

# s.a. D'leteren n.v.

## Consolidated Financial Statements 2017

### CONTENTS

#### ***CONSOLIDATED FINANCIAL STATEMENTS***

1	Consolidated Statement Of Profit Or Loss	31	Note 15: Equity-accounted Investees
2	Consolidated Statement Of Comprehensive Income	32	Note 16: Disposal Group Held for Sale
3	Consolidated Statement Of Financial Position	34	Note 17: Other Investments, Including Derivatives
4	Consolidated Statement Of Changes In Equity	34	Note 18 Cash and Cash Equivalents
5	Consolidated Statement Of Cash Flows	35	Note 19 Trade and Other Receivables
6	Notes To The Consolidated Financial Statements		

#### ***GENERAL INFORMATION***

6	Note 1: General Information
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#### ***PERFORMANCE OF THE YEAR***

7	Note 2: Segment Information
13	Note 3: Revenue
13	Note 4: Operating Result
14	Note 5: Net Finance Costs
14	Note 6: Earnings per Share

#### ***EMPLOYEE BENEFITS***

16	Note 7: Share-Based Payments
17	Note 8: Employee Benefits

#### ***INCOME TAXES***

23	Note 9: Current and Deferred Income Taxes
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#### ***ASSETS***

25	Note 10: Goodwill
28	Note 11: Intangible Assets
29	Note 12: Property, Plant and Equipment
30	Note 13: Investment Property
30	Note 14: Inventories

31	Note 15: Equity-accounted Investees
32	Note 16: Disposal Group Held for Sale
34	Note 17: Other Investments, Including Derivatives
34	Note 18 Cash and Cash Equivalents
35	Note 19 Trade and Other Receivables

#### ***EQUITY AND LIABILITIES***

36	Note 20: Capital and Reserves
38	Note 21: Provisions
39	Note 22: Loans and Borrowings
41	Note 23: Trade and Other Payables

#### ***FINANCIAL INSTRUMENTS***

42	Note 24: Financial Instruments – Fair Value and Risk Management
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#### ***GROUP STRUCTURE***

45	Note 25: Business Combinations
46	Note 26: Relations with Non-Controlling Interests
47	Note 27: List of Subsidiaries, Associates and Joint Ventures
48	Note 28: Discontinued Operations

#### ***OTHER INFORMATION***

49	Note 29: Contingencies and Commitments
50	Note 30: Related Party Transactions
51	Note 31: Exchange Rates
52	Note 32: Services Provided by the Statutory Auditors
52	Note 33: Subsequent Events
53	Note 34: Accounting Policies
63	SUMMARISED STATUTORY FINANCIAL STATEMENTS 2017

For the statement of the statutory auditor, KPMG Réviseurs d'Entreprises, represented by Alexis Palm, we refer to the press release.

Financial report, excluding the Directors' Report, as authorized for issue by the Board of Directors on 28 February 2018, for presentation to the Annual General Meeting of 31 May 2018.

# Consolidated Statement of Profit or Loss

Year ended 31 December

EUR million	Notes	2017	2016 <sup>(1)</sup>
<b>Revenue</b>	3	<b>3,455.1</b>	<b>3,166.3</b>
Cost of sales		-2,985.2	-2,796.5
<b>Gross margin</b>		<b>469.9</b>	<b>369.8</b>
Commercial and administrative expenses		-374.3	-289.9
Other operating income		5.8	10.5
Other operating expenses	4	-5.1	1.7
<b>Operating result</b>	4	<b>96.3</b>	<b>92.1</b>
Net finance costs	5	-1.9	-2.4
Finance income		3.6	1.2
Finance costs		-5.5	-3.6
Share of result of equity-accounted investees, net of income tax	15	5.4	4.6
<b>Result before tax</b>		<b>99.8</b>	<b>94.3</b>
Income tax expense	9	-28.5	-1.4
<b>Result from continuing operations</b>		<b>71.3</b>	<b>92.9</b>
Discontinued operations	28	43.6	-41.2
<b>RESULT FOR THE PERIOD</b>		<b>114.9</b>	<b>51.7</b>
<b>Result attributable to:</b>			
<b>Equity holders of the Company</b>		<b>112.6</b>	<b>49.9</b>
Non-controlling interests ("NCI")		2.3	1.8
Earnings per share			
Basic (EUR)	6	2.05	0.91
Diluted (EUR)	6	2.05	0.91
Earnings per share - Continuing operations			
Basic (EUR)	6	1.30	1.65
Diluted (EUR)	6	1.30	1.64

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information.

The notes on pages 6 to 62 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	2017	2016
<b>Result for the period</b>		<b>114.9</b>	<b>51.7</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss:</b>		<b>41.2</b>	<b>-70.4</b>
<i>Re-measurements of defined benefit liabilities/assets</i>	<i>8</i>	<i>60.1</i>	<i>-88.6</i>
<i>Related tax</i>		<i>-18.0</i>	<i>18.2</i>
<i>Equity-accounted investees - share of OCI (defined benefits, net of tax)</i>	<i>15</i>	<i>-0.9</i>	<i>-</i>
<i>Of which items from discontinued operations</i>		<i>40.8</i>	<i>-59.8</i>
<b>Items that may be reclassified subsequently to profit or loss:</b>		<b>-20.1</b>	<b>15.7</b>
<i>Translation differences</i>		<i>-20.7</i>	<i>-5.7</i>
<i>Reclassification of foreign currency difference on loss of control</i>	<i>28</i>	<i>-</i>	<i>24.9</i>
<i>Cash flow hedges: fair value gains (losses) in equity</i>		<i>0.3</i>	<i>-4.0</i>
<i>Tax relating to cash flow hedges</i>		<i>0.3</i>	<i>0.5</i>
<i>Of which items from discontinued operations</i>		<i>-20.4</i>	<i>15.4</i>
<b>Other comprehensive income, net of tax</b>		<b>21.1</b>	<b>-54.7</b>
<b>Total comprehensive income for the period</b>		<b>136.0</b>	<b>-3.0</b>
<i>being:</i> <i>attributable to equity holders of the Company</i>		<i>131.9</i>	<i>-2.4</i>
<i>of which continuing operations</i>		<i>72.0</i>	<i>79.6</i>
<i>of which discontinued operations</i>		<i>59.9</i>	<i>-82.0</i>
<i>attributable to non-controlling interests ("NCI")</i>		<i>4.1</i>	<i>-0.6</i>

The notes on pages 6 to 62 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

At 31 December

EUR million	Notes	2017	2016
Goodwill	10	184.2	1,091.2
Intangible assets	11	422.6	876.8
Property, plant & equipment	12	211.3	574.4
Investment property	13	9.0	3.8
Equity-accounted investees	15	69.2	63.8
Available-for-sale financial assets	17	-	0.5
Employee benefits	8		0.5
Deferred tax assets	9	19.9	86.3
Other receivables	19	25.6	27.9
<b>Non-current assets</b>		<b>941.8</b>	<b>2,725.2</b>
Inventories	14	367.7	679.0
Held-to-maturity investments	17	107.1	-
Derivative hedging instruments	17	-	1.0
Derivatives held for trading	17	-	1.2
Other financial assets	17	-	5.0
Current tax assets	9	7.6	7.5
Trade and other receivables	19	46.2	309.0
Cash & cash equivalents	18	297.3	98.2
Assets classified as held for sale	16	2,528.2	5.5
<b>Current assets</b>		<b>3,354.1</b>	<b>1,106.4</b>
<b>TOTAL ASSETS</b>		<b>4,295.9</b>	<b>3,831.6</b>
Capital & reserves attributable to equity holders		1,764.3	1,683.0
Non-controlling interests ("NCI")		-3.8	0.5
<b>Equity</b>		<b>1,760.5</b>	<b>1,683.5</b>
Employee benefits	8	24.4	53.7
Provisions	21	18.9	50.5
Loans & borrowings	22	132.0	760.6
Put options granted to non-controlling interests	26	-	90.0
Other payables	23	1.5	3.0
Deferred tax liabilities	9	135.0	145.1
<b>Non-current liabilities</b>		<b>311.8</b>	<b>1,102.9</b>
Provisions	21	1.8	36.2
Loans & borrowings	22	32.5	358.3
Derivative hedging instruments	17	-	0.9
Deferred consideration on acquisition of Moleskine SpA	25	-	15.9
Put options granted to non-controlling interests	26	80.9	-
Current tax liabilities	9	1.8	25.0
Trade & other payables	23	112.3	608.9
Liabilities directly associated with the assets held for sale	16	1,994.3	-
<b>Current liabilities</b>		<b>2,223.6</b>	<b>1,045.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,295.9</b>	<b>3,831.6</b>

The notes on pages 6 to 62 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						Group's share	Non-controlling interests	Equity
	Share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Cumulative translation differences			
<b>At 1 January 2016</b>	<b>160.0</b>	<b>24.4</b>	<b>-31.0</b>	<b>3.9</b>	<b>1,619.0</b>	<b>-43.0</b>	<b>1,733.3</b>	<b>1.8</b>	<b>1,735.1</b>
Profit for the period	-	-	-	-	49.9	-	49.9	1.8	51.7
Other comprehensive income	-	-	-	-3.8	-66.7	18.2	-52.3	-2.4	-54.7
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.8</b>	<b>-16.8</b>	<b>18.2</b>	<b>-2.4</b>	<b>-0.6</b>	<b>-3.0</b>
Treasury shares	-	-	-3.2	-	-	-	-3.2	-	-3.2
Dividends 2015 paid in 2016	-	-	-	-	-49.2	-	-49.2	-2.4	-51.6
Put options - movements of the period	-	-	-	-	-	-	-	4.8	4.8
Transfer within reserve	-	-	-0.1	-	-1.2	1.3	-	-	-
Other movements	-	-	-	-	1.4	-	1.4	-	1.4
<b>Total contribution and distribution</b>	<b>-</b>	<b>-</b>	<b>-3.3</b>	<b>-</b>	<b>-49.0</b>	<b>1.3</b>	<b>-51.0</b>	<b>2.4</b>	<b>-48.6</b>
Acquisition of NCI without change in control	-	-	-	-	3.1	-	3.1	-3.1	-
<b>Total change in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.1</b>	<b>-</b>	<b>3.1</b>	<b>-3.1</b>	<b>-</b>
<b>At 31 December 2016</b>	<b>160.0</b>	<b>24.4</b>	<b>-34.3</b>	<b>0.1</b>	<b>1,556.3</b>	<b>-23.5</b>	<b>1,683.0</b>	<b>0.5</b>	<b>1,683.5</b>
<b>At 1 January 2017</b>	<b>160.0</b>	<b>24.4</b>	<b>-34.3</b>	<b>0.1</b>	<b>1,556.3</b>	<b>-23.5</b>	<b>1,683.0</b>	<b>0.5</b>	<b>1,683.5</b>
Profit for the period	-	-	-	-	112.6	-	112.6	2.3	114.9
Other comprehensive income	-	-	-	0.3	39.4	-20.4	19.3	1.8	21.1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>152.0</b>	<b>-20.4</b>	<b>131.9</b>	<b>4.1</b>	<b>136.0</b>
Treasury shares	-	-	-0.3	-	-	-	-0.3	-	-0.3
Dividends paid in 2017 (see note 20)	-	-	-	-	-52.1	-	-52.1	-26.2	-78.3
Put options - movements of the period	-	-	-	-	-	-	-	17.8	17.8
Other movements (see note 7)	-	-	-	-	1.8	-	1.8	-	1.8
<b>Total contribution and distribution</b>	<b>-</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>-50.3</b>	<b>-</b>	<b>-50.6</b>	<b>-8.4</b>	<b>-59.0</b>
<b>Total change in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2017</b>	<b>160.0</b>	<b>24.4</b>	<b>-34.6</b>	<b>0.4</b>	<b>1,658.0</b>	<b>-43.9</b>	<b>1,764.3</b>	<b>-3.8</b>	<b>1,760.5</b>

The notes on pages 6 to 62 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

Year ended 31 December

EUR million	Notes	2017	2016 <sup>(1)</sup>
<b>Cash flows from operating activities - Continuing</b>			
Result for the period		71.3	92.9
Income tax expense	9	28.5	1.4
Share of result of equity-accounted investees, net of income tax	15	-5.4	-4.6
Net finance costs	5	1.9	2.4
<b>Operating result from continuing operations</b>		<b>96.3</b>	<b>92.1</b>
Depreciation	4/12	17.8	15.0
Amortisation of intangible assets	4/11	4.1	2.0
Impairment losses on goodwill and other non-current assets		-	0.1
Other non cash items		5.6	-11.4
Employee benefits		-4.5	-0.1
Other cash items		-	-0.5
Change in net working capital		-10.8	68.1
<b>Cash generated from operations</b>		<b>108.5</b>	<b>165.3</b>
Income tax paid		-23.1	-16.2
<b>Net cash from operating activities</b>		<b>85.4</b>	<b>149.1</b>
<b>Cash flows from investing activities - Continuing</b>			
Purchase of property, plant and equipment and intangible assets		-35.9	-31.6
Sale of property, plant and equipment and intangible assets		2.7	12.0
<b>Net capital expenditure</b>		<b>-33.2</b>	<b>-19.6</b>
Acquisition of subsidiaries (net of cash acquired)	25	-16.5	-472.5
Sale of equity-accounted investees	15	2.5	-
Contribution of cash from/(to) joint ventures		2.2	-1.4
Investment in held to maturity financial assets	17	-107.1	59.8
Interest received		0.1	0.5
Dividends received from equity-accounted investees		-	0.3
Net investment in other financial assets		4.5	-0.2
<b>Net cash from investing activities</b>		<b>-147.5</b>	<b>-433.1</b>
<b>Cash flows from financing activities - Continuing</b>			
Exercice of stock options plans		-	9.8
Net disposal/(acquisition) of treasury shares		-0.3	-3.2
Repayment of finance lease liabilities		-0.1	-0.1
Net change in other loans and borrowings		-116.7	248.6
Interest paid		-5.1	-1.0
Dividends paid by Company	20	-52.1	-49.3
Dividends received from/(paid by) subsidiaries	22	482.5	43.4
<b>Net cash from financing activities</b>		<b>308.2</b>	<b>248.2</b>
<b>Cash flows from continuing operations</b>		<b>246.1</b>	<b>-35.8</b>
<b>Cash flows from discontinued operations</b>	1/28	<b>37.2</b>	<b>32.4</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>		<b>283.3</b>	<b>-3.4</b>
<b>Reconciliation with statement of financial position</b>			
Cash at beginning of period	18	96.7	110.1
Cash equivalents at beginning of period		1.5	0.6
<b>Cash and cash equivalents at beginning of period</b>		<b>98.2</b>	<b>110.7</b>
Total cash flow for the period		283.3	-3.4
Translation differences		-7.8	-9.1
<b>Cash and cash equivalents at end of period</b>		<b>373.7</b>	<b>98.2</b>
<i>Included within "Cash and cash equivalents"</i>	18	297.3	98.2
<i>Included within "Non-current assets classified as held for sale"</i>	16	76.4	-

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information  
The notes on pages 6 to 62 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) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 20. The address of the Company's registered office is:

Rue du Mail 50  
B-1050 Brussels

In existence since 1805, and across family generations, the Company 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, 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" 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 around 22% and 1.2 million vehicles on the road at the end of 2016;
- "Belron" makes a difference by solving people's problems with real care. It is the worldwide leader in vehicle glass repair and replacement, trading under more than 10 major brands including Carglass®, Safelite® AutoGlass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers. Belron is also expanding its services to focus on solving problems for people who need assistance with repairs to their vehicles and homes;
- "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 strategy across more than 100 countries.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been authorized for issue by the Board of Directors on 28 February 2018.

## Significant transaction

On 2 May 2017, as part of the regular review of its strategic options, the Company announced that it was exploring the potential to bring a minority partner in Belron, the world leader in vehicle glass replacement and repair. D'leteren's aim was to remain the majority shareholder while strengthening its investment capacity. The partial sale of Belron shares to a minority partner will allow D'leteren to broaden its activities and pursue its long-term strategy which aims to invest in other activities with high growth potential. Belron's management is fully aligned with this transaction which is consistent with Belron's strategic vision. D'leteren will continue to provide full support to Belron's development, both in the vehicle glass repair and replacement market and in the ongoing search for new services.

