and of 9.2% in 2015) is based upon the weighted average cost of capital of the Vehicle Glass segment. The Board of Directors of the Parent is satisfied that the carrying amount of the Vehicle Glass cash-generating unit is stated at no more than its value in use.

Key assumptions of the financial projections in supporting the value of goodwill and intangible assets with indefinite useful lives include revenue growth rates, operating margins, long-term growth rates and segment share. A set of financial projections were prepared for each cash-generating unit, starting with the budget numbers for 2017. For 2018 and following, an assumption of no market growth or decline has been made in the developed markets and of continued market growth in emerging markets. An assumption of stable or increasing margins has been made in line with the revenue growth assumptions. The assumptions on revenue growth are consistent with historical long-term trends.

Future cash flows are estimates that may be revised in future periods as underlying assumptions change. Should the assumptions vary adversely in the future, the value in use of goodwill and intangible assets with indefinite useful lives may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient for most cash-generating units to comfortably absorb a normal variation in the underlying assumptions. The exceptions are highlighted below.

A reduction in the long term growth rate of 1% would result in a further impairment charge of EUR 15.5 million (Italy: EUR 3.3 million; United Kingdom: EUR 7.8 million and Netherlands: EUR 4.4 million). A decrease in margins of 0.5% would result in a further impairment charge of EUR 33.5 million (Italy: EUR 7.6 million; United Kingdom: EUR 19.9 million and Netherlands: EUR 6.0 million). An increase in the discount rate of 1% would result in a further impairment charge of EUR 26.8 million (Italy: EUR 6.0 million; United Kingdom: EUR 13.1 million and Netherlands: EUR 7.7 million).

NOTE 11: BUSINESS COMBINATIONS

Acquisition of Moleskine

The Group seeks growth and value creation by actively encouraging and supporting management teams to develop their position in their industry and in their geographies. Its goal is to be a partner of choice for builders of inspiring businesses.

On 22 September 2016, the Parent announced that it has entered into an agreement with two reference shareholders to acquire a 41.00% stake in Moleskine, a listed Italian company, at EUR 2.40 per share. Closing of this agreement occurred on 6 October 2016 after obtaining the required regulatory approvals. In accordance with Italian law, the Parent launched an unconditional mandatory takeover offer on the remaining shares of Moleskine at the same price. After obtaining on 9 November 2016 the approval of the Italian regulator, the tender commenced on 14 November 2016 and ended on 2 December 2016, followed by a sell-out phase in accordance with Italian regulation. On 13 December 2016, the Parent announced the success of its acquisition, owning 95.5% of the shares (96.9% taking into account the treasury shares held by Moleskine). Crossing the 95% threshold a squeeze out procedure was launched to acquire 100% of Moleskine's shares. On 24 January 2017 the Parent announced the finalization of this squeeze out procedure, owning 100% of the shares. The Moleskine shares have been removed from the Milan Stock Exchange.

Moleskine is an aspirational lifestyle brand with a global reach, and develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution (wholesale, B2B, e-Commerce, retail) strategy. Today, the Moleskine brand enjoys high awareness levels and is synonymous with culture, travel, memory, imagination, and personal identity. Moleskine is a symbol of contemporary nomadism and accompanies the creativity and imaginations of our times in symbiosis with the digital world through a network of websites, blogs, online groups, and virtual archives.

Moleskine is a very profitable growth pillar. Moleskine's revenues grew from EUR 53 million in 2010 to EUR 128 million in 2015, implying a CAGR of 19%. This remarkable growth was driven by dynamic expansion in all distribution channels and markets and by the development of new product ranges and innovative 'direct-to-consumer' initiatives. Moleskine is ideally positioned to benefit from promising trends in demographics, levels of education, travel/mobility, analog/digital complementarity and the stationery market. The drivers of the company's growth strategy include expanding the product range, rising brand awareness and increasing customer proximity through e-commerce and retail activities. Moleskine is not only a fast growing company, but also a highly profitable one thanks to its premium brand positioning, outsourcing of production and disciplined cost management.

The Group notes that IFRS 3 does not specifically address the accounting for a sequence of transactions that begins with an acquirer gaining control of an entity and is followed shortly thereafter by the acquisition of additional ownership interests as a result of a regulatory requirement that obliges the acquirer to offer to purchase the ownership interests of non-controlling-interest shareholders.

After analysis, based on the discussions held at the level of the International Accounting Standards Board ("IASB") and of the International Financial Reporting Interpretations Committee ("IFRIC"), the Group concluded that the initial acquisition of the controlling stake (41.00%) and the subsequent mandatory takeover offer should be treated as a single acquisition, and not as separate transactions.

Closing of the agreement related to the acquisition of the majority stake of 41.00 % occurred on 6 October 2016, being the date the Group obtained control of Moleskine. The Group therefore consolidated the subsidiary Moleskine as from 1 October 2016.

The squeeze out procedure began in December 2016 and ended in January 2017. The Group considered that this procedure was an event that occurred between the end of the reporting period and the date when these consolidated financial statements were authorised for issue and has to be considered as an adjusting event after the reporting period. At year-end, a liability of EUR 15.9 million was recognized in the Moleskine segment for the non-controlling interests still to be acquired (3.1%; EUR 2.40 per share).

The year-end percentage used for the consolidation of Moleskine's assets and liabilities was therefore 100%, whilst the weighted average percentage used for the consolidation of Moleskine's income statement (three months period ended 31 December 2016) was 71.52%. An acquisition of non-controlling interests (EUR 3.1 million) has been recognized throughout equity (see Consolidated Statement of Changes in Equity) to reflect this.

For the three months ended 31 December 2016, Moleskine contributed revenue of EUR 52.1 million and net result of EUR 9.1 million. If the acquisition had occurred on the first day of the period, revenue would have been EUR 145 million and net result EUR 23 million. In determining these amounts, the Group assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The Group incurred acquisition-related costs of EUR 6.2 million mainly on legal fees and due diligence costs. These costs have been included in commercial and administrative expenses (EUR 5.7 million in the Automobile Distribution segment and EUR 0.5 million in the Moleskine segment).

NOTE 11: BUSINESS COMBINATIONS (continued)

The details of the net assets acquired, goodwill and consideration of the acquisition are set out below:

EUR million	Total provisional fair value ⁽¹⁾
Goodwill (related to the October 2006 acquisition of Modo & Modo SpA)	22.3
Intangible assets	408.8
Property, plant & equipment	9.2
Deferred tax assets	8.9
Other receivables	7.9
Inventories	28.8
Other current financial assets	5.0
Trade and other receivables	34.4
Cash and cash equivalents	31.2
Employee benefit	-2.0
Non-current provisions	-0.1
Non-current loans and borrowings	-26.5
Other non-current payables	-0.7
Deferred tax liabilities	-111.7
Short term provisions	-1.0
Current loans and borrowings	-10.1
Current tax liabilities	-6.0
Trade and other payables	-31.9
Net assets acquired	366.5
Goodwill (see note 10)	149.6
TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED	516.1
<i>Total consideration transferred:</i>	
Cash payment	500.2
Non-interest bearing deferred consideration (non-controlling interests to be acquired)	15.9
	516.1

(1) The fair values have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The main material asset acquired was an intangible asset, being the Moleskine trademark. The valuation technique used for measuring the fair value of this trademark was the relief-from-royalty (RfR) method. This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark being owned. The provisional valuation of the Moleskine trademark based on the RfR method amounted to EUR 403 million, of which EUR 54 million was yet recognized in the accounts of Moleskine at the date of acquisition. This brand is the main asset for which the initial accounting is incomplete since the integration process of the acquired entity is still ongoing.

The Moleskine trademark is an intangible asset with indefinite useful life since there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group. It is impossible to assign a finite useful life to this trademark given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates. The main considerations are detailed below :

- In the past, the Moleskine brand was applied, intensively and increasingly, to a series of products, i.e. diaries, notebooks and address books. The remaining useful life of these products is quite long and cannot be estimated easily, and processes of product marginalization are not known or foreseeable;
- Starting from the year 2010, the Moleskine trademark has increasingly been the subject of brand extension policies to product categories other than "Paper", as a result of which it has been extended to products with an individual life cycle, such as writing instruments (pens, pencils, etc.), reading instruments (reading glasses and reading lights), and "handgoods" (backpacks, bags, laptop and smart-phone cases);
- There are no contractual arrangements, regulations or law provisions capable of limiting the useful life, or making it difficult to extend the registration of the trademark, which on the contrary can easily be undertaken and at limited cost;
- The maintenance costs of the Moleskine trademark appear to be limited. With regard to historical products (diaries and notebooks), awareness of the brand has spread with limited promotional and advertising expenditure. The policy of extending the brand to product categories other than those in which Moleskine has operated since its origin (the Paper Collection) requires larger but still moderate expenditures, given the brand's ability to establish itself independently, also in non-traditional merchandise categories, which in turn originates from its high recognition.

NOTE 11: BUSINESS COMBINATIONS (continued)

A deferred tax liability of EUR 111.7 million was recognized on the Moleskine trademark (of which EUR 14.4 million was yet recognized at the date of acquisition).

The goodwill recognised above reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of the Group. As permitted by IFRS 3 "Business Combinations" (maximum period of 12 months to finalize the acquisition accounting), the above provisional allocation will be reviewed and if necessary reallocated to brands and intangible assets.

Other transactions

During the period, the Group made the other following acquisitions:

- On 1 February 2016, Belron acquired the assets of Haglöfs Glas, a fitting business in Sweden.
- On 1 February 2016, Belron acquired the assets of Iberluna Aranjuez Y Glassaran Juez SL, a fitting business of three branches in Spain.
- In March 2016, the Automobile Distribution segment acquired 100% of the shares of Automobile Center Mechelen, and its real estate, which operates dealerships distributing the Volkswagen group's makes in Belgium.
- On 8 April 2016, Belron acquired the assets of AAA Mid-Atlantic Auto Glass LLC, a fitting business in the United States.
- On 15 April 2016, Belron acquired the assets of Lunia Cristalauto SL, a fitting business of two branches in Spain.
- On 30 June 2016, Belron acquired 100% of the shares of Cabot Auto Glass & Upholstery, a fitting business in Canada.
- On 1 July 2016, Belron acquired the assets of Vetri Auto Lecco, a fitting business in Italy.
- On 18 July 2016, Belron acquired the assets of Lunia Altiplano, a fitting business in Spain which comprised of two branches.
- On 1 August 2016, Belron acquired 100% of the shares of Tuulilasivarikko Oy, a VGRR business in Finland.
- On 1 September 2016, Belron acquired the assets of Byhlins Glas, a fitting business with one branch in Sweden.
- On 30 September 2016, Belron acquired assets of five former franchisees of Glass Drive in Spain. These were Vitrocar SA, Autovidrio Santiago, Parabrisas Ourense, Parabrisas Lugo SL and Comercial Rodriguez De Vigo. They were all fitting businesses comprising a total of twenty four branches.
- On 30 September 2016, Belron acquired the assets of AAA Carolina, a fitting business in the United States.
- On 28 October 2016, Belron acquired 100% of the shares of A&L Industries Limited, a VGRR business in Canada.
- On 4 November 2016, Belron acquired the assets of AAA NebraskaLand, a fitting business in the United States.
- On 4 November 2016, Belron acquired the assets of 3000122 Nova Scotia Limited, a VGRR business in Canada.
- On 22 November 2016, Belron acquired the assets of Pappas Vasilios LP, a fitting business in Greece.
- On 22 December 2016, Belron acquired the assets of Speedy Bumpers Inc, a franchisor of auto collision repair in Canada.
- On 22 December 2016, Belron acquired the assets of 1581240 Alberta Inc, an auto collision repair business in Canada.

The additional revenue arising subsequent to these acquisitions amounts approximately to EUR 4 million (approximately EUR 17 million if they had occurred on the first day of the period). The results arising subsequent to these acquisitions (even if they had occurred on the first day of the period) are not considered material to the Group and accordingly are not disclosed separately.

The details of the net assets acquired, goodwill and consideration of the acquisitions are set out below:

EUR million	Total provisional fair value ⁽¹⁾
Intangible assets	1.5
Property, plant & equipment	5.4
Inventories	6.5
Trade and other receivables	2.3
Cash and cash equivalents	1.5
Non-current loans and borrowing	-1.4
Deferred tax liabilities	-0.4
Current loans and borrowings	-2.7
Current tax liabilities	-0.2
Trade and other payables	-5.6
Net assets acquired	6.9
Goodwill (see note 10)	17.2
TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED	24.1
<i>Total consideration transferred:</i>	
Cash payment	19.7
Non-interest bearing deferred consideration	4.4
	24.1

(1) The fair values have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

NOTE 11: BUSINESS COMBINATIONS (continued)

The goodwill recognised above reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of the Automobile Distribution and Vehicle Glass segments. As permitted by IFRS 3 "Business Combinations" (maximum period of 12 months to finalize the acquisition accounting), the above provisional allocation will be reviewed and if necessary reallocated to brands and intangible assets.

The gross contractual amount of the trade and other receivables amounts to EUR 2.3 million and it is expected that the full amount can be collected.

NOTE 12: INTANGIBLE ASSETS

Goodwill is analysed in note 10. All intangible assets have finite useful lives, unless otherwise specified.

EUR million	Other licenses and similar rights	Brands (with finite and indefinite useful lives)	Customer contracts	Computer software	Intangibles under development	Other	Total
Gross amount at 1 January 2016	0.4	376.6	94.8	269.3	-	4.0	745.1
Accumulated amortisation and impairment losses at 1 January 2016	-0.4	-28.6	-75.7	-165.7	-	-4.0	-274.4
Carrying amount at 1 January 2016	-	348.0	19.1	103.6	-	-	470.7
Additions:							
Items separately acquired	-	-	-	50.6	0.7	-	51.3
Disposals	-	-	-	-4.6	-	-	-4.6
Amortisation	-	-1.0	-9.6	-31.1	-	-	-41.7
Impairment losses	-	-16.5	-	-	-	-	-16.5
Transfer from (to) another caption	-	0.4	-	-	-	-	0.4
Items acquired through business combinations (see note 11)	-	405.0	1.5	0.3	2.2	1.3	410.3
Translation differences	-	4.8	0.3	1.8	-	-	6.9
Carrying amount at 31 December 2016	-	740.7	11.3	120.6	2.9	1.3	876.8
<i>of which: gross amount</i>	<i>0.4</i>	<i>786.8</i>	<i>100.1</i>	<i>317.4</i>	<i>2.9</i>	<i>5.3</i>	<i>1,212.9</i>
<i>accumulated amortisation and impairment losses</i>	<i>-0.4</i>	<i>-46.1</i>	<i>-88.8</i>	<i>-196.8</i>	<i>-</i>	<i>-4.0</i>	<i>-336.1</i>
Gross amount at 1 January 2015	0.4	361.9	81.1	234.1	-	4.0	681.5
Accumulated amortisation and impairment losses at 1 January 2015	-0.4	-25.9	-59.7	-134.2	-	-3.4	-223.6
Carrying amount at 1 January 2015	-	336.0	21.4	99.9	-	0.6	457.9
Additions:							
Items separately acquired	-	-	-	44.6	-	-	44.6
Amortisation	-	-1.6	-9.9	-27.3	-	-0.6	-39.4
Impairment losses	-	-	-	-14.5	-	-	-14.5
Items acquired through business combinations	-	1.4	5.5	-	-	-	6.9
Translation differences	-	12.2	2.1	0.9	-	-	15.2
Carrying amount at 31 December 2015	-	348.0	19.1	103.6	-	-	470.7
<i>of which: gross amount</i>	<i>0.4</i>	<i>376.6</i>	<i>94.8</i>	<i>269.3</i>	<i>-</i>	<i>4.0</i>	<i>745.1</i>
<i>accumulated amortisation and impairment losses</i>	<i>-0.4</i>	<i>-28.6</i>	<i>-75.7</i>	<i>-165.7</i>	<i>-</i>	<i>-4.0</i>	<i>-274.4</i>

In 2016, the impairment loss of EUR 16.5 million relates to the brand in the United Kingdom, following the annual impairment test performed by the Vehicle Glass segment (see note 10).

In the Vehicle Glass segment, the brands CARGLASS® and AUTOGLASS®, acquired in 1999, as well as SAFELITE® AUTO GLASS acquired in 2007, have indefinite useful lives, since, thanks to the marketing spent and advertising made, there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group.

The recently acquired Moleskine brand (see note 11) has indefinite useful life, since, given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates, there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group.

NOTE 12: INTANGIBLE ASSETS (continued)

The following brands are not considered to have indefinite useful lives, since there is a limit to the period over which they are expected to generate cash inflows. They are therefore amortised on their remaining useful life on a straight-line basis.

- Giant Glass acquired in 2012 – Fully amortised by 2017;
- Doctor Glass acquired in 2013 – Fully amortised by 2016;
- Royal Glass and Michigan Mobile acquired in 2013 – Fully amortised by 2016;
- Autotaalglas acquired in 2015 – Fully amortised by 2020;
- GlasGarage acquired in 2015 – Fully amortised by 2020.

The carrying value of the brands with a finite useful life at 31 December 2016 amounted to EUR 1.5 million (2015: EUR 2.1 million), whilst the carrying amount of brands with indefinite useful life amounted to EUR 739.2 million (2015: EUR 345.9 million). The increase in brands with indefinite useful life reflects the recognition of the recently acquired Moleskine brand, partially offset by the impairment loss recognized on the UK brand in the Vehicle Glass segment.

The allocation of brands (with indefinite useful lives) to cash-generating units is set out below:

EUR million	2016	2015
Vehicle glass		
United Kingdom	51.4	67.9
France	61.9	61.9
Germany	34.8	34.8
Holland	24.2	24.2
Belgium	18.1	18.1
Canada	15.3	15.3
United States	116.2	111.4
Spain	9.1	9.1
Portugal	2.9	2.9
Italy	0.3	0.3
Subtotal vehicle glass	334.2	345.9
Moleskine	405.0	-
Carrying amount of brands	739.2	345.9

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 10.

NOTE 13: HELD-TO-MATURITY INVESTMENTS

In the prior period, in the Automobile Distribution segment, short-term held-to-maturity investments for a total amount of EUR 59.8 million comprised short-term investments in corporate commercial papers and sovereign debts with high credit ratings. The decrease during the period is due to the financing of the acquisition of Moleskine.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2016	478.1	833.9	13.8	1,325.8
Accumulated depreciation and impairment losses at 1 January 2016	-235.4	-569.4	-	-804.8
Carrying amount at 1 January 2016	242.7	264.5	13.8	521.0
Additions	27.5	105.6	12.3	145.4
Disposals	-4.1	-4.1	-	-8.2
Depreciation	-23.0	-76.7	-	-99.7
Impairment (see note 10)	-0.5	-2.2	-	-2.7
Transfer from (to) another caption	16.2	1.0	-16.8	0.4
Items acquired through business combinations (see note 11)	4.3	10.0	0.3	14.6
Translation differences	-0.3	4.2	-0.3	3.6
Carrying amount at 31 December 2016	262.8	302.3	9.3	574.4
<i>of which: gross amount</i>	<i>518.9</i>	<i>875.0</i>	<i>9.3</i>	<i>1,403.2</i>
<i>accumulated depreciation and impairment losses</i>	<i>-256.1</i>	<i>-572.7</i>	<i>-</i>	<i>-828.8</i>
Gross amount at 1 January 2015	462.0	764.1	13.5	1,239.6
Accumulated depreciation and impairment losses at 1 January 2015	-224.3	-509.5	-	-733.8
Carrying amount at 1 January 2015	237.7	254.6	13.5	505.8
Additions	19.0	80.9	10.5	110.4
Disposals	-2.1	-3.8	-0.3	-6.2
Depreciation	-21.7	-77.7	-0.8	-100.2
Impairment	-1.2	-4.0	-	-5.3
Transfer from (to) another caption	5.3	-	-9.1	-3.8
Items acquired through business combinations	0.1	0.5	-	0.6
Translation differences	5.6	14.1	-	19.7
Carrying amount at 31 December 2015	242.7	264.5	13.8	521.0
<i>of which: gross amount</i>	<i>478.1</i>	<i>833.9</i>	<i>13.8</i>	<i>1,325.8</i>
<i>accumulated depreciation and impairment losses</i>	<i>-235.4</i>	<i>-569.4</i>	<i>-</i>	<i>-804.8</i>

In 2015, the transfers from (to) another caption were related to the presentation as non-current assets classified as held for sale (see note 22) of buildings previously used for automobile distribution activities.

