DRIVE FREEDOM IN GLOBAL MOBILITY

2015 ANNUAL REPORT

LET'S DRIVE TOGETHER

ALD Automotive

SUMMARY

BUSINESS OVERVIEW

AN INTERVIEW WITH MIKE MASTER SON

THE AMBITION OF ALD AUTOMOTIVE IS SIMPLY TO BE THE WORLD-WIDE LEADER IN THE CREATION AND PROVIDER OF MOBILITY SOLUTION

ALD Automotive has posted consistent growth for more than 10 years and 2015 is no exception to the rule. What are the hallmarks of ALD's success?

MM. The growth has been significant, not just in 2015 but across several years. We grew at around 8 per cent in 2015 which is a level consistent with the growth of the past 12 years. The growth is supported by a network of 41 subsidiaries. We have a better corporate coverage than any of our competitors. Our exposure to emerging markets is clearly a help to our global growth story. We do not believe that this story has finished. In 2013 we passed 1 million contracts, then 1.1 million in 2014, 1.2 million in 2015 and we anticipate passing 1.3 million in the second quarter of 2016. This acceleration of our growth is partly due to the acquisition of Parcours which is a leading company in France with fleet in Spain, Portugal, Belgium and Luxembourg. The total fleet is more than 60,000 contracts. We are excited to welcome the Parcours team into ALD and we feel sure that this will support the growth story and enrich further our product offering. The model of Parcours of being close to the customer, in order to deliver a premium service that can be tailored by dedicated customer support staff, is one that fits very well into ALD's ethos.

The key to our incredible growth has been people. As an organization, we have a culture that is entrepreneurial in spirit. We believe in giving empowerment to business managers that are close to the business. In recent years this has driven commitment and innovation, and lies behind much of our commercial success . As a business, we are extremely customer focused and tend to create very strong long term relationships with both customers and drivers. This is built partly on high performing IT solutions, but it is also due to the quality of personal service delivered by all of our staff of more than 5,000 people. As well as being the relationship full service leasing company our customers recognize us to be the most flexible and to be capable of making tailor made products to suit their needs.

ALD Automotive has recently opened a subsidiary in Peru, which now makes the company present in 48 countries. Could you specify the future business development opportunities abroad?

MM. ALD has always been the company that is pushing the development of full service leasing into new markets. This is partly due to the entrepreneurial spirit of the group and partly due to a search for growth. The main factor however is around supporting our customers. We are working with global companies and they are looking for global suppliers or at least a partner who is present in the markets where the customer has a significant fleet. In this regard, we have listened to our customers and followed their request when we consider the prioritization of development into new markets. We plan to maintain this approach going forward. Today we are working on a number of initiatives and you can expect ALD to continue to improve its coverage. At this stage, following the recent start up in Chile and Peru, we are not sufficiently advanced to announce further countries but you can certainly anticipate further start ups in 2016.

The market is changing rapidly. How has the ALD Automotive model evolved in this context ?

MM. No doubt the market has been changing rapidly in recent years and we expect those changes to accelerate in the coming years. This is partly driven by the digitalization that we have seen in many businesses but also the huge amount of innovation around the vehicle and how mobility is delivered. The combination of electric vehicle, mobility and car sharing, connected car and ultimately autonomous driving will continue to disrupt the sector in the coming years. We see this as more of an opportunity than a risk. The people in ALD have responded at all levels and the businesses is bursting with innovation and ideas. As a business we have committed ourselves to being the reference in technology and to a huge campaign of technological updates and innovations. The business is positioning itself in terms of geography to provide the best possible global solutions for our customers.

The changes in the market put a greater focus upon management and support of the driver. In this regard we have developed driver portals and mobile applications. We are adapting all of these solutions to meet the different needs of company car drivers and private customers. Today ALD is a leader in providing solutions to SME and to private customers and we aim to maintain that advantage.

Innovation is one of the four values that ALD Automotive has decided to highlight in its strategy. What are you aiming to achieve?