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. The Company and Belron's management will retain the remaining 60% ownership interest. The Board of Directors of the Company concluded that, as of balance sheet date, the Group was committed to a sale plan which will involve loss of exclusive control of its subsidiary, and therefore decided to classify all the assets and liabilities of Belron as held for sale in the statement of financial position as at 31 December 2017; the recognition criteria defined in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being satisfied. In addition, it has decided to present the 12 months results of the Belron segment as a discontinued operation; the criteria of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being also satisfied. The consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 December 2016 have been restated accordingly. See notes 16 and 28 of these consolidated financial statements for more information and adequate disclosures.

Belron's results will be included under equity accounting method (54.85% stake; joint control with CD&R) from 2018 onwards following the loss of exclusive control at the closing of the transaction (7 February 2018).

## 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: SEGMENT INFORMATION

### Note 2.1: Basis of Segmentation

The Group's reportable operating segments are D'leteren Auto, Belron and Moleskine.

D'leteren Auto includes the automobile distribution activities (see note 1) as well as corporate activities. Belron comprises Belron s.a. and its subsidiaries (see note 1). Moleskine 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 related information are disclosed in the consolidated management report and press release (2017 full-year results).

### Note 2.2: Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)

EUR million	Notes	2017					2016 <sup>(1)</sup>				
		D'leteren Auto	Belron	Mole- skine	Elimi- nations	Group	D'leteren Auto	Belron	Mole- skine	Elimi- nations	Group
External revenue	3	3,299.7	3,486.2	155.4	-3,486.2	3,455.1	3,114.2	3,305.4	52.1	-3,305.4	3,166.3
Inter-segment revenue		8.3	-	-	-8.3	-	7.7	-	-	-7.7	-
<b>Segment revenue</b>		<b>3,308.0</b>	<b>3,486.2</b>	<b>155.4</b>	<b>-3,494.5</b>	<b>3,455.1</b>	<b>3,121.9</b>	<b>3,305.4</b>	<b>52.1</b>	<b>-3,313.1</b>	<b>3,166.3</b>
<b>Operating result (being segment result)</b>	<b>4</b>	<b>71.1</b>	<b>148.5</b>	<b>25.2</b>	<b>-148.5</b>	<b>96.3</b>	<b>77.5</b>	<b>41.6</b>	<b>14.6</b>	<b>-41.6</b>	<b>92.1</b>
Net finance costs	5	8.1	-86.1	-10.0	86.1	-1.9	-1.0	-35.5	-1.4	35.5	-2.4
Finance income		3.4	0.3	0.2	-0.3	3.6	1.1	0.4	0.1	-0.4	1.2
Finance costs		0.7	-85.5	-5.7	86.4	-5.5	-3.1	-35.5	-0.9	35.9	-3.6
Inter-segment financing interest		5.4	-0.9	-4.5	-	-	1.0	-0.4	-0.6	-	-
Share of result of equity-accounted investees, net of income tax	15	5.4	-	-	-	5.4	4.6	-0.8	-	0.8	4.6
<b>Result before tax</b>		<b>84.6</b>	<b>62.4</b>	<b>15.2</b>	<b>-62.4</b>	<b>99.8</b>	<b>81.1</b>	<b>5.3</b>	<b>13.2</b>	<b>-5.3</b>	<b>94.3</b>
Income tax expense	9	-23.4	-18.8	-5.1	18.8	-28.5	2.7	-21.6	-4.1	21.6	-1.4
<b>Result from continuing operations</b>		<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-43.6</b>	<b>71.3</b>	<b>83.8</b>	<b>-16.3</b>	<b>9.1</b>	<b>16.3</b>	<b>92.9</b>
Discontinued operations	28	-	-	-	43.6	43.6	-	-24.9	-	-16.3	-41.2
<b>RESULT FOR THE PERIOD</b>		<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-</b>	<b>114.9</b>	<b>83.8</b>	<b>-41.2</b>	<b>9.1</b>	<b>-</b>	<b>51.7</b>

Attributable to:	2017					2016				
	D'leteren Auto	Belron	Mole- skine	Elimi- nations	Group	D'leteren Auto	Belron	Mole- skine	Elimi- nations	Group
<b>Equity holders of the Company</b>	<b>61.2</b>	<b>41.3</b>	<b>10.1</b>	<b>-</b>	<b>112.6</b>	<b>83.8</b>	<b>-39.9</b>	<b>6.0</b>	<b>-</b>	<b>49.9</b>
Non-controlling interests	-	2.3	-	-	2.3	-	-1.3	3.1	-	1.8
<b>RESULT FOR THE PERIOD</b>	<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-</b>	<b>114.9</b>	<b>83.8</b>	<b>-41.2</b>	<b>9.1</b>	<b>-</b>	<b>51.7</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

In both periods, the column "Eliminations" reconciles the segment statement of profit or loss (with Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of profit or loss (with Belron presented as a discontinued operation).

**NOTE 2: SEGMENT INFORMATION (continued)**

**Note 2.3: Segment Statement of Financial Position - Operating Segment**

EUR million	Notes	31 December 2017				
		D'leteren Auto	Belron	Moleskine	Elimi- nations	Group
Goodwill	10	12.3	898.2	171.9	-898.2	184.2
Intangible assets	11	11.5	463.3	411.1	-463.3	422.6
Property, plant & equipment	12	200.7	369.9	10.6	-369.9	211.3
Investment property	13	9.0	-	-	-	9.0
Equity-accounted investees	15	69.2	-	-	-	69.2
Available-for-sale financial assets	17	-	0.5	-	-0.5	-
Derivative hedging instruments	17	-	2.0	-	-2.0	-
Derivatives held for trading	17	-	0.3	-	-0.3	-
Employee benefits	8	-	39.4	-	-39.4	-
Deferred tax assets	9	12.1	45.3	7.8	-45.3	19.9
Other receivables	19	23.2	2.2	2.4	-2.2	25.6
<b>Non-current assets</b>		<b>338.0</b>	<b>1,821.1</b>	<b>603.8</b>	<b>-1,821.1</b>	<b>941.8</b>
Inventories	14	335.5	300.8	32.2	-300.8	367.7
Held-to-maturity investments	17	107.1	-	-	-	107.1
Derivative hedging instruments	17	-	0.3	-	-0.3	-
Derivatives held for trading	17	-	2.8	-	-2.8	-
Current tax assets	9	0.4	4.7	7.2	-4.7	7.6
Trade and other receivables	19	17.8	309.9	28.4	-309.9	46.2
Cash & cash equivalents	18	272.4	76.4	24.9	-76.4	297.3
Assets classified as held for sale	16	12.2	-	-	2,516.0	2,528.2
<b>Current assets</b>		<b>745.4</b>	<b>694.9</b>	<b>92.7</b>	<b>1,821.1</b>	<b>3,354.1</b>
<b>TOTAL ASSETS</b>		<b>1,083.4</b>	<b>2,516.0</b>	<b>696.5</b>	-	<b>4,295.9</b>
Capital & reserves attributable to equity holders		1,764.3	-	-	-	1,764.3
Non-controlling interests ("NCI")		-	-3.8	-	-	-3.8
<b>Equity</b>		<b>1,764.3</b>	<b>-3.8</b>	-	-	<b>1,760.5</b>
Employee benefits	8	22.6	9.3	1.8	-9.3	24.4
Provisions	21	16.4	37.9	2.5	-37.9	18.9
Loans & borrowings	22	1.5	1,307.0	130.5	-1,307.0	132.0
Inter-segment loan		-152.0	-	152.0	-	-
Put options granted to non-controlling interests	26	-	-	-	-	-
Other payables	23	-	5.4	1.5	-5.4	1.5
Deferred tax liabilities	9	24.4	10.6	110.6	-10.6	135.0
<b>Non-current liabilities</b>		<b>-87.1</b>	<b>1,370.2</b>	<b>398.9</b>	<b>-1,370.2</b>	<b>311.8</b>
Provisions	21	-	50.5	1.8	-50.5	1.8
Loans & borrowings	22	0.6	41.2	31.9	-41.2	32.5
Inter-segment loans		-	-	-	-	-
Derivative hedging instruments	17	-	2.6	-	-2.6	-
Derivatives held for trading	17	-	0.6	-	-0.6	-
Put options granted to non-controlling interests	26	80.9	-	-	-	80.9
Current tax liabilities	9	1.1	26.5	0.7	-26.5	1.8
Trade & other payables	23	78.0	501.3	34.3	-501.3	112.3
Liabilities directly associated with the assets held for sale	16	1.4	-	-	1,992.9	1,994.3
<b>Current liabilities</b>		<b>162.0</b>	<b>622.7</b>	<b>68.7</b>	<b>1,370.2</b>	<b>2,223.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,839.2</b>	<b>1,989.1</b>	<b>467.6</b>	-	<b>4,295.9</b>

In 2017, the column "Eliminations" reconciles the segment statement of financial position (with assets and liabilities of Belron presented in each relevant line item) to the IFRS Group consolidated statement of financial position (with Belron classified as held for sale).

**NOTE 2: SEGMENT INFORMATION (continued)**

**Note 2.3: Segment Statement of Financial Position - Operating Segments**

EUR million	31 December 2016			
	D'leteren	Belron	Moleskine	Group
	Auto			
Goodwill	12.3	907.0	171.9	1,091.2
Intangible assets	10.6	457.0	409.2	876.8
Property, plant & equipment	197.8	367.1	9.5	574.4
Investment property	3.8	-	-	3.8
Equity-accounted investees	63.8	-	-	63.8
Available-for-sale financial assets	0.5	-	-	0.5
Employee benefits	-	0.5	-	0.5
Deferred tax assets	29.6	48.1	8.6	86.3
Other receivables	22.6	2.4	2.9	27.9
<b>Non-current assets</b>	<b>341.0</b>	<b>1,782.1</b>	<b>602.1</b>	<b>2,725.2</b>
Inventories	341.8	313.2	24.0	679.0
Derivative hedging instruments	-	1.0	-	1.0
Derivatives held for trading	-	1.2	-	1.2
Other financial assets	-	-	5.0	5.0
Current tax assets	0.7	5.0	1.8	7.5
Trade and other receivables	20.8	261.4	26.8	309.0
Cash & cash equivalents	4.0	45.9	48.3	98.2
Assets classified as held for sale	5.5	-	-	5.5
<b>Current assets</b>	<b>372.8</b>	<b>627.7</b>	<b>105.9</b>	<b>1,106.4</b>
<b>TOTAL ASSETS</b>	<b>713.8</b>	<b>2,409.8</b>	<b>708.0</b>	<b>3,831.6</b>
Capital & reserves attributable to equity holders	1,683.0	-	-	1,683.0
Non-controlling interests ("NCI")	-	0.5	-	0.5
<b>Equity</b>	<b>1,683.0</b>	<b>0.5</b>	<b>-</b>	<b>1,683.5</b>
Employee benefits	24.4	27.5	1.8	53.7
Provisions	18.7	31.7	0.1	50.5
Loans & borrowings	27.5	606.2	126.9	760.6
Inter-segment loan	-151.3	-	151.3	-
Put options granted to non-controlling interests	90.0	-	-	90.0
Other payables	-	1.9	1.1	3.0
Deferred tax liabilities	28.1	5.2	111.8	145.1
<b>Non-current liabilities</b>	<b>37.4</b>	<b>672.5</b>	<b>393.0</b>	<b>1,102.9</b>
Provisions	-	34.7	1.5	36.2
Loans & borrowings	119.8	191.3	47.2	358.3
Inter-segment loans	-41.5	41.5	-	-
Derivative hedging instruments	-	0.9	-	0.9
Deferred consideration on acquisition of Moleskine SpA	-	-	15.9	15.9
Current tax liabilities	2.0	23.0	-	25.0
Trade & other payables	88.3	489.0	31.6	608.9
Liabilities directly associated with the assets held for sale	-	-	-	-
<b>Current liabilities</b>	<b>168.6</b>	<b>780.4</b>	<b>96.2</b>	<b>1,045.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,889.0</b>	<b>1,453.4</b>	<b>489.2</b>	<b>3,831.6</b>

**NOTE 2: SEGMENT INFORMATION (continued)**

**Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)**

EUR million	Notes	2017				
		D'leteren Auto	Belron	Mole- skine	Elimi- nations	Group
<b>Cash flows from operating activities - Continuing</b>						
Result for the period		61.2	43.6	10.1	-43.6	71.3
Income tax expense	9	23.4	18.8	5.1	-18.8	28.5
Share of result of equity-accounted investees, net of income tax	15	-5.4	-	-	-	-5.4
Net finance costs	5	-8.1	86.1	10.0	-86.1	1.9
<b>Operating result from continuing operations</b>						
Depreciation	4/12	13.0	83.2	4.8	-83.2	17.8
Amortisation of intangible assets	4/11	2.1	33.3	2.0	-33.3	4.1
Impairment losses on goodwill and other non-current assets	10	-	16.0	-	-16.0	-
Other non-cash items		-1.1	27.7	6.7	-27.7	5.6
Employee benefits		-3.8	-0.4	-0.7	0.4	-4.5
Other cash items		-	-25.6	-	25.6	-
Change in net working capital		-3.1	-9.7	-7.7	9.7	-10.8
<b>Cash generated from operations</b>						
Income tax paid		-10.8	-28.8	-12.3	28.8	-23.1
<b>Net cash from operating activities</b>		<b>67.4</b>	<b>244.2</b>	<b>18.0</b>	<b>-244.2</b>	<b>85.4</b>
<b>Cash flows from investing activities - Continuing</b>						
Purchase of property, plant and equipment and intangible assets		-23.7	-139.7	-12.2	139.7	-35.9
Sale of property, plant and equipment and intangible assets		0.9	5.0	1.8	-5.0	2.7
<b>Net capital expenditure</b>		<b>-22.8</b>	<b>-134.7</b>	<b>-10.4</b>	<b>134.7</b>	<b>-33.2</b>
Acquisition of subsidiaries (net of cash acquired)	25	-0.6	-50.2	-15.9	50.2	-16.5
Sale of equity-accounted investees	15	2.5	-	-	-	2.5
Contribution of cash from/(to) joint venture		2.2	-	-	-	2.2
Investment in held-to-maturity financial assets	17	-107.1	-	-	-	-107.1
Interest received		0.1	0.3	-	-0.3	0.1
Net investment in other financial assets		-0.6	0.1	5.1	-0.1	4.5
<b>Net cash from investing activities</b>		<b>-126.3</b>	<b>-184.5</b>	<b>-21.2</b>	<b>184.5</b>	<b>-147.5</b>
<b>Cash flows from financing activities - Continuing</b>						
Net disposal/(acquisition) of treasury shares		-0.3	-	-	-	-0.3
Repayment of finance lease liabilities		-0.1	-37.4	-	37.4	-0.1
Net change in other loans and borrowings	22	-146.5	651.7	-11.7	-610.2	-116.7
Inter-segment loans		45.3	-41.5	-3.8	-	-
Interest paid		-1.5	-86.6	-3.6	86.6	-5.1
Dividends paid by the Company	20	-52.1	-	-	-	-52.1
Dividends received from/(paid by) subsidiaries	22	482.5	-508.7	-	508.7	482.5
<b>Net cash from financing activities</b>		<b>327.3</b>	<b>-22.5</b>	<b>-19.1</b>	<b>22.5</b>	<b>308.2</b>
<b>Cash flows from continuing operations</b>						
<b>Cash flows from discontinued operations</b>	1/28	-	-	-	<b>37.2</b>	<b>37.2</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>		<b>268.4</b>	<b>37.2</b>	<b>-22.3</b>	-	<b>283.3</b>
<b>Reconciliation with statement of financial position</b>						
Cash at beginning of period	18	2.5	45.9	48.3	-	96.7
Cash equivalents at the beginning of the period		1.5	-	-	-	1.5
<b>Cash and cash equivalents at beginning of period</b>		<b>4.0</b>	<b>45.9</b>	<b>48.3</b>	-	<b>98.2</b>
Total cash flow for the period		268.4	37.2	-22.3	-	283.3
Translation differences		-	-6.7	-1.1	-	-7.8
<b>Cash and cash equivalents at end of period</b>		<b>272.4</b>	<b>76.4</b>	<b>24.9</b>	-	<b>373.7</b>
Included within "Cash and cash equivalents"	18	272.4	0.0	24.9	-	297.3
Included within "Non-current assets held for sale"	16	-	76.4	-	-	76.4