At 31 December 2016 and at 31 December 2015, assets under construction included property under construction in the Automobile Distribution segment.

Assets held under finance leases (mainly vehicles) are included in the above at the following amounts:

EUR million	Property	Plant and equipment	Assets under construction	Total
31 December 2016	-	78.4	-	78.4
31 December 2015	-	60.1	-	60.1

NOTE 15: INVESTMENT PROPERTY

EUR million	2016	2015
Gross amount at 1 January	12.6	14.7
Accumulated depreciation at 1 January	-8.3	-8.0
Carrying amount at 1 January	4.3	6.7
Depreciation	-0.1	-0.4
Transfer from (to) another caption	-0.4	-2.0
Carrying amount at 31 December	3.8	4.3
<i>of which: gross amount</i>	<i>10.8</i>	<i>12.6</i>
<i>accumulated depreciation</i>	<i>-7.0</i>	<i>-8.3</i>
Fair value	5.9	6.8

The fair value is supported by market evidence, and is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification, and who has recent experience in the location and category of the investment property held by the Group. The latest valuations were performed in March 2014.

All items of investment property are located in Belgium and are held by the Automobile Distribution segment.

See also note 36 for other disclosures on investment property.

NOTE 16: AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets held for trading.

EUR million	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Sundry	0.5	0.5	0.5	0.5
Total available-for-sale financial assets	0.5	0.5	0.5	0.5

In 2016 and 2015, available-for-sale financial assets comprise non-controlling interests in non-listed companies (measured at cost, being an approximation of their fair value) held by the Automobile Distribution segment. They are considered as non-current assets, and are not expected to be realised within 12 months. However, some or all of them could be disposed of in the near future, depending on opportunities.

NOTE 17: DERIVATIVE HEDGING INSTRUMENTS

Derivative hedging instruments are derivatives that meet the strict criteria of IAS 39 for application of hedge accounting. They provide economic hedges against risks faced by the Group (see note 36).

Derivative hedging instruments are classified in the statement of financial position as follows:

EUR million	2016	2015
Current assets	1.0	4.3
Current liabilities	-0.9	-0.2
Net derivative hedging instruments	0.1	4.1

Derivative hedging instruments are analysed as follows:

EUR million	2016	2015
Forward foreign exchange contracts (non-debt derivatives)	0.1	4.1
Net derivative hedging instruments	0.1	4.1

NOTE 17: DERIVATIVE HEDGING INSTRUMENTS (continued)

In 2016 and in 2015, all derivative hedging instruments belong to the Vehicle Glass segment.

- Forward foreign exchange contracts were used to hedge the cost of future payables where those payables are denominated in a currency other than the functional currency of the purchasing entity. The hedging instruments are primarily used to hedge material purchases in Australian Dollars and US Dollars. These contracts qualify for hedge accounting and are classified as cash flow hedges. These will occur within one year of the date of the consolidated statement of financial position and are expected to impact the consolidated statement of profit or loss during the same year. The total notional amount of these contracts is EUR 95.0 million equivalent (2015: EUR 82.1 million) and the total fair value designated as effective cash flow hedges is an asset of EUR 0.1 million (2015: an asset of EUR 4.1 million). The amount released from equity (2016: gain of EUR 8.6 million; 2015: gain of EUR 3.9 million) during the period is included in the initial costs of inventories.
- As part of its net investment hedge policy, the Vehicle Glass segment also used currency denominated borrowings to hedge its exposure of a proportion of its non-EUR denominated net assets against changes in value due to changes in foreign exchange rates. The carrying value of these borrowings is EUR 617.8 million (2015: EUR 598.2 million).

The non-current portion of the derivative hedging instruments is expected to be settled after more than 12 months; the current portion within 12 months.

The fair values are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the balance sheet date. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The notional principal amounts of the outstanding derivative hedging instruments are as follows:

EUR million	2016	2015
Forward foreign exchange contracts (non-debt derivatives)	95.0	82.1

NOTE 18: DERIVATIVES HELD FOR TRADING

Derivatives held for trading are derivatives that do not meet the strict criteria of IAS 39 for application of hedge accounting. They however provide economic hedges against risks faced by the Group (see note 36).

Derivatives held for trading are classified in the statement of financial position as follows:

EUR million	2016	2015
Current assets		
Debt derivatives		
Forward foreign exchange contracts	0.1	0.9
Non-debt derivatives		
Fuel hedge instruments	1.1	-
Subtotal	1.2	0.9
Current liabilities		
Debt derivatives		
Forward foreign exchange contracts	-	-0.1
Non-debt derivatives		
Fuel hedge instruments	-	-5.4
Subtotal	-	-5.5
NET DERIVATIVES HELD FOR TRADING	1.2	-4.6

In the Vehicle Glass segment, a combination of options, collars and swaps (collectively "fuel hedge instruments") was used to hedge the price of fuel purchases. The fair value of fuel hedge instruments is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly forward futures curve for gasoline given the volume hedged and the contract period.

In 2016 and 2015, the Vehicle Glass segment uses foreign exchange swap contracts to swap foreign currency cash balances to reduce borrowings and minimise interest expense. Hedge accounting has not been applied to these contracts.

NOTE 18: DERIVATIVES HELD FOR TRADING (continued)

The fair values are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the balance sheet date. The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps is valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of forward rate agreements is calculated as the present value of future estimated cash flows.

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

EUR million	2016	2015
Forward foreign exchange contracts and options	27.9	183.5

NOTE 19: EMPLOYEE BENEFITS

Long-term employee benefits include post-employment employee benefits and other long-term employee benefits. Post-employment employee benefits are analysed below. Other long-term employee benefits are presented among non-current provisions or non-current other payables, and, if material, separately disclosed in the relevant note.

Post-employment benefits are limited to retirement benefit schemes. Where applicable, Group entities contribute to the relevant state pension schemes. Certain Group entities operate schemes which provide retirement benefits, including those of the defined benefit type, which are in most cases funded by investments held outside the Group. The disclosures related to defined contribution schemes are provided in note 34.

The Group has established pension schemes for its employees in various locations. The major schemes are located in Belgium, the United Kingdom, Canada, Italy and, up until 31 December 2016, the United States. The schemes in Belgium relate to the Automobile Distribution segment and are funded and unfunded. The main scheme in Italy relates to the Moleskine segment. All the others concern the Vehicle Glass segment and are mainly funded. Independent actuarial valuations for the plans in these countries are performed as required. The Group is and has always been fully compliant with all local governance and funding requirements.

The overall investment policy and strategy for the Group's defined benefit schemes is guided by the objective of achieving an investment return, which together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The investment strategies for the plans are managed under local laws and regulations in each jurisdiction. The actual asset allocation is determined by the current and expected economic and market conditions and in consideration of specific asset class risk and risk profile. In addition consideration is given to the maturity profile of scheme liabilities. There are no asset-liability matched assets at 31 December 2016.

The Group operates one defined benefit scheme in Belgium that was closed to new members in 2005. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement subject to a maximum of 4.0%. A full actuarial valuation of the plan was carried out in December 2016 by a qualified independent actuary. Full IAS19 measurements are carried out every three years and roll-forwards are performed in the meantime.

The Group operates one defined benefit scheme in the United Kingdom that was closed to new members in 2003 and 2011. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement subject to a maximum of 5%. In May 2015, these two schemes were closed to future accrual. All current members were transferred to defined contribution arrangements. A full actuarial valuation of the UK Plan was carried out as at 31 March 2014 and updated to 31 December 2016 by a qualified independent actuary. Funding valuations are carried out every three years which determine the contribution requirement to the Plan. The pension plan is governed by a set of trustees, some of who are appointed by the Group and some by the members.

The Group operates several defined benefit schemes in Canada. Two of these plans are closed to new members. The last full actuarial valuations of all these plans were last carried out as at 31 December 2013. All of these valuations were updated to 31 December 2016 by a qualified independent actuary. A full valuation of the plans is carried out every three years.

The Group had operated one defined benefit scheme in the United States. The plan had been acquired in 2007 and was closed to future accrual. A full valuation was carried out by a qualified independent actuary on 31 December 2013. This was updated up to the point of sale by a qualified independent actuary. The pension plan was terminated with the remaining liabilities being settled by an employer contribution of EUR 20.6 million in December 2016. There are no further obligations under the old arrangements.

The Group recognises all actuarial gains and losses directly in the Consolidated Statement of Comprehensive Income.

NOTE 19: EMPLOYEE BENEFITS (continued)

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

	Funded schemes				Unfunded schemes			
	2016		2015		2016		2015	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	1.5%	3.6%	1.5%	3.5%	n.s.	n.s.	n.s.	n.s.
Discount rate	1.0%	3.3%	1.5%	3.9%	n.s.	n.s.	n.s.	n.s.
Rate of salary increases	1.0%	5.3%	1.0%	5.2%	2.0%	2.0%	3.6%	3.6%
Rate of pension increases	1.8%	3.4%	1.9%	3.4%	2.0%	2.0%	0.3%	0.3%
Life expectancy of male pensioner	22.5	44.7	21.1	23.0				
Life expectancy of female pensioner	26.3	46.4	24.0	26.3				
Life expectancy of male non-pensioner	21.1	23.0	40.2	44.7				
Life expectancy of female non-pensioner	24.0	24.6	43.5	46.4				

The weighted average duration of the liabilities across the plans ranges from 10 to 23 years.

The amounts recognised in the statement of financial position are summarised as follows, depending on the net position of each pension scheme:

EUR million	2016	2015
Long-term employee benefit assets	0.5	47.6
Long-term employee benefit obligations	-53.7	-26.5
Recognised net deficit (-) / surplus (+) in the schemes	-53.2	21.1
<i>of which: amount expected to be settled within 12 months</i>	<i>-0.2</i>	<i>-13.0</i>
<i>amount expected to be settled in more than 12 months</i>	<i>-53.0</i>	<i>34.1</i>

For all schemes, the amounts recognised in the statement of financial position are analysed as follows:

EUR million	2016			2015		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-613.0	-7.7	-620.7	-518.7	-7.3	-526.0
Fair value of scheme assets	567.5	-	567.5	547.1	-	547.1
Net deficit (-) / surplus (+) in the schemes	-45.5	-7.7	-53.2	28.4	-7.3	21.1

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

EUR million	2016			2015		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less interest return on pension assets net of asset management charges	120.7	-	120.7	-4.4	-	-4.4
Experience gain (+) / loss (-) on liabilities	8.2	-	8.2	2.9	-	2.9
Gain (+) / Loss (-) on change of financial assumptions	-218.4	-	-218.4	14.7	-	14.7
Gain (+) / Loss (-) on change of demographic assumptions	0.9	-	0.9	1.3	-	1.3
Actuarial gains (+) / losses (-)	-88.6	-	-88.6	14.5	-	14.5

Changes to financial assumptions during 2016, all of which were prepared on a consistent basis to prior period except for the pension plan in Belgium legally structured as defined contribution plan (considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions - see below), impacted the total actuarial gains (+) / losses (-) by EUR 218.4 million, of which EUR 129 million relates to the UK defined benefit scheme (the economic uncertainty following the Brexit vote has had a significant impact on the discount rate used for the UK plan) and EUR 80 million relates to the Belgian defined contribution plan (considered under IFRS as defined benefit plan - see below). The increase in the actual return less interest return on pension assets is

NOTE 19: EMPLOYEE BENEFITS (continued)

partially explained by the fair value of the plan assets (EUR 63 million) related to the belgian defined contribution plan (considered under IFRS as defined benefit plan – see below).

The cumulative amount of actuarial gains and losses (group's share) recognised in the consolidated statement of comprehensive income is a loss of EUR 112 million (in 2015 a loss of EUR 55 million).

The fair value of scheme assets includes the following items:

EUR million	2016			2015		
	Quoted in an active market	Other	Total	Quoted in an active market	Other	Total
Equity instruments	242.4	-	242.4	290.6	-	290.6
Government bonds	150.4	-	150.4	99.1	-	99.1
Non-government bonds	50.0	-	50.0	77.1	-	77.1
Property	0.3	-	0.3	-	0.2	0.2
Other assets	124.4	-	124.4	4.9	75.2	80.1
Fair value of scheme assets	567.5	-	567.5	471.7	75.4	547.1

The fair value of scheme assets does not comprise any property or other assets used by the Group, nor any financial instruments of the Group. All equity and debt instruments have quoted prices in active markets and are of high investment quality. Other assets are mainly composed of cash.

The movements in the fair value of plan assets are as follows:

EUR million	2016			2015		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Scheme assets at 1 January	547.1	-	547.1	568.0	-	568.0
Interest on pension assets	19.1	-	19.1	21.5	-	21.5
Employer contributions	22.5	-	22.5	9.1	-	9.1
Contributions paid by employees	-	-	-	0.8	-	0.8
Benefits paid	-79.7	-	-79.7	-35.3	-	-35.3
Actual return less interest return on pension assets	122.0	-	122.0	-2.9	-	-2.9
Costs of managing the pension assets	-1.3	-	-1.3	-1.5	-	-1.5
Curtailement and settlements	-	-	-	-43.9	-	-43.9
Administrative costs	-1.6	-	-1.6	-1.6	-	-1.6
Translation differences	-60.6	-	-60.6	32.9	-	32.9
Scheme assets at 31 December	567.5	-	567.5	547.1	-	547.1

The actual return on scheme assets is as follows:

EUR million	2016	2015
Interest return on pension assets	19.1	21.5
Actual return less interest return on pension assets	122.0	-2.9
Costs of managing the pension assets	-1.3	-1.5
Actual net return on pension assets	139.8	17.1

NOTE 19: EMPLOYEE BENEFITS (continued)

The movements in the present value of defined benefit obligations are as follows:

EUR million	2016			2015		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Defined benefit obligations at 1 January	-518.7	-7.3	-526.0	-579.3	-8.1	-587.4
Current service cost	-1.2	-1.1	-2.3	-7.6	-0.5	-8.1
Interest payable on pension liabilities	-18.1	-	-18.1	-21.2	-	-21.2
Contributions by employees	-	-	-	-0.8	-	-0.8
Past service cost	-	-	-	0.1	-	0.1
Benefits paid	80.1	-	80.1	35.3	1.3	36.6
Experience gain (+) / loss (-) on liabilities	8.0	-	8.0	2.9	-	2.9
Gain (+) / Loss (-) arising from changes to financial assumptions	-218.4	-	-218.4	14.7	-	14.7
Gain (+) / Loss (-) arising from changes to demographic assumptions	0.9	-	0.9	1.3	-	1.3
Curtailment and settlements	-	0.7	0.7	67.1	-	67.1
Group change (see note 11)	-2.0	-	-2.0	-	-	-
Translation differences	56.4	-	56.4	-31.2	-	-31.2
Defined benefit obligations at 31 December	-613.0	-7.7	-620.7	-518.7	-7.3	-526.0

The amounts recognised in the statement of profit or loss are as follows:

EUR million	2016			2015		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-1.2	-1.1	-2.3	-7.6	-0.5	-8.1
Past service cost (-)/gain (+)	-	-	-	0.1	-	0.1
Effect of curtailment or settlement	-	-	-	1.7	-	1.7
Administrative costs	-1.6	-	-1.6	-1.6	-	-1.6
Pension costs within the operating result	-2.8	-1.1	-3.9	-7.4	-0.5	-7.9
Interest payable on pension liabilities	-18.1	-	-18.1	-21.2	-	-21.2
Interest return on pension assets	19.1	-	19.1	21.5	-	21.5
Net pension interest cost	1.0	-	1.0	0.3	-	0.3
Effect of curtailment or settlement	-	-	-	21.5	-	21.5
Expense recognised in the statement of profit or loss	-1.8	-1.1	-2.9	-7.1	-0.5	-7.6

Past service gains during 2015 were EUR 0.1 million and related to the scheme in the Netherlands where current member benefits had been amended in line with market practice. There were curtailments and settlements totalling EUR 23.2 million in 2015, from which EUR 21.5 million was due to the contract signed with an insurance company in November 2015 in relation to the settlement of the Netherlands scheme.

The best estimate of normal contributions expected to be paid to the schemes during the 2017 annual period is EUR 5 million.

The obligation of defined benefit schemes is calculated on the basis of a set of actuarial assumptions (including among others: mortality, discount rate of future payments, salary increases, personnel turnover, etc.). Should these assumptions change in the future, the obligation may increase. The defined benefit scheme assets are invested in a diversified portfolio, with a return that is likely to experience volatility in the future. Should the return of these assets be insufficient, the deficit might increase (the surplus might decrease).

NOTE 19: EMPLOYEE BENEFITS (continued)

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation at 31 December 2016 would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. The sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

EUR million	(Increase) / decrease in defined benefit obligation at 31 December 2016	(Increase) / decrease in defined benefit obligation at 31 December 2015
Discount rate		
Increase by 50 basis points	55.5	50.8
Decrease by 50 basis points	-65.2	-59.8
Rate of salary increase		
Increase by 50 basis points	-8.9	-8.2
Decrease by 50 basis points	9.0	8.0
Inflation rate		
Increase by 50 basis points	-18.1	-15.4
Decrease by 50 basis points	14.5	12.6
Rate of pension increase		
Increase by 50 basis points	-22.3	-19.1
Decrease by 50 basis points	22.3	19.1
Life expectancy		
Increase in longevity by one additional year	-17.8	-17.2

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant so that interdependencies between the assumptions are excluded.

There is a pension plan in Belgium legally structured as defined contribution plan. Because of the Belgian social legislation applicable, all Belgian defined contribution plans are considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions. Because of this, the Group is exposed to a financial risk (legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits).

The plan is insured at an insurance company. The insurance company guarantees a minimum rate of return on the contributions paid. However, the minimum guaranteed rates have dropped significantly the last years and are currently below the social minimum return borne by the employer on the contributions (according to article 24 of the Law of 28 April 2003 on occupational pensions, the Group has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions paid up to 31 December 2015). The financial risk has therefore increased. The Belgian law of 18 December 2015 entered into effect on 1 January 2016 and amended, inter alia, the calculation of the minimum return guaranteed by law (minimum of 1.75% and maximum of 3.75%).

The IFRS valuation and accounting of this kind of plan with contribution-based promises are not envisaged by IAS 19. Taking into account the change in the pension law and the current consensus on this specific matter, and after analysis of the pension plan, the Group now considers that a method based on the IAS 19 methodology ("Projected unit credit" method used for defined benefit plan) is appropriate to measure the liability in the Belgian context as from 2016 onwards.

The present value of the defined benefit obligation amounts to EUR 80.5 million. The calculation is based on the "Projected unit credit" method with projection of the future contributions and services pro-rate for the employer contract and without projection of the future contributions for the employee contract. The fair value of the scheme assets amounts to EUR 63.4 million and is set equal to the contractual assets held by the insurance company (no application of paragraph 115 of IAS 19). The net deficit amounts to EUR 17.1 million and is recognized directly in equity throughout the Consolidated Statement of Comprehensive Income (actuarial loss).