MM. Our aim is to be the benchmark in technology and innovation. In 2016 we have a number of new products to deliver, including new customer and driver portals, mobile applications, advanced telematics solutions and car sharing. In the longer term we plan to continue to develop the existing suite of mobility solutions that provide great flexibility for all the customer needs. We already have innovative products that allow the management of a mobility budget, web tools to configure and order vehicles on line, products that have flexible duration and the possibility to pay on use rather than by duration. The focus is really around flexibility in the product offering in order to meet all the mobility requirements of the customer.

OUR STRATEGIC PILLARS :

BE THE GLOBAL LEADER
with a top 3 position in all markets.

MAXIMUM
sustainable shareholder value.

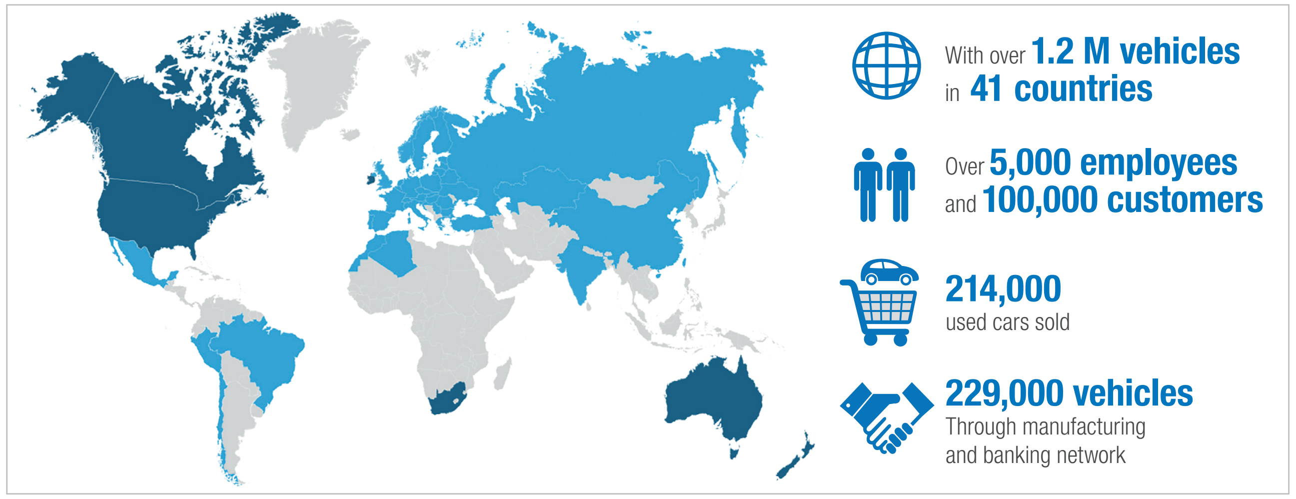
BE THE BENCHMARK
through vision innovations & technologies.

ATTRACT & EMPOWER
the best people with global prospectives.

DIFFERENTIATE
by personal service & reference quality.

ALD AUTOMOTIVE AT A GLANCE

OUR MISSION : DRIVE FREEDOM IN GLOBAL MOBILITY



OUR SHAREHOLDER

ALD Automotive Group is a subsidiary of Societe Generale, one of the largest European financial services groups. Societe Generale employs more than 148,000 staff based in 76 countries. Within Societe Generale, ALD Automotive is a part of the International Banking and Financial Services Division ('IBFS'). IBFS offers a broad range of products and services to more than 32 million clients comprising individuals, professionals and corporates in 67 countries.

A MARKET LEADER WITH A STEADY GROWTH

Last year, ALD Automotive achieved a growth of 9%, with a fleet of 1,206,837 vehicles at the end of 2015, thus reasserting its leading position on the European leasing and fleet management market.
The partnership activity supported the growth in 2015 through new deals between car manufacturers and banking networks in 2015, which now represent 19 % of the total ALD Automotive fleet. For ALD Automotive, the year 2015 also meant 214,000 vehicles sold – half of the transactions having been performed via its platform ALD carmarket - 1.2 M tyres purchased, 620 M litres of fuel bought and 4.8 M days of short-term leases.