**NOTE 2: SEGMENT INFORMATION (continued)**

**Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)**

EUR million	2016 <sup>(1)</sup>				
	D'Ieteren Auto	Belron	Mole- skine	Elimi- nations	Group
<b>Cash flows from operating activities - Continuing</b>					
Result for the period	83.8	-16.3	9.1	16.3	92.9
Income tax expense	-2.7	21.6	4.1	-21.6	1.4
Share of result of equity-accounted investees, net of income tax	-4.6	0.8	-	-0.8	-4.6
Net finance costs	1.0	35.5	1.4	-35.5	2.4
<b>Operating result from continuing operations</b>	<b>77.5</b>	<b>41.6</b>	<b>14.6</b>	<b>-41.6</b>	<b>92.1</b>
Depreciation	13.6	84.7	1.4	-84.7	15.0
Amortisation of intangible assets	1.7	39.7	0.3	-39.7	2.0
Impairment losses on goodwill and other non-current assets	0.1	133.2	-	-133.2	0.1
Other non-cash items	-12.7	9.9	1.3	-9.9	-11.4
Employee benefits	-	-22.6	-0.1	22.6	-0.1
Other cash items	-	-15.8	-0.5	15.8	-0.5
Change in net working capital	61.4	-16.6	6.7	16.6	68.1
<b>Cash generated from operations</b>	<b>141.6</b>	<b>254.1</b>	<b>23.7</b>	<b>-254.1</b>	<b>165.3</b>
Income tax paid	-4.8	-15.7	-11.4	15.7	-16.2
<b>Net cash from operating activities</b>	<b>136.8</b>	<b>238.4</b>	<b>12.3</b>	<b>-238.4</b>	<b>149.1</b>
<b>Cash flows from investing activities - Continuing</b>					
Purchase of property, plant and equipment and intangible assets	-29.2	-121.6	-2.4	121.6	-31.6
Sale of property, plant and equipment and intangible assets	11.9	8.4	0.1	-8.4	12.0
<b>Net capital expenditure</b>	<b>-17.3</b>	<b>-113.2</b>	<b>-2.3</b>	<b>113.2</b>	<b>-19.6</b>
Acquisition of subsidiaries (net of cash acquired)	-212.5	-22.7	-260.0	22.7	-472.5
Contribution of cash from/(to) joint venture	-1.4	-	-	-	-1.4
Investment in held-to-maturity financial assets	59.8	-	-	-	59.8
Interest received	0.5	0.4	-	-0.4	0.5
Dividends received from equity accounted investees	0.3	-	-	-	0.3
Net investment in other financial assets	-0.2	0.3	-	-0.3	-0.2
<b>Net cash from investing activities</b>	<b>-170.8</b>	<b>-135.2</b>	<b>-262.3</b>	<b>135.2</b>	<b>-433.1</b>
<b>Cash flows from financing activities - Continuing</b>					
Exercise of stock options plans	-	-	9.8	-	9.8
Net disposal/(acquisition) of treasury shares	-3.2	-	-	-	-3.2
Repayment of finance lease liabilities	-0.1	-32.0	-	32.0	-0.1
Net change in other loans and borrowings	132.7	20.7	137.4	-42.2	248.6
Inter-segment loans	-172.8	21.5	151.3	-	-
Interest paid	-0.8	-35.2	-0.2	35.2	-1.0
Dividends paid by the Company	49.3	-	-	-	-49.3
Dividends received from/(paid by) subsidiaries	43.4	-45.8	-	45.8	43.4
<b>Net cash from financing activities</b>	<b>-50.1</b>	<b>-70.8</b>	<b>298.3</b>	<b>70.8</b>	<b>248.2</b>
<b>Cash flows from continuing operations</b>	<b>-84.1</b>	<b>32.4</b>	<b>48.3</b>	<b>-32.4</b>	<b>-35.8</b>
<b>Cash flows from discontinued operations</b>	-	-	-	<b>32.4</b>	<b>32.4</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>	<b>-84.1</b>	<b>32.4</b>	<b>48.3</b>	-	<b>-3.4</b>
<b>Reconciliation with statement of financial position</b>					
Cash at beginning of period	88.1	22.0	-	-	110.1
Cash equivalents at the beginning of the period	-	0.6	-	-	0.6
<b>Cash and cash equivalents at beginning of period</b>	<b>88.1</b>	<b>22.6</b>	-	-	<b>110.7</b>
Total cash flow for the period	-84.1	32.4	48.3	-	-3.4
Translation differences	-	-9.1	-	-	-9.1
<b>Cash and cash equivalents at end of period</b>	<b>4.0</b>	<b>45.9</b>	<b>48.3</b>	-	<b>98.2</b>
<i>Included within "Cash and cash equivalents"</i>	4.0	45.9	48.3	-	98.2
<i>Included within "Non-current assets held for sale"</i>	-	-	-	-	-

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

## NOTE 2: SEGMENT INFORMATION (continued)

### Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

In 2017 and 2016, the column “Eliminations” reconciles the segment statement of cash flows (with Belron presented as a continuing operation) to the IFRS Group consolidated statement of cash flows (with Belron presented as a discontinued operation).

In the Belron segment, the line “Acquisition of subsidiaries” for the year ended 31 December 2017 include, among other transactions, the business combinations disclosed in note 25. In the Moleskine segment, the EUR 15.9 million represents the acquisition of the remaining non-controlling interests in January 2017 (squeeze-out procedure – see note 11 of the 2016 consolidated financial statements for more information).

In 2017 and 2016, in the Belron segment, the line “Other non-cash items” included, among other amounts, the provisions for long term management incentive program, and the line “Other cash items” included, among other amounts, the cash outflow related to the restructurings announced.

In 2016, in the Belron segment, the line “Employee benefits” included, among other amounts, the cash employer contribution related to the termination of the defined benefit scheme in the United States.

In 2017, in the Belron segment, the line “Net capital expenditure” does not comprise new finance leases of EUR 40.8 million. These are comprised in the line “Additions” in notes 11 and 12.

In 2017, in the Moleskine segment, the line “Net investments in other financial assets” includes the proceeds from the sale of a life insurance product started end of 2015 (see note 17).

In 2017 and 2016, the inter-segment loans represent amounts lent by the D’Ieteren Auto segment to the Belron and Moleskine segments, at arm’s length conditions.

In 2017, in the Belron segment, the line “interest paid” includes the refinancing fees and make whole costs (EUR -48.6 million) for the early reimbursement of the USPPs (see note 22).

In 2017, the line “Dividends received from/(paid by) subsidiaries” includes the extraordinary dividend paid by Belron to its shareholders in the framework of its refinancing (see note 22), despite the fully elimination of this intragroup transaction in accordance with IFRS 10.

In 2016, in the Moleskine segment, the line “Exercice of stock options plans” included the cash inflow related to the exercice 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 Company).

### Note 2.5: Geographical Segment Information (Year ended 31 December)

The Group’s two operating segments (under continuing operations, being D’Ieteren Auto and Moleskine) operate in three main geographical areas, being Belgium (main market for the D’Ieteren Auto segment), the rest of Europe and the rest of the world.

EUR million	2017				2016 <sup>(1)</sup>			
	Belgium	Rest of Europe	Rest of the world	Group	Belgium	Rest of Europe	Rest of the world	Group
Segment revenue from external customers <sup>(2)</sup>	3,106.9	250.4	97.8	3,455.1	2,931.7	200.9	33.7	3,166.3
Non-current assets <sup>(3)</sup>	336.3	597.0	6.8	940.1	341.0	591.6	10.5	943.1

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

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

(3) 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 3: REVENUE

EUR million	2017	2016 <sup>(1)</sup>
New vehicles	2,905.1	2,731.8
Used cars	66.3	53.9
Spare parts and accessories	183.8	185.4
After-sales activities by D'leteren Car Centers	82.3	83.3
D'leteren Sport	28.1	28.0
Rental income under buy-back agreements	5.2	5.0
Other revenue	28.9	26.8
<b>Subtotal D'leteren Auto</b>	<b>3,299.7</b>	<b>3,114.2</b>
<b>Subtotal Moleskine</b>	<b>155.4</b>	<b>52.1</b>
<b>REVENUE (EXTERNAL)</b>	<b>3,455.1</b>	<b>3,166.3</b>
of which: sales of goods	3,338.7	3,051.1
rendering of services	116.4	115.0
royalties	-	0.2

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

Interest income and dividend income (if any) are presented among net finance costs (see note 5).

### NOTE 4: OPERATING RESULT

Operating result is stated after charging:

EUR million	2017			2016 <sup>(1)</sup>		
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Moleskine	Group
Purchases and changes in inventories	-2,829.3	-29.1	-2,858.4	-2,655.8	-12.5	-2,668.3
Depreciation	-13.0	-4.8	-17.8	-13.6	-1.4	-15.0
Amortisation	-2.1	-2.0	-4.1	-1.7	-0.3	-2.0
Impairment on tangible assets	-	-	-	-0.1	-	-0.1
Other operating lease rentals	-0.1	-0.2	-0.3	-	-	-
Write-down on inventories	1.7	-2.2	-0.5	1.3	-0.5	0.8
Employee benefit expenses (see note 8)	-173.1	-28.1	-201.2	-163.7	-6.2	-169.9
Bad and doubtful debts	2.2	-0.1	2.1	3.6	-0.2	3.4
Gain on sale of property, plant and equipment	0.4	-	0.4	4.6	-	4.6
Loss on sale of property, plant and equipment	-	-	-	-0.2	-	-0.2
Rental income from investment property <sup>(2)</sup>	1.5	-	1.5	1.4	-	1.4
Sundry <sup>(3)</sup>	-216.8	-63.7	-280.5	-212.5	-16.4	-228.9
<b>NET OPERATING EXPENSES</b>	<b>-3,228.6</b>	<b>-130.2</b>	<b>-3,358.8</b>	<b>-3,036.7</b>	<b>-37.5</b>	<b>-3,074.2</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

(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.

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

The contribution of Moleskine in the net operating expenses in 2017 was of twelve months, against three months in 2016.

## NOTE 5: NET FINANCE COSTS

Net finance costs are broken down as follows:

EUR million	2017			2016 <sup>(1)</sup>		
	D'Ieteren Auto	Moleskine	Group	D'Ieteren Auto	Moleskine	Group
<b>Finance costs:</b>						
Interest expense	-1.5	-3.5	-5.0	-1.6	-0.2	-1.8
Interest costs on pension	-0.2	-	-0.2	-0.1	-	-0.1
Other financial charges	0.2	-2.2	-2.0	-0.1	-0.7	-0.8
Subtotal finance costs	-1.5	-5.7	-7.2	-1.8	-0.9	-2.7
Re-measurements of put options granted to non-controlling interests (see note 26)	1.7	-	1.7	-0.9	-	-0.9
Finance income	3.4	0.2	3.6	1.1	0.1	1.2
Inter-segment financing interest	4.5	-4.5	-	0.6	-0.6	-
<b>NET FINANCE COSTS</b>	<b>8.1</b>	<b>-10.0</b>	<b>-1.9</b>	<b>-1.0</b>	<b>-1.4</b>	<b>-2.4</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

In 2017 and 2016, in the D'Ieteren Auto segment, the line “Other financial charges” include the inter-segment financing interests (EUR 0.9 million in 2017; EUR 0.4 million in 2016) on the loans granted by the D'Ieteren Auto segment to the Belron segment, to allow the Belron segment to be presented as a discontinued operation in the consolidated statement of profit or loss. These loans, at arm's length conditions, were fully reimbursed in November 2017 in the framework of the refinancing of Belron (see note 16).

In 2017, in the D'Ieteren Auto segment, finance income includes the consolidated gain on the sale of the joint venture OTA Keys s.a. for EUR 2.9 million (see note 15).

The contribution of Moleskine in the net finance costs in 2017 was of twelve months, against three months in 2016.

## NOTE 6: EARNINGS PER SHARE

Earnings per share (“EPS”) and earnings per share from continuing operations (“Continuing EPS”) are shown 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 Company (based on the result from continuing operations attributable to equity holders of the Company 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 Company. Such shares constitute the only category of potentially dilutive ordinary shares.

The options over ordinary shares of the Company increased the weighted average number of shares of the Company in 2016 and 2017 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 6: EARNINGS PER SHARE (continued)**

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

		<b>2017</b>	<b>2016 <sup>(1)</sup></b>
Result for the period attributable to equity holders		112.6	49.9
Adjustment for participating shares		-1.3	-0.6
Numerator for EPS (EUR million)	(a)	111.3	49.3
Result from continuing operations		71.3	92.9
Share of non-controlling interests in result from continuing operations		-	-2.5
Result from continuing operations attributable to equity holders		71.3	90.4
Adjustment for participating shares		-0.8	-1.1
Numerator for continuing EPS (EUR million)	(b)	70.5	89.3
Weighted average number of ordinary shares outstanding during the period	(c)	54,209,166	54,223,534
Adjustment for stock option plans		216,168	120,853
Weighted average number of ordinary shares taken into account for diluted EPS	(d)	54,425,334	54,344,387
<b>Result for the period attributable to equity holders</b>			
<b>Basic EPS (EUR)</b>	(a)/(c)	<b>2.05</b>	<b>0.91</b>
<b>Diluted EPS (EUR)</b>	(a)/(d)	<b>2.05</b>	<b>0.91</b>
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(b)/(c)	1.30	1.65
Diluted continuing EPS (EUR)	(b)/(d)	1.30	1.64

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

## NOTE 7: 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 D'Ieteren Auto 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	
	2017	2016		From	To
2017	160,000	-	41.80	1/01/2021	13/03/2027
2016	10,000	10,000	38.09	1/01/2020	16/11/2026
2016	135,000	135,000	31.71	1/01/2020	13/03/2026
2016	79,000	79,000	31.71	1/01/2020	13/03/2026
2016	98,000	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	37,450	65,250	34.99	1/01/2017	24/11/2023
2013	23,036	89,361	34.23	1/01/2017	18/03/2023
2012	39,100	52,400	36.45	1/01/2016	14/10/2022
2011	74,275	131,836	35.00	1/01/2015	22/12/2021
2010	43,630	55,977	39.60	1/01/2014	3/10/2020
2009	20,350	23,600	24.00	1/01/2013	27/10/2019
2008	15,855	20,505	12.10	1/01/2012	5/11/2018
2007	16,350	28,120	26.40	1/01/2011	2/12/2022
2006	9,900	14,800	26.60	1/01/2010	27/11/2021
2005	10,050	10,800	20.90	1/01/2009	6/11/2020
2004	3,150	3,150	14.20	1/01/2008	28/11/2019
2003	3,300	3,450	16.34	1/01/2007	16/11/2018
<b>Total</b>	<b>1,058,889</b>	<b>1,101,692</b>			

All outstanding options are covered by treasury shares (see note 20).

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)	
	2017	2016	2017	2016
Outstanding options at the beginning of the period	1,101,692	1,041,624	32.2	31.8
Granted during the period	160,000	322,000	41.8	32.6
Exercised during the period	-202,803	-261,932	33.7	29.3
<b>Outstanding options at the end of the period</b>	<b>1,058,889</b>	<b>1,101,692</b>	<b>33.4</b>	<b>32.2</b>
of which: exercisable at the end of the period	296,446	344,638	32.2	32.0

In 2017, a large part of the options were exercised during the first and second quarters of the period. The average share price during the period was EUR 40.90 (2016: EUR 37.86).

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

	Number of years
<b>31 December 2017</b>	<b>6.7</b>
31 December 2016	7.0

## NOTE 7: 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 1.9 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 2017 and 2016 issues were as follows:

	2017	2016			
Number of employees	8	155	1	7	9
Spot share price (EUR)	43.0	39.0	38.1	39.0	28.6
Option exercise price (EUR)	41.8	31.7	38.1	31.7	28.9
Vesting period (in years)	3.0	3.0	3.0	3.0	3.0
Expected life (in years)	6.5	6.5	6.5	6.5	6.5
Expected volatility (in %)	34%	29%	30%	29%	31%
Risk free rate of return (in %)	0.72%	0.21%	0.51%	0.21%	0.36%
Expected dividend (EUR)	0.8	0.7	0.6	0.7	0.7
Probability of ceasing employment before vesting (in %)	0%	0%	0%	0%	0%
Weighted average fair value per option (EUR)	14.4	12.4	11.4	12.4	6.7

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 8: EMPLOYEE BENEFITS

### Note 8.1: Employee benefit expense

The employee benefit expense is analysed below:

EUR million	2017			2016 <sup>(1)</sup>		
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Moleskine	Group
Retirement benefit charges under Belgian defined contribution schemes considered as defined benefit schemes	-4.4	-	-4.4	-4.8	-	-4.8
Retirement benefit charges under defined benefit schemes	0.7	-0.7	-	-1.2	-0.2	-1.4
Total retirement benefit charge (see note 8.2)	-3.7	-0.7	-4.4	-6.0	-0.2	-6.2
Wages, salaries and social security costs	-167.5	-27.4	-194.9	-156.2	-6.0	-162.2
Share-based payments: equity-settled	-1.9	-	-1.9	-1.5	-	-1.5
<b>Total employee benefit expense</b>	<b>-173.1</b>	<b>-28.1</b>	<b>-201.2</b>	<b>-163.7</b>	<b>-6.2</b>	<b>-169.9</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information.