NOTE 20: DEFERRED TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred tax assets and liabilities during the period and the prior period is as follows:

EUR million	Revaluations	Depreciation amortisation write-downs	Provisions	Dividends	Tax losses available for offset	Financial instruments	Other	Total
Deferred tax liabilities (negative amounts)								
At 1 January 2015	-13.2	-26.5	2.5	-0.5	0.2	-0.6	-0.1	-38.2
Credited (charged) to income statement	-	18.9	-4.1	-0.2	1.5	-0.2	-1.6	14.3
Items acquired through business combinations	-	-1.9	-	-	-	-	-	-1.9
Other variations	-	3.8	-	-	-	-	-	3.8
Exchange differences	-	-11.5	2.4	-	-	-	-	-9.1
At 31 December 2015	-13.2	-17.2	0.8	-0.7	1.7	-0.8	-1.7	-31.1
Credited (charged) to income statement	-	1.0	11.2	-0.3	-0.3	-2.1	1.3	10.8
Credited (charged) to equity	-	-	-	-	-	-	-	-
Transfer between deferred taxes	13.2	-14.4	-7.9	1.0	0.8	0.3	-2.5	-9.5
Items acquired through business combinations (see note 11)	-111.7	0.1	1.4	-	-	-	-1.9	-112.1
Other variation	-	-	-	-	-	-	1.1	1.1
Exchange differences	-	-5.2	0.9	-	-	-	-	-4.3
At 31 December 2016	-111.7	-35.7	6.4	-	2.2	-2.6	-3.7	-145.1
Deferred tax assets (positive amounts)								
At 1 January 2015	-	-95.5	60.1	-	83.2	-	5.0	52.8
Credited (charged) to income statement	-	-21.5	7.5	-	0.1	-0.4	0.2	-14.1
Credited (charged) to equity	-	-	-1.9	-	-	-0.4	-	-2.3
Other variations	-	-	-1.3	-	-	-	-	-1.3
Exchange differences	-	0.2	4.6	-	6.3	-	0.3	11.4
At 31 December 2015	-	-116.8	69.0	-	89.6	-0.8	5.5	46.5
Credited (charged) to income statement	-	-11.6	-14.3	-	24.6	-0.1	-2.4	-3.8
Credited (charged) to equity	-	-	18.2	-	0.1	0.5	-	18.8
Transfer between deferred taxes	-	19.2	-10.6	-0.9	-	0.4	1.4	9.5
Items acquired through business combinations (see note 11)	-	-	-	-	-	-	8.9	8.9
Other variations	-	-	-	-	-	-	0.2	0.2
Exchange differences	-	-0.6	3.2	-	3.4	-	0.2	6.2
At 31 December 2016	-	-109.8	65.5	-0.9	117.7	-	13.8	86.3
Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:								
31 December 2015	-13.2	-134.0	69.8	-0.7	91.3	-1.6	3.8	15.4
31 December 2016	-111.7	-145.5	71.9	-0.9	119.9	-2.6	-10.1	-58.8

The net deferred tax balance includes net deferred tax assets amounting to EUR 28.4 million (2015: EUR 9.7 million) that are expected to be reversed in the following year. However, given the low predictability of deferred tax movements, this net amount might not be reversed as originally foreseen.

At the balance sheet date, the Group has unused tax losses and credits of EUR 228.2 million (2015: EUR 387.2 million) available for offset against future profits, for which no deferred tax asset has been recognised, due to the unpredictability of future profit streams. This includes unused tax losses of EUR 26.5 million (2015: EUR 59.7 million) that will expire in the period 2017-2036 (2015: 2016-2033). Other losses may be carried forward indefinitely.

NOTE 20: DEFERRED TAXES (continued)

At the balance sheet date the aggregate amount of temporary differences associated with the investments in subsidiaries, branches, associates and interests in joint ventures (being mainly the accumulated positive consolidated reserves of these entities) for which deferred tax liabilities have not been recognised is EUR 1,025 million (2015: EUR 937 million). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these temporary differences, for example by way of distribution of dividends by the subsidiaries to the Parent, would generate no (or a marginal) current tax effect.

Deferred tax assets are recognised provided that there is a sufficient probability that they will be recovered in the foreseeable future. Recoverability has been conservatively assessed. However, should the conditions for this recovery not be met in the future, the current carrying amount of the deferred tax assets may be reduced.

NOTE 21: OTHER NON-CURRENT RECEIVABLES

The other non-current receivables are composed of guarantee deposits against rental properties and of a loan granted to a minority shareholder of Belron (family holding company of Belron's CEO). The loan granted to this minority shareholder is fully guaranteed by a pledge. Their carrying amount approximates their fair value. The loan granted to a minority shareholder of Belron earns interest at a rate set with reference to the prevailing EURIBOR and the other non-current receivables generally generate no interest income. They are expected to be recovered after more than 12 months.

NOTE 22: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Property, plant and equipment	5.5	-	-	5.5	7.0	-	7.0
Deferred tax assets	-	-	-	-	-	1.3	1.3
Inventories	-	-	-	-	-	0.8	0.8
Current tax assets	-	-	-	-	-	5.0	5.0
Trade and other receivables	-	-	-	-	-	0.5	0.5
Cash and cash equivalents	-	-	-	-	-	0.6	0.6
Non-current assets classified as held for sale	5.5	-	-	5.5	7.0	8.2	15.2

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Deferred tax liabilities	-	-	-	-	-	3.8	3.8
Loans and borrowings	-	-	-	-	-	0.2	0.2
Trade and other payables	-	-	-	-	-	2.7	2.7
Liabilities associated with non-current assets held for sale	-	-	-	-	-	6.7	6.7

Automobile Distribution

In the Automobile Distribution segment, non-current assets classified as held for sale comprise buildings previously used for Automobile Distribution activities, for which the management are committed to disposal. The disposal is expected to occur in the course of 2017.

Vehicle Glass

On 7 January 2016 the Parent announced that the Vehicle Glass segment, following a period of negotiation in 2015, entered into an agreement with Advisia Investimentos ("Advisia") to form a joint venture in Brazil. Under the agreement, the Vehicle Glass segment sold 60% of its investment in Carglass Brazil to Advisia. The Board of Directors of the Parent considered that, as at 31 December 2015, the Vehicle Glass segment was committed to a sale plan of Carglass Brazil which involved a loss of control of its subsidiary. It had therefore classified in the consolidated statement of financial position as at 31 December 2015 all the assets and liabilities of the Brazilian cash-generating unit as held for sale; the recognition criteria defined in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being satisfied.

NOTE 23: INVENTORIES

EUR million	2016	2015
Automobile Distribution		
Vehicles	314.7	296.7
Spare parts and accessories	26.3	32.1
Other	0.8	0.3
Subtotal	341.8	329.1
Vehicle Glass		
Glass and related product	313.2	285.6
Subtotal	313.2	285.6
Moleskine	24.0	-
GROUP	679.0	614.7
<i>of which: items carried at fair value less costs to sell</i>	<i>66.0</i>	<i>69.8</i>

The items carried out at fair value less costs to sell are mainly the vehicles sold under buy-back agreements (this kind of agreement being accounted for as operating lease) that are kept on statement of financial position until their subsequent resale.

The accumulated write-down on inventories amounts to EUR 27.9 million (2015: EUR 31.4 million). The amount of write down of inventories recognised in the cost of sales (see note 5) is an income of EUR 6.4 million (2015: charge of EUR 1.8 million).

The inventories are expected to be recovered within 12 months and are mainly composed of merchandises.

NOTE 24: OTHER FINANCIAL ASSETS

In 2016, in the Moleskine segment, the other financial assets comprise a life insurance product started end of 2015, in order to diversify its investments with the aim of seeking solidity, profitability and security, which can be converted into cash as from January 2017. The product is a single-premium capitalization contract, capital guaranteed. The carrying amount is equal to the fair value.

NOTE 25: CURRENT TAX ASSETS AND LIABILITIES

Current tax assets (liabilities) are largely expected to be recovered (settled) within 12 months.

NOTE 26: TRADE AND OTHER RECEIVABLES

Trade and other receivables are analysed as follows:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Trade receivables - net	-9.5	180.7	24.5	195.7	100.7	163.8	264.5
Receivables from entities accounted for using the equity method	22.4	-	-	22.4	11.2	-	11.2
Other receivables	7.9	80.7	2.3	90.9	5.6	79.1	84.7
Trade and other receivables	20.8	261.4	26.8	309.0	117.5	242.9	360.4

The trade and other receivables are expected to be recovered within 12 months. Their carrying amount approximates their fair value, and they generate no interest income. Net trade receivables are presented net of trade credit notes to be issued (mainly in the Automobile Distribution segment).

In the Automobile Distribution segment, the decrease in gross trade receivables is explained by independent dealers switching to cash payments.

The Group is exposed to credit risk arising from its operating activities (potential losses arising from the non-fulfillment of obligations assumed by trade and financial counterparties). Such risks are mitigated by selecting clients and other business partners on the basis of their credit quality and by avoiding as far as possible concentration on a few large counterparties. Credit quality of large counterparties is assessed systematically and credit limits are set prior to taking exposure. Payment terms are on average less than one month except where local practices are otherwise. Receivables from sales involving credit are closely tracked and collected mostly centrally in the Automobile Distribution segment, and at the country level in the Vehicle Glass segment. In the Moleskine segment, the risk of insolvency is monitored

NOTE 26: TRADE AND OTHER RECEIVABLES (continued)

centrally with review of the credit exposure. The credit risk is differentiated by sales channel and the acceptance of new customers is monitored by conducting qualitative and quantitative corporate rating services.

In the Automobile Distribution segment, concentration on top ten customers, based on the gross receivables, is 35% (2015: 25.0%) and no customer is above 7% (2015: 11%). Certain receivables are also credit insured. In the Vehicle Glass segment, concentrations of risk with respect to receivables are limited due to the diversity of Belron's customer base. In the Moleskine segment, trade receivables are concentrated due to the distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties. The credit position of certain customers are also partly guaranteed by letters of credit.

Statement of financial position amounts are stated net of provisions for doubtful debts, and accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the statement of financial position. As at 31 December 2016, the provisions for bad and doubtful debt amounted to EUR 29.8 million (2015: EUR 34.3 million).

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

EUR million	2016	2015
Up to three months past due	67.8	63.2
Three to six months past due	9.5	7.3
Over six months past due	14.6	3.7
Total	91.9	74.2

The income in 2016 for bad and doubtful debts amounts to EUR 5.1 million (2015: charge of EUR 2.9 million). See note 5.

NOTE 27: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed below:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Cash at bank and in hand	2.5	45.9	48.3	96.7	86.4	22.0	108.4
Money Market Assets	1.5	-	-	1.5	1.7	-	1.7
Cash and cash equivalents	4.0	45.9	48.3	98.2	88.1	22.0	110.1

In the Automobile Distribution segment, the decrease during the period is explained by the financing of the acquisition of Moleskine (see note 11).

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

NOTE 28: EQUITY

A reconciliation of share capital and reserves are set out in the consolidated statement of changes in equity.

Share capital

The change in ordinary share capital is set out below:

EUR million, except number of shares stated in units	Number of ordinary shares	Ordinary share capital
At 1 January 2015	55,302,620	160.0
Change	-	-
At 31 December 2015	55,302,620	160.0
Change	-	-
At 31 December 2016	55,302,620	160.0

The 5,000,000 nominative participating shares do not represent share capital. Each participating share confers one voting right and gives the right to a dividend equal to one eighth of the dividend of an ordinary share.

NOTE 28: EQUITY (continued)**Treasury shares**

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

EUR million, except number of shares stated in units	31/12/2016		31/12/2015	
	Number	Amount	Number	Amount
Treasury shares held by the Parent	1,101,692	34.3	1,056,481	31.1
Treasury shares held by subsidiaries	-	-	-	-
Treasury shares held	1,101,692	34.3	1,056,481	31.1

Treasury shares are held to cover the stock option plans set up by the Parent since 1999 (see note 35).

Share-based payment reserve

The share-based payment reserve relates to the employee stock option plans (equity-settled) granted to officers and managers of the Automobile Distribution segment (see note 35).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Group's net investment in a foreign subsidiary.

According to the requirements of IAS 21, following the disposal in January 2016 of the Brazilian entity Carglass Automotiva Ltda (Vehicle Glass segment – see notes 22 and 39), the cumulative amount of foreign exchange difference held in translation reserve has been recycled to profit or loss (non-cash charge of EUR 24.9 million).

Actuarial gains and losses reserve

The actuarial gains and losses reserve relates to the actuarial movement linked with defined benefit pension plans (see note 19).

In the period, the movement of EUR 28.5 million (see the consolidated statement of changes in equity – transfer between actuarial gain and losses reserve, translation reserve and retained earnings with no impact on total equity) relates to the termination of the defined benefit pension obligation in the United States (see note 19). In the prior period, the movement of EUR 24.9 million (see the consolidated statement of changes in equity – transfer between actuarial gain and losses reserve, translation reserve and retained earnings with no impact on total equity) related to the settlement of defined benefit pension obligation in the Netherlands.

On 5 June 2014, the Extraordinary General Meeting of Shareholders renewed the authorisation to the Board of Directors to increase the share capital on one or more occasions, during a renewable period of five years, up to a maximum of EUR 60 million by contributions in cash or in kind or by incorporation of available or non-available reserves or share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights, with or without subscription rights, with the possibility of limiting or withdrawing preferential subscription rights including in favour of one or more specified persons. The same Meeting authorised the Board of Directors to purchase own shares, during a period of five years, up to a maximum of ten percent of the ordinary shares issued.

Registered shares not fully paid-up may not be transferred except by virtue of a special authorisation from the Board of Directors for each assignment and in favour of an assignee appointed by the Board (art. 7 of the Articles). Participating shares may not be transferred except by the agreement of a majority of members of the Board of Directors, in which case they must be transferred to an assignee appointed by said members (art. 8 of the Articles).

The Group's objectives when managing capital are to safeguard each of its activities ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital adequacy at the level of each of its activities through a set of ratios relevant to their specific business. In order to maintain or adjust the capital structure, each activity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, taking into account the existence of non-controlling shareholders.

NOTE 28: EQUITY (continued)

The controlling shareholders are listed here below :

Shareholders with controlling interest according to the declaration of transparency dated 2 November 2011, and to further communications to the Company (of which the latest on 6 January 2017)	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	11,897,280	21.51%	-	-	11,897,280	19.73%
Reptid Commercial Corporation, Dover, Delaware	1,980,000	3.58%	-	-	1,980,000	3.28%
Mrs Catheline Périer-D'Ieteren	-	-	1,250,000	25.00%	1,250,000	2.07%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
The four abovementioned persons (collectively "SPDG Group") are associated.	13,887,280	25.11%	1,250,000	25.00%	15,137,280	25.10%
Nayarit Participations s.c.a., Brussels	17,217,830	31.13%	-	-	17,217,830	28.55%
Mr Roland D'Ieteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'Ieteren	10,000	0.02%	-	-	10,000	0.02%
The three abovementioned persons (collectively "Nayarit Group") are associated.	17,694,020	31.99%	3,750,000	75.00%	21,444,020	35.56%
The persons referred to as SPDG Group and Nayarit Group act in concert.						

According to the transparency notification dated 11 July 2016, MFS Investment Management (Boston, United States) now holds, following the sale of shares on 21 April 2016, 4.94% of the voting rights of the Company. It has therefore crossed downwards the lowest threshold of 5%.

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 0.95 per share (2015: EUR 0.90 per share), or EUR 52.1 million in aggregate (2015: EUR 49.3 million).

NOTE 29: PROVISIONS

Liabilities for post-retirement benefit schemes are analysed in note 19. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Non-current provisions							
Dealer-related	8.8	-	-	8.8	7.8	-	7.8
Warranty	4.0	-	-	4.0	4.3	-	4.3
Other non-current items	5.9	31.7	0.1	37.7	9.8	6.9	16.7
Subtotal	18.7	31.7	0.1	50.5	21.9	6.9	28.8
Current provisions							
Other current items	-	34.7	1.5	36.2	-	10.9	10.9
Subtotal	-	34.7	1.5	36.2	-	10.9	10.9
Total provisions	18.7	66.4	1.6	86.7	21.9	17.8	39.7

NOTE 29: PROVISIONS (continued)

The changes in provisions are set out below for the year ended 31 December 2016:

EUR million	Dealer-related	Warranty	Other non-current items	Other current items	Total
At 1 January 2016	7.8	4.3	16.7	10.9	39.7
Charged in the year	6.3	-	11.4	14.1	31.8
Utilised in the year	-1.8	-	-	-18.1	-19.9
Reversed in the year	-3.5	-0.3	-5.8	-	-9.6
Transferred during the year	-	-	15.2	28.3	43.5
Items acquired through business combination (see note 11)	-	-	0.1	1.0	1.1
Translation differences	-	-	0.1	-	0.1
At 31 December 2016	8.8	4.0	37.7	36.2	86.7

The timing of the outflows being largely uncertain, most of the provisions are considered as non-current items. The non-current provisions are not discounted since the impact is not considered material to the Group. Current provisions are expected to be settled within 12 months.

In the Automobile Distribution segment, warranty provisions relate to the cost of services offered to new vehicle customers, like mobility, and the dealer-related provisions arise from the ongoing improvement of the distribution networks.

In 2016, other non-current provisions in the Vehicle Glass segment (EUR 31.7 million) mainly relate to the provision for the long-term management incentive schemes (EUR 16.4 million for the schemes commenced in 2015 and 2016; the settlements being expected respectively in 2018 and in 2019) and to the US healthcare provision (EUR 15.2 million; transferred during the period from other non-current payables).

In 2015, other non-current provisions in the Automobile Distribution segment comprised, among other amounts, the "Emissiongate" provisions (EUR 3.8 million; extra logistic costs related to the upcoming recalls). The major part of these provisions was utilised or reversed during the period in the framework of the recalls.

Other non-current provisions also comprise:

- Dilapidation and environmental provisions to cover the costs of the remediation of certain properties held under operating leases;
- Provisions for vacant properties;
- Provision against legal claims that arise in the normal course of business, that are expected to crystallise in the next couple of years. After taking appropriate legal advice, the outcome of these legal claims should not give rise to any significant loss beyond amounts provided at 31 December 2016.

In 2016, other current provisions in the Vehicle Glass segment (EUR 34.7 million) relate to the restructuring provisions (reorganisation, employee termination costs and the US Enfield plant closure) and to the US healthcare provision (EUR 23.2 million; transferred during the period from current payables).

NOTE 30: LOANS AND BORROWINGS

Loans and borrowings are presented as follows:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Non-current loans and borrowings							
Obligations under finance leases	0.7	42.6	-	43.3	0.8	32.3	33.1
Bank and other loans	26.8	13.1	126.9	166.8	3.8	-	3.8
Loan notes	-	550.5	-	550.5	-	672.5	672.5
Inter-segment loan	-151.3	-	151.3	-	-	-	-
Subtotal non-current loans and borrowings	-123.8	606.2	278.2	760.6	4.6	704.8	709.4
Current loans and borrowings							
Obligations under finance leases	0.1	31.1	-	31.2	0.1	26.8	26.9
Bank and other loans	119.7	17.9	47.2	184.8	5.8	22.2	28.0
Loan notes	-	142.3	-	142.3	-	-	-
Inter-segment loan	-41.5	41.5	-	-	-20.0	20.0	-
Subtotal current loans and borrowings	78.3	232.8	47.2	358.3	-14.1	69.0	54.9
TOTAL LOANS AND BORROWINGS	-45.5	839.0	325.4	1,118.9	-9.5	773.8	764.3

Obligations under finance leases are analysed below:

EUR million	2016		2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	31.7	31.2	27.2	26.8
Between one and five years	45.5	42.9	35.9	33.1
More than five years	0.4	0.4	-	-
Subtotal	77.6	74.5	63.1	59.9
Less: future finance charges	-3.1		-3.1	
Present value of finance lease obligations	74.5		60.0	

At year-end, obligations under finance leases are mainly located in the Vehicle Glass segment and are mainly related to vehicles. The Group's obligations under finance leases are secured by the lessors having legal title over the leased assets.

Bank and other loans mainly represent syndicated and non syndicated bank facilities, commercial paper (EUR 55.5 million ran under one programme in Belgium through s.a. D'leteren Treasury n.v., a wholly-owned subsidiary of the Parent, fully guaranteed by the Parent), as well as overdrafts. Depending on the currency and the segment concerned, the weighted average cost ranged from 0.2% to 21.0% in 2016 (2015: 1.5% to 22.8%).