HIGH SERVICE QUALITY STANDARDS WITH A CLIENT-FOCUSSED APPROACH

As a service provider, ALD Automotive always makes sure to offer the same high service quality to all of its customers, on an international level without disregarding cultural differences between countries.
We are committed to delivering consistent service, product specifications, processes, customer experience across borders: we behave as ONE.
This Service quality is frequently credited by the industry, such as in France ("Service client" for the 8th consecutive year), in Romania (Piata Financiara), in Czech Republic (Fleet Awards) and in Poland (Outsourcing star). It is also recognized by our customers and drivers with respective recommendation rates of 82.5% and 83.6% in 2015.

AN INTENSIFIED INTERNATIONAL GROWTH

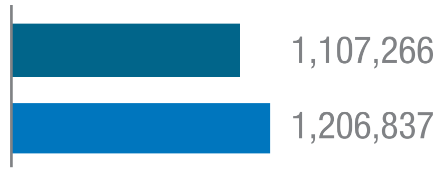
ALD Automotive is one of the largest European players in the full operational leasing and fleet management industry. Today, ALD Automotive has the broadest worldwide coverage on the car leasing market with a direct presence in 41 countries over 4 continents. Moreover, ALD Automotive has formed strategic partnerships with Wheels, Inc. in North America and Fleet Partners in Australia and New Zealand, Absa in South Africa and Johnson & Perrot in Ireland. This global alliance allows ALD Automotive to provide its clients with the most comprehensive solution possible and the quality & customer service focus that perfectly matches its standards of excellence in 48 countries.

OUR REMARKETING OFFER

ALD Automotive has been at the forefront of developing new technologies in car sales which is a key area of its business. ALD carmarket is an on-line sales platform developed in-house which allows dealers to directly view cars for sale on-line over the internet and to bid for them. In 2015, more than 214,000 used vehicles have already been sold, half of the transactions having been performed through this platform. The use of this technology has helped to significantly reduce stock holding costs through quicker rotation and to improve our sales realizations.