The contribution of Moleskine in total employee benefit expense in 2017 was of twelve months, against three months in 2016.

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

	2017	2016 <sup>(1)</sup>
D'leteren Auto	1,794	1,610
Moleskine	434	398
<b>Group</b>	<b>2,228</b>	<b>2,008</b>

(1) As restated.

## **NOTE 8: EMPLOYEE BENEFITS (continued)**

### **Note 8.2: Post-employment and long-term 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 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 D'leteren Auto segment and are funded and unfunded. The main scheme in Italy relates to the Moleskine segment. All the others concern the Belron 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 2017.

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 2017 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 2015. All of these valuations were updated to 31 December 2017 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 has been 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 8: EMPLOYEE BENEFITS (continued)

### Note 8.2: Post-employment and long-term 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			
	2017		2016		2017		2016	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	1.5%	3.4%	1.5%	3.6%	n.s.	n.s.	n.s.	n.s.
Discount rate	1.3%	3.2%	1.0%	3.3%	n.s.	n.s.	n.s.	n.s.
Rate of salary increases	2.0%	5.3%	1.0%	5.3%	2.0%	2.0%	2.0%	2.0%
Rate of pension increases	1.9%	3.4%	1.8%	3.4%	2.0%	2.0%	2.0%	2.0%
Life expectancy of male pensioner	18.6	44.7	22.5	44.7				
Life expectancy of female pensioner	22.0	46.4	26.3	46.4				
Life expectancy of male non-pensioner	18.6	22.6	21.1	23.0				
Life expectancy of female non-pensioner	22.0	24.1	24.0	24.6				

The weighted average duration of the liabilities across the plans ranges from 10 to 24 years.

The tables below do not include the 2017 figures of the Belron segment; the assets and liabilities of the Belron segment being classified as held for sale in the statement of financial position at 31 December 2017 (see note 1 and 16 for more information).

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

EUR million	2017	2016
Long-term employee benefit assets	-	0.5
Long-term employee benefit obligations	-24.4	-53.7
<b>Recognised net deficit (-) / surplus (+) in the schemes</b>	<b>-24.4</b>	<b>-53.2</b>
<i>of which: amount expected to be settled within 12 months</i>	<i>-0.3</i>	<i>-0.2</i>
<i>amount expected to be settled in more than 12 months</i>	<i>-24.1</i>	<i>-53.0</i>

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

EUR million	2017			2016		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-91.4	-3.3	-94.7	-613.0	-7.7	-620.7
Fair value of scheme assets	70.3	-	70.3	567.5	-	567.5
<b>Net deficit (-) / surplus (+) in the schemes</b>	<b>-21.1</b>	<b>-3.3</b>	<b>-24.4</b>	<b>-45.5</b>	<b>-7.7</b>	<b>-53.2</b>

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

EUR million	2017			2016		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less interest return on pension assets net of asset management charges	52.3	-	52.3	120.7	-	120.7
Experience gain (+) / loss (-) on liabilities	20.7	-	20.7	8.2	-	8.2
Gain (+) / Loss (-) on change of financial assumptions	-26.8	-	-26.8	-218.4	-	-218.4
Gain (+) / Loss (-) on change of demographic assumptions	13.9	-	13.9	0.9	-	0.9
<b>Actuarial gains (+) / losses (-)</b>	<b>60.1</b>	<b>-</b>	<b>60.1</b>	<b>-88.6</b>	<b>-</b>	<b>-88.6</b>

## NOTE 8: EMPLOYEE BENEFITS (continued)

### Note 8.2: Post-employment and long-term employee benefits (continued)

Changes to financial assumptions during 2017, all of which were prepared on a consistent basis to prior period, impacted the total actuarial gains (+) / losses (-) by EUR -26.8 million (2016: EUR -218.4 million, of which EUR -129 million related to the UK defined benefit scheme; the economic uncertainty following the Brexit vote had a significant impact on the discount rate used for the UK plan). In 2016, EUR 80 million also related to the belgian defined contribution plan (considered under IFRS as defined benefit plan – see below). In 2016, the increase in the actual return less interest return on pension assets was 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 57 million (in 2016 a loss of EUR 112 million).

The fair value of scheme assets includes the following items:

EUR million	2017			2016		
	Quoted in an active market	Other	Total	Quoted in an active market	Other	Total
Equity instruments	-	-	-	242.4	-	242.4
Government bonds	-	-	-	150.4	-	150.4
Non-government bonds	-	-	-	50.0	-	50.0
Property	-	-	-	0.3	-	0.3
Other assets	70.3	-	70.3	124.4	-	124.4
<b>Fair value of scheme assets</b>	<b>70.3</b>	-	<b>70.3</b>	<b>567.5</b>	-	<b>567.5</b>

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	2017			2016		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
<b>Scheme assets at 1 January</b>	<b>567.5</b>	-	<b>567.5</b>	<b>547.1</b>	-	<b>547.1</b>
Employer contribution	5.2	-	5.2	22.5	-	22.5
Interest on pension assets	14.2	-	14.2	19.1	-	19.1
Contributions paid by employees	1.6	-	1.6	-	-	-
Benefits paid	-20.5	-	-20.5	-79.7	-	-79.7
Actual return less interest return on pension assets	53.6	-	53.6	122.0	-	122.0
Costs of managing the pension assets	-1.3	-	-1.3	-1.3	-	-1.3
Administrative costs	-1.5	-	-1.5	-1.6	-	-1.6
Group changes	-0.5	-	-0.5	-	-	-
Translation differences	-22.2	-	-22.2	-60.6	-	-60.6
Reclassification to non-current assets held for sale (see note 16)	-525.8	-	-	-	-	-
<b>Scheme assets at 31 December</b>	<b>70.3</b>	-	<b>70.3</b>	<b>567.5</b>	-	<b>567.5</b>

The actual return on scheme assets is as follows:

EUR million	2017	2016
Interest return on pension assets	14.2	19.1
Actual return less interest return on pension assets	53.6	122.0
Costs of managing the pension assets	-1.3	-1.3
<b>Actual net return on pension assets</b>	<b>66.5</b>	<b>139.8</b>

**NOTE 8: EMPLOYEE BENEFITS (continued)**

**Note 8.2: Post-employment and long-term employee benefits (continued)**

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

EUR million	2017			2016		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
<b>Defined benefit obligations at 1 January</b>	<b>-613.0</b>	<b>-7.7</b>	<b>-620.7</b>	<b>-518.7</b>	<b>-7.3</b>	<b>-526.0</b>
Current service cost	-6.4	0.9	-5.5	-1.2	-1.1	-2.3
Interest payable on pension liabilities	-15.1	-	-15.1	-18.1	-	-18.1
Benefits paid	21.1	-	21.1	80.1	-	80.1
Contribution paid by employees	-1.6	-	-1.6	-	-	-
Experience gain (+) / loss (-) on liabilities	20.7	-	20.7	8.0	-	8.0
Gain (+) / Loss (-) arising from changes to financial assumptions	-26.8	-	-26.8	-218.4	-	-218.4
Gain (+) / Loss (-) arising from changes to demographic assumptions	13.9	-	13.9	0.9	-	0.9
Curtailment and settlements	-	-	-	-	0.7	0.7
Group change	0.7	-	0.7	-2.0	-	-2.0
Administrative costs	0.6	-	0.6	-	-	-
Translation differences	22.3	-	22.3	56.4	-	56.4
Reclassification to liabilities directly associated with non-current assets held for sale (see note 16)	492.2	3.5	495.7	-	-	-
<b>Defined benefit obligations at 31 December</b>	<b>-91.4</b>	<b>-3.3</b>	<b>-94.7</b>	<b>-613.0</b>	<b>-7.7</b>	<b>-620.7</b>

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

EUR million	2017			2016		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-5.2	0.9	-4.3	-0.3	-1.1	-1.4
Administrative costs	-0.1	-	-0.1	-	-	-
<b>Pension costs within the current operating result</b>	<b>-5.3</b>	<b>0.9</b>	<b>-4.4</b>	<b>-0.3</b>	<b>-1.1</b>	<b>-1.4</b>
Interest payable on pension liabilities	-1.1	-	-1.1	-0.1	-	-0.1
Interest return on pension assets	0.9	-	0.9	0.1	-	0.1
<b>Net pension interest cost</b>	<b>-0.2</b>	<b>-</b>	<b>-0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses classified as discontinued operations (Belron)	-2.7	-	-2.7	-1.5	-	-1.5
<b>Expense recognised in the statement of profit or loss</b>	<b>-8.2</b>	<b>0.9</b>	<b>-7.3</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-2.9</b>
<i>of which: Current service costs</i>	<i>-6.4</i>	<i>0.9</i>	<i>-5.5</i>	<i>-1.2</i>	<i>-1.1</i>	<i>-2.3</i>
<i>  Administrative costs</i>	<i>-0.9</i>	<i>-</i>	<i>-0.9</i>	<i>-1.6</i>	<i>-</i>	<i>-1.6</i>
<i>  Interest payable on pension liabilities</i>	<i>-15.1</i>	<i>-</i>	<i>-15.1</i>	<i>-18.1</i>	<i>-</i>	<i>-18.1</i>
<i>  Interest return on pension assets</i>	<i>14.2</i>	<i>-</i>	<i>14.2</i>	<i>19.1</i>	<i>-</i>	<i>19.1</i>

The best estimate of normal contributions expected to be paid to the schemes during the 2018 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 8: EMPLOYEE BENEFITS (continued)

### Note 8.2: Post-employment and long-term employee benefits (continued)

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation at 31 December 2017 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 2017	(Increase) / decrease in defined benefit obligation at 31 December 2016
<b>Discount rate</b>		
Increase by 50 basis points	53.8	55.5
Decrease by 50 basis points	-63.3	-65.2
<b>Rate of salary increase</b>		
Increase by 50 basis points	-7.4	-8.9
Decrease by 50 basis points	6.5	9.0
<b>Inflation rate</b>		
Increase by 50 basis points	-22.3	-18.1
Decrease by 50 basis points	20.0	14.5
<b>Rate of pension increase</b>		
Increase by 50 basis points	-20.3	-22.3
Decrease by 50 basis points	20.3	22.3
<b>Life expectancy</b>		
Increase in longevity by one additional year	-16.0	-17.8

The sensitivity analyses include the Belron segment and 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. The Group is therefore 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 82.0 million (2016: 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 66.0 million (2016: 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 16.0 million (2016: EUR 17.1 million). In 2016, the net deficit of EUR 17.1 million was recognized directly in equity throughout the Consolidated Statement of Comprehensive Income (actuarial loss).

## NOTE 9: CURRENT AND DEFERRED INCOME TAXES

### Note 9.1: Income tax expenses

Income tax expense is broken down as follows:

EUR million	2017			2016 <sup>(1)</sup>		
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Moleskine	Group
Current year income tax	-10.2	-6.4	-16.6	-5.0	-3.4	-8.4
Prior year income tax	-	-0.1	-0.1	-	-	-
Movement in deferred taxes	-13.2	1.4	-11.8	7.7	-0.7	7.0
<b>Income tax expense</b>	<b>-23.4</b>	<b>-5.1</b>	<b>-28.5</b>	<b>2.7</b>	<b>-4.1</b>	<b>-1.4</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

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

EUR million	2017			2016 <sup>(1)</sup>		
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Moleskine	Group
Result before taxes	84.6	15.2	99.8	81.1	13.2	94.3
Tax at the Belgian corporation tax rate of 33.99%	-28.8	-5.2	-34.0	-27.6	-4.5	-32.1
Reconciling items (see below)	5.4	0.1	5.5	30.3	0.4	30.7
<b>Actual tax on result before taxes</b>	<b>-23.4</b>	<b>-5.1</b>	<b>-28.5</b>	<b>2.7</b>	<b>-4.1</b>	<b>-1.4</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

The reconciling items are provided below:

EUR million	2017			2016 <sup>(1)</sup>		
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Moleskine	Group
Result before taxes	84.6	15.2	99.8	81.1	13.2	94.3
Tax at the Belgian corporation tax rate of 33.99%	-28.8	-5.2	-34.0	-27.6	-4.5	-32.1
Rate differential	-	-0.4	-0.4	-	0.7	0.7
Permanent differences	-0.3	1.6	1.3	7.4	0.6	8.0
Utilisation of tax credits previously unrecognised	19.5	-	19.5	10.0	-	10.0
Other temporary differences	-2.9	-0.2	-3.1	-0.6	-	-0.6
Adjustments in respect of prior years	-	-0.1	-0.1	-	-	-
Deferred tax assets not recognised	-1.2	-	-1.2	-2.3	-0.2	-2.5
Recognition of previously unrecognised deferred tax assets	-	-	-	14.4	-0.7	13.7
Impact of dividends	-12.4	-	-12.4	-	-	-
Joint venture and associate	1.8	-	1.8	1.6	-	1.6
Other	0.9	-0.8	0.1	-0.2	-	-0.2
<b>Actual income tax on PBT</b>	<b>-23.4</b>	<b>-5.1</b>	<b>-28.5</b>	<b>2.7</b>	<b>-4.1</b>	<b>-1.4</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

The Group's consolidated effective tax rate for the twelve months ended 31 December 2017 is 28.6% (twelve months ended 31 December 2016: 1.5%, as restated following the classification of the Belron segment as a discontinued operation.). The increase in effective tax rate is primarily the result of the increase in current year income tax and of the movement in deferred taxes (utilisation of deferred taxes assets on unused tax losses and credits in 2017 vs recognition in 2016). The effective tax rate for all three segments together (despite the classification as continuing and as discontinued operations) for the twelve months ended 31 December 2017 is 29.2% (twelve months ended 31 December 2016: 23.1%).

At the end of 2017, corporate tax reforms were enacted in Belgium and in the United States. Consequently, as of 1 January 2018, the corporate tax rate in Belgium will be reduced from 33.99% to 29.58% (for the years 2018 and 2019; 25% from 2020 onwards) and in the United States from 35% to 21%. For all three segments together, this change resulted in a net loss of EUR 5 million related to the re-measurement of deferred tax assets and liabilities, recognised during the year ended 31 December 2017.

## NOTE 9: CURRENT AND DEFERRED INCOME TAXES (continued)

### Note 9.1: Income tax expenses (continued)

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 9.2: Current tax assets and liabilities

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

### Note 9.3: Deferred income 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	Revalua- tions	Depreciation amortisation	Provisions write-downs	Dividends	Tax losses available for offset	Financial instru- ments	Other	Total
<b>Deferred tax liabilities (negative amounts)</b>								
At 1 January 2016	-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
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	-111.7	0.1	1.4	-	-	-	-1.9	-112.1
Other variations	-	-	-	-	-	-	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
Credited (charged) to income statement	-	-11.0	-2.1	-	0.4	0.9	1.1	-10.7
Other variation	-	-	-	-	-	-	0.7	0.7
Exchange differences	-	12.6	-2.9	-	-	-	-0.2	9.5
Reclassification to liabilities held for sale (see note 16)	-	12.6	-0.8	-	-1.4	-	0.2	10.6
<b>At 31 December 2017</b>	<b>-111.7</b>	<b>-21.5</b>	<b>0.6</b>	-	<b>1.2</b>	<b>-1.7</b>	<b>-1.9</b>	<b>-135.0</b>
<b>Deferred tax assets (positive amounts)</b>								
At 1 January 2016	-	-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 combination	-	-	-	-	-	-	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
Credited (charged) to income statement	-	81.1	-31.5	1.0	-42.7	0.2	4.9	13.0
Credited (charged) to equity	-	-	-17.9	-	-	0.2	-	-17.7
Other variations	-	-	-	-	-	-	-1.2	-1.2
Exchange differences	-	-0.2	-6.4	-	-8.8	-	0.2	-15.2
Reclassification to assets held for sale (see note 16)	-	27.3	-3.0	-	-60.3	-0.4	-8.9	-45.3
<b>At 31 December 2017</b>	<b>-</b>	<b>-1.6</b>	<b>6.7</b>	<b>0.1</b>	<b>5.9</b>	-	<b>8.8</b>	<b>19.9</b>
<b>Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:</b>								
31 December 2016	-111.7	-145.5	71.9	-0.9	119.9	-2.6	10.1	-58.8
<b>31 December 2017</b>	<b>-111.7</b>	<b>-23.1</b>	<b>7.3</b>	<b>0.1</b>	<b>7.1</b>	<b>-1.7</b>	<b>6.9</b>	<b>-115.1</b>

## NOTE 9: CURRENT AND DEFERRED INCOME TAXES (continued)

### Note 9.3: Deferred income taxes (continued)

The net deferred tax balance (including those from the Belron segment) includes net deferred tax assets amounting to EUR 26.8 million (2016: EUR 28.4 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 186.6 million (2016: EUR 228.2 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 31.6 million (2016: EUR 26.5 million) that will expire in the period 2018-2027 (2016: 2017-2036). Other losses may be carried forward indefinitely.