In the Vehicle Glass segment, the revolving credit facility was refinanced during the period with the conclusion on 20 June 2016 of a new syndicated five year revolving credit facility of EUR 450 million at a pricing lower than the previous one. EUR 15 million had been drawn at year-end (nil in 2015).

In the Automobile Distribution and Moleskine segment, the increase in bank and other loans is explained by the financing of the acquisition of Moleskine during the period.

NOTE 30: LOANS AND BORROWINGS (continued)

In the Vehicle Glass segment, loan notes represent the following outstanding balances, due by Belron Finance Limited, a wholly-owned subsidiary of Belron:

	Interest rate	Currency	2016		2015	
			Principal (in million)	Maturing	Principal (in million)	Maturing
Series B (April 2007)	5.80%	USD	125.0	2017	125.0	2017
Series C (April 2007)	5.94%	GBP	20.0	2017	20.0	2017
Series A (March 2011)	4.51%	USD	50.0	2018	50.0	2018
Series B (March 2011)	5.13%	USD	100.0	2021	100.0	2021
Series C (March 2011)	5.25%	USD	100.0	2023	100.0	2023
Series A (August 2013)	3.04%	EUR	75.0	2020	75.0	2020
Series B (September 2013)	3.93%	USD	135.0	2020	135.0	2020
Series C (September 2013)	4.33%	USD	21.0	2022	21.0	2022
Series D (September 2013)	4.50%	USD	71.0	2023	71.0	2023
Series E (September 2013)	4.65%	USD	23.0	2025	23.0	2025

In the period, the non-current inter-segment loan comprised amounts lent by the Automobile Distribution segment to the Moleskine segment, at arm's length conditions, in the framework of the acquisition (non-recourse loan).

In both periods, the current inter-segment loan comprised amounts lent by the Automobile Distribution segment to the Vehicle Glass segment, at arm's length conditions.

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

EUR million	2016	2015
Between one and five years	555.8	421.0
After more than five years	204.8	288.4
Non-current loans and borrowings	760.6	709.4

The exposure of the Group's loans and borrowings to interest rate changes and the repricing dates (before the effect of the debt derivatives) at the balance sheet date is as follows:

EUR million	2016	2015
Less than one year	358.3	54.9
Between one and five years	555.8	421.0
After more than five years	204.8	288.4
Loans and borrowings	1,118.9	764.3

The interest rate and currency profiles of loans and borrowings are as follows:

EUR million	2016			2015		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	33.4	377.7	411.1	67.5	20.4	87.9
GBP	664.5	17.6	682.1	27.2	-2.5	24.7
USD	23.5	-	23.5	625.1	10.4	635.5
Other	2.0	0.2	2.2	2.1	14.1	16.2
Total	723.4	395.5	1,118.9	721.9	42.4	764.3

NOTE 30: LOANS AND BORROWINGS (continued)

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

EUR million	2016			2015		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	33.4	377.7	411.1	67.5	20.4	87.9
GBP	664.5	17.6	682.1	27.2	-2.5	24.7
USD	23.5	-	23.5	625.1	10.4	635.5
Other	2.0	0.2	2.2	2.1	14.1	16.2
Total	723.4	395.5	1,118.9	721.9	42.4	764.3

EUR fixed rate borrowings are stated after deduction of deferred financing costs of EUR 4.9 million (2015: EUR 1.1 million).

The floating rate borrowings bear interest at various rates set with reference to the prevailing EURIBOR or equivalent. The range of interest rates applicable for fixed rate borrowings outstanding is as follows:

	2016		2015	
Currency	Min.	Max.	Min.	Max.
EUR	0.2%	5.7%	1.5%	6.8%
GBP	2.8%	6.7%	5.9%	5.9%
USD	5.9%	5.9%	2.8%	6.7%
Other	2.5%	22.8%	1.5%	22.8%

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

EUR million	2016		2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Obligations under finance leases	43.3	43.3	33.1	33.1
Bank loans, loan notes and other loans	764.7	717.3	731.1	676.3
Non-current loans and borrowings	808.0	760.6	764.2	709.4

The fair value of the other borrowings is based on either tradable market values, or where such market values are not readily available is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. See note 36 for fair value hierarchy and further information. Certain of the borrowings in the Group have covenants attached. At year-end, there is no breach of covenants.

NOTE 31: RELATIONS WITH NON-CONTROLLING INTERESTS

Put options granted to non-controlling interests

The Group is committed to acquiring the non-controlling interests owned by third parties in Belron (5.15%), should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interests is reflected as a financial liability in the consolidated statement of financial position.

At 31 December 2016, the exercise price of all options granted to non-controlling interests (put options with related call options, exercisable until 2024) amounts to EUR 90.0 million (2015: EUR 85.2 million).

For put options granted to non-controlling interests (4.15%) prior to 1 January 2010, the difference between the exercise price of the options and the carrying value of the non-controlling interest (EUR 24.8 million at 31 December 2016) is presented as additional goodwill (EUR 47.7 million at 31 December 2016; EUR 39.0 million at 31 December 2015 – see note 10).

For put options granted to non-controlling interests (1.0%) as from 1 January 2010, the re-measurement at year-end of the financial liability resulting from these options amounts to EUR -0.9 million and is recognised in the consolidated statement of profit or loss (net finance costs - see note 6).

The exercise price of the put options takes into account estimates of the future profitability of Belron. Should the underlying estimates change, the value of the put options recognised in the statement of financial position would be impacted, with impacts on the related goodwill and net finance costs. The carrying value of put options granted to non-controlling interests approximates their fair value.

NOTE 32: OTHER NON-CURRENT PAYABLES

Other non-current payables are non interest-bearing deferred consideration on acquisitions (2016: EUR 1.9 million; 2015: EUR 3.1 million) and other creditors (2016: EUR 1.1 million; 2015: EUR 18.5 million), payable after more than 12 months. The carrying value of other non-current payables approximates their fair value. The decrease of other creditors during the period is mainly explained by the transfer to non-current provisions (see note 29) of the US healthcare provision (EUR 15.2 million in the Vehicle Glass segment).

NOTE 33: TRADE AND OTHER CURRENT PAYABLES

Trade and other payables are analysed below:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
Trade payables	-6.7	147.7	26.0	167.0	29.2	125.9	155.1
Accrued charges and deferred income	38.5	8.4	0.2	47.1	31.7	8.1	39.8
Non-income taxes	-0.9	18.5	0.5	18.1	5.9	17.7	23.6
Deferred consideration on acquisitions	-	5.9	-	5.9	-	8.4	8.4
Other creditors	57.4	308.5	4.9	370.8	51.0	324.2	375.2
Trade and other payables	88.3	489.0	31.6	608.9	117.8	484.3	602.1

Trade and other current payables are expected to be settled within 12 months. The carrying value of trade and other current payables approximates their fair value.

Trade payables are presented net of trade credit notes to be received (mainly in the Automobile Distribution segment).

NOTE 34: EMPLOYEE BENEFIT EXPENSE

The employee benefit expense is analysed below:

EUR million	2016				2015		
	Automobile Distribution	Vehicle Glass	Moleskine	Group	Automobile Distribution	Vehicle Glass	Group
<i>Retirement benefit charges under defined contribution schemes</i>	-	-25.0	-	-25.0	-	-20.9	-20.9
<i>Retirement benefit charges under Belgian defined contribution schemes considered as defined benefit schemes</i>	-4.8	-	-	-4.8	-5.3	-	-5.3
<i>Retirement benefit charges under defined benefit schemes (see note 19)</i>	-1.2	-2.5	-0.2	-3.9	-0.4	-7.5	-7.9
Total retirement benefit charge	-6.0	-27.5	-0.2	-33.7	-5.7	-28.4	-34.1
Wages, salaries and social security costs	-156.2	-1,284.9	-6.0	-1,447.1	-158.2	-1,201.9	-1,360.1
Share-based payments: equity-settled	-1.5	-	-	-1.5	-1.2	-	-1.2
Total employee benefit expense	-163.7	-1,312.4	-6.2	-1,482.3	-165.1	-1,230.3	-1,395.4

The above expense includes the amounts accounted for in 2016 (charge of EUR 9.5 million) and in 2015 (charge of EUR 4.9 million) in respect of the long-term management incentive schemes in the Vehicle Glass segment.

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

	2016	2015
Automobile Distribution	1,610	1,580
Vehicle Glass	26,340	26,390
Moleskine	398	-
Group	28,348	27,970

NOTE 35: SHARE-BASED PAYMENTS

There is in the Group an equity-settled share-based payment scheme. Since 1999, share option schemes have been granted to officers and managers of the Automobile Distribution segment, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'Ieteren n.v. Under these schemes, vesting conditions are three years' service from grant date and holders of vested options are entitled to purchase shares at the exercise price of the related scheme during the exercise period.

Options outstanding are as follows:

Date of grant	Number of options (in units)		Exercise price (EUR)	Exercise period	
	2016	2015		From	To
2016	10,000	-	38.09	1/01/2020	16/11/2026
2016	135,000	-	31.71	1/01/2020	13/03/2026
2016	79,000	-	31.71	1/01/2020	13/03/2026
2016	98,000	-	28.92	1/01/2020	21/01/2026
2015	95,000	95,000	32.10	1/01/2019	12/03/2025
2015	63,352	63,352	32.10	1/01/2019	12/03/2025
2014	122,091	122,091	33.08	1/01/2018	10/03/2024
2013	65,250	65,250	34.99	1/01/2017	24/11/2023
2013	89,361	89,361	34.23	1/01/2017	18/03/2023
2012	52,400	79,100	36.45	1/01/2016	14/10/2022
2011	131,836	215,914	35.00	1/01/2015	22/12/2021
2010	55,977	81,350	39.60	1/01/2014	3/10/2020
2009	23,600	68,336	24.00	1/01/2013	27/10/2019
2008	20,505	42,910	12.10	1/01/2012	5/11/2018
2007	28,120	53,560	26.40	1/01/2011	2/12/2022
2006	14,800	29,000	26.60	1/01/2010	27/11/2021
2005	10,800	25,200	20.90	1/01/2009	6/11/2020
2004	3,150	5,400	14.20	1/01/2008	28/11/2019
2003	3,450	5,800	16.34	1/01/2007	16/11/2018
Total	1,101,692	1,041,624			

All outstanding options are covered by treasury shares (see note 28).

A reconciliation of the movements in the number of outstanding options during the year is as follows:

	Number (in units)		Weighted average exercise price (EUR)	
	2016	2015	2016	2015
Outstanding options at the beginning of the period	1,041,624	964,846	30.8	23.1
Granted during the period	322,000	158,352	32.6	33.1
Forfeited during the period	-	-1,800	11.6	11.6
Exercised during the period	-261,932	-79,774	29.3	20.2
Outstanding options at the end of the period	1,101,692	1,041,624	31.9	27.0
<i>of which: exercisable at the end of the period</i>	<i>344,638</i>	<i>527,470</i>	<i>9.6</i>	<i>9.6</i>

In 2016, a large part of the options were exercised during the second and third quarters of the period. The average share price during the period was EUR 37.86 (2015: EUR 32.74). The forfeited movement during the prior period relates to the options initially granted in 2002 which have expired in October 2015.

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

	Number of years
31 December 2016	7.0
31 December 2015	6.6

NOTE 35: SHARE-BASED PAYMENTS (continued)

IFRS 2 "Share-Based Payments" requires that the fair value of all share options issued after 7 November 2002 is charged to the income statement (EUR 1.5 million during the period). The fair value of the options must be assessed on the date of each issue. A simple Cox valuation model was used at each issue date re-assessing the input assumptions on each occasion. The assumptions for the 2016 and 2015 issues were as follows:

	2016				2015	
Number of employees	155	1	7	9	122	6
Spot share price (EUR)	39.0	38.1	39.0	28.6	32.90	33.88
Option exercise price (EUR)	31.7	38.1	31.7	28.9	32.10	32.10
Vesting period (in years)	3.0	3.0	3.0	3.0	3.0	3.0
Expected life (in years)	6.5	6.5	6.5	6.5	6.5	6.5
Expected volatility (in %)	29%	30%	29%	31%	28%	28%
Risk free rate of return (in %)	0.21%	0.51%	0.21%	0.36%	0.46%	0.43%
Expected dividend (EUR)	0.7	0.6	0.7	0.7	0.8	0.8
Probability of ceasing employment before vesting (in %)	0%	0%	0%	0%	0%	0%
Weighted average fair value per option (EUR)	12.4	11.4	12.4	6.7	6.4	6.9

Expected volatility and expected dividends were provided by an independent expert. The risk free rate of return is based upon EUR zero-coupon rates with an equivalent term to the options granted.

NOTE 36: FINANCIAL RISK MANAGEMENT

The main risks managed by the Group under policies approved by the Board of Directors, are liquidity and re-financing risk, market risk, credit risk, counterparty risk and price risk. The Board periodically reviews the Group's treasury activities, policies and procedures. Treasury policies aim to ensure permanent access to sufficient liquidity, and to monitor and limit interest and currency exchange risks. These are summarised below.

Liquidity and re-financing risk

Liquidity risk is associated with the Group's ability to meet its obligations. Each business unit of the Group manages liquidity risk by maintaining sufficient cash and funding available through an adequate amount of committed credit facilities to cover its anticipated medium term commitments at all times. To minimise liquidity risk, the Group ensures, on the basis of its long-term financial projections, that it has a core level of committed long-term funding in place, with maturities spread over a wide range of dates, supplemented by various shorter term facilities, and various funding sources.

Cash pooling schemes are sought and implemented each time when appropriate in order to minimise gross financing needs and costs of liquidity.

NOTE 36: FINANCIAL RISK MANAGEMENT (continued)

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities together with derivative financial instrument assets and liabilities at balance sheet date:

EUR million	Due within one year		Due between one and five years		Due after five years		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
At 31 December 2016								
Loans and borrowings								
Obligations under finance leases	31,2	0,5	42,9	2,7	0,4	-	74,5	3,2
Other borrowings and private bonds	327,8	30,1	516,9	84,0	204,5	16,1	1.049,2	130,2
Total	359,0	30,6	559,8	86,7	204,9	16,1	1.123,7	133,4
Trade and other payables	608,9	-	-	-	-	-	608,9	-
Deferred consideration on acquisition of Moleskine	15,9	-	-	-	-	-	15,9	-
Derivative financial instruments								
Derivative contracts - receipts	-123,8	-	-	-	-	-	-123,8	-
Derivative contracts - payments	122,4	-	-	-	-	-	122,4	-
Total	982,4	30,6	559,8	86,7	204,9	16,1	1.747,1	133,4
At 31 December 2015								
Loans and borrowings								
Obligations under finance leases	26,9	0,6	33,1	2,5	-	-	60,0	3,1
Other borrowings and private bonds	28,2	31,8	388,6	88,8	288,6	26,1	705,4	146,7
Total	55,1	32,4	421,7	91,3	288,6	26,1	765,4	149,8
Trade and other payables	602,1	-	-	-	-	-	602,1	-
Derivative financial instruments								
Derivative contracts - receipts	-75,4	-	-	-	-	-	-75,4	-
Derivative contracts - payments	81,0	-	-	-	-	-	81,0	-
Total	662,8	32,4	421,7	91,3	288,6	26,1	1.373,1	149,8

Interest Rate Risk

The Group's interest rate risk arises from changes in interest rates on interest-bearing assets and from loans and borrowings.

The Group seeks to cap the impact of adverse interest rates movements on its financial results, particularly in relation to the next 12 months. To manage its interest rate exposures, the Group primarily uses forward rate agreements, interest rate swaps, caps and floors. Each business unit determines its own minimum hedge percentages, which, for the period up to 12 months, are comprised between 50% and 100%, and thereafter sets them gradually lower over time. The overall hedge horizon is typically 3 years. Hedges, or fixed rate indebtedness, beyond 5 years are unusual.

The interest rate and currency profiles of loans and borrowings are disclosed in note 30.

A change of 100 basis points in interest rate at the reporting date would have increased/decreased equity and result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations	
	1% increase	1% decrease
31 December 2016	-0.7	0.5
31 December 2015	-0.2	0.1

NOTE 36: FINANCIAL RISK MANAGEMENT (continued)

Currency Risk

The Group's objective is to protect its cash flows, commercial transactions and net investments in foreign operations from the potentially high volatility of the foreign exchange markets by hedging any material net foreign currency exposure.

The Group has certain investments in foreign operations whose net assets and related goodwill are exposed to foreign currency translation risk. Group policy is to hedge the economic value of material foreign currency investments (limited to the net book value of the asset) in a particular currency with financial instruments including debt in the currency of the investment. The proportion to which an investment is hedged is individually determined having regard to the economic and accounting exposures and the currency of the investment. To complement these natural hedges, the Group uses instruments such as forwards, swaps, plain-vanilla foreign exchange options and, when appropriate, cross currency swaps. The hedging levels are reviewed periodically, in light of the market conditions and each time a material asset is added or removed. See note 17 for more information.

The significant exchange rates applied in 2016 and in 2015 are disclosed in note 41.

A 10 percent strengthening/weakening of the euro against the following currencies at 31 December would have increased/decreased equity and result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations		Equity	
	10% strengthening	10% weakening	10% strengthening	10% weakening
31 December 2016				
EUR vs GBP	-0.2	0.3	-7.4	9.1
EUR vs USD	0.8	-0.9	-0.2	0.3
31 December 2015				
EUR vs GBP	0.1	-0.1	-13.8	16.0
EUR vs USD	2.1	-2.6	-0.7	0.9

Price Risk

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk mainly arises from the presence of a limited number of supplier of goods and the need to guarantee procurement volumes. The Group also limits price risk through its procurement policy.

Counterparty risk

Exposure limits to financial counterparties in respect of both amount and duration are set in respect of derivatives and cash deposits. Such transactions are entered into with a limited number of pre-designated banks on the basis of their publicly available credit ratings, which are checked at least once a year. Limits on length of exposure per category of transaction are in place to protect liquidity and mitigate counterparty default risks. The instruments and their documentation must be authorized before entering the contemplated transactions.

Financial instruments measured at fair value in the consolidated statement of financial position

All Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted market prices in an active market (that are unadjusted) for identical assets and liabilities;
- Level 2: valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);
- Level 3: valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

In 2016 and 2015, all Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position (derivative hedging instruments and derivatives held for trading) are classified in level 2.

NOTE 36: FINANCIAL RISK MANAGEMENT (continued)**Fair value disclosed**

For all Group's financial and non-financial assets and liabilities not measured at fair value in the consolidated statement of financial position, their fair value approximates their carrying amount, except for:

EUR million	31 December 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Investment properties	3.8	5.9	4.3	6.8
Liabilities				
Non-current loans and borrowings	760.6	809.3	709.4	764.2

In 2016 and 2015, for the non-current loans and borrowings (see note 30), the fair value is classified in level 2 of the fair value hierarchy, described above.

In 2016 and 2015, the fair value of the investment properties (see note 15) is classified in level 3 of the fair value hierarchy as described above (valuation by an independent valuer who holds a recognised and relevant professional qualification).

Valuation techniques

The fair value of the bonds is determined based on their market prices. The fair value of the other loans and borrowings is based on either tradable market values, or should such market values not be readily available is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The fair values of derivative hedging instruments and derivatives held for trading are determined using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions at the balance sheet date. The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps and collars is valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of fuel hedge instruments (combination of options, collars and swaps used in the Vehicle Glass segment to hedge the price of fuel purchases) is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly futures forward curve for gasoline given the volume hedged and the contract period. The fair values of forward rate agreements are calculated as the present value of future estimated cash flows.

NOTE 37: CONTINGENCIES AND COMMITMENTS

EUR million	2016	2015
Commitments to acquisition of non-current assets	21.4	18.0
Other important commitments:		
Commitments given	26.8	7.4
Commitments received	26.8	26.4

In 2016 and in 2015, the commitments to acquisition of non-current assets mainly concern intangible assets and property, plant and equipment in the Automobile Distribution and in the Vehicle Glass segments.