EVOLUTION : 2014/2015

VEHICLES MANAGED



TOTAL OPERATING AND NET FINANCE INCOME
IN EUR MILLION

PROFIT BEFORE TAX
IN EUR MILLION

EMPLOYEES

EXECUTIVE COMMIT TEE MEMBERS

MICHAEL MASTERSON
Chief Executive Officer
since 2011
British

PASCAL SERRES
Deputy Chief Executive Officer
since 2008
French

TIM ALBERTSEN
Deputy Chief Executive Officer
since 2011
Danish

GILLES MOMPER
Chief Financial Officer
since 2012
French

JOHN SAFFRETT
Chief Administration Officer
since 2015
British

KENT BJERTRUP
Chief Commercial Officer
since 2016
Danish

BOARD OF DIRECTORS

Giovanni Luca Soma - Chairman

Sylvie Remond

Jean-Louis Klein

Karine Destre-Bohn

Didier Hauguel

Michael Masterson

Michel Roitman

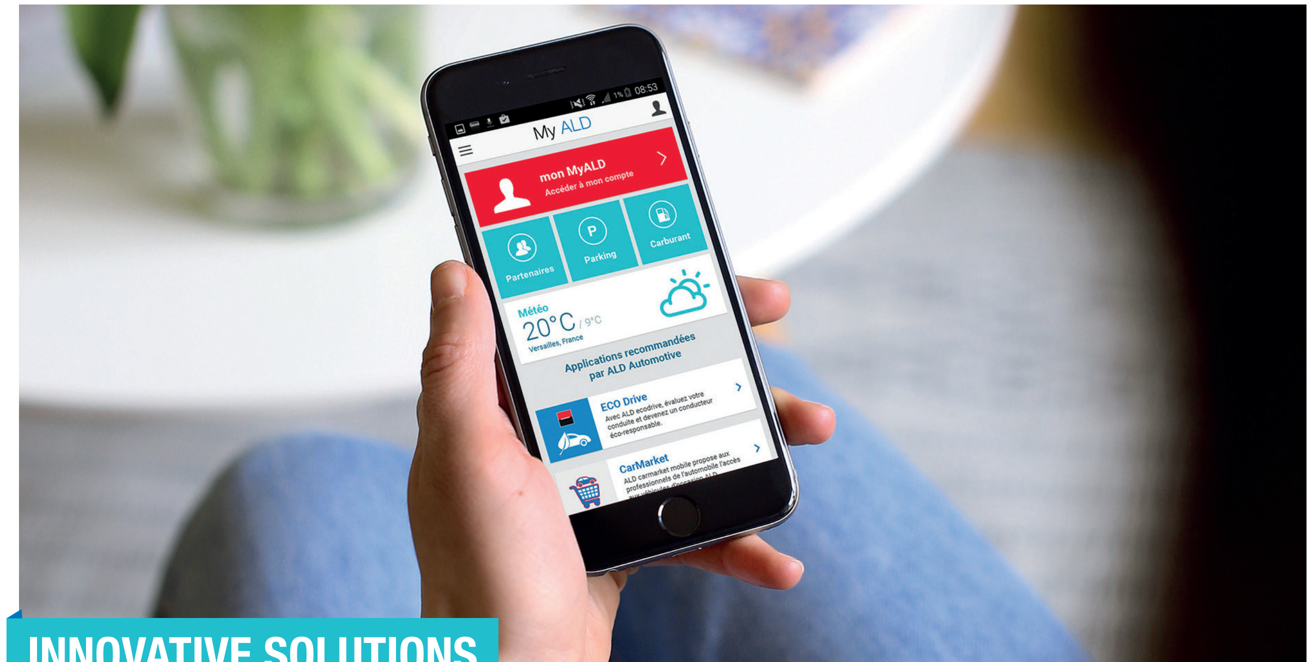
MANAGING DIRECTORS OF LEADING GROUP SUBSIDIARIES (“G10 COUNTRIES”)

Andrea Badolati	Italy
Carel Bal	Benelux
Jean-Francois Chanal	France
Mel Dawson	UK
Pedro Malla	Spain
Karsten Roesel	Germany
Marek Malachowski	North East Europe Region
Guillaume De Leobardy	Nordic Region
Martin Koessler	Central & Eastern Europe
Philippe Valigny	South East Europe Region

COMPANY PROFILE

INNOVATION ORIENTED

COMMITTED TO INNOVATING AND OFFERING VALUE ADDED SOLUTIONS



INNOVATIVE SOLUTIONS

ALD Automotive offers a set of tools to meet fleet managers' and drivers' daily needs, from advanced reporting tools to dedicated driver applications. Users' feedback enables ALD Automotive to enhance functionality and ergonomics, in line with its clients' expectations.

ALD ECODRIVE
is a mobile app that helps users optimize their driving in an eco-friendly and playful way.

MY ALD
is the unique & complete tool for drivers and fleet managers to manage the ALD services and vehicle.

TELEMATICS
is an in car technology transferring information from and to the vehicle in order to enable tighter management control, cost and risk reduction.

ALD DRIVER EXPERIENCE CHALLENGE

"Innovation that serves the customer experience is part of ALD Automotive's DNA and one of the key successes of our company. We are convinced that this challenge, that brings together external and internal participants, will enable us to generate new ideas and to simplify the way our customers use our services."

John Saffrett, CAO

322 TEAMS ONLINE COMPETITION
62 NATIONALITIES 3 MONTHS
16 MENTORS 995 PARTICIPANTS
6 WINNING PROJECTS

NEW MOBILITY SOLUTIONS

A pioneer in mobility solutions, ALD Automotive is also continuously challenging its offer and innovating to be able to guarantee the best products to its customers, to support fleet managers in their daily work and to provide drivers with the solutions that best fit their needs.