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 1,151 million (2016: EUR 1,025 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 Company, 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 10: GOODWILL

EUR million	2017	2016
Gross amount at 1 January	1,327.1	1,112.4
Accumulated impairment losses at 1 January	-235.9	-121.8
<b>Carrying amount at 1 January</b>	<b>1,091.2</b>	<b>990.6</b>
Additions (see note 25)	38.6	189.1
Increase/(Decrease) arising from put options granted to non-controlling interests (see note 26)	10.6	8.7
Impairment losses	-16.0	-114.1
Adjustments	-1.2	-0.4
Translation differences	-40.8	17.3
Reclassification to non-current assets held for sale (see note 16)	-898.2	-
<b>Carrying amount at 31 December</b>	<b>184.2</b>	<b>1,091.2</b>
<i>of which: gross amount</i>	<i>184.2</i>	<i>1,327.1</i>
<i>accumulated impairment losses</i>	<i>-</i>	<i>-235.9</i>

In the period, the additions comprise the goodwill arising from business combinations performed in the Belron segment, all of which have been reclassified to non-current assets classified as held for sale (see note 16).

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 26).

In the period, following the annual impairment test performed by the Belron segment (its goodwill being classified as assets held for sale), an impairment loss was recognized in Italy for an amount of EUR 16.0 million. In the prior period, in the Belron segment, impairment losses related to 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 both periods, the impairment losses on goodwill are classified as discontinued operations.

In both periods, the adjustments resulted from subsequent changes in the fair value of the net assets in relation to the acquisitions performed in 2016 and 2015 by the Belron segment.

All the goodwill related to the Belron segment (EUR 898.2 million as at 31 December 2017) has been classified as held for sale at 31 December 2017 (see note 16).

## 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 11):

EUR million	2017	2016
D'leteren Auto	12.3	12.3
Moleskine	171.9	171.9
Belron	-	907.0
<b>GROUP</b>	<b>184.2</b>	<b>1,091.2</b>

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

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 11) as at each year end. The impairment review, based on the value in use calculation (fair value less costs of disposal for the review of the Company's investment in Belron – see below), 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 Belron segment completed this review for each of its cash-generating units (being the different countries where it operates). In 2017, this review led to a total impairment charge of EUR 16.0 million allocated to the goodwill in Italy. This charge followed the review of the goodwill, intangible and tangible assets, using strategic plans prepared in the year to calculate the long-term cash flow assumptions for each cash-generating unit. The forecast for the Italian business assumes continual market decline and the long-term economic outlook of the country has also deteriorated in 2017. In 2016, this review has led to a total impairment charge of EUR 133.2 million of which EUR 114.1 million related 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).

In determining the value in use of each cash-generating unit, the Belron 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 the strategic plans prepared earlier in the year to calculate the long-term cash flows assumptions 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% (2016: 2%) for all the cash-generating units, except for Canada (1.8%), Italy (0.5%) and Netherlands (1.5%). 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	2017	2016
United Kingdom	9.3%	9.0%
France	10.3%	10.5%
Italy	10.7%	10.8%
Germany	9.8%	11.1%
Canada	9.7%	9.6%
Netherlands	6.9%	9.2%
Belgium	10.6%	10.5%
Australia	10.3%	10.1%
United States	12.1%	11.4%
Spain	10.5%	10.2%
Turkey	16.7%	16.3%
Greece	17.3%	17.0%
Others	from 8.4% to 22.0%	from 9.0% to 22.2%

#### **NOTE 10: GOODWILL (continued)**

The Board of Directors of the Company also reviewed the carrying amount of its investment in Belron, based on the fair value less costs of disposal, being the transaction price agreed between the Company and Clayton, Dubilier & Rice ("CD&R") regarding the acquisition by CD&R of a 40% stake in Belron (see notes 1, 16 and 33). The transaction values Belron at EUR 3 billion (entreprise value) which, after deduction of debt-like items, translates into an equity value of about EUR 1,5 billion. Taken into account the level of the consolidated gain on sale that will be recognised in 2018 (see note 33), the Board of Directors of the Company is satisfied that the carrying amount of the Belron cash-generating unit is stated at no more than its fair value less costs of disposal.

The Board of Directors of the Company also reviewed the carrying amount of its investment in Moleskine. In determining the value in use, the Company calculated the present value of the estimated future cash flows expected to arise, based on Moleskine's latest five year plan reviewed by the Board of Directors, with extrapolation thereafter (terminal growth rate of 2%). The discount rate applied (pre-tax rate of 7.4%) is based upon the weighted average cost of capital of the Moleskine segment. The Board of Directors of the Company is satisfied that the carrying amount of the Moleskine 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, discount rates, 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 2018. Margins are based on historical values achieved by the respective cash-generating units and global market trends. Operating expenses are based on historical levels suitably adjusted for increases in activity levels over the term of the cash projections. The assumptions on revenue growth are consistent with historical long-term trends. Long-term growth rates are based upon industry analysis and consistent with historical 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. Sensitivities were also calculated on each of the key assumptions as follows: reduction in the long term growth rate of 1%, decrease in margins of 0.5% and increase in the discount rate of 1%. When applying the sensitivities as of 31 December 2017, headroom appears to be sufficient for most cash-generating units except for those highlighted below.

A reduction in the long term growth rate of 1% would result in a further impairment charge of EUR 5.0 million (Italy: EUR 1.7 million; Canada: EUR 0.8 million and Netherlands: EUR 2.5 million). A decrease in margins of 0.5% would result in a further impairment charge of EUR 20.6 million (Italy: EUR 6.3 million; United Kingdom: EUR 8.8 million, Canada: EUR 3.0 million and Netherlands: EUR 2.5 million). An increase in the discount rate of 1% would result in a further impairment charge of EUR 24.8 million (Italy: EUR 3.4 million; United Kingdom: EUR 5.2 million, Canada: EUR 9.3 million and Netherlands: EUR 6.9 million).

## NOTE 11: 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 (finite and indefinite useful lives)	Customer contracts	Computer software	Intan- gibles under develop- ment	Other	Total
Gross amount at 1 January 2017	0.4	786.8	100.1	317.4	2.9	5.3	1,212.9
Accumulated amortisation and impairment losses at 1 January 2017	-0.4	-46.1	-88.8	-196.8	-	-4.0	-336.1
<b>Carrying amount at 1 January 2017</b>	<b>-</b>	<b>740.7</b>	<b>11.3</b>	<b>120.6</b>	<b>2.9</b>	<b>1.3</b>	<b>876.8</b>
Additions:							
Items separately acquired	-	4.3	1.4	63.3	0.8	-	69.8
Disposals	-	-	-	-3.7	-	-	-3.7
Amortisation	-1.9	-0.8	-4.5	-30.2	-	-	-37.4
Transfer from (to) another captions	7.4	-4.2	1.2	-0.6	-2.6	-	1.2
Items acquired through business combinations (see note 25)	-	0.6	3.8	0.6	-	-	5.0
Translation differences	-	-17.2	-1.0	-7.6	-	-	-25.8
Reclassification to non-current assets held for sale (see note 16)	-	-320.6	-12.2	-130.5	-	-	-463.3
<b>Carrying amount at 31 December 2017</b>	<b>5.5</b>	<b>402.8</b>	<b>-</b>	<b>11.9</b>	<b>1.1</b>	<b>1.3</b>	<b>422.6</b>
<i>of which: gross amount</i>	12.8	402.8	-	26.7	1.1	5.3	448.7
<i>accumulated amortisation and impairment losses</i>	-7.3	-	-	-14.8	-	-4.0	-26.1
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
<b>Carrying amount at 1 January 2016</b>	<b>-</b>	<b>348.0</b>	<b>19.1</b>	<b>103.6</b>	<b>-</b>	<b>-</b>	<b>470.7</b>
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	-	405.0	1.5	0.3	2.2	1.3	410.3
Translation differences	-	4.8	0.3	1.8	-	-	6.9
<b>Carrying amount at 31 December 2016</b>	<b>-</b>	<b>740.7</b>	<b>11.3</b>	<b>120.6</b>	<b>2.9</b>	<b>1.3</b>	<b>876.8</b>
<i>of which: gross amount</i>	0.4	786.8	100.1	317.4	2.9	5.3	1,212.9
<i>accumulated amortisation and impairment losses</i>	-0.4	-46.1	-88.8	-196.8	-	-4.0	-336.1

All the Intangible assets in the Belron segment have been classified as held for sale at 31 December 2017 (see note 16). 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 Moleskine brand (EUR 402.8 million; acquired in November 2016) has an 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.

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

The carrying value of the brands with a finite useful life at 31 December 2017 amounted to nil (2016: EUR 1.5 million), whilst the carrying amount of brands with indefinite useful life amounted to EUR 402.8 million (2016: EUR 739.2 million), fully allocated to the Moleskine cash-generating unit.

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

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2017	518.9	875.0	9.3	1,403.2
Accumulated depreciation and impairment losses at 1 January 2017	-256.1	-572.7	-	-828.8
<b>Carrying amount at 1 January 2017</b>	<b>262.8</b>	<b>302.3</b>	<b>9.3</b>	<b>574.4</b>
Additions	22.4	113.0	7.9	143.3
Disposals	-3.1	-8.1	-	-11.2
Depreciation	-21.5	-78.9	-	-100.4
Transfer from (to) another caption	-0.4	0.2	-0.7	-0.9
Items acquired through business combinations (see note 25)	5.3	3.4	-	8.7
Translation differences	-8.0	-23.9	-	-31.9
Reclassification to non-current assets held for sale (see note 16)	-94.9	-275.8	-	-370.7
<b>Carrying amount at 31 December 2017</b>	<b>162.6</b>	<b>32.2</b>	<b>16.5</b>	<b>211.3</b>
<i>of which: gross amount</i>	<i>312.2</i>	<i>116.9</i>	<i>16.5</i>	<i>445.6</i>
<i>  accumulated depreciation and impairment losses</i>	<i>-149.6</i>	<i>-84.7</i>	<i>-</i>	<i>-234.3</i>
 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	-0.0	-804.8
<b>Carrying amount at 1 January 2016</b>	<b>242.7</b>	<b>264.5</b>	<b>13.8</b>	<b>521.0</b>
Additions	27.5	105.6	12.3	145.4
Disposals	-4.1	-4.1	-	-8.2
Depreciation	-23.0	-76.7	-	-99.7
Impairment	-0.5	-2.2	-	-2.7
Transfer from (to) another caption	16.2	1.0	-16.8	0.4
Items acquired through business combinations	4.3	10.0	0.3	14.6
Translation differences	-0.3	4.2	-0.3	3.6
<b>Carrying amount at 31 December 2016</b>	<b>262.8</b>	<b>302.3</b>	<b>9.3</b>	<b>574.4</b>
<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>-0.0</i>	<i>-828.8</i>

Property, plant and equipment in the Belron segment have been classified as held for sale at 31 December 2017 (see note 16).

At 31 December 2017 and at 31 December 2016, assets under construction mainly included property under construction in the D'Ieteren Auto segment.

Assets held under finance leases are included in the above at the following amounts:

EUR million	Property	Plant and equipment	Assets under construction	Total
<b>31 December 2017</b>	-	<b>5.3</b>	-	<b>5.3</b>
31 December 2016	-	78.4	-	78.4

The decrease is explained by the reclassification as at 31 December 2017 of Belron's assets held under finance leases as non-current assets held for sale (EUR 67.8 million).

### NOTE 13: INVESTMENT PROPERTY

EUR million	2017	2016
Gross amount at 1 January	10.8	12.6
Accumulated depreciation at 1 January	-7.0	-8.3
<b>Carrying amount at 1 January</b>	<b>3.8</b>	<b>4.3</b>
Additions	4.9	-
Depreciation	-0.6	-0.1
Transfer from (to) another caption	0.9	-0.4
<b>Carrying amount at 31 December</b>	<b>9.0</b>	<b>3.8</b>
<i>of which: gross amount</i>	<i>16.6</i>	<i>10.8</i>
<i>    accumulated depreciation</i>	<i>-7.6</i>	<i>-7.0</i>
Fair value	10.0	5.9

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 and May 2016.

All items of investment property are located in Belgium and are held by the D'Ieteren Auto segment.

See also note 29 for other disclosures on investment property.

### NOTE 14: INVENTORIES

EUR million	2017	2016
<b>D'Ieteren Auto</b>		
Vehicles	309.6	314.7
Spare parts and accessories	25.5	26.3
Other	0.4	0.8
<b>Subtotal</b>	<b>335.5</b>	<b>341.8</b>
<b>Belron</b>		
Glass and related product	-	313.2
<b>Subtotal</b>	<b>-</b>	<b>313.2</b>
<b>Moleskine</b>		
Papers & WTR	32.1	23.9
Other	0.1	0.1
<b>Subtotal</b>	<b>32.2</b>	<b>24.0</b>
<b>GROUP</b>	<b>367.7</b>	<b>679.0</b>
<i>of which: items carried at fair value less costs to sell</i>	<i>35.1</i>	<i>66.0</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 13.2 million (2016: EUR 27.9 million). The decrease is mainly explained by the classification of the carrying amount of inventories in the Belron segment as held for sale at 31 December 2017. The amount of write down of inventories recognised in the cost of sales (see note 4) amounts to EUR -0.5 million (2016: income of EUR 0.8 million).

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

## NOTE 15: EQUITY ACCOUNTED INVESTEES

In 2017, three group entities (four in 2016) are accounted for using the equity method :

EUR million	2017		2016 <sup>(1)</sup>	
	D'Ieteren		D'Ieteren	
	Auto	Group	Auto	Group
Interests in joint ventures	67.8	67.8	62.7	62.7
Interests in associate	1.4	1.4	1.1	1.1
<b>Total of equity-accounted investees</b>	<b>69.2</b>	<b>69.2</b>	<b>63.8</b>	<b>63.8</b>
Share of profit in joint ventures	5.1	5.1	4.6	4.6
Share of profit in associate	0.3	0.3	-	-
<b>Total of share of result after tax of equity-accounted investees</b>	<b>5.4</b>	<b>5.4</b>	<b>4.6</b>	<b>4.6</b>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 28 for more information

### Joint ventures

In 2017, two joint ventures are accounted for using the equity method (three in 2016).

The largest joint venture is Volkswagen D'Ieteren 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.

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	2017		2016	
Non-current assets		1,171.7		982.0
Current assets (excluding cash and cash equivalents)		667.8		602.8
Cash and cash equivalents		50.2		52.9
Non-current liabilities (excluding financial liabilities)		-9.4		-6.2
Non-current financial liabilities		-625.0		-643.0
Current liabilities (excluding financial liabilities)		-96.8		-99.7
Current financial liabilities		-1,022.9		-762.9
Net assets (100%)		135.6		125.9
<b>Group's share of net assets (49,99%) and carrying amount of interest in joint venture</b>		<b>67.8</b>		<b>62.9</b>
Revenue		342.6		318.8
Profit before tax		17.5		16.9
Result for the period (100%)		11.4		11.4
Other comprehensive income (100%)		-1.8		-
Profit (or loss) and total comprehensive income (100%)		9.6		11.4
<b>Group's share of profit (or loss) and comprehensive income (49,99%)</b>		<b>4.8</b>		<b>5.7</b>

Share of net assets represents the share of the Group in the equity of VDFin as at 31 December 2017.

On 1 July 2017, the Company sold its 50% stake in OTA Keys s.a. to Continental AG. OTA Keys was set up by the Company and Continental in 2014 to develop virtual key solutions. OTA Keys was included in the Group's consolidated accounts via the equity method. In H1 2017, the share of the Group in OTA Keys' result amounts to EUR -0.6 million. The consolidated gain on the disposal of the joint venture is recorded among the net finance costs in the D'Ieteren Auto segment (see note 5).