The Group is a lessee in a number of operating leases (mainly buildings, stores, non-fleet vehicles and items of property, plant and equipment). The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2016	2015
Within one year	131.2	118.6
Later than one year and less than five years	364.2	327.4
After five years	133.7	143.7
Total	629.1	589.7

NOTE 37: CONTINGENCIES AND COMMITMENTS (continued)

The Group also acts as a lessor in a number of operating leases, normally when the Group has been unable to extricate itself from a head lease when the use of that head lease is no longer required. The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2016			2015		
	Investment property	Other property, plant and equipment	Total	Investment property	Other property, plant and equipment	Total
Within one year	0.8	1.6	2.4	0.8	2.0	2.8
Later than one year and less than five years	2.3	3.5	5.8	2.0	3.5	5.5
After five years	0.6	0.5	1.1	0.8	0.2	1.0
Total	3.7	5.6	9.3	3.6	5.7	9.3

At each year end, the Group also has various other prepaid operating lease commitments in relation to vehicles sold under buy-back agreements, included in deferred income in note 33.

The revenue, expenses, rights and obligations arising from leasing arrangements regarding investment property are not considered material to the Group, and accordingly a general description of these leasing arrangements is not disclosed.

NOTE 38: RELATED PARTY TRANSACTIONS

EUR million	2016	2015
With entities with joint control or significant influence over the Group (shareholders):		
Amount of the transactions entered into during the period	0.7	0.6
Outstanding creditor balance at 31 December	0.4	0.7
With associates:		
Sales	-	-
Purchases	-	-
Trade receivables outstanding at 31 December	-	0.1
With joint ventures in which the Group is a venturer:		
Sales	128.1	132.9
Purchases	-36.0	-15.3
Trade receivables outstanding at 31 December	20.2	10.4
With key management personnel:		
Compensation:		
Short-term employee benefits	4.2	3.8
Post-employment benefits	0.3	0.4
Termination benefits	-	1.0
Total compensation	4.5	5.2
Amount of the other transactions entered into during the period	-	-
Outstanding creditor balance at 31 December	0.1	0.1
With other related parties:		
Amount of the transactions entered into during the period	-	-
Outstanding creditor balance at 31 December	-	-

Shareholders

The Nayarit group (Nayarit Participations S.c.a., Roland D'Ieteren and Nicolas D'Ieteren) and the SPDG group (s.a. de Participations et de Gestion, Reptid Commercial Corporation, Catheline D'Ieteren and Olivier Périer), acting in concert following an agreement pertaining to the exercise of their voting rights with a view to leading a sustainable joint strategy, together hold 60.66% of the voting rights of the Company (see note 28).

In 2016, some of these shareholders or entities linked to them carried out commercial transactions with the Company. These transactions (total of EUR 0.7 million) can be outlined as follows:

- Automobile repairs carried out by the Company and invoiced to these individuals for a total amount of EUR 0.5 million;

NOTE 38: RELATED PARTY TRANSACTIONS (continued)

- Supply of spare parts and automobile repairs carried out by one of these individuals and invoiced to the Company for a total amount of EUR 0.1 million;
- The maintenance of property carried out by the Company and invoiced to one of these individuals for a total amount of EUR 0.1 million;
- The rental by one of these individuals of a property belonging to the Company which led to payment of a rent.

The Company also made available to some of these shareholders an interest-bearing current bank account, which showed a balance of EUR 0.4 million on 31 December 2016.

See notes 21 and 31 for relations with a non-controlling interest of Belron.

Associates

D'leteren Vehicle Trading (DVT) s.a. is a 49%-owned associate, previously active in finance lease services to customers (see note 7 for more information).

The low level of transactions in 2015 and 2016 between the Company and DVT is explained by the transfer to Volkswagen D'leteren Finance (VDFin – see below), as from June 2012, of new requests for finance lease services to customers of the Automobile Distribution segment.

Joint Ventures

In 2016, the Group is venturer in three joint ventures, the main one being Volkswagen D'leteren Finance (VDFin). See note 7 for more information related to these joint ventures.

In 2016, sales of EUR 128.1 million to joint ventures mainly consist of sales of new vehicles by the Automobile Distribution segment to VDFin. Purchases of EUR 36.0 million mainly relate to used cars purchased by the Automobile Distribution segment from VDFin (former fleet vehicles). The outstanding trade receivables (EUR 20.2 million) are related to VDFin.

Key management personnel

The key managers comprise the members of the Company's Board of Directors and its Executive Committee (see the Corporate Governance Statement).

In 2016, a total of 100,000 options were granted to the members of the Executive Committee (90,000 options at strike price of EUR 31.71 and 10,000 options at a strike price of EUR 38.09). For more information on the remuneration of key managers, refer to the remuneration report that can be found in the Corporate Governance Statement.

In 2016, a loan of EUR 0.1 million was granted by a subsidiary of the Company to a member of the Executive Committee in the framework of the share option scheme in order to enable the individual concerned to pay taxes due at the moment the options were accepted. The loan was for a maximum period of 10 years with an interest rate of 2%. Article 523 of the Company Code was applied.

NOTE 39: DISCONTINUED OPERATIONS

In August 2015, the Vehicle Glass segment closed its remaining VGRR operations in China. The Board of Directors committed to a plan to close the operation following a review of the market which concluded that due to the complex Chinese market the Group's resources would be better utilised by focusing on other operations across the world.

On 7 January 2016 the Parent announced that the Vehicle Glass segment has entered into an agreement with Advisia Investimentos ("Advisia") to form a joint venture in Brazil. Under the agreement, the Vehicle Glass segment sold 60% of its investment in Carglass Brazil to Advisia. This followed a management review of the business during 2015 which concluded that the significant challenges leading to declines in market share made the financial commitment in Brazil unsustainable. This sale of Carglass Brazil involved the loss of control of the subsidiary and the remaining 40% interest has been accounted for as an equity investment in 2016. According to the requirements of IAS 21 the cumulative amount of foreign exchange difference held in translation reserve has been recycled to profit or loss (non-cash charge of EUR 24.9 million in 2016) on disposal of the Brazilian subsidiary.

Results of discontinued operations

EUR million	2016	2015
Sales	-	53.6
Operating result	-	-40.9
Net finance costs	-	-0.2
Result before tax	-	-41.1
Share of result of entities accounted for using the equity method	-	-
Tax expense	-	0.7
Result after tax of discontinued operations	-	-40.4
Recycling of currency translation reserve	-24.9	-
Tax expense	-	-
Result after tax from discontinued operations	-24.9	-40.4

Cash flow from discontinued operations

EUR million - Year ended 31 December	2016	2015
Net cash generated from operating activities	-	-9.4
Net cash from investing activities	-	-0.3
Net cash from financing activities	-	-0.4
Effect on cash flows	-	-10.1

NOTE 40: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The full list of companies concerned by articles 114 and 165 of the Royal Decree of 30 January 2001 implementing the Company Code will be lodged with the Central Balance Sheet department of the National Bank of Belgium. It is also available on request from the Parent head office (see note 1).

The main fully consolidated subsidiaries of the Parent are listed below:

Name	Country of incorporation	% of share capital owned at 31 Dec. 2016	% of share capital owned at 31 Dec. 2015
Automobile Distribution			
s.a. D'Ieteren Sport n.v.	Belgium	100%	100%
s.a. D'Ieteren Services n.v.	Belgium	100%	100%
s.a. D'Ieteren Treasury n.v.	Belgium	100%	100%
s.a. D'Ieteren Immo n.v.	Belgium	100%	100%
D'Ieteren Vehicle Glass s.a.	Luxemburg	100%	100%
Dicobel s.a.	Belgium	100%	100%
PC Paal - Beringen n.v.	Belgium	100%	100%
Kronos Automobiles s.a.	Belgium	100%	100%
PC Liège s.a.	Belgium	100%	100%
S.M.A.R.T. & Clean Automotive Services s.a.	Belgium	100%	100%
Garage Joly b.v.b.a.	Belgium	100%	100%
Auto Center Mechelen 2 b.v.b.a.	Belgium	100%	-
PC Mechelen n.v.	Belgium	100%	100%
Autonatie n.v.	Belgium	100%	100%
Geel Automotive n.v.	Belgium	100%	100%
Overijse Automotive n.v.	Belgium	100%	100%
Y&N Claessens b.v.b.a.	Belgium	100%	100%
Vehicle Glass			
Belron s.a.	Luxemburg	94.85%	94.85%
Moleskine			
Moleskine SpA	Italy	100.00%	-

The main entity accounted for using the equity method is the joint venture Volkswagen D'Ieteren Finance s.a. (50% owned minus one share), incorporated in Belgium. See note 7 for adequate disclosures.

Belron s.a. and its subsidiaries have material non-controlling interests. The ownership interest held by non-controlling interests is 5.15%. Since the Vehicle Glass segment comprises Belron s.a. and its subsidiaries, no specific additional disclosures are made.

The year-end percentage used for the consolidation of Moleskine's assets and liabilities is 100%, whilst the weighted average percentage used for the consolidation of Moleskine's income statement (three months period ended 31 December 2016) is 71.52%.

NOTE 41: EXCHANGE RATES

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the statement of financial position which is translated at the closing rate, each line item in these consolidated financial statements represents a weighted average rate.

The main exchange rates used for the translations were as follows:

Number of euros for one unit of foreign currency	2016	2015
Closing rate		
AUD	0.7	0.7
BRL	0.3	0.2
CAD	0.7	0.7
GBP	1.2	1.4
USD	1.0	0.9
HKD	0.1	-
CNY	0.1	-
SGD	0.7	-
Average rate ⁽¹⁾		
AUD	0.7	0.7
BRL	0.3	0.3
CAD	0.7	0.7
GBP	1.2	1.4
USD	0.9	0.9
HKD	0.1	-
CNY	0.1	-
SGD	0.7	-

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

NOTE 42: SERVICES PROVIDED BY THE STATUTORY AUDITOR

The external audit is conducted by KPMG Réviseurs d'Entreprises, represented by Alexis Palm, whose audit mandate expires at the General Meeting of June 2017.

EUR million	2016	2015
Audit services	2.5	2.8
KPMG Belgium	0.5	0.4
Other offices in the KPMG network	2.0	2.4
Non-audit services	3.0	3.3
KPMG Belgium	0.9	0.2
Other offices in the KPMG network	2.1	3.1
Services provided by the Statutory Auditor	5.5	6.1

In 2016, approval of non-audit services provided by the Statutory Auditor was granted by the Group Audit committee for two specific projects in Belgium and China for EUR 1.1 million.

Based on above elements, one-to-one rule is respected and the Parent complies with article 133 of the Belgian Company Code.

NOTE 43: SUBSEQUENT EVENTS

On 13 December 2016, the Parent announced the success of its Moleskine acquisition, owning 95.5% of the shares (96.9% taking into account the treasury shares held by Moleskine). Crossing the 95% threshold a squeeze out procedure was launched to acquire 100% of Moleskine's shares. On 24 January 2017 the Parent announced the finalization of this squeeze out procedure, owning 100% of the shares. The Moleskine shares have been removed from the Milan Stock Exchange.

The squeeze out procedure began in December 2016 and ended in January 2017. The Group considered that this procedure was an event that occurred between the end of the reporting period and the date when these consolidated financial statements were authorised for issue and has to be considered as an adjusting event after the reporting period. At year-end, a liability of EUR 15.9 million was recognized in the Moleskine segment for the non-controlling interests still to be acquired (3.1%; EUR 2.40 per share).

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

Statutory Auditor's report

Statutory auditor's report to the general meeting of D'Ieteren SA as of and for the year ended 31 December 2016

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN FRENCH

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2016, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of D'Ieteren SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3,831.6 million and the consolidated statement of profit or loss shows a gain for the year of EUR 51.7 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, March 30, 2017

KPMG Réviseurs d'Entreprises
Statutory Auditor
represented by

Alexis Palm
Réviseur d'Entreprises / Bedrijfsrevisor

s.a. D'leteren n.v.

Summarised Statutory Financial Statements 2016

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The statutory financial statements of s.a. D'leteren n.v. are summarised below in accordance with article 105 of the Company Code. The unabridged version of the statutory financial statements of s.a. D'leteren n.v., the related management report and Statutory Auditor's report shall be deposited at the National Bank of Belgium within the legal deadline and may be obtained free of charge from the internet site www.dieteren.com or on request from:

s.a. D'leteren n.v.
Rue du Mail 50
B-1050 Brussels

The Statutory Auditor has issued an unqualified opinion on the statutory financial statements of s.a. D'leteren n.v.

Summarised Balance Sheet

At 31 December

EUR million	2016	2015
ASSETS		
Fixed assets	2,700.4	2,413.5
II. Intangible assets	9.3	7.9
III. Tangible assets	19.2	121.3
IV. Financial assets	2,671.9	2,284.3
Current assets	625.9	401.6
V. Non-current receivables	20.0	20.0
VI. Stocks	300.5	300.5
VII. Amounts receivable within one year	264.7	44.2
VIII. Investments	37.0	34.5
IX. Cash at bank and in hand	0.4	0.2
X. Deferred charges and accrued income	3.3	2.2
TOTAL ASSETS	3,326.3	2,815.1

EUR million	2016	2015
LIABILITIES		
Capital and reserves	887.8	877.1
I.A. Issued capital	160.0	160.0
II. Share premium account	24.4	24.4
IV. Reserves	688.9	690.7
V. Accumulated profits	14.5	2.0
Provisions and deferred taxes	24.1	28.2
Creditors	2,414.1	1,909.8
VIII. Amounts payable after one year	1,203.2	630.8
IX. Amounts payable within one year	1,161.2	1,231.3
X. Accrued charges and deferred income	50.0	47.7
TOTAL LIABILITIES	3,326.3	2,815.1

Summarised Income Statement

Year ended 31 December

EUR million	2016	2015
I. Operating income	3,045.1	2,852.3
II. Operating charges	2,976.3	2,801.1
III. Operating profit	68.8	51.2
IV. Financial income	36.5	32.6
V. Financial charges	35.7	37.1
IX. Result for the period before taxes	69.6	46.7
IXbis. Deferred taxes	-1.8	-2.4
X. Income taxes	-0.1	-0.1
XI. Result for the period	67.7	44.2
XII. Variation of untaxed reserves ⁽¹⁾	-3.2	-4.6
XIII. Result for the period available for appropriation	64.5	39.6

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

Summarised Appropriation

Year ended 31 December

EUR million	2016	2015
APPROPRIATION ACCOUNT		
Profit (loss) to be appropriated	66.5	41.1
Gain (loss) of the period available for appropriation	64.5	39.6
Profit (loss) brought forward	2.0	1.5
Withdrawals from capital and reserves	1.1	11.2
from capital and share premium account	-	-
from reserves	1.1	11.2
Transfer to capital and reserves	1.0	0.9
to capital and share premium account	-	-
to legal reserve	-	-
to other reserves	1.0	0.9
Profit (loss) to be carried forward	14.5	2.0
Profit to be distributed	52.1	49.4
Dividends	52.1	49.4

This proposed appropriation is subject to approval by the Annual General Meeting of 1 June 2017.

Summary of Accounting Policies

The **capitalised costs for the development of information technology projects (intangible assets)** are amortised on a straight-line basis over their useful life. The amortisation period cannot be less than 2 years nor higher than 7 years.

Tangible Fixed Assets are recognised at their acquisition value; this value does not include borrowing costs. Assets held by virtue of long-term leases ("emphytéose"), finance leases or similar rights are entered at their capital reconstitution cost. The rates of depreciation for fixed assets depend on the probable economic lifetime for the assets concerned. As from 1 January 2003, tangible fixed assets acquired or constructed after this date shall be depreciated pro rata temporis and the ancillary costs shall be depreciated at the same rate as the tangible fixed assets to which they relate.

The main depreciation rates are the following:

	Rate	Method
Buildings	5%	L/D
Building improvements	10%	L/D
Warehouse and garage	15%	L/D
Network identification equipment	20%	L/D
Furniture	10%	L/D
Office equipment	20%	L/D
Rolling stock	25%	L
Heating system	10%	L/D
EDP hardware	20%-33%	L/D

L: straight line.

D: declining balance (at a rate twice as high as the equivalent straight line rate).

Tangible fixed assets are revalued if they represent a definite, long-term capital gain. Depreciation of any revaluation surplus is calculated linearly over the remaining lifetime in terms of the depreciation period of the asset concerned.

Financial Fixed Assets are entered either at their acquisition price, after deduction of the uncalled amounts (in the case of shareholdings), or at their nominal value (amounts receivable). They can be revalued, and are written down if they suffer a capital loss or a justifiable long-term loss in value. The ancillary costs are charged to the income statement during the financial year.

Amounts Receivable within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied if repayment by the due date is uncertain or compromised in whole or in part, or if the repayment value at the closing date is less than the book value.

Stocks of new vehicles are valued at their individual acquisition price. Other categories of stocks are valued at their acquisition price according to the fifo method, the weighted average price or the individual acquisition price. Write-downs are applied as appropriate, according to the selling price or the market value.

Treasury Investments and Cash at Bank and in Hand are recorded at their acquisition value. They are written down if their realisation value on the closing date of the financial year is less than their acquisition value.

When these treasury investments consist of own shares held for hedging share options, additional write-downs are applied if the exercise price is less than the book value resulting from the above paragraph.

Provisions for Liabilities and Charges are subject to individual valuation, taking into account any foreseeable risks. They are written back by the appropriate amount at the end of the financial year if they exceed the current assessment of the risks which they were set aside to cover.

Amounts Payables are recorded at their nominal value.

Valuation of assets and liabilities in foreign currencies

Financial fixed assets are valued in accordance with recommendation 152/4 by the Accounting Standards Commission. Stocks are valued at their historical cost. However, the market value (as defined by the average rate on the closing date of the balance sheet) is applied if this is less than the historical cost. Monetary items and commitments are valued at the official rate on the closing date, or at the contractual rate in the case of specific hedging operations. Only negative differences for each currency are entered in the income statement.

Corporate Governance Statement

The Company adheres to the corporate governance principles set out in the 2009 Belgian Code of Corporate Governance published on the website www.corporategovernancecommittee.be. It has published its Corporate Governance Charter on its website (www.dieteren.com) since 1 January 2006. For the implementation of the principles of the Code, the Company took into consideration the particular structure of its share capital, with a majority family shareholder ensuring the stability of the Company since 1805. Exceptions to the Code are set out on page 89.

1. Composition and functioning of the Board, executive management and control bodies

1.1. BOARD OF DIRECTORS

1.1.1. Composition

The Board of Directors consists of:

- six non-executive Directors, appointed upon proposal of the family shareholders;
- four non-executive Directors, three of whom being independent, chosen on the basis of their experience;
- the managing director (Group CEO).

The Chairman and Deputy Chairmen of the Board are selected among the Directors appointed upon proposal of the family shareholders. Two female directors are on the Board. At least one of them is also a member of each Committee of the Board. A search is currently ongoing in order to appoint an additional female director to the Board before the 1st of January 2019.

1.1.2. Roles and activities

Without prejudice to its legal and statutory attributions and those of the General Meeting, the role of the Board of Directors is to:

- determine the Company's strategy and values;
- approve its plans and budgets;
- decide on major financial transactions, acquisitions and divestments;
- ensure that appropriate organization structures, processes and controls are in place to achieve the Company's objectives and properly manage its risks;
- appoint and revoke the CEO and, based on a proposal by the latter, the other members of the Executive Committee and determine their remuneration;
- monitor and review day-to-day management performance;
- supervise communications with the Company's shareholders and other interested parties;
- approve the Company's statutory and consolidated financial statements, as well as set the dividend which will be proposed to the General Meeting. In that framework, the Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing, which has supported the group's development, with a view to strengthen its equity capital and to maintain quality financial ratios. Absent major unforeseen events, the Board will ensure a stable and, results permitting, steadily growing dividend.