MULTI MODALITY
mixing transportation modes

ALD flex
FLEXIBILITY
long & short term rental

MOBILITY CARD
a single payment card for travelling

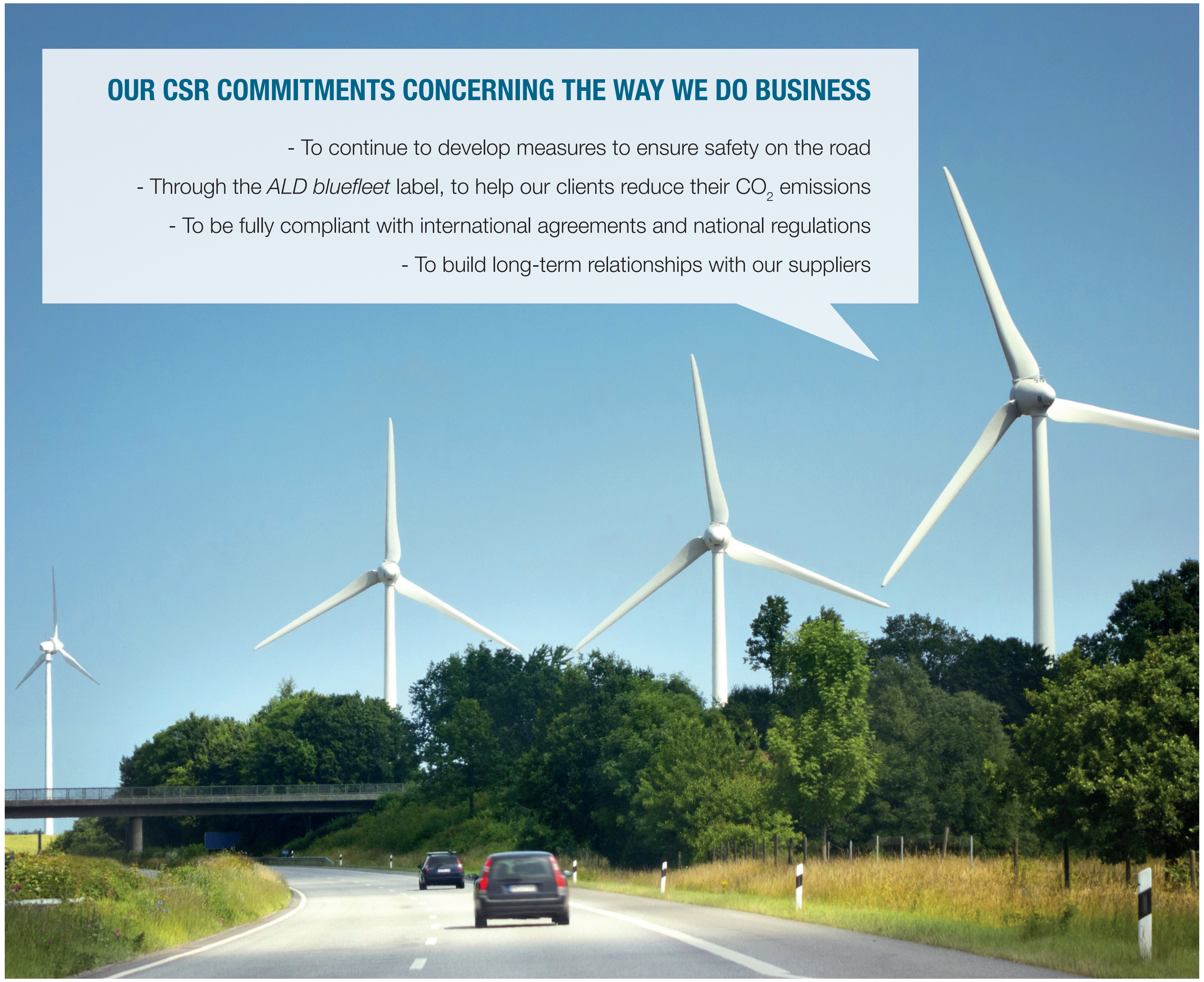
CAR SHARING

CORPORATE & SOCIAL RESPONSIBI LITY

4 AXES FOR A GLOBAL APPROACH OF OUR CORPORATE RESPONSIBILITY

OUR CSR COMMITMENTS CONCERNING THE WAY WE DO BUSINESS

- To continue to develop measures to ensure safety on the road
- Through the *ALD bluefleet* label, to help our clients reduce their CO_2 emissions
- To be fully compliant with international agreements and national regulations
- To build long-term relationships with our suppliers