## NOTE 15: ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

### Associate

As from June 2012, new finance lease services to customers of the D'Ieteren Auto segment are provided by the joint venture VDFin. Services related to previous finance lease contracts are still provided by D'Ieteren 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	2017	2016
Non-current assets	-	2.4
Current assets	3.2	3.4
Non-current liabilities	-	-2.9
Current liabilities	-0.3	-0.6
Net assets (100%)	2.9	2.3
<b>Group's share of net assets (49%) and carrying amount of interest in associate</b>	<b>1.4</b>	<b>1.1</b>
Revenue	0.5	2.8
Profit before tax	0.7	0.3
Result for the period (100%)	0.6	0.1
<b>Group's share of profit (or loss) and comprehensive income (49%)</b>	<b>0.3</b>	<b>-</b>

## NOTE 16: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

### Framework

On 2 May 2017, as part of the regular review of its strategic options, the Company announced that it was exploring the potential to bring a minority partner in Belron, the world leader in vehicle glass replacement and repair. D'Ieteren's aim was to remain the majority shareholder while strengthening its investment capacity. The partial sale of Belron shares to a minority partner will allow D'Ieteren to broaden its activities and pursue its long-term strategy which aims to invest in other activities with high growth potential. Belron's management is fully aligned with this transaction which is consistent with Belron's strategic vision. D'Ieteren will continue to provide full support to Belron's development, both in the vehicle glass repair and replacement market and in the ongoing search for new services.

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. The Company and Belron's management will retain the remaining 60% ownership interest.

### Classification as held for sale and measurement

The Board of Directors of the Company concluded that, as of balance sheet date, the Group was committed to a sale plan which will involve loss of exclusive control of its subsidiary Belron (some reserved matters being shared), and therefore decided to classify all the assets and liabilities as held for sale in the statement of financial position as at 31 December 2017; the recognition criteria defined in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being satisfied.

The assets and liabilities of Belron are measured at the lower of carrying amount and fair value less costs of disposal at the date of the classification. The fair value less costs of disposal is based on the transaction price agreed between the Company and Clayton, Dubilier & Rice ("CD&R") regarding the acquisition by CD&R of a 40% stake in Belron. The transaction values Belron at EUR 3 billion (enterprise value) which, after deduction of debt-like items, translates into an equity value of about EUR 1,5 billion.

**NOTE 16: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)**

EUR million	2017			2016	
	D'leteren Auto	Belron	Group	D'leteren Auto	Group
Goodwill	-	898.2	898.2	-	-
Intangible assets	-	463.3	463.3	-	-
Property, plant & equipment	0.8	369.9	370.7	-	-
Investment property	5.5	-	5.5	5.5	5.5
Available-for-sale financial assets	-	0.5	0.5	-	-
Derivative hedging instruments	-	2.0	2.0	-	-
Derivatives held for trading	-	0.3	0.3	-	-
Employee benefits	-	39.4	39.4	-	-
Deferred tax assets	-	45.3	45.3	-	-
Other receivables	-	2.2	2.2	-	-
Inventories	4.2	300.8	305.0	-	-
Derivative hedging instruments	-	0.3	0.3	-	-
Derivatives held for trading	-	2.8	2.8	-	-
Current tax assets	-	4.7	4.7	-	-
Trade and other receivables	1.7	309.9	311.6	-	-
Cash & cash equivalents	-	76.4	76.4	-	-
<b>Non-current assets classified as held for sale</b>	<b>12.2</b>	<b>2,516.0</b>	<b>2,528.2</b>	<b>5.5</b>	<b>5.5</b>
EUR million	2017			2016	
	D'leteren Auto	Belron	Group	D'leteren Auto	Group
Employee benefits	-	9.3	9.3	-	-
Provisions	-	37.9	37.9	-	-
Loans & borrowings	-	1,307.0	1,307.0	-	-
Other payables	-	5.4	5.4	-	-
Deferred tax liabilities	-	10.6	10.6	-	-
Provisions	-	50.5	50.5	-	-
Loans & borrowings	-	41.2	41.2	-	-
Derivative hedging instruments	-	2.6	2.6	-	-
Derivatives held for trading	-	0.6	0.6	-	-
Current tax liabilities	0.1	26.5	26.6	-	-
Trade & other payables	1.3	501.3	502.6	-	-
<b>Liabilities associated with non-current assets held for sale</b>	<b>1.4</b>	<b>1,992.9</b>	<b>1,994.3</b>	<b>-</b>	<b>-</b>
<b>Net assets group's share</b>	<b>10.8</b>	<b>523.1</b>			

**D'leteren Auto**

In the D'leteren Auto segment, non-current assets classified as held for sale comprise buildings and a subsidiary previously used for automobile distribution activities, for which the management are committed to disposal. The disposal is expected to occur in the course of 2018.

**Belron**

See "Framework" and "Classification as held for sale and measurement" on previous page for the general context. In accordance with the requirements of IFRS 5, the Group did not depreciate Belron's non-current assets as from the date (28 November 2017) of its classification as held for sale. The impact in the consolidated income statement is EUR 10.5 million.

Belron refinancing was completed in November 2017 with the launch of a 7-year Term Loan B facility of USD 1,025 million and EUR 425 million with a 6-year revolving credit facility of EUR 280 million in place. The proceeds of the Term Loan B were used to refinance the US Private Placement (USPP) instruments, reimburse the shareholder loans, pay an extraordinary dividend (approximately EUR 453 million) to its shareholders and cover fees and transaction costs related to the refinancing.

The cumulative amounts included in other comprehensive income amounts to EUR -86.2 million (of which EUR -43.7 million are related to items that will be reclassified to profit or loss).

## NOTE 17: OTHER INVESTMENTS, INCLUDING DERIVATIVES

EUR million	2017		2016			
	D'Ieteren Auto	Group	D'Ieteren Auto	Belron	Moleskine	Group
<b>Non-current investments</b>						
Available for sale financial assets	-	-	0.5	-	-	0.5
<b>Total non-current investments</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>
<b>Current investments</b>						
Held to maturity financial assets	107.1	107.1	-	-	-	-
Derivative hedging instruments (current assets)	-	-	-	1.0	-	1.0
Derivative hedging instruments (current liabilities)	-	-	-	-0.9	-	-0.9
Net derivative hedging instruments	-	-	-	0.1	-	0.1
Derivative held for trading (current assets)	-	-	-	1.2	-	1.2
Net derivative held for trading	-	-	-	1.2	-	1.2
Other financial assets	-	-	-	-	5.0	5.0
<b>Total current investments</b>	<b>107.1</b>	<b>107.1</b>	<b>-</b>	<b>1.3</b>	<b>5.0</b>	<b>6.3</b>

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.

In 2017, held to maturity financial assets comprise investments in a portfolio of marketable securities (mainly sovereign and corporate bonds in Europe with maturity of 1 to 3 years). The carrying amount is equal to its fair value, and is classified in level 1 of the fair value hierarchy as specified in note 24.

All derivative instruments in the Belron segment have been classified as held for sale at 31 December 2017 (see note 16). These are mainly forward foreign exchange contracts 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, foreign exchange swap contracts used to swap foreign currency cash balances to reduce borrowings and minimise interest expense, interest rate swaps and fuel derivatives used to hedge the price of fuel purchases.

In 2016, available-for-sale financial assets comprised non-controlling interests in non-listed companies (measured at cost, being an approximation of their fair value) held by the D'Ieteren Auto segment. They have been disposed of in the course of 2017.

In 2016, in the Moleskine segment, the other financial assets comprised a life insurance product started end of 2015, in order to diversify its investments with the aim of seeking solidity, profitability and security, which has been converted into cash in the course of 2017.

## NOTE 18: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed below:

EUR million	2017				2016			
	D'Ieteren Auto	Belron	Moleskine	Group	D'Ieteren Auto	Belron	Moleskine	Group
Cash at bank and in hand	270.7	-	24.9	295.6	2.5	45.9	48.3	96.7
Money Market Assets	1.7	-	-	1.7	1.5	-	-	1.5
<b>Cash and cash equivalents</b>	<b>272.4</b>	<b>-</b>	<b>24.9</b>	<b>297.3</b>	<b>4.0</b>	<b>45.9</b>	<b>48.3</b>	<b>98.2</b>

In the D'Ieteren Auto segment, the increase during the period is explained by the extraordinary dividend received from the Belron segment following the issue of new term loans (see note 16).

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 19: TRADE AND OTHER RECEIVABLES

Non-current receivables are analysed as follows (the trade and other receivables of the Belron segment have been classified as held for sale as at 31 December 2017 – see note 16):

EUR million	2017			2016			
	D'leteren	Moleskine	Group	D'leteren	Belron	Moleskine	
	Auto			Auto			
Non-current receivables	23.2	2.4	25.6	22.6	2.4	2.9	27.9

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.

Trade and other current receivables are analysed as follows:

EUR million	2017			2016			
	D'leteren	Moleskine	Group	D'leteren	Belron	Moleskine	
	Auto			Auto			
Trade receivables - net	3.1	24.1	27.2	-9.5	180.7	24.5	195.7
Current receivables from equity-accounted investees	6.1	-	6.1	22.4	-	-	22.4
Other current receivables	8.6	4.3	12.9	7.9	80.7	2.3	90.9
<b>Trade and other receivables</b>	<b>17.8</b>	<b>28.4</b>	<b>46.2</b>	<b>20.8</b>	<b>261.4</b>	<b>26.8</b>	<b>309.0</b>

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 D'leteren Auto segment).

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 D'leteren Auto segment, and at the country level in the Belron segment (classified as held for sale). In the Moleskine segment, the risk of insolvency is monitored 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 D'leteren Auto segment, concentration on top ten customers, based on the gross receivables, is 33.7% (2016: 35.0%) and no customer is above 8% (2016: 7%). Certain receivables are also credit insured. In the Belron segment (classified as held for sale), 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 2017, the provisions for bad and doubtful debt amount to EUR 9.8 million (2016: EUR 29.8 million); the carrying amount of trade and other receivables (of which EUR 212.1 million of net trade receivables) of the Belron segment being classified as held for sale in the statement of financial position (see note 16).

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

EUR million	2017		2016	
Up to three months past due			37.4	63.2
Three to six months past due			3.2	7.3
Over six months past due			4.3	3.7
<b>Total</b>	<b>44.9</b>		<b>44.9</b>	<b>74.2</b>

## NOTE 19: TRADE AND OTHER RECEIVABLES (continued)

The income in 2017 for bad and doubtful debts amounts to EUR 2.1 million (2016: income of EUR 3.4 million after restatement). See note 4.

## NOTE 20: CAPITAL AND RESERVES

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
<b>At 1 January 2016</b>	<b>55,302,620</b>	<b>160.0</b>
Change	-	-
<b>At 31 December 2016</b>	<b>55,302,620</b>	<b>160.0</b>
Change	-	-
<b>At 31 December 2017</b>	<b>55,302,620</b>	<b>160.0</b>

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.

### Treasury shares

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

EUR million, except number of shares stated in units	31 December 2017		31 December 2016	
	Number	Amount	Number	Amount
Treasury shares held by the Company	1,085,217	34.6	1,101,692	34.3
Treasury shares held by subsidiaries	-	-	-	-
<b>Treasury shares held</b>	<b>1,085,217</b>	<b>34.6</b>	<b>1,101,692</b>	<b>34.3</b>

Treasury shares are held to cover the stock option plans set up by the Company since 1999 (see note 7).

### 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 D'leteren Auto segment (see note 7).

### 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.

In 2016, according to the requirements of IAS 21, following the disposal in January 2016 of the Brazilian entity Carglass Automotiva Ltda (Belron segment), 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 8).

## NOTE 20: CAPITAL AND RESERVES (continued)

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.

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 10 January 2018).	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	11,902,780	21.52%	-	-	11,902,780	19.74%
Reptid Commercial Corporation, Dover, Delaware	1,974,500	3.57%	-	-	1,974,500	3.27%
Mrs Catheline Périer-D'leteren	-	0.00%	1,250,000	25.00%	1,250,000	2.07%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
<b>The four abovementioned persons (collectively "SPDG Group") are associated.</b>	<b>13,887,280</b>	<b>25.11%</b>	<b>1,250,000</b>	<b>25.00%</b>	<b>15,137,280</b>	<b>25.10%</b>
Nayarit Participations s.c.a., Brussels	17,217,830	31.13%	-	-	17,217,830	28.55%
Mr Roland D'leteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'leteren	10,000	0.02%	-	-	10,000	0.02%
<b>The three abovementioned persons (collectively "Nayarit Group") are associated.</b>	<b>17,694,020</b>	<b>31.99%</b>	<b>3,750,000</b>	<b>75.00%</b>	<b>21,444,020</b>	<b>35.56%</b>
<b>The persons referred to as SPDG Group and Nayarit Group act in concert.</b>						

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 3.80 per share (2017: an ordinary dividend of EUR 0.95 per share and an extraordinary dividend of EUR 2.85 per share; 2016: an ordinary dividend of EUR 0.95 per share), or EUR 208.4 million in aggregate (2016: EUR 52.1 million).

## NOTE 21: PROVISIONS

Liabilities for post-retirement benefit schemes are analysed in note 8. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

EUR million	2017			2016			
	D'leteren Auto	Moleskine	Group	D'leteren Auto	Belron	Moleskine	Group
<b>Non-current provisions</b>							
Dealer-related	5.2	-	5.2	8.8	-	-	8.8
Warranty	4.5	-	4.5	4.0	-	-	4.0
Other non-current items	6.7	2.5	9.2	5.9	31.7	0.1	37.7
<b>Subtotal</b>	<b>16.4</b>	<b>2.5</b>	<b>18.9</b>	<b>18.7</b>	<b>31.7</b>	<b>0.1</b>	<b>50.5</b>
<b>Current provisions</b>							
Other current items	-	1.8	1.8	-	34.7	1.5	36.2
<b>Subtotal</b>	<b>-</b>	<b>1.8</b>	<b>1.8</b>	<b>-</b>	<b>34.7</b>	<b>1.5</b>	<b>36.2</b>
<b>Total provisions</b>	<b>16.4</b>	<b>4.3</b>	<b>20.7</b>	<b>18.7</b>	<b>66.4</b>	<b>1.6</b>	<b>86.7</b>

The changes in provisions are set out below for the year ended 31 December 2017:

EUR million	Dealer-related	Warranty	Other non-current items	Other current items	Total
<b>At 1 January 2017</b>	<b>8.8</b>	<b>4.0</b>	<b>37.7</b>	<b>36.2</b>	<b>86.7</b>
Charged in the year	1.7	0.5	31.8	23.4	57.4
Utilised in the year	-2.4	-	-0.2	-23.4	-26.0
Reversed in the year	-2.8	-	-0.5	-	-3.3
Transferred during the year	-0.1	-	-20.8	20.8	-0.1
Translation differences	-	-	-0.9	-4.7	-5.6
Transferred to liabilities associated with non-current assets held for sale (see note 16)	-	-	-37.9	-50.5	-88.4
<b>At 31 December 2017</b>	<b>5.2</b>	<b>4.5</b>	<b>9.2</b>	<b>1.8</b>	<b>20.7</b>

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 D'leteren Auto 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.

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 2017.

In the Belron segment, classified as held for sale as at 31 December 2017, the provision for the long-term management incentive schemes amounts to EUR 36.5 million, of which EUR 20.1 million is classified as current; the settlement being expected in 2018.