Composition of the Board of Directors (as at 31 December 2016)		Joined the Board in	End of term
Roland D'leteren (74)^{1,2}	Chairman of the Board Graduate of Solvay Business School, MBA (INSEAD). Chairman and managing director of D'leteren from 1975 to 2005. Chairman of the Board of Directors of D'leteren since 2005. Honorary Director of Belron.	1968	June 2017
Nicolas D'leteren (41)^{1,2}	Deputy Chairman of the Board BSc Finance & Management (University of London); Asia Int'l Executive Program and Human Resources Management in Asia Program (INSEAD). Led projects at Bentley Germany and Porsche Austria. From 2003 to 2005, finance director of a division of Total UK. Since 2005, managing director of a private investment company.	2005	June 2019
Olivier Périer (45)^{1,2}	Deputy Chairman of the Board Degree in architecture and urban planning (ULB). Executive Program for the Automotive Industry (Solvay Business School). International Executive, Business Strategy Asia Pacific and International Director Programs; Certificate in Global Management (INSEAD). Founding partner of architectural firm Urban Platform. Managing director of SPDG, a private holding company, since 2010. Chairman, member of the advisory board or of the supervisory board of various venture capital companies.	2005	June 2019
Axel Miller (51)	Chief Executive Officer Law degree (ULB). Partner at Stibbe Simont, then at Clifford Chance (1996-2001). After holding several executive positions within the Dexia Group, became Chairman of the executive committee of Dexia Bank Belgium (2002-2006) and CEO of Dexia s.a. (2006-2008). Managing Partner at Petercam from 2009 to March 2012. Chairman of the Boards of directors of Belron and Moleskine. Directorships: Carmeuse (Chairman), Spadel, Duvel Moortgat.	2010	May 2018
GEMA sprl¹	Non-executive Director – Permanent representative: Michel Allé (66) Civil engineer and economist (ULB). Joined Cobepa in 1987, member of its Executive Committee (1995-2000). CFO of Brussels Airport (2001-2005). CFO of SNCB Holding (2005-2013). CFO of SNCB (2013-2015). Director of Zetes Industries and Chairman of the Board of Ogeda. Professor at ULB.	2014	May 2018
s.a. de Participation et de Gestion (SPDG)¹	Non-executive Director – Permanent representative: Denis Pettiaux (48) Civil engineer in physics and Executive Master in Management (ULB). Member of SPDG executive committee, in charge of finance and a non-executive member of various Boards of Directors, advisory boards and investment committees. Joined Coopers & Lybrand in 1997. Until 2008, Director of PricewaterhouseCoopers Advisory in Belgium. Until 2011, Director of PricewaterhouseCoopers Corporate Finance in Paris.	2001	May 2018
Nayarit Participations s.c.a.¹	Non-executive Director – Permanent representative: Frédéric de Vuyst (43) Bachelor of Law (Université de Namur), BA Business & BSc Finance (London Metropolitan, School of Business). Managing Director Corporate & Investment Banking at BNP Paribas Belgium until 2008. Integration Committee Investment Banking and Management Board Corporate & Public Bank at BNP Paribas Fortis until 2012. Since then, managing director of a private investment company.	2001	May 2018
Pierre-Olivier Beckers sprl	Independent Director – Permanent representative: Pierre-Olivier Beckers (56) Master in Management Sciences (LSM), Louvain-la-Neuve. MBA Harvard Business School. Career at Delhaize Group (1983-2013). Chairman of the Executive Committee and managing director of Delhaize Group (1999-2013). Chairman of the Belgian Olympic and Interfederal Committee since 2004. Member of the International Olympic Committee (IOC) and Chairman of its Audit Committee. Deputy Chairman of the FEB. Director of Guberna. Various Directorships.	2014	May 2018
Christine Blondel (58)	Independent Director Ecole Polytechnique (France), MBA (INSEAD). Held executive positions at Procter & Gamble and led the Wendel Centre for Family Enterprise at INSEAD, where she is Adjunct professor of Family business. Founder of FamilyGovernance, advising family businesses. Director of INSEAD Foundation.	2009	June 2017
Pascal Minne (66)	Non-executive Director Law degree (ULB), Master in Economics (Oxford). Former partner and Chairman of PwC Belgium (until 2001). Former Director of the Petercam group (until 2015). Chairman Wealth Structuring Committee Banque Degroef Petercam. Various Directorships. Professor of tax law at ULB.	2001	May 2018
Michèle Sioen (51)	Independent Director Degree in economics. CEO of Sioen Industries, a company specialised in technical textiles. Chairman of the FEB since May 2014. Director of companies, notably ING Belgium, Sofina, Fedustria and Guberna.	2011	June 2019

(1) Director appointed upon proposal of family shareholders.

(2) Roland D'leteren, who has reached the 75-year age limit in January 2017, announced on 19 December 2016 his decision to retire at the Annual General Meeting of 1 June 2017, in accordance with the group's rules of governance. He will be succeeded as Chairman of the Board by Nicolas D'leteren, with effect as from the same date. Olivier Périer will be Chairman of the Strategic Committee with effect as from the same date.

The Board of Directors meets at least six times a year. Additional meetings are held if necessary. The Board of Directors' decisions are taken by a majority of the votes, the Chairman having a casting vote in case of a tie. In 2016, the Board met 7 times. All of the Directors attended all of the meetings, except for Mrs Michèle Sioen and Mr Pascal Minne, each excused for one meeting.

1.1.3. Tenures of Directors

No new directorships were granted, nor have any directorships expired, in 2016.

1.1.4. Committees of the Board of Directors

Composition (as at 31/12/2016)	Audit Committee ¹	Nomination Committee	Remuneration Committee ¹
Chairman	Pascal Minne	Roland D'Ieteren	Roland D'Ieteren
Members	Christine Blondel ²	Christine Blondel ²	Pierre-Olivier Beckers ³
	Frédéric de Vuyst ⁴	Nicolas D'Ieteren	Christine Blondel ²
	Denis Pettiaux ⁵	Pascal Minne	
		Olivier Périer	

The **Audit Committee** met 5 times in 2016. Four of these meetings were held in the presence of the Auditor. All of its members attended all of the meetings.

The **Nomination Committee** met once in 2016. All of its members attended the meeting.

The **Remuneration Committee** met 4 times in 2016. All of its members attended all of the meetings.

Each Committee has reported on its activities to the Board.

Functioning of the Committees

Audit Committee

On 31 December 2016, the Audit Committee comprised of four non-executive Directors, with at least one independent Director. The Audit Committee's terms of reference primarily include the monitoring of the Company's financial statements and the supervision of the risk management and internal controls systems. The Committee reviews the auditor's reports on the half-year and annual financial statements of the subsidiaries which are consolidated into the Company's accounts. The Audit Committee meets at least four times a year, including at least once every six months in the presence of the Auditor, and reports on its activities to the Board of Directors. At least one specific meeting is dedicated to the supervision of the risk management and internal controls systems. The Auditor KPMG, appointed by the Ordinary General Meeting of 5 June 2014, has outlined the methodology for auditing the statutory and consolidated statements as well as the applicable materiality and reporting thresholds. The Committee's charter adopted by the Board is set out in Appendix I of the Charter published on the Company's website.

Nomination Committee

On 31 December 2016, the Nomination Committee comprised of five non-executive Directors, including the Chairman of the Board, who chairs it, with at least one independent Director. The Committee makes proposals to the Board concerning appointments of non-executive Directors, the CEO, and based on a proposal by the latter, the other members of the Executive Committee, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter, adopted by the Board, is set out in Appendix II a of the Company Governance Charter available on the Company's website.

(1) Given their respective education and management experience in industrial and financial companies, the members of the Audit Committee, on the one hand, and of the Remuneration Committee, on the other, have the expertise in accounting and audit required by law for the former, and in remuneration policy for the latter.

(2) Independent Director.

(3) Permanent representative of Pierre-Olivier Beckers sprl. Independent Director.

(4) Permanent representative of Nayarit Participations s.c.a.

(5) Permanent representative of SPDG s.a.

Remuneration Committee

On 31 December 2016, the Remuneration Committee comprised of three non-executive Directors, including the Chairman of the Board, who chairs it, and two independent Directors. The Committee makes proposals to the Board regarding the remuneration of the non-executive Directors, the CEO, and, based on a proposal by the latter, the other members of the Executive Committee, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee also prepares the remuneration report and comments it during the Annual General Meeting. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter adopted by the Board is set out in Appendix II b of the Corporate Governance Charter available on the Company's website.

Strategic Committee

The Strategic Committee meets once a month to bring together the representatives of the family shareholders, the CEO and the other members of the Executive Committee in order, amongst other, to discuss the company's activities, to examine the progress of strategic and investment projects and to prepare Board meetings.

Policy for transactions and other contractual relationships not covered by the legal provisions on conflicts of interest

Directors and managers are not authorised to provide paid services or to purchase or sell goods, directly or indirectly, to or from the Company or its group companies within the framework of transactions not covered by their mandates or duties, without the specific consent of the Board of Directors, except for transactions realised in the normal course of business of the Company. They are to consult the Chairman or CEO, who shall decide whether an application for derogation can be submitted to the Board of Directors; if so, they will notify the details of the transaction to the Company secretary, who will ensure that the applicable rules are complied with. Such transactions shall only be authorised if carried out at market conditions.

Evaluation of the Board and its Committees

The Board and its Committees assess on a regular basis, and at least once every three years, their size, composition, procedures, performance and their relationships with the management, as well as the individual contribution of each Director to overall functioning, in order to constantly improve the effectiveness of their actions and the contribution of said actions to the group's proper governance.

The Board received the conclusions of the last triennial self-assessment of the Board and its Committees in August 2015. This self-assessment was carried out using a detailed written questionnaire sent to each Director and covering various aforementioned assessment criteria, the responses of which were gathered by a work group made out of three Directors who are members of the Nomination Committee. These Directors presented a summary of the answers to the questionnaire to the Board of Directors, and they made concrete recommendations.

1.2. GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for the day-to-day management of the Company, and is assisted by an Executive Committee. On 31 December 2016, the Group Executive Committee was comprised of the Group CEO (Chairman of the Group Executive Committee), the Group CFO and the member responsible for business support and development to the group's existing and new activities. Together the members of the Group Executive Committee act collegially and are responsible, at group level for, amongst other, the monitoring and development of the group's businesses, strategy, human resources, finance, financial communication, investor relations, account consolidation, management information systems, treasury, M&A, legal and tax functions.

1.3. EXECUTIVE MANAGEMENT OF THE THREE BUSINESSES

D'Ieteren Group owns three businesses which each have their own executive management structure: the automobile vehicle distribution in Belgium (D'Ieteren Auto), Belron and Moleskine.

D'Ieteren Auto, which is an operational department of D'Ieteren SA/NV without separate legal status – is managed by the CEO of D'Ieteren Auto, reporting to the Group CEO. The CEO of D'Ieteren Auto chairs a management committee comprising six other members responsible for Retail, Finance, Operations, Research, Marketing & Training, Brands & Network Management as well as Human Resources.

Belron, of which D'Ieteren owned 94.85% on 31 December 2016, is governed by a Board of Directors consisting of 5 members: the three members of the Group Executive Committee and the CEO and CFO of Belron. The Board of Belron is chaired by the Group CEO.

Moleskine, a fully owned subsidiary of D'Ieteren since 24 January 2017, is governed by a Board of Directors consisting of 6 members: the three members of the Group Executive Committee, the CEO of Moleskine and two other senior members of the management team of Moleskine. The Board of Moleskine is chaired by the Group CEO.

1.4. EXTERNAL AUDIT

The external audit is conducted by KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Alexis Palm, whose auditing term expires at the General Meeting of June 2017.

The total fees charged by the Statutory Auditor and linked companies for the work carried out in 2016 on behalf of D'Ieteren SA/NV and linked companies amounted to EUR 5.5 million, excluding VAT. Details of the fees are included in note 42 of the 2016 Consolidated Financial Statements (page 78).

DEROGATIONS TO THE 2009 BELGIAN CORPORATE GOVERNANCE CODE

The Company derogates from the Code on the following principles:

DEROGATION TO PRINCIPLE 2.2.

The group of Directors appointed upon proposal of the family shareholders is in a position to dominate decisions. In companies where family shareholders hold a majority of the share capital, the family shareholders do not have, as do other shareholders, the opportunity to sell their shares if they do not agree with the orientations defined by the Board. Their joint or majority representation on the Board enables them to influence these orientations, thereby ensuring the shareholding stability necessary to the profitable and sustainable growth of the Company. The potential risks for corporate governance resulting from the existence of a high degree of control by the majority shareholder on the activities of the Board can be mitigated, on the one hand, by the appropriate use of this power by the Directors concerned in respect of the legitimate interests of the Company and of its minority shareholders and, on the other hand, by the long-term presence of several non-executive Directors not representative of the family shareholding, which ensures genuine dialogue on the Board.

DEROGATION TO PRINCIPLES 5.2./4 AND 5.3./1

The composition of the Audit Committee and of the Nomination Committee, each of which includes at least one independent Director, derogates from the Belgian Corporate Governance Code, which recommends the presence of a majority of independent Directors. This is because the Board believes that an in-depth knowledge of the Company is at least as important as independent status.

2. Remuneration Report

2.1. DETERMINATION OF REMUNERATION POLICY FOR MANAGERS AND OF INDIVIDUAL AMOUNTS

The remuneration policy for the non-executive Directors and executive management of s.a. D'Ieteren n.v. and their individual remuneration are determined by the group's Board of Directors based on the recommendations of the Remuneration Committee. Belron s.a., which has minority shareholders, and Moleskine S.p.a., listed on the stock exchange until 24 January 2017, had their own Remuneration Committees, which determined the remuneration of their non-executive Directors and executive managers. In 2017, the role of these Remuneration Committees will be taken over by the Board of Directors of the concerned companies, in consultation, where necessary, with the group's Remuneration Committee.

D'Ieteren's Remuneration Committee, which relies on the proposals of the CEO when it concerns the other members of the Executive Committee, reviews the following elements at the end of each year and submits the following to the Board for approval:

- the remuneration of the non-executive Directors for the following year;
- the variable remuneration of the members of the Executive Committee for the past year, taking into account any annual or multi-annual criteria related to the performance of the Company and/or that of the beneficiaries;
- any changes to the fixed remuneration of the members of the Executive Committee and their targeted variable remuneration for the following year, and associated performance criteria.

The Board intends to maintain this procedure for the next two years.

2.2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company implements a remuneration policy designed to attract and retain on the Board non-executive Directors with a wide variety of expertise in the various areas necessary for the profitable growth of the Company's activities. These Directors receive an identical fixed annual remuneration, independent of their presence at Board meetings. Some Directors are entitled to a fixed remuneration for rendering specific services such as Chairman or Deputy Chairman of the Board, for participating in one or more Board committees and, in some cases, for the provision of company cars. Some Directors receive a fixed annual remuneration from Belron s.a. for the exercise of a directorship. The total amount of these remunerations is shown in the following table. The non-executive Directors do not receive any remuneration related to the Company's performance. The CEO does not receive any specific remuneration for his participation on the Board of Directors.

For the year ended 31 December 2016, a total of EUR 1,545,028 was paid to the non-executive Directors by the Company and by the group's subsidiaries, broken down as follows. No other benefit or remuneration, loan or guarantee was granted to them by D'Ieteren or its subsidiaries.

2016 (in EUR)	Base remuneration	Specialised Committees	Total remuneration
D'Ieteren R.	430,028		430,028
D'Ieteren N.	175,000		175,000
Périer O.	175,000		175,000
P.-O. Beckers sprl	115,000 ¹	20,000	135,000
Blondel C.	70,000	70,000	140,000
Gema sprl	70,000		70,000
Minne P.	70,000	80,000	150,000
Nayarit sca	70,000	30,000	100,000
Sioen M.	70,000		70,000
SPDG	70,000	30,000	100,000
Total	1,315,028	230,000	1,545,028

2.3. REMUNERATION OF THE EXECUTIVE MANAGERS

General principles

At 31 December 2016, the executive management team, defined as the members of the Executive Committee, was comprised of Axel Miller (President of the Executive Committee), Arnaud Laviolette and Francis Deprez².

The group has its own remuneration policy for attracting and retaining managers with the appropriate background and motivating them by means of appropriate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the group, and on internal fairness criteria between colleagues within the Company.

The policy aims to position total individual remuneration of the members of the Executive Committee around the median remuneration for positions of similar responsibility in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

Description of the various components

Axel Miller's managing director's contract comprises the following remuneration components:

- an 'all-in' annual fixed base remuneration of EUR 750,000, which includes benefits of all kinds related to the provision of company cars, a mobile phone and a remuneration for the exercise of Directorships in group subsidiaries;
- a variable remuneration comprising:
 - an annual variable remuneration, with a target set at approximately 50% of the fixed remuneration;
 - and a long-term incentive plan in the form of share options.

The Company also covers the contributions to disability, life insurance and pension schemes for the benefit of the managing director for an annual amount of EUR 96,674.58.

The remuneration of the other members of the Executive Committee comprises:

- A. a fixed annual all-in base remuneration, consisting of benefits of all kinds related to the provision of company cars and mobile phones, and the remuneration for the exercise of directorships of the subsidiaries of the group. The Company also covers the contributions to disability, life insurance and pension schemes for the benefit of each member of the Executive Committee.
- B. a variable remuneration comprising:
 - an annual variable remuneration, with a target at about 60% of the fixed short-term remuneration;
 - a long-term incentive plan in the form of share options.

¹ Including remuneration from Belron

² Joined D'Ieteren on 1 Septembre 2016

The allocation of the variable remuneration depends on the compliance with collective quantitative performance criteria (consolidated result compared with the budget, which includes all the objectives and missions approved by the Board of Directors with a view to creating long-term value) and qualitative individual (related to the job description) and collective (related to the development and execution of the group's strategy, to the development of its human and financial resources, and to the conduct of specific key projects) criteria.

The annual bonus breaks down as 50% for achieving the annual quantitative objectives, and 50% for achieving the qualitative objectives. It can vary from 0% to 150% of the target in EUR, according to the result of the annual performance appraisal.

The performance of the interested parties is assessed at the start of the year following that for which the remuneration in question is being allocated, by the CEO for the members of the Executive Committee, and by the Board for the CEO, on the recommendation of the Remuneration Committee and in accordance with the agreed performance criteria.

The long-term incentive plan for the members of the Executive Committee consists of D'Ieteren stock options, the number to be decided by the Board of Directors after a proposal by the Remuneration Committee and fixed with regard to the long-term median of remunerations for positions of similar responsibilities in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

The features of the D'Ieteren share option schemes are those approved by the Ordinary General Meeting of 26 May 2005. These options give the right to acquire existing shares of the Company at an exercise price that corresponds, for each plan, either to the average price over the 30 calendar days preceding the offer date, or to the closing price on the working day preceding the offer date, as decided by the Chairman of the Board of Directors on the working day preceding the launch of the plan.

These options may be exercised from 1 January of the 4th year following the date they were granted and up until the end of the tenth year following their granting, with the exception of approximately 6-week periods preceding the release of the full-year and half-year financial results. The actual exercise of the options depends on the evolution of the share price, which may allow them to be exercised after the 3-year vesting period. Additional details on the share option plans are provided in Note 35 of the consolidated financial statements.

Remuneration allocated to the Executive Committee for 2016

The following table summarises the various categories of remuneration of the Executive Committee allocated for 2016.

2016 (en EUR)	CEO ¹	Other members of the Executive Committee ¹	Total
Fixed remuneration	750,000	705,667	1,455,667
Short-term variable remuneration ²	525,000	639,167	1,164,167
Contribution to disability, pension and life insurance	96,675	164,333	261,008

Moreover, 100,000 share options were granted to the members of the Executive Committee for the fiscal year 2016, at a strike price of EUR 31.71 (90,000 options) and EUR 38.09 (10,000 options) per D'Ieteren share, allocated as follows:

2016	Granted options	Exercised options	Expired options
Chief Executive Officer	50,000	-	-
Other members of the Executive Board			
Chief Financial Officer	40,000	-	-
Support and Development	10,000	-	-

The main contractual conditions concerning the departure of executive management and the right to claim reimbursement for all or part of the variable remuneration

Barring cases of unprofessional conduct, incapacity or gross negligence, the contracts of Executive Committee members allow for 12 months of severance pay.