OUR EMPLOYER COMMITMENTS

- To increase the employability and skills of employees
- To promote diversity in all domains
- To permanently improve working conditions

OUR ENVIRONMENTAL COMMITMENTS

- To measure and reduce our carbon footprint (energy, transportation and paper)
- To limit our consumption of other natural resources and our waste production

OUR SOCIAL AND CIVIC COMMITMENTS

- To pay constant attention to the needs of all our stakeholders
- To develop solidarity initiatives in every country in which we are present

MANAGING RISKS

ASSESSING OUR RISKS, STRENGTHENING INTERNAL CONTROLS AND SPREADING OUR RISK CULTURE.

RESIDUAL VALUE

The residual value (the expected resale price of the vehicle at the end of the lease as estimated by ALD Automotive at inception of the lease) may differ from the future market value of the car at the end of the contract.

MAINTENANCE

The risk that the actual costs of maintenance incurred during the contract life are different to those forecasted and budgeted within the quotation issued at the inception of the contract.

CREDIT

The risk that a customer is not able to fulfil its financial obligations towards ALD Automotive.

INSURANCE

The risk of damage to vehicles within its fleet and also to liability to third parties arising from accidents involving vehicles in its fleet. This risk can take the form of third party liability («TPL»), legal defence, material damage or passenger indemnity.

TREASURY

Comprises interest rates, currency and liquidity risk. Interest rates risk is the risk that the profitability of the Group is affected by movements in interest rates. Liquidity risk is the risk that ALD Automotive is not able to meet its cash flow obligations when they fall due, because of a mismatch between the financing of its assets and liabilities. Foreign exchange risk is the risk that the profitability is affected by currency fluctuations.

OPERATIONAL

Operational risk is defined as the risk of loss coming from an inadequacy or a failure of a procedure, a person or system or an external event such as disaster, fire or flood.

COMPLIANCE

Risk of legal sanctions, material financial loss, or loss to the reputation of ALD International and its subsidiaries taken as a whole may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice.

KEY DEVELOPMENTS IN 2015

Credit risk governance is established by our parent company, Societe Generale, in accordance with the risk strategy and appetite determined by ALD International management. All subsidiaries have to comply with strict risk procedures issued centrally, which define the way credit requests have to be documented, analised and validated. All of our subsidiaries maintain a high level of independence in the decision-making process which remains however governed by Societe Generale's Credit Authority structure and requires full compliance with the Group's Risk Management policy principles.

Our main priorities in 2015 were :
- to ensure that the assessment of credit risk is in keeping with the standards of quality defined by Societe Generale and at the same time adapted to the specificities of our business and to market practice.
- to improve the efficiency of our processes so that they are always in line with the expectations of our partners and customers.
- to increase risk awareness among all staff and management, outside the risk community.

The centralised organisation we have implemented to monitor and prevent operational risks allows for better communication between our subsidiaries on the risks borne by ALD Automotive and therefore leads to ever improving awareness campaigns, which are pivotal to our risk management policy.

We rely on five main processes to monitor our operational risks, namely:
- Identification of operational losses
- Monitoring of Key Risk Indicators
- Risk and control self assessment
- Scenario analysis
- Customer complaints analysis

All incidents reported via our collection tool are analysed in order to validate, at central level, the real nature of the loss and the relevance of the proposed action plans, but

also with the objective to share information and avoid if possible similar events occuring in other countries.
This method appears to be effective and allows our subsidiaries strengthening their control measures on several specific areas. Global awareness of operational risks and their impact is growing in all our subsidiaries, helped by training sessions organized centrally by ALD International.
We continue to pay special attention to protection against external frauds especially for the most sensitive segments of our clientele.