## NOTE 21: PROVISIONS (continued)

In 2016, other non-current provisions in the Belron segment (EUR 31.7 million) mainly related 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 2016, other current provisions in the Belron 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 22: LOANS AND BORROWINGS

Loans and borrowings are presented as follows:

EUR million	2017			2016			
	D'Ieteren Auto	Moleskine	Group	D'Ieteren Auto	Belron	Moleskine	Group
<b>Non-current loans and borrowings</b>							
Obligations under finance leases	0.7	-	0.7	0.7	42.6	-	43.3
Bank and other loans	0.8	130.5	131.3	26.8	13.1	126.9	166.8
Loan notes	-	-	-	-	550.5	-	550.5
Inter-segment loans	-152.0	152.0	-	-151.3	-	151.3	-
<b>Subtotal non-current loans and borrowings</b>	<b>-150.5</b>	<b>282.5</b>	<b>132.0</b>	<b>-123.8</b>	<b>606.2</b>	<b>278.2</b>	<b>760.6</b>
<b>Current loans and borrowings</b>							
Obligations under finance leases	0.1	-	0.1	0.1	31.1	-	31.2
Bank and other loans	0.5	31.9	32.4	119.7	17.9	47.2	184.8
Loan notes	-	-	-	-	142.3	-	142.3
Inter-segment loans	-	-	-	-41.5	41.5	-	-
<b>Subtotal current loans and borrowings</b>	<b>0.6</b>	<b>31.9</b>	<b>32.5</b>	<b>78.3</b>	<b>232.8</b>	<b>47.2</b>	<b>358.3</b>
<b>TOTAL LOANS AND BORROWINGS</b>	<b>-149.9</b>	<b>314.4</b>	<b>164.5</b>	<b>-45.5</b>	<b>839.0</b>	<b>325.4</b>	<b>1,118.9</b>

Obligations under finance leases are analysed below:

EUR million	2017		2016	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	0.1	0.1	31.7	31.2
Between one and five years	0.7	0.7	45.5	42.9
More than five years	-	-	0.4	0.4
<b>Subtotal</b>	<b>0.8</b>	<b>0.8</b>	<b>77.6</b>	<b>74.5</b>
Less: future finance charges	-	-	-3.1	-
<b>Present value of finance lease obligations</b>	<b>0.8</b>	<b>-</b>	<b>74.5</b>	<b>-</b>

In the D'Ieteren Auto segment, the decrease in bank and other loans has been made possible thanks to the extraordinary dividends received from Belron.

Belron refinancing was completed in November 2017 with the launch of a 7-year Term Loan B facility of USD 1,025 million and EUR 425 million with a 6-year revolving credit facility of EUR 280 million in place. The proceeds of the Term Loan B were used to refinance the US Private Placement (USPP) instruments, reimburse the shareholder loans, pay an extraordinary dividend (approximately EUR 453 million) to its shareholders and cover fees and transaction costs related to the refinancing. The loans and borrowings of the Belron segment have been classified as held for sale as at 31 December 2017 (see note 16).

## NOTE 22: LOANS AND BORROWINGS (continued)

In both periods, the non-current inter-segment loans comprise amounts lent by the D'leteren Auto segment to the Moleskine segment (non-recourse loan in the framework of the acquisition), 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	2017	2016
Between one and five years	132.0	555.8
After more than five years	-	204.8
<b>Non-current loans and borrowings</b>	<b>132.0</b>	<b>760.6</b>

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	2017	2016
Less than one year	32.5	358.3
Between one and five years	132.0	555.8
After more than five years	-	204.8
<b>Loans and borrowings</b>	<b>164.5</b>	<b>1,118.9</b>

The interest rate and currency profiles of loans and borrowings are as follows (including the effects of debt derivatives):

EUR million	2017			2016			
	Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	2.1	162.4	164.5	33.4	377.7	411.1	
GBP	-	-	-	23.5	-	-	23.5
USD	-	-	-	664.5	17.6	682.1	
Other	-	-	-	2.0	0.2	2.2	
<b>Total</b>	<b>2.1</b>	<b>162.4</b>	<b>164.5</b>	<b>723.4</b>	<b>395.5</b>	<b>1,118.9</b>	

EUR borrowings are stated after deduction of deferred financing costs of EUR 2.1 million (2016: EUR 4.9 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:

Currency	2017		2016	
	Min.	Max.	Min.	Max.
EUR	0.6%	3.0%	0.2%	5.7%
GBP	-	-	2.8%	6.7%
USD	-	-	5.9%	5.9%
Other	-	-	2.5%	22.8%

## NOTE 22: LOANS AND BORROWINGS (continued)

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	2017		2016	
	Fair value	Carrying amount	Fair value	Carrying amount
Obligations under finance leases	0.7	0.7	43.3	43.3
Bank, loan notes and other loans	131.3	131.3	764.7	717.3
<b>Non-current loans and borrowings</b>	<b>132.0</b>	<b>132.0</b>	<b>808.0</b>	<b>760.6</b>

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 24 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 23: TRADE AND OTHER PAYABLES

Other non-current payables are non interest-bearing deferred consideration on acquisitions (2017: nil - EUR 5.4 million classified as held for sale for Belron- ; 2016: EUR 1.9 million) and other creditors (2017: EUR 1.5 million; 2016: EUR 1.1 million), payable after more than 12 months. The carrying value of other non-current payables approximates their fair value.

Trade and other current payables are analysed below:

EUR million	2017			2016		
	D'Ieteren Auto	Moleskine	Group	D'Ieteren Auto	Belron	Moleskine
Trade payables	-22.7	28.8	6.1	-6.7	147.7	26.0
Accrued charges and deferred income	35.4	0.3	35.7	38.5	8.4	0.2
Non-income taxes	-2.7	0.8	-1.9	-0.9	18.5	0.5
Deferred consideration on acquisitions	-	-	-	-	5.9	-
Other current creditors	68.0	4.4	72.4	57.4	308.5	4.9
<b>Trade and other payables</b>	<b>78.0</b>	<b>34.3</b>	<b>112.3</b>	<b>88.3</b>	<b>489.0</b>	<b>31.6</b>
						<b>608.9</b>

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 D'Ieteren Auto segment).

## NOTE 24: FINANCIAL INSTRUMENTS – FAIR VALUE AND 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.

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
<b>At 31 December 2017</b>								
Loans and borrowings								
Bonds under securitisation programme	-	-	-	-	-	-	-	-
Obligations under finance leases	0.1	-	0.7	-	-	-	0.8	-
Other borrowings and private bonds	32.5	1.6	133.6	5.8	-	-	166.1	7.4
Total	32.6	1.6	134.3	5.8	-	-	166.9	7.4
Trade and other payables	106.6	-	-	-	-	-	106.6	-
<b>Total</b>	<b>139.2</b>	<b>1.6</b>	<b>134.3</b>	<b>5.8</b>	-	-	<b>273.5</b>	<b>7.4</b>
<b>At 31 December 2016</b>								
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	-
<b>Total</b>	<b>982.4</b>	<b>30.6</b>	<b>559.8</b>	<b>86.7</b>	<b>204.9</b>	<b>16.1</b>	<b>1,747.1</b>	<b>133.4</b>

### 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 22.

#### NOTE 24: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

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
<b>31 December 2017</b>	<b>-1.4</b>	<b>1.4</b>
31 December 2016	-0.7	0.5

#### 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.

The significant exchange rates applied in 2017 and in 2016 are disclosed in note 31.

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
<b>31 December 2017</b>				
EUR vs GBP	-0.2	0.2	-	-
EUR vs USD	-1.8	2.2	-	-
EUR vs CHF	-	-	-	-
<b>31 December 2016</b>				
EUR vs GBP	-0.2	0.3	-7.4	9.1
EUR vs USD	0.8	-0.9	-0.2	0.3
EUR vs CHF	-	-	-	-

#### 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.

## NOTE 24: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

### 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 2017 and 2016, 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.

### 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 2017		31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Investment properties	9.0	10.0	3.8	5.9

In 2017 and 2016, for the non-current loans and borrowings (see note 22), the fair value is classified in level 2 of the fair value hierarchy, as described above.

In 2017 and 2016, the fair value of the investment properties (see note 13) 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 Belron 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 25: BUSINESS COMBINATIONS

During the period, the Group made the following acquisitions:

- On 2 January 2017, Belron acquired 100% of the shares of Camoesas II - Serviços, Peças e Ferramentas, Lda, a VGRR business in Portugal.
- On 1 March 2017, Belron acquired 100% of the shares of GlassTruzz, Lda, a VGRR business in Portugal.
- On 3 March 2017, Belron acquired the assets of Lamina Zero s.l, a fitting business of two branches in Spain.
- On 3 March 2017, Belron acquired the assets of Serviparabrisas I and Serviparabrisas II, a fitting business of four branches in Spain.
- On 3 March 2017, Belron acquired the assets of Lunauto SG s.l, a fitting business in Spain.
- On 3 March 2017, Belron acquired the assets of Sutilunas s.l, a fitting business of three branches in Spain.
- On 31 March 2017, Belron acquired 100% of the shares of CARe Carrosserie NV, an ADRR (Automotive Damage Repair & Replacement) business in Belgium.
- On 1 April 2017, Belron acquired 100% of the shares of Nittedal Bilglass AS, a fitting business in Norway.
- On 28 April 2017, Belron acquired 100% of the shares of Auto Glass Pros, a fitting business in the United States.
- On 1 July 2017, Belron acquired the assets of T:mi Kuopion Tuulilasihuolto, a fitting business in Finland.
- On 21 July 2017, Belron acquired the assets of Perfection Auto Glass, a fitting business in the US.
- On 1 October 2017, Belron acquired 100% of the shares of Eurocar Point, an ADRR (Automotive Damage Repair & Replacement) business in Italy.
- On 1 October 2017, Belron acquired 100% of the shares of Euroglass, an ADRR (Automotive Damage Repair & Replacement) business in Italy.
- On 1 October 2017, Belron acquired 100% of the shares of Euroglass Service, an ADRR (Automotive Damage Repair & Replacement) business in Italy.
- On 18 October 2017, Belron acquired control of 80% of the shares of Group Maisoning, a home repair business in France.
- On 1 November 2017, Belron acquired 100% of the shares of Bilglassexperteren Bergen, a fitting business in Norway.
- On 1 December 2017, the D'Ieteren Auto segment acquired 100% of the shares of Immobilière Dumont 10.
- On 2 December 2017, Belron acquired 100% of the shares of 532810 B.C. Ltd, a fitting business in Canada.

The additional revenue arising subsequent to these acquisitions amounts approximately to EUR 47 million (approximately EUR 99 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 <sup>(1)</sup>
Intangible assets	5.0
Property, plant & equipment	8.7
Available-for-sale financial assets	0.4
Other receivables	0.2
Inventories	4.2
Current tax assets	1.0
Trade and other receivables	33.2
Cash and cash equivalents	1.4
Loans & borrowings	-3.6
Current provisions	-10.5
Current tax liabilities	-1.6
Trade and other payables	-24.7
<b>Net assets acquired</b>	<b>13.7</b>
Non-controlling interests	
Goodwill (see note 10)	38.6
<b>TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED</b>	<b>52.3</b>
<i>Consideration satisfied by:</i>	
Cash payment	48.0
Non interest-bearing deferred consideration	4.3
<b>TOTAL CONSIDERATION</b>	<b>52.3</b>

(1) The fair values have been measured on a provisional basis (for some acquisitions). 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 25: 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 D'leteren Auto and Belron 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.

During the period, the Company finalized the purchase price allocation related to the acquisition of Moleskine (October 2016 - see note 11 of the 2016 consolidated financial statements). No change in the initial goodwill allocation (EUR 149.6 million as of 31 December 2016) was performed during the year 2017.

The Company confirmed the initial valuation of the Moleskine trademark performed at year-end 2016 (EUR 403 million, of which EUR 54 million was yet recognized in the accounts of Moleskine at the date of acquisition). The analysis related to the partial allocation of the goodwill to inventory to reflect the fair value as of acquisition date led to the conclusion that the fair value adjustment on inventory is not significant and has not been accounted for.

The deferred consideration of EUR 15.9 million recognized as at 31 December 2016 reflected the non-controlling interests to be acquired (see note 11 of the 2016 consolidated financial statements) and was repaid in January 2017 (squeeze out procedure).

## **NOTE 26: 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 2017, the exercise price of all options granted to non-controlling interests (put options with related call options, exercisable until 2024) amounts to its fair value of EUR 80.9 million (2016: EUR 90.0 million), based on the transaction price agreed between the Company and Clayton, Dubilier & Rice ("CD&R") regarding the acquisition by CD&R of a 40% stake in Belron (see notes 1 and 16). The transaction values Belron at EUR 3 billion (enterprise value) which, after deduction of debt-like items, translates into an equity value of about EUR 1,5 billion.

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 7.0 million at 31 December 2017) is presented as additional goodwill (EUR 58.2 million at 31 December 2017; EUR 47.7 million at 31 December 2016 – 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 1.7 million and is recognised in the consolidated statement of profit or loss (net finance costs - see note 5).

## NOTE 27: 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 Company head office (see note 1). The main fully consolidated subsidiaries of the Company are listed below:

Name	Country of incorporation	% of share capital owned at 31 December 2017	% of share capital owned at 31 December 2016
<b>D'Ieteren Auto</b>			
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%
s.a. Immobilière Dumont n.v.	Belgium	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%
Auto Center Kontich b.v.b.a.	Belgium	100%	100%
Auto Center Mechelen 2 b.v.b.a.	Belgium	100%	100%
PC Mechelen n.v.	Belgium	100%	100%
Automobiel Center Puurs n.v.	Belgium	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%
<b>Belron</b>			
Belron Group s.a.	Luxemburg	94.85%	94.85%
<b>Moleskine</b>			
Moleskine SpA	Italy	100%	100%

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 15 for adequate disclosures.

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

In 2016, the weighted average percentage used for the consolidation of Moleskine's income statement (three months period ended 31 December 2016) was 71.52% (100% in 2017).

## NOTE 28: DISCONTINUED OPERATIONS

### Framework

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. The Company and Belron's management will retain the remaining 60% ownership interest.

The Board of Directors of the Company concluded that, as of balance sheet date, the Group was committed to a sale plan which will involve loss of exclusive control of its subsidiary (some reserved matters being shared), and therefore decided to classify all the assets and liabilities of Belron as held for sale in the statement of financial position as at 31 December 2017 (see note 16); the recognition criteria defined in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being satisfied. In addition, it has decided to present the 12 months results of the Belron segment as a discontinued operation; the criteria of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" being also satisfied. The consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 December 2016 have been restated accordingly. See note 16 and 28 of these consolidated financial statements for more information and adequate disclosures.

Belron's results will be included under equity accounting method (54.85% stake; joint control with CD&R) from 2018 onwards following the loss of exclusive control at the closing of the transaction (7 February 2018).

### Measurement of the disposal group

These assets and liabilities of Belron are measured to the lower of carrying amount and fair value less costs of disposal at the date of the classification. The fair value less costs of disposal is based on the transaction price agreed between the Company and Clayton, Dubilier & Rice ("CD&R") regarding the acquisition by CD&R of a 40% stake in Belron. The transaction values Belron at EUR 3 billion (enterprise value) which, after deduction of debt-like items, translates into an equity value of about EUR 1,5 billion.

In accordance with the requirements of IFRS 5, the Group did not depreciate the Belron's non-current assets as from the date (28 November 2017) of its classification as held for sale. The impact in the consolidated income statement is EUR 10.5 million.

### Results of discontinued operations

The result of the Belron segment is presented below:

EUR million	2017	2016
<b>Sales</b>	<b>3,486.2</b>	<b>3,305.4</b>
<b>Operating result</b>	<b>148.5</b>	<b>41.6</b>
Net finance costs	-86.1	-35.5
<b>Result before tax</b>	<b>62.4</b>	<b>6.1</b>
Share of result of equity-accounted investees	-	-0.8
Tax expense	-18.8	-21.6
<b>Result after tax of discontinued operations</b>	<b>43.6</b>	<b>-16.3</b>
Recycling of currency translation reserve	-	-24.9
<b>Result after tax from discontinued operations</b>	<b>43.6</b>	<b>-41.2</b>
Basic earnings (loss) per share from discontinued operations (EUR)	<b>0.8</b>	<b>-0.7</b>
Diluted earnings (loss) per share from discontinued operations (EUR)	<b>0.8</b>	<b>-0.7</b>

The net finance costs include the refinancing fees and make whole costs for the early reimbursement of the USPPs for an amount of EUR 48.7 million. See notes 16 and 22 for more information on the refinancing of Belron.

On 7 January 2016 the Belron segment sold 60% of its investment in Carglass Brazil to Advisia, following 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 exclusive control of the subsidiary and the remaining 40% interest has been accounted for as an equity investment as from 2016. According to the requirements of IAS 21 the cumulative amount of foreign exchange difference held in translation reserve had been recycled to profit or loss (non-cash charge of EUR 24.9 million in 2016) on disposal of the Brazilian subsidiary.

### Assets and liabilities classified as held for sale

See note 16 for the detail of the assets and liabilities of the Belron segment classified as held for sale as at 31 December 2017.