The contracts of executive managers do not contain claw-back clauses that are applicable if the variable remuneration has been allocated on the basis of false information.

¹ With an independent contract.

² For the phasing of the variable remuneration, see "Description of the variable remuneration components", section B.

3. Internal controls and risk management systems

The Board of Directors performs its control duties by (i) ensuring that D'Ieteren's entities correctly perform their own control duties and that committees entrusted with special survey and control tasks (such as the Audit Committee and Remuneration Committee) are put in place and function properly and by (ii) ensuring that reporting procedures are implemented to allow the Board to follow up at regular intervals the entities' businesses, notably regarding the risks they are facing.

The Board of Directors is assisted by the Audit Committee in the exercise of its control responsibilities on the Company's entities, in particular as regards the financial information distributed to shareholders and to third parties and in monitoring the mechanisms for risk management and internal control.

Against this background, the effectiveness of D'Ieteren's system of controls, including operational and compliance controls, risk management and the company's internal control arrangements, has been maintained. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Reviews have included an assessment of both financial and operational internal controls by the internal audit of each entity and reports from the external auditor on matters identified in the course of its statutory audit work.

3.1. INTERNAL CONTROL ENVIRONMENT

3.1.1. The system of internal control includes but is not limited to:

- clear definition of the organizational structure and the appropriate delegation of authorities to management;
- maintenance of appropriate separation of duties together with other procedural controls;
- strategic planning and the related annual budgeting and regular review process;
- monthly reporting and review of financial results and key performance statistics;
- adoption of accounting policies to help ensure the consistency, integrity and accuracy of the company's financial records;
- specific treasury policies and the regular reporting and review of all significant treasury transactions and financing activities;
- procedures for the authorisation of capital expenditure;
- internal audit reviews;
- implementation of action plans and audit recommendations on an annual basis;
- policies and business standards;
- country visits and discussions with local management;
- quarterly reporting to D'Ieteren's Audit Committee

3.1.2. The effectiveness of the system of internal control has been reviewed through the following processes:

- strengthening and reshaping of the internal control team whereby the independence of the head of internal audit is ensured with direct reporting to the Audit Committee;
- strengthening of the Corporate team;
- review of internal and external audit plans (including IT audit missions and fraud risks);
- review of any significant reported unsatisfactory control matters;
- review of any control issues that arise from internal and external audits together with any additional matters brought to the attention of the Audit Committee;
- mapping of any significant risks identified by the company's risk management process;
- annual and multi-annual audit plans that are submitted and reviewed annually by the Audit Committee;
- discussions with management on any significant new risk areas identified by management and the internal and external audit processes;
- prioritization of the control missions based on the risk profile.

Each quarter, D'Ieteren's Audit Committee receives a report on the work carried out by the Audit Committee of each entity and makes in turn its own reporting to the Board.

3.2. ASSESSMENT OF BUSINESS RISK

3.2.1. D'Ieteren ensures that business risks, whether strategic, operational, reputational, financial, legal or environmental, are both understood and visible as far as practicable. D'Ieteren's policy is to ensure that risk is taken on an informed rather than unintentional basis.

3.2.2. Each entity conducts an annual risk review and updates its risk register with each risk's impact and mitigation actions. This approach forms the cornerstone of the risk management activities of D'Ieteren, the aim of which is to provide the assurance that the major risks the company faces have been identified and assessed, and that there are controls either in place or planned to manage these risks.

A summary of the main risks the company faces is provided hereafter.

3.3. INTERNAL AUDIT

3.3.1. Each entity has its own internal audit function, which is independent of its external auditors and which may work in partnership with an outsourced provider, where specialist skills are required. A periodic review ensures that these functions are appropriately staffed, that their scope of work is adequate in the light of the key identified risks the entity faces and that the annual internal audit plan is properly approved.

3.3.2. The Audit Committee of each entity ratifies the appointment and dismissal of its internal audit manager and assesses her/his independence and objectivity and helps ensure that she/he has unfettered access to management and to the Audit Committee.

3.3.3. The role of internal audit of each entity is to:

- assess the design and effectiveness of control systems governing key operational processes and risks;
- provide an assessment, independent of management, of the adequacy of the entity's internal operating and financial controls, systems and practices;
- provide advisory services to management in order to enhance the control environment and improve business performance;
- provide a mapping of any significant risks identified by the company's risk management process.

3.4. KEY RISKS

3.4.1. Business risks

3.4.1.1. Industry risk

The automobile distribution business may be impacted by several factors relating to the car industry and the volume of cars sold on the Belgian market. Overall demand and mix may be affected by factors including general economic conditions, changes in the fiscal regime, the rising success of car sharing and the availability of credit to potential buyers. Specific demand for the distributed makes depends on the success of models developed by their automotive suppliers (VW, Porsche, Yamaha, etc.) and their adequate pricing on the Belgian market. Demand for less polluting vehicles drives an evolution of the car park, with an increasing number of vehicles being equipped with new engines (hybrid, plug-in hybrid, electric, natural gas,...). The improved quality of cars drives down their maintenance frequency, which in turn has an impact on the sale of spare parts. Volatility of used car prices may affect residual values on buyback cars repurchased by D'Ieteren Auto from short-term car rental companies.

In the vehicle glass repair and replacement business, mild weather conditions, a reduction in the number of miles driven, improved road conditions, a reduction of average speed on roads as a result of speed limit enforcements and new technologies such as adaptive cruise control are unfavourable factors as they tend to reduce the frequency of glass breakage. Changes in insurance policies regarding glass breakage, such as an increase of deductibles may reduce demand or increase price pressure.

Moleskine faces highly fragmented competition from other players in the stationary sector and there are numerous competing products that are similar to Moleskine's notebooks. Economic downturns could have a negative impact on demand for discretionary consumer goods. Increasing digital penetration could also negatively impact demand for Moleskine's analogue products. The wholesale channel of Moleskine deals with "bricks and mortars" retail clients who are under severe pressure from online retailers. The risk is tempered by Moleskine's digital product development strategy (Moleskine+).

Sectorial developments are actively monitored by each entity and fed in a planning process including strategic planning, long term financial planning, budgets and monthly reporting. This process allows a good anticipation of these trends or quick reactions to sudden events and provides management with a base for decisions regarding the range of products and services offered, their pricing policy and the sizing of the organisation.

Where business is by essence subject to rapid changes in demand, structures have been adapted to provide the maximum flexibility.

3.4.1.2. Strategy execution risk

The implementation of projects involves investments and financial and operational risks which could impact the results. Project management governance is set up in order to ensure the best transition possible and prevent any negative effect on the activities and results.

D'leteren Auto continues to implement its 2018-2020 strategy that is based on three pillars. It includes the closing and/or moving of D'leteren Car Centers in the Brussels region in order to improve their financial and commercial performance. D'leteren Auto is also putting in place a new structure for the distribution network, dividing the territory into 26 homogeneous market areas in order to improve the profitability of the independent dealers. Eventually D'leteren Auto is overhauling its internal structure to improve customer-centricity. This includes, for example, the roll-out of a CRM (customer relationship management) system and Digital Marketing which should enhance the customer experience.

Belron continues to implement plans to improve the operational efficiency in a number of European countries that are facing adverse market or competitive conditions. The company also increases its investment in marketing technology by upgrading its IT systems and gradually integrating digital customer tools. In addition to the above, the business is exploring a number of opportunities to extend its services into areas such as vehicle bodywork and home assistance/repair services. Such a potential diversification entails financial risks and deviates from vehicle glass repair and replacement, Belron's historic activity.

In order to maintain high growth rates, Moleskine is capitalizing on the strength of its brand and is venturing into different new initiatives, like the Moleskine Café, which require new retailing and food and beverage skills.

3.4.1.3. Brand reputation

The success of D'leteren's entities is closely connected with the brand image, so it is potentially exposed to certain events that may prejudice it. Any event that could have adverse effects on the brand image, whether internal (for example inability to adequately communicate the underlying values of the brands and their distinctive features) or external (for example, the dissemination by third parties of untrue or misleading information) could have a material adverse effect on the business, results and financial condition.

3.4.1.4. Trademark and intellectual property protection

D'leteren's businesses aim to protect their trademarks and intellectual property. The value of the D'leteren's businesses could be compromised however if the protection of the brand or of any other intellectual property rights associated with the products and services becomes impracticable or particularly difficult or onerous.

3.4.1.5. Business seasonality

D'leteren's activities may be subject to seasonal fluctuations. For example, Moleskine's sales through the B2B, e-Commerce and Retail channels are peaking in the fourth quarter of each financial year. Belron's sales benefit from frosty winters and D'leteren Auto's sales tend to be stronger during the first quarter of the year when the Brussels Car Show takes place.

As a result of these quarterly fluctuations, the comparisons of revenues and results of operations between different quarters within a single financial year are not meaningful and such comparisons cannot be relied upon as an indication of our future revenues or results of operations of a full year.

3.4.1.6. Sourcing risk

D'leteren Auto imports and distributes new cars and spare parts of the makes of the Volkswagen group. The relationship with Volkswagen has been built over close to 70 years and is formalized in wholesale agreements with each of the makes with no specified end dates. Any adverse changes to the terms of the agreements, any deterioration in the relationship with the Volkswagen group or any significant change in policy towards independent importers is likely to have an adverse effect on the financial condition and the results of the entity. The key defence against this risk resides in the company's ability to demonstrate to the Volkswagen group its added value through the management of the Belgian network of distributors. The company is strictly aligned to the commercial, marketing and services policies of the Volkswagen group.

The vehicle glass repair and replacement business is critically dependent on the supply of vehicle glass, polyurethane and repair resin. In order to avoid that the loss of a key supplier in any of these areas significantly disrupts its operations, purchasing teams have developed a strategy to diversify sourcing and actively allocate volumes.

Moleskine's production is entirely subcontracted to producers in China, Vietnam and Europe. If Moleskine replaces one or more of its principal suppliers of raw materials, semi-finished or finished products, it may have to bear greater supply costs and charges or delays in delivery times and difficulties in maintaining its quality standards and may not be able to meet contractual obligations or retain its relationships with distributors and/or customers. To manage this risk the company avoids extreme concentration in terms of number of factories/suppliers.

3.4.1.7. Input price risk

The profitability of the activities could be impacted by rising input prices. It is not always possible to fully pass on price hikes to the customers or to offset higher input prices through hedging and efficiency measures.

3.4.1.8. Key account risk

A significant part of D'Ieteren Auto's and Belron's business is transacted with large key accounts such as businesses, leasing companies or insurers. Any loss of one or several major key account(s) could have an adverse effect on the financial condition and the results.

The implementation of D'Ieteren Auto's Market Area Strategy whereby the Belgian market will be subdivided into 26 Market Areas which will each be led by a Market Area Leader, will result in a sharp reduction in the number of counterparts and significant increase in their size.

Even though Moleskine's business model is shifting from a predominantly wholesale business to a direct-to-consumer model, there are still risks related to the higher customer concentration with the largest distributor in the US accounting for 25% of the company's revenues in 2016. The risk is tempered however by the ongoing transition in the Wholesale channel to direct distribution (ca 52% of total Wholesale revenues) with core sales and marketing activities performed by Moleskine while demand fulfilment activities (e.g. stock management, billing and order processing, etc..) are managed by the distributor.

Each entity of D'Ieteren group undertakes actions to ensure that its relationship with key accounts remains strong. Every major account will have a dedicated manager who will develop a key account plan with clear objectives on how to develop the relationship further. Each entity ensures that its customer portfolio remains sufficiently balanced.

3.4.1.9. Product/service failure risk and non-compliance with standards and regulations

Vehicles or spare parts distributed by D'Ieteren Auto may be subject to a major defect. In this case, all the technical response to such failure is organised by the Volkswagen group. Such situations may however have a negative impact on D'Ieteren Auto's reputation as importer and distributor. In order to reduce this risk, D'Ieteren Auto follows a transparent and proactive communication policy towards its customers and dealers, and organises any necessary recall actions to ensure the vehicles are compliant with regulations. D'Ieteren Auto's response to the "Emissiongate" shows that its crisis management is effective. It acted in a fully transparent and open manner while dealing with both customers and the authorities.

The technological complexity of vehicle windcreens is on the rise as Advanced Driver Assistance Systems (ADAS) such as autonomous braking, lane departure warnings, cross traffic alert, park assist and surround view are more widely adopted. This trend should intensify with the development of autonomous vehicles. ADAS uses radar, sensors and cameras that need to be calibrated correctly when a windscreen is replaced because badly fitted windcreens could adversely impact the safety of the vehicle. This could have a legal, financial and reputational impact. In order to minimise this risk, Belron develops clear fitting standards, rolls them out throughout the organisation, and regularly monitors compliance through technical teams in every business unit. In addition, events such as the "Best of Belron", a worldwide competition to elect the best fitter of the group, based on compliance with standards and quality of execution, reinforce the importance of the highest fitting standards.

Moleskine closely monitors the quality of the products that are manufactured by third parties. Its products are made out of paper and/or other materials the production of which may impact the environment. Moleskine S.p.A. is actively engaged in taking every precaution possible to help safeguard the quality of the environment:

- All Moleskine notebooks are made with acid-free paper, making them environmentally friendly products;
- Moleskine creates and sells FSC-certified products;
- Moleskine produces its packaging in such a way as to keep waste to a minimum.

3.4.1.10. Loss of key personnel

Continuity of the businesses may be impaired by the loss of personnel responsible for key business processes.

Personnel retention is managed through the offering of a competitive compensation package which is regularly benchmarked against market practice, good career perspectives, regular feedback and employee satisfaction surveys. Succession planning related to key personnel is regularly reviewed by the top management of each entity.

3.4.2. Finance and IT risks

3.4.2.1. Catastrophic loss risk

D'Ieteren's entities are heavily dependent on key resources such as IT systems, call centres and distribution centres. A major disaster may result in the inability of the entity to provide essential products or services either locally or globally. Absent mitigating actions, operating costs resulting from the occurrence of a disaster could be significant.

Management regularly reviews the underlying potential causes of loss and implements protective measures. In addition, Business Continuity Plans are designed to ensure continuity of the entities should a disaster occur. More specifically for IT systems, duplication of key data and systems and penetration testing for web applications mitigate the impact of a potential major system failure. Residual risk may be covered by appropriate insurance policies.

3.4.2.2. Risks related to IT projects

There are risks related to new IT and digitization initiatives. For example, Belron is introducing a new ERP system in several countries, Moleskine is implementing a new SAP system and a new e-commerce site and both Moleskine and D'Ieteren Auto are developing new CRM tools. Risks of those projects are mitigated thanks to a clear governance and support from professional service providers.

3.4.2.3. Liquidity risk

Each entity of D'Ieteren group:

- pursues its own financing strategy under supervision by the D'Ieteren's Corporate team;
- makes sure that it has a core level of long-term committed funding in place with maturities spread over a number of years and diversified sources;
- maintains a regular dialogue with debt providers and keeps them updated on the general situation of the company.

A substantial proportion of D'Ieteren's entities is financed by loans, whose availability depends on access to credit markets. Lack of availability of funds or a breach of financial covenant could result in the inability of all or part of the company to operate or may lead to a significant increase of the cost of funding.

The core funding at D'Ieteren S.A.'s level is supplemented with short-term committed and uncommitted facilities particularly to cover seasonal debt requirements.

The contribution of D'Ieteren Lease in a joint venture wholly financed by Volkswagen Financial Services, has significantly reduced the liquidity risk for D'Ieteren. D'Ieteren Auto's working capital needs decreased sharply in 2016 as the vast majority of independent dealers switched to cash payments.

Belron has refinanced its maturing bank loans through a new 5 year syndicated credit of €450 million with 10 international banks.

The acquisition of Moleskine is financed through available cash and draw-downs on existing credit facilities at the level of D'Ieteren S.A. and through a new credit facility at the level of DM Invest S.r.l., which owns 100% of Moleskine and which is 100% indirectly owned and controlled by D'Ieteren S.A.

3.4.2.4. Interest rate and currency risk

Borrowings issued at variable rates expose the company to cash flow interest rate risk whereas borrowings issued at fixed rates expose the company to fair value interest rate risk. To manage these risks, D'Ieteren is financed through a combination of both fixed and floating rate facilities possibly combined with derivatives-based hedges (see notes 17 and 18 of the Consolidated Financial Statements 2016 concerning the financial instruments that were used). Renegotiation of credit spreads and conditions when credit facilities come up for renewal, might result in less favourable terms.

Belron's international operations are exposed to foreign currency and interest rate risks. The majority of the sales are denominated in US dollars, euro and pounds. In each country where Belron has a subsidiary, revenue generated and costs incurred are primarily denominated in the relevant local currency, thereby providing a natural currency hedge. The policy is, whenever possible, to hedge the value of foreign currency denominated investment with an equivalent amount of debt in the same currency to protect their value in euro.

Moleskine's exposure to the risk of fluctuations in exchange rates arises from its trading activities, which may be conducted in currencies other than the euro. Revenues and costs denominated in a foreign currency may be influenced by fluctuations in the exchange rate, resulting in an impact on margins (economic risk), just as trade payables and receivables as well as cash denominated in a foreign currency may be affected by fluctuation in exchange rates, impacting the statement of comprehensive income (transaction risk). Finally, exchange rate fluctuations are also reflected in consolidated net profit and equity, given that the financial statements of several subsidiaries are prepared in a currency other than the euro and then translated (translation risk).

3.4.2.5. Impairment loss on investments

Due to the evolution of economic and trading environments, and uncertainty affecting them, D'Ieteren is facing the risk of a potential decrease in the value of its investments. If occurring, this could lead to the recognition of non-cash write-downs on shares and impairment losses in the income statement. D'Ieteren mitigates this risk by regular business review meetings with the management of the business units, periodic review of financial performance and key performance measures and regular active review of the long term financial planning and budgeting process together with the local management.

3.4.3. Other risks

3.4.3.1. Compliance risk

In geographies where D'Ieteren's businesses have significant market shares and/or are governed by vertical agreements falling in the scope of Block Exemption regulations, the key legislative risk relates to Competition Law. Any Competition Law breach could result in significant fines. In addition to this, there has recently been a significant development in Data Protection legislation with substantial fines for violations.

In order to mitigate these risks, clear policies and legal monitoring have been put in place and widely communicated. Their application is audited on a regular basis.

3.4.3.2. Integrity risk

D'Ieteren's reputation or assets may be affected if unethical or fraudulent activities were perpetrated by employees, customers, suppliers or agents against D'Ieteren for personal gains, or if D'Ieteren was considered jointly responsible for such acts perpetrated by third parties.

The company has in place a series of measures in order to avoid these risks to the maximum extent possible, including established policies and procedures, ethics policy or code of conduct applicable to all staff, appropriate training of the staff, delegation of authority with separation of duties, management information, internal audit and financial controls.