As a subsidiary of a banking institution, ALD Automotive has also implemented a full compliance monitoring system, which relies on a set of procedures aimed at monitoring non-compliance and reputation risks, communicated to all of ALD Automotive's subsidiaries by its holding company, ALD International. These procedures comply with the principles set forth by Societe Generale and are adapted to the specificities of operational leasing activities.

The non-compliance risk borne by ALD Automotive is low, as the operational leasing activity is not regulated in most countries where ALD Automotive operates. A compliance officer is appointed in each subsidiary, so as to ensure that procedures and processes are adequately enforced and that the level of awareness towards non compliance and reputation risk is high within said subsidiaries. With a new organisation within Societe Generale, aiming at ensuring the divison's independence, the support offered by our mother company to deal with compliance issues has grown.

In a changing and always sensitive international context, ALD has strengthened its compliance monitoring especially regarding the fight against terrorism financing, money laundering and corruption, and the respect of OFAC and EU embargoes and sanctions.
Compliance with ethical policies is a constant obligation under ALD's rules of conduct.
Customer protection and compliance with European personal data protection regulations remain also key concerns for ALD.

In addition to these measures, Societe Generale has set up the Managerial Supervision procedure, which is fully implemented within ALD. This instruction includes a referential which covers all operational and risk domains. Each reference is submitted to a mandatory control. Results are analysed and an action plan is set up for every weakness. This methodology is now mature and ensure a high quality of risk monitoring.

In 2015, we have continued reviewing our referential to adjust our risk coverage to new business and new technologies. As well, we have almost finalized the implementation of our new managerial supervision tool in our subsidiaries and at central level.
Beyond the Managerial Supervision controls, periodical audit missions are carried out by Societe Generale.

FINANCIAL INFORMATION

SUMMARY

2015 FINANCIAL PERFORMANCE

DELIVERING STRONG FINANCIAL RESULTS AND CONFIRMING THE STRENGTHS OF ALD BUSINESS MODEL

ALD Automotive has delivered in 2015 strong financial results and has confirmed the strengths of its business model.
The total operating and net finance income was 1,152 million Euros in 2015 significantly above expectations and above the 2014 level of 961 million Euros.

The increase in comparison to last year is widely explained by the buoyant used car sales market conditions worldwide and ALD Automotive's ability to leverage on innovative wed-based solutions to resale used vehicles which has substantially increased our customer base and reduced the time to sell used cars once they are returned.

In 2015, the fleet growth of close to 9% year on year has obviously contributed to further improve the operating model especially through scale and efficiency gains.
We are continuing to open new subsidiaries to support our international customers which also contributes to strengthen our relations with our suppliers and partners.
Development of new innovative solutions and digital tools to our customers is sustaining the overall demand for vehicle leasing.

Operating expenses are increasing up to 492 millions in 2015 (+ 10%) in relation with fleet growth but also though important IT investments to support the digital transformation and customer excellence.
Customer risk remains under control with an associated costs of 21 million Euros for 2015: it reflects the good quality of the portfolio of customers and rewards the quality of the underwriting processes.

ALD Automotive has continued to diversify its funding sources and has concluded in March 2015 the first private secured funding transaction in Belgium in which the senior note represents €300m and has issued two new bonds of €500m each through its EMTN program.

The rating assigned by S&P to ALD Automotive since 2012 remains unchanged at BBB with a stable outlook and is reflecting the ability of ALD Automotive to deliver sales and financial performance as planned.

2015 remained a challenging year in terms of overall pricing competition driven by further consolidation of the market. We have seen in many geographies the emergence of new regulations and taxes around vehicle usage and an increasing concern around diesel emissions for which ALD Automotive has assessed all potential impacts within its sales and pricing strategy.

We have also experienced in some emerging markets a significant volatility of local currencies led by political and economical uncertainties, however ALD Automotive believes that these countries will remain a growth engine for the coming years.

Based on recent acquisitions ALD Automotive will be able to further leverage its worldwide operations and drive further efficiencies to deliver sound financial performance in 2016.