## NOTE 28: DISCONTINUED OPERATIONS (continued)

### Cash flow from discontinued operations

EUR million - Year ended 31 December	2017	2016
Net cash generated from operating activities	244.2	238.4
Net cash from investing activities	-184.5	-135.2
Net cash from financing activities	-22.5	-70.8
<b>Effect on cash flows</b>	<b>37.2</b>	<b>32.4</b>

## NOTE 29: CONTINGENCIES AND COMMITMENTS

EUR million	2017	2016
Commitments to acquisition of non-current assets	1.2	21.4
Other important commitments:		
Commitments given	23.6	26.8
Commitments received	24.2	26.8

In 2017 and in 2016, the commitments to acquisition of non-current assets mainly concern intangible assets and property, plant and equipment in the D'Ieteren Auto and in the Belron segments (2016 only).

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	2017	2016
Within one year	9.1	131.2
Later than one year and less than five years	25.1	364.2
After five years	7.8	133.7
<b>Total</b>	<b>42.0</b>	<b>629.1</b>

In 2017, the related future minimum lease payments do not include those of the Belron segment (classification as held for sale).

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	2017			2016		
	Investment property	Other property, plant and equipment	Total	Investment property	Other property, plant and equipment	Total
Within one year	1.1	-	-	0.8	1.6	2.4
Later than one year and less than five years	3.7	-	-	2.3	3.5	5.8
After five years	1.5	-	-	0.6	0.5	1.1
<b>Total</b>	<b>6.3</b>	-	-	<b>3.7</b>	<b>5.6</b>	<b>9.3</b>

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 23.

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 30: RELATED PARTY TRANSACTIONS

EUR million	2017	2016
<b>With entities with joint control or significant influence over the Group:</b>		
Amount of the transactions entered into during the period	0.5	0.7
Outstanding creditor balance at 31 December	-	0.4
<b>With associates:</b>		
Sales	-	-
Purchases	-	-
Trade receivables outstanding at 31 December	-	-
<b>With joint ventures in which the Group is a venturer:</b>		
Sales	142.6	128.1
Purchases	-85.1	-36.0
Trade receivables outstanding at 31 December	6.1	20.2
<b>With key management personnel:</b>		
Compensation:		
Short-term employee benefits	7.7	4.2
Post-employment benefits	0.3	0.3
Termination benefits	-	-
Total compensation	8.0	4.5
Amount of the other transactions entered into during the period	-	-
Outstanding creditor balance at 31 December	0.6	0.1
<b>With other related parties:</b>		
Amount of the transactions entered into during the period	0.3	-
Outstanding creditor balance at 31 December	-	-

### Shareholders and other related parties

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 20).

In 2017, some of these shareholders or entities linked to them carried out commercial transactions with the Company. These transactions (total of EUR 0.8 million) can be outlined as follows:

- Automobile repairs and supply of spare parts carried out by the Company and invoiced to these parties for a total amount of EUR 0.5 million;
- Automobile repairs and supply of spare parts carried out by one of these parties and invoiced to the Company for a total amount of EUR 0.03 million;
- The maintenance of property carried out by the Company and invoiced to one of these parties for a total amount of EUR 0.05 million;
- Architecture fees invoiced by one of these parties to the Company for a total amount of EUR 0.2 million.
- The rental by one of these parties of a property belonging to a subsidiary of the Company which led to the payment of a rent for a total amount of 0.06 million.

The Company also made available, until June 2017, to some of these shareholders an interest-bearing current bank account, which showed a balance before closure of EUR 0.4 million. These accounts were closed in June 2017.

See notes 19 and 26 for relations with a non-controlling interest of Belron.

### Associates

D'Ieteren Vehicle Trading (DVT) s.a. is a 49%-owned associate, previously active in finance lease services to customers (see note 15 for more information).

The low level of transactions in 2016 and 2017 between the Company and DVT is explained by the transfer to Volkswagen D'Ieteren Finance (VDFin – see below), as from June 2012, of new requests for finance lease services to customers of the D'Ieteren Auto segment.

## NOTE 30: RELATED PARTY TRANSACTIONS (continued)

### Joint Ventures

In 2017, the Group was venturer in three joint ventures, the main one being Volkswagen D'leteren Finance (VDFin). The Company's shareholding (50%) in OTA keys SA was sold in July 2017. See note 15 for more information related to the remaining joint ventures.

In 2017, sales of EUR 142.6 million to joint ventures mainly consist of sales of new vehicles by the D'leteren Auto segment to VDFin. Purchases of EUR 85.1 million mainly relate to used cars purchased by the D'leteren Auto segment from VDFin (former fleet vehicles). The outstanding trade receivables (EUR 6.1 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 2017, a total of 120,000 options were issued to key managers (at an exercise price of EUR 41.80 per option). For more information on the remuneration of key managers, reference is made to the remuneration report that can be found in the Corporate Governance Statement.

In 2017, loans for a total amount of EUR 0.3 million were granted by a subsidiary of the Company to the members of the Executive Committee in the framework of the share option scheme in order to enable the individuals concerned to pay taxes due at the moment the options were accepted. The loans were granted for periods of 10, 7 or 5 years with interest rates of respectively 2.2%, 1.9% and 1.5%. Article 523 of the Company Code was applied to the CEO who is also a board member.

## NOTE 31: 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	2017	2016
<b>Closing rate</b>		
AUD	0.65	0.68
BRL	0.25	0.29
CAD	0.66	0.71
GBP	1.13	1.17
USD	0.83	0.95
HKD	0.11	0.12
CNY	0.13	0.14
JPY	0.01	0.01
SGD	0.62	0.66
<b>Average rate <sup>(1)</sup></b>		
AUD	0.68	0.67
BRL	0.27	0.26
CAD	0.68	0.69
GBP	1.14	1.22
USD	0.89	0.91
HKD	0.11	0.12
CNY	0.13	0.14
JPY	0.01	0.01
SGD	0.64	0.65

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

## NOTE 32: 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 2020.

EUR million	2017	2016
<b>Audit services</b>	<b>3.0</b>	<b>2.5</b>
KPMG Belgium	0.5	0.5
Other offices in the KPMG network	2.5	2.0
<b>Non-audit services</b>	<b>1.3</b>	<b>3.0</b>
KPMG Belgium	0.3	0.9
Other offices in the KPMG network	1.0	2.1
<b>Services provided by the Statutory Auditor</b>	<b>4.3</b>	<b>5.5</b>

Based on total audit fees of EUR 3.0 million, fees for non-audit services as a percentage of total fees amount to 43%, which is less than 70%.

## NOTE 33: SUBSEQUENT EVENTS

### D'Ieteren Auto

In January 2018 D'Ieteren Auto acquired two Rietje dealerships and a multi brand body shop in the northern Antwerp region. The deal does not include the buildings and is in line with D'Ieteren's strategy to reinforce its retail presence on the Antwerp-Brussels axis.

### Belron

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. The Company and Belron's management will retain the remaining 60% ownership interest. Belron's results will be included under equity accounting method (54.85% stake; joint control with CD&R) from 7 February 2018 onwards following the loss of exclusive control at the closing of the transaction.

Based on the transaction price agreed between the Company and CD&R (EUR 3 billion of enterprise value which, after deduction of debt-like items, translates into an equity value of about EUR 1.55 billion), the total consolidated gain on disposal (recognised on 100% of Belron in accordance with the requirements of IFRS 10) amounts to ca. EUR 1 billion, of which ca. EUR 0.6 billion is cash.

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.

## **NOTE 34: ACCOUNTING POLICIES**

### **Note 34.1: Basis of Preparation**

These 2017 consolidated financial statements are for the 12 months ended 31 December 2017. 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 2017 and are effective for the period ending 31 December 2017.

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 24.

### **Note 34.2: 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.

There are no new standards and amendments to standards that are mandatory for the first time for the Group's accounting period beginning on 1 January 2017 which have a significant impact on the Group's consolidated financial statements.

The amendments to IAS 12 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses" and to IAS 7 "Cash Flow Statements – Disclosure Initiative", effective 1 January 2017, have not been adopted since they are not yet endorsed by the EU. If adopted, they would not have had a significant impact on the Group's consolidated financial statements.

The standards, amendments and interpretations to existing standards issued by the IASB but not yet effective in 2017 have not been early adopted by the Group. They are listed below.

- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (effective 1 January 2018 – endorsed by the EU on 26 February 2018);
- Amendments to IAS 40 "Investment Property" (effective 1 January 2018 – subject to endorsement by the EU);
- Amendments to IAS 28 "Long Term Interests in Associates and Joint Ventures" (effective 1 January 2019 – subject to endorsement by the EU);
- Annual improvements to IFRS 2014-2016 cycle (effective 1 January 2018 – subject to endorsement by the EU);
- Annual improvements to IFRS 2015-2017 cycle (effective 1 January 2019 – subject to endorsement by the EU);
- IFRIC 22 "Foreign currency transactions and advance consideration (effective 1 January 2018 – subject to endorsement by the EU);
- IFRIC 23 "Uncertainty over income tax treatments" (effective 1 January 2019 - subject to endorsement by the EU);

## NOTE 34: ACCOUNTING POLICIES (continued)

- IFRS 9 "Financial Instruments: Classification and Measurement" (effective 1 January 2018 – endorsed by the EU). This new standard will replace the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement" and addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reasonably estimated because it will be dependent on the financial instruments that the Group holds and on economic conditions at that date. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet fully complete. Based on current positions at 31 December 2017, the Group does not expect the new guidance to have a significant impact;
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018 – endorsed by the EU except the amendments issued in April 2016). 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. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard.

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 and IFRS 16 on its consolidated financial statements.

### IFRS 15 "Revenue from Contracts with Customers"

In the D'leteren Auto segment, the Group focused the assessment on its major revenue streams, namely the sale of new vehicles to independent dealers and to final customers, the sale of used vehicles to final customers, the sale of spare parts and accessories, and the rendering of after-sale services.

The assessment that has been performed includes the following steps: the identification of the contract, the identification of performance obligations, the determination of the transaction price, the allocation of the transaction price and the revenue recognition. Even though customers might sometime enter into more than one contract at the same time, the criteria defined in IFRS 15 for contract combination would not be met. No significant impact has been identified as a result of the impact assessment exercise.

A particular attention was paid to variable bonuses when determining the transaction price. Variable bonuses are sometimes granted to independent dealers upon achievement of qualitative and quantitative targets. Such targets are established annually and are typically assessed and paid on a quarterly basis. However, the Group identified some exceptions whereby bonuses are assessed and paid annually. Under the new standard, such exceptions represent variable considerations. The estimation of such variable considerations at half year appears reasonable and would not lead to significant reversal in cumulative revenue.

Under the new standard, the timing of revenue recognition would remain largely unchanged as control of the goods is transferred to the customer upon delivery (for sale of vehicles and spare parts) or as services are rendered (after-sale services).

The Belron segment assessed the impact of the new standard using the five-step model per IFRS 15. The assessment concluded there are no significant changes to the recognition and measurement of when revenue for the main revenue stream of VGRR and related ancillary revenue streams which include claims management and accident repair.

Licenses and franchising agreements are distinct from goods and services included in a contract and therefore represent separate performance obligations. This revenue stream is not significant to the Group's financial statements.

There will be increased disclosure requirements showing each major stream of revenue, effective from January 2018.

In the Moleskine segment, the Group performed a review of existing contracts with customers. The major findings are listed below:

- Right of return: under the new standard, rights of return represent variable considerations. The new guidance requires that the impact of returns is estimated using a probability-weighted approach or most likely outcome;
- Free On Board (FOB) Shipping: the Group will need to assess whether the shipping terms create additional performance obligations when control of the goods transfers on shipment. There might be a second performance obligation for shipping and a change in the timing of revenue recognition;
- Bill-and-hold arrangements: the Group will need to consider whether control of the goods transfers to the customers prior to delivery. Under such arrangements, the existence of a separate performance obligation might exist if the entity provides custodial services.
- Licenses and franchising agreements: licenses might be distinct from the other goods and services included in a contract and therefore represent separate performance obligations.

The assessment revealed that the adoption of the new standard won't significantly alter the timing of revenue recognition and won't have a significant impact on the Group's financial statements.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018, using the retrospective approach.

### **IFRS 16 “Leases”**

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 Belron and Moleskine segments. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group’s borrowing rate at 1 January 2019, the composition of the Group’s lease portfolio at that date, the Group’s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions. So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

In the Belron segment, the standard will primarily affect the accounting for the operating leases (mainly buildings rentals). As at 31 December 2017, the amount of additional assets and liabilities that would be recognized if IFRS 16 was adopted is estimated at ca. EUR 550 million. The magnitude of the balance sheet impacts and of the nature of expenses related to those leases will be further analysed in 2018.

In the Moleskine segment, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of retail stores. The assessment performed as at 31 December 2017 revealed non-cancellable operating lease commitments of ca. EUR 40 million, suggesting a material impact on the Group’s financial statements. The magnitude of the balance sheet impacts and of the nature of expenses related to those leases will be further analysed in 2018.

No significant impact is expected in the D’Ieteren Auto segment.

The Group does not intend to adopt the standard before its effective date (1 January 2019).

### **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 if required by IFRS standards.

#### *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 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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

### *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-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 Company, and at the country level for business combinations performed by Belron s.a. and its subsidiaries.

#### **NOTE 34: ACCOUNTING POLICIES (continued)**

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.

#### **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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

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.

### **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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

### **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 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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

### **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 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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

### *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.

### **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.

## **NOTE 34: ACCOUNTING POLICIES (continued)**

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 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.

# **s.a. D'leteren n.v.**

## **Summarised Statutory Financial Statements 2017**

### **CONTENTS**

- 64 SUMMARISED BALANCE SHEET
- 65 SUMMARISED INCOME STATEMENT
- 65 SUMMARISED APPROPRIATION
- 66 SUMMARY OF ACCOUNTING POLICIES

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](http://www.dieteren.com) or on request from:

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

# Summarised Balance Sheet

At 31 December

EUR million	2017	2016
<b>ASSETS</b>		
<b>Fixed assets</b>		
II. Intangible assets	10.4	9.3
III. Tangible assets	20.3	19.2
IV. Financial assets	2,109.3	2,671.9
<b>Current assets</b>	<b>1,506.3</b>	<b>625.9</b>
V. Non-current receivables	20.1	20.0
VI. Stocks	291.2	300.5
VII. Amounts receivable within one year	1,150.7	266.8
VIII. Investments	36.6	37.0
IX. Cash at bank and in hand	0.4	0.4
X. Deferred charges and accrued income	7.3	3.3
<b>TOTAL ASSETS</b>	<b>3,646.3</b>	<b>3,328.4</b>
EUR million	2017	2016
<b>LIABILITIES</b>		
<b>Capital and reserves</b>		
I.A. Issued capital	160.0	160.0
II. Share premium account	24.4	24.4
IV. Reserves	1,295.0	689.0
V. Accumulated profits	14.5	14.5
<b>Provisions and deferred taxes</b>	<b>20.4</b>	<b>24.3</b>
<b>Creditors</b>		
VIII. Amounts payable after one year	953.2	1,203.2
IX. Amounts payable within one year	1,137.7	1,163.0
X. Accrued charges and deferred income	41.1	50.0
<b>TOTAL LIABILITIES</b>	<b>3,646.3</b>	<b>3,328.4</b>

## Summarised Income Statement

Year ended 31 December

EUR million	2017	2016
I. Operating income	3,209.0	3,045.1
II. Operating charges	3,153.4	2,976.3
III. Operating profit	55.6	68.8
IV. Financial income	789.7	36.5
V. Financial charges	30.8	35.7
IX. Result for the period before taxes	814.5	69.6
IXbis. Deferred taxes	0.4	-1.8
X. Income taxes	-0.5	-0.1
XI. Result for the period	814.4	67.7
XII. Variation of untaxed reserves <sup>(1)</sup>	0.2	-3.2
XIII. Result for the period available for appropriation	814.6	64.5

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

## Summarised Appropriation

Year ended 31 December

EUR million	2017	2016
<b>APPROPRIATION ACCOUNT</b>		
Profit (loss) to be appropriated	829.1	66.5
Gain (loss) of the period available for appropriation	814.6	64.5
Profit (loss) brought forward	14.5	2.0
Withdrawals from capital and reserves	1.0	1.1
from capital and share premium account		-
from reserves	1.0	1.1
Transfer to capital and reserves	607.2	1.0
to capital and share premium account		-
to legal reserve		-
to other reserves	607.2	1.0
Profit (loss) to be carried forward	14.5	14.5
Profit to be distributed	208.4	52.1
Dividends	208.4	52.1

This proposed appropriation is subject to approval by the Annual General Meeting of 31 May 2018.

# 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.