4. Capital information

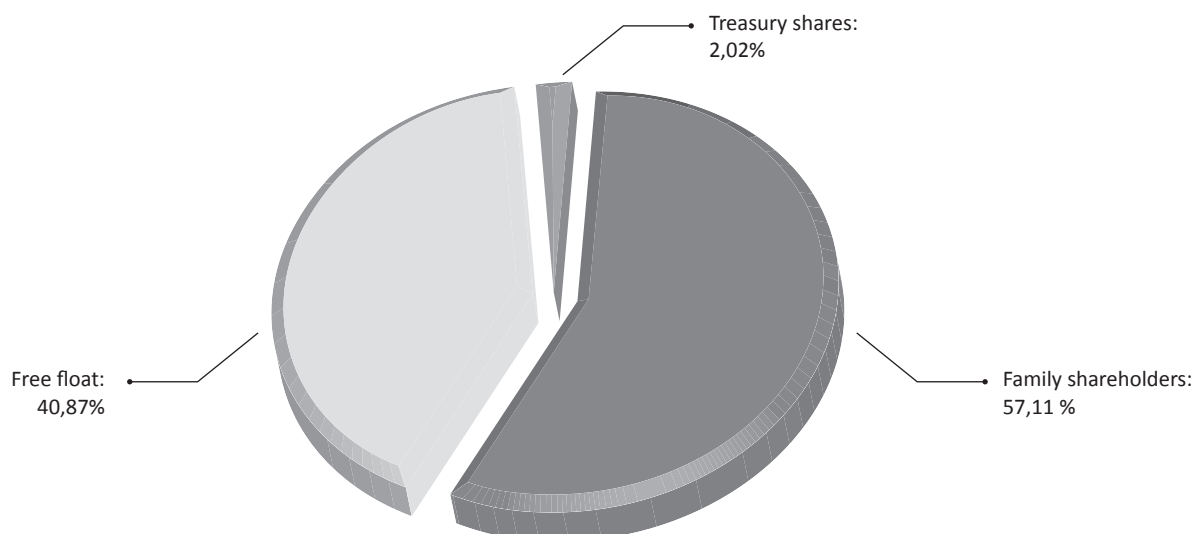
4.1. DENOMINATOR

At 31 December 2016	Number	Related voting rights
Ordinary shares	55,302,620	55,302,620
Participating shares	5,000,000	5,000,000
Total		60,302,620

4.2. SHAREHOLDING STRUCTURE

At 31 December 2016	In share capital	In voting rights
Family shareholders	57.11%	60.66%
of which Nayarit Group	31.99%	35.56%
of which SPDG Group	25.11%	25.10%
Treasury shares	2.02%	1.86%
Free float	40.87%	37.48%

Note: On 11 July 2016, D'leteren received a transparency notification indicating that MFS Investment Management held, following the sale of shares on 21 April 2016, 4.94% of the voting rights of the Company. MFS Investment Management therefore crossed downwards the lowest threshold of 5%.



4.3. DISCLOSURE OF SIGNIFICANT SHAREHOLDINGS (TRANSPARENCY LAW)

In compliance with Article 14 paragraph 4 of the law of 2 May 2007 on the disclosure of significant shareholdings, the shareholding structure such as it results from the latest notification received by the Company (on 11 July 2016, see note above) is presented in Note 28 (see page 62).

The Company is not aware of any subsequent notification modifying the information presented in this Note.

4.4. ELEMENTS THAT CAN HAVE AN INFLUENCE IN CASE OF A TAKEOVER BID ON THE SHARES OF THE COMPANY

In accordance with Article 74 § 7 of the Law of 1 April 2007 on takeover bids, the Company received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 28 of the Consolidated Financial Statements, page 62), which mentions that, either separately or acting in concert with other people, on 30 September 2007, this group held more than 30% of the voting shares issued by the Company. This notification remains relevant at the date of this report.

The Extraordinary General Meeting of 5 June 2014 renewed the authorisation to the Board to:

- increase the share capital in one or several times by a maximum of EUR 60 million. The capital increases to be decided upon in the framework of the **authorised capital** can be made either in cash or in kind within the limits set up by the Company Code, or by incorporation of available as well as non-available reserves or a share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights and with or without subscription rights. The Board of Directors may limit or waive, in the Company's best interest and in accordance with the conditions determined by the law, the preferential subscription right for the capital increases it decides, including in favour of one or more determined persons;
- decide, in the framework of the authorised capital, on the issuance of convertible bonds, subscription rights or financial instruments which may in term give right to Company shares, under the conditions set up by the Company Code, up to a maximum, such that the amount of the capital increases which could result from the exercise of the above mentioned rights and financial instruments does not exceed the limit of the remaining capital authorised as the case may be, without the preferential subscription right of bondholders.

Without prejudice to the authorisations given to the Board of Directors according to the previous paragraphs, the Extraordinary General Meeting of 5 June 2014 also authorized the Board of Directors:

- for a renewable 3-year period, to proceed – in the event of takeover bids on the Company's shares and provided the required notification has been made by the FSMA within a 3-year period as from the decision of the General Meeting – to capital increases by contribution in kind or in cash, as the case may be, **without the preferential subscription right of shareholders**;
- in order to prevent the Company from suffering a severe and imminent damage, to sell own shares on the stock exchange or through a sale offer made under the same conditions to all shareholders in accordance with the law. These authorisations also apply, under the same conditions, to the purchase and sale of the Company's shares by subsidiaries in accordance with clauses 627, 628 and 631 of the Company Code.

Finally, the Extraordinary General Meeting of 5 June 2014 approved the renewal of the 5-year authorization granted to the Board to purchase own shares under the legal conditions, notably to cover stock option plans for managers of the Company.

The rules governing the **appointment and replacement of Board members** and the **amendment of the articles of association** of the Company are those provided for by the Company Code.

The **change of control clauses** included in the credit agreements concluded in 2015 with financial institutions were approved by the General Meeting of shareholders of 26 May 2016, in accordance with article 556 of the Company Code.

Share Information

D'leteren share

Minimum lot	1 share
ISIN code	BE0974259880
Reuters code	IETB.BR
Bloomberg code	DIE:BB

Stock market indices

The D'leteren share is part of the Belgian All Shares (BAS) index of Euronext with a weight of 0.38% on 30 December 2016, and of sector indexes published by Dow Jones, Eurostoxx and Bloomberg.

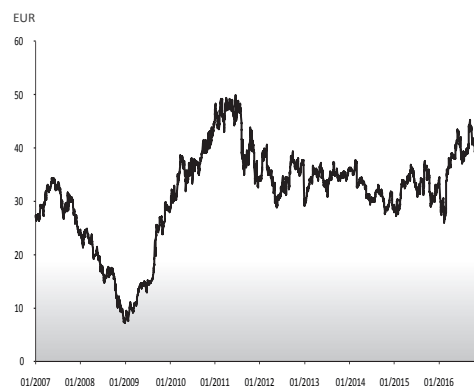
Evolution of the share price and traded volumes in 2016

	2016	
Performance	22.0%	
Total shareholder return	24.0%	
Average price (EUR)	37.84	
Maximum price (EUR)	45.16	07/09/2016
Minimum price (EUR)	26.08	11/02/2016
Average volume (in units)	47,723	
Maximum volume (in units)	241,332	26/02/2016
Minimum volume (in units)	10,957	24/11/2016



Evolution of the share price over 10 years

	01/01/2007 - 31/12/2016	
Performance	55.7%	
Total annual shareholder return	5.8%	
Average price (EUR)	31.70	
Maximum price (EUR)	49.85	14/06/2011
Minimum price (EUR)	7.22	29/12/2008
Average volume (in units)	61,767	
Maximum volume (in units)	820,930	30/05/2008
Minimum volume (in units)	1,930	28/05/2007

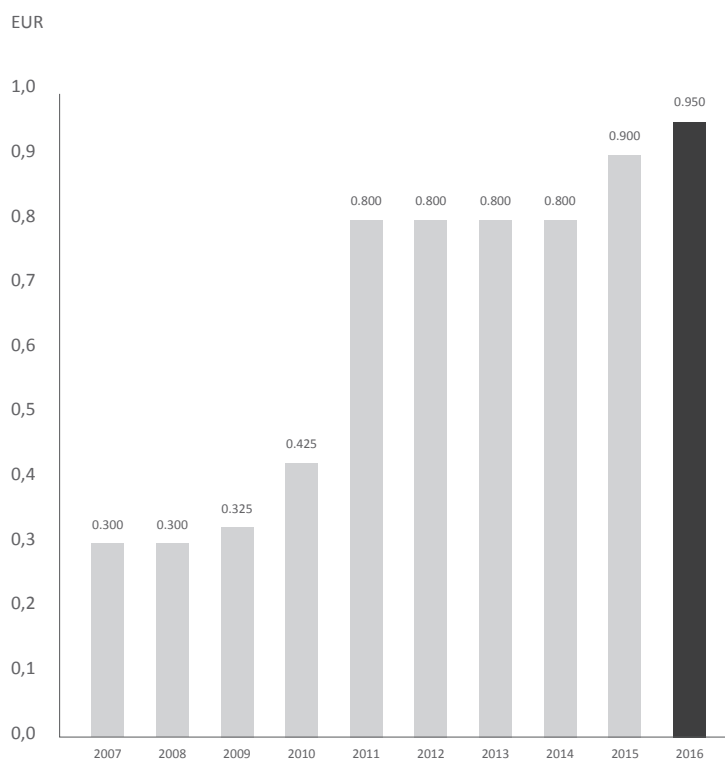


Detailed and historic information on the share price and the traded volumes are available on the website of D'leteren (www.dieteren.com).

Dividend

If the allocation of results proposed in Note 28 of this report is approved by the Ordinary General Meeting of 1 June 2017, a gross dividend for the year 2016 of EUR 0.950 per share will be distributed. The dividend will be paid starting on 8 June 2017.

Evolution of the gross dividend per share over 10 years



Global Reporting Initiative – Disclosure on sustainable development

- The scope of this report covers two activities of D'Ieteren: D'Ieteren Auto and Belron.
- D'Ieteren continues to develop its CSR strategy and initiatives notably by engaging with stakeholders and responding appropriately to their CR concerns.

STRATEGY AND ANALYSIS

§	GRI Content	Reference/Comment
1.1	CEO statement	See Activity Report 2016 – page 2

COMPANY PROFILE

2.1	Name	s.a. D'Ieteren n.v.
2.2	Brands, products and services	Distribution in Belgium of Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles; Vehicle Glass Repair and Replacement (VGRR) across the world through more than ten major brands including Carglass®, Safelite® AutoGlass and Autoglass®; Moleskine is an aspirational lifestyle brand with a global reach. For further information, please refer to the corporate website www.dieteren.com .
2.3	Operational structure	See page 1 of the Activity Report 2016
2.4	Location of headquarters	Rue du Mail, 50 - 1050 Brussels, Belgium
2.5	Number of countries	102 countries on 5 continents (see map on page 1 of the Activity Report 2016)
2.6	Nature of ownership and legal form	Listed company, established and domiciled in Belgium, whose controlling shareholders are listed in note 28 of the Consolidated Financial Statements 2016 (see page 62).
2.7	Markets served	See map on page 1 of the Activity Report 2016
2.8	Scale	See the Consolidated Financial Statements 2016
2.9	Significant changes regarding size, structure or ownership	D'Ieteren acquired a 41% stake in Moleskine on 6 October 2016. Following a tender offer and squeeze out procedure, the stake reached 100% on 24 January 2017.

REPORT PARAMETERS

3.1	Reporting period	January 1, 2016 to December 31, 2016
3.2	Date of previous report	December 2015 - This is the seventh year that D'Ieteren reports following the GRI reporting guidelines
3.3	Reporting cycle	Yearly
3.4	Contact persons for questions	Financial indicators: Pascale Weber, pascale.weber@dieteren.be , tel: +32 2 536 54 39 Environmental and social indicators: Catherine Vandepopeliere, catherine.vandepopeliere@dieteren.be , tel: +32 2 536 91 91
3.5	Process for defining report content	Materiality of CSR stakes directly related to the activities of the group (excluding Moleskine) has been the main selection criteria; The selection of content and indicators has been reviewed and validated by a representative team of D'Ieteren.

3.6	Boundaries	Belron has corporately-operated activities in 24 countries. 18 corporately-operated sites of D'Ieteren Auto.
3.7	Limitations on the scope	At Belron, the activities of the 8 franchised countries are not included in this report. At D'Ieteren Auto, this also applies to the activities of the independent dealers.
3.8	Basis for reporting	Same as Consolidated Financial Statements 2016 excluding Moleskine
3.10	Effects of re-statement of information provided in earlier reports	Environmental data for Belron and D'Ieteren Auto have been restated since 2014 in order to increase reporting accuracy and consistency.
3.11	Significant changes in scope, boundary or measurement methods	D'Ieteren Treasury and D'Ieteren Services have been included in the carbon footprint of D'Ieteren Auto in 2016. No significant change for Belron. Significant change in the measurement method: EN16 has been adapted in order to be compliant with the new GHG Protocol Guidelines on Scope 2 reporting.
3.12	GRI content index	See Table page 104

GOVERNANCE, COMMITMENT AND ENGAGEMENT

4.1	Governance	<p>D'Ieteren adheres to the corporate governance principles set out in the Belgian Code of Corporate Governance 2009 published on the website www.corporategovernancecommittee.be. However, the implementation of these principles takes into consideration the particular structure of the Company's share capital, with family shareholders owning the majority and having ensured the continuity of the Company since 1805.</p> <p>The Board of Directors consists of:</p> <ul style="list-style-type: none"> • six non-executive Directors, appointed on the proposal of the family shareholders; • four non-executive Directors, three of whom being independent, chosen on the basis of their experience; • the managing director (CEO). <p>Information relative to D'Ieteren's Corporate Governance Charter is available on www.dieteren.com/en/corporate-governance-charter</p> <p>Contact persons for questions: Financial indicators: Pascale Weber, pascale.weber@dieteren.be Environmental and Social indicators: Catherine Vandepopeliere, catherine.vandepopeliere@dieteren.be</p>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	
4.3	Number of members of the highest governance body that are independent and/or non-executive members	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	
4.14	List of stakeholder groups engaged by the organisation	<p>First discussions with external stakeholders have been initiated in 2012. They are involved on the basis of their interest in, impact on, and knowledge of the main challenges of D'Ieteren's core activities. Examples include green mobility, professional training in automobile skills, sustainable buying and selling practices.</p>
4.15	Basis for identification and selection of stakeholders with whom to engage	

			D'Ieteren Group ¹		D'Ieteren Auto			Belron			
			Units	2016	2014	2015	2016	2014	2015	2016	
> ECONOMIC											
Direct economic value generated			EC1	EUR million	6,420	2,661	2,874	3,114	2,793	3,161	3,305
> ENVIRONMENTAL											
ENERGY CONSUMPTION											
Direct	Heating fuel	EN3	MWh/yr	2,230	955	926	840	2,699	4,035	1,390	
	Natural gas		MWh/yr	154,395	24,659	23,178	30,555	145,184	131,545	123,840	
	Company owned vehicles fuel consumption		liters	63,856,008	1,644,398	1,674,323	1,628,882	55,265,808	59,401,512	62,227,126	
Indirect	Grey Electricity consumption		MWh/yr	NA	10,905	9,769	9,529	99,481	97,446	NA	
	Green Electricity consumption or production ²		MWh/yr	NA	5,245	3,931	5,077	21,349	21,382	NA	
	Total Electricity consumption		MWh/yr	128,523	16,150	13,700	14,605	120,830	118,828	113,918	
Energy intensity	All vehicles consumption per prime job ³	EN5	liter/job	NA	NA	NA	NA	5.0	5.3	5.5	
	Fitting vehicles consumption per mobile job ³		liter/job		NA	NA	NA	7.0	7.3	7.2	
	Heating fuel intensity ⁴		kWh/m ²		1.6	4.1	3.7	1.8	2.5	0.8	
	Natural gas intensity ⁴		kWh/m ²		40.5	102.3	134.4	96.4	82.7	75.7	
	Electricity intensity ⁴		kWh/m ²		26.5	60.5	64.2	80.2	74.6	69.6	
GHG emissions											
Direct (Scope 1)	Heating fuel	EN15	tCO ₂ e/yr	595	257	250	223	722	1,079	372	
	Natural gas consumption		tCO ₂ e/yr	30,873	4,502	4,231	5,578	29,544	26,301	25,295	
	Gases for cooling systems		tCO ₂ e/yr	727	346	418	336	1,917	873	391	
	Company owned vehicles		tCO ₂ e/yr	123,255	4,280	4,112	3,955	107,604	116,398	119,300	
	Company controlled logistics		tCO ₂ e/yr	24,666	22	23	28	23,443	26,874	24,638	
	Fork Lift Trucks		tCO ₂ e/yr	8	0	0	0	114	6	8	
	TOTAL DIRECT EMISSIONS		tCO ₂ e/yr	180,123	9,406	9,035	10,119	163,344	171,531	170,004	
Indirect (Scope 2)	Electricity emissions (market based)	EN16	tCO ₂ e/yr	44,787	1,952	2,149	2,096	NA	NA	42,691	
	Electricity emissions (location based)		tCO ₂ e/yr	44,254	2,137	1,915	1,972	45,791	43,893	42,282	
Other indirect (Scope 3)	Business travel (air, road, rail)	EN17	tCO ₂ e/yr	11,259	703	624	682	8,259	10,046	10,577	
	Outsourced Logistics		tCO ₂ e/yr	66,703	5,658	5,960	5,583	27,489	51,507	61,120	
	Upstream energy related emissions		tCO ₂ e/yr	45,579	2,157	2,058	2,268	42,397	43,094	43,311	
	TOTAL INDIRECT EMISSIONS (market based)	EN16-17	tCO ₂ e/yr	168,327	10,470	10,792	10,628	NA	NA	157,699	
	TOTAL INDIRECT EMISSIONS (location based)		tCO ₂ e/yr	167,794	10,656	10,557	10,504	123,936	148,540	157,290	
Emissions Intensity	All scopes kgCO ₂ e/prime job ³	EN18	kgCO ₂ e/job	NA	NA	NA	NA	26.06	28.66	28.73	
	All scopes tCO ₂ e/FTE		tCO ₂ e/FTE	12.45	12.51	12.74	12.81	11.23	12.36	12.14	
INITIATIVES TO REDUCE ENERGY CONSUMPTION AND TO MITIGATE ENVIRONMENTAL IMPACT											
Energy saved due to conservation and efficiency improvements	Initiatives to reduce energy use and improve energy efficiency	EN6	See Activity Report 2016 - CSR section								
Initiatives to reduce greenhouse gas emissions	Amount of CO ₂ emissions reductions achieved through energy efficiency	EN19									
Initiatives to mitigate environmental impacts of products & services	Environmental impacts of products and services which have been mitigated	EN27									
WASTE											
Total weight of waste by type and disposal method	Recycling flows	EN23	tons/yr	99,014	1,320	1,123	1,403	94,443	90,925	97,611	
	Incinerators		tons/yr	4,613	388	354	355	1,888	3,768	4,258	
	Landfill		tons/yr	37,168	0	0	0	35,541	40,965	37,168	
	Hazardous		tons/yr	1,696	346	273	202	157	595	1,494	
TRANSPORT											
Significant environmental impacts from transporting products and members of the workforce	Tons of CO ₂ from transport ⁵	EN30	tCO ₂ e/yr	225,890	10,663	10,720	10,247	166,909	204,831	215,643	
> LABOR PRACTICES & DECENT WORK											
Total workforce by employment type, employment contract, and region	Total workforce	LA1	Average FTE	27,950	1,604	1,580	1,610	26,542	26,390	26,340	
	% of total employees who are part time		%	NA	2.70%	3.29%	3.01%	NA	NA	NA	
Programs for skills management and lifelong learning		LA11	See Activity Report 2016 - CSR section								
Additional information											
General comment:											
According to the new GHG Protocol Guidelines on scope 2 emissions, where possible, the electricity related emissions have been calculate (retroactively) both according to the market-based and location-based approach.											
D'Ieteren Auto											
D'Ieteren Auto has developed its own monitoring of environmental performances. Yearly audits are performed at owned sites; energy, waste, water use are reported twice a year. Total GHG Emissions include emissions from spare parts logistics since 2011. D'Ieteren Treasury and D'Ieteren Services have been included in the carbon footprint 2016 of D'Ieteren Auto. For FY2015, the FTE have been updated based on the workforce' picture in February 2016.											
Belron											
Environmental data for Belron since 2014 has been restated in order to increase the reporting accuracy and consistency. In 2016, the company owned vehicle consumption increased due to a small growth in mobile job numbers and a change in the methodology to collect the information. In 2016, the energy consumption decreased due to the closure of the glass manufacturing facility in the US.											

(1) Excluding Moleskine.

(2) D'Ieteren Auto produces some green electricity. For 2016, Belron decided not to measure this KPI anymore but is reporting the progress through location and market based emissions, see EN16.

(3) Indicator not relevant for D'Ieteren Auto

(4) These indicators are currently not measured at Group level. For D'Ieteren Auto, the significant increase in the indicator is related to a change in the calculation methodology. Since 2015 only indoor surfaces are taken into account.

(5) See indicators EN15 and EN17