CONSOLIDATED FINANCIAL STATEM ENTS

CONSOLIDATED INCOME STATEMENT

(in EUR million)	Notes	Year ended December 31, 2015	2014 Restated (*)
Revenues	7	6 138,1	5 659,8
Cost of revenues	7	(5 431,1)	(5 081,7)
Gross profit		**707,0**	**578,1**
Interest income	8	693,5	656,8
Interest charges	8	(229,8)	(257,0)
Net interest income		**463,7**	**399,8**
Impairment charges on receivables	9	(20,9)	(18,4)
Unrealised gains/losses on financial instruments	19	2,1	1,8
Total operating and net finance income		**1 151,9**	**961,3**
Staff expenses	10	(306,3)	(279,6)
General and administrative expenses	11	(169,4)	(156,1)
Depreciation and amortisation	12	(16,1)	(13,0)
Total current operating expenses		**(491,8)**	**(448,7)**
Non-recurring operating income (expenses)	13	(57,0)	(0,0)
Share of profit of associates and jointly controlled entities		0,9	0,6
Profit before tax		**604,0**	**513,2**
Income tax expense	14	(174,7)	(135,7)
Profit for the period from continuing operations		**429,3**	**377,5**
Profit for the period		**429,3**	**377,5**
Profit attributable to:			
Owners of the Company		424,3	375,5
Non-controlling interests		5,0	2,0

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21
- The amount of impact on General and administrative expenses is EUR (0.1)M
- The amount of impact on profit for the period to December 31,2014 is EUR 0.1M

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR million)	Notes	Year ended December 31, 2015	2014 Restated (*)
Items that will not be reclassified subsequently to profit or loss		**0.8**	**(0.9)**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		1.0	(1.3)
Deferred tax on actuarial gain/(Loss) on retirement benefit		(0.3)	0.4
Items that may be reclassified subsequently to profit or loss		**(8.6)**	**(41.9)**
Changes in cash flow hedges, before tax	19	4.6	(5.3)
Deferred tax on cash flow hedges		(2.2)	0.6
Currency translation differences		(11.0)	(37.3)
Other comprehensive income for the year, net of tax		**(7.8)**	**(42.8)**
Profit /(loss) for the period		429.3	377.5
Total comprehensive income for the period		**421.5**	**334.7**
Attributable to			
Owners of the Company		416.1	332.3
Non-controlling interests		5.4	2.4
Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations		416.1	332.3
- Discontinued operations		-	-

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

CONSOLIDATED BALANCE SHEET

(in EUR million)	Notes	Year ended December 31, December 31,2015	December 31,2014 Restated (*)	January 1,2014
ASSETS				
Rental fleet	**15**	11,674.6	10,300.9	9,568.4
Other property and equipment	**16**	46.4	39.8	35.1
Goodwill	**17**	191.7	178.4	178.4
Other intangible assets	**16**	19.9	16.9	8.4
Investments in associates and jointly controlled entities	**18**	5.6	4.9	4.2
Derivative financial instruments	**19**	65.0	85.1	43.1
Deferred tax assets	**14**	123.6	109.1	92.8
Other non-current financial assets	**20**	1,072.6	1,146.7	1,103.7
Non-current assets		**13,199.4**	**11,881.9**	**11,034.1**
Inventories	**21**	173.9	161.8	138.6
Receivables from clients and financial institutions	**22**	1,089.2	972.2	870.4
Corporate income tax receivable		128.4	71.6	82.1
Other receivables and prepayments	**23**	503.3	522.8	418.4
Derivative financial instruments	**19**	64.4	15.0	19.6
Other current financial assets	**20**	237.6	243.9	212.8
Cash and cash equivalents	**24**	330.9	266.5	241.2
Current assets		**2,527.7**	**2,253.8**	**1,983.1**
Total assets		**15,727.1**	**14,135.7**	**13,017.2**
EQUITY AND LIABILITIES				
Share capital	**26**	606.1	550.0	550.0
Share premium		475.1	0.0	0.0
Retained earnings and other reserves		1,224.6	956.5	700.2
Net profit for the period		424.3	375.5	298.4
Equity attributable to owners of the parent		**2,730.1**	**1,882.0**	**1,548.7**
Non-controlling interests		32.2	27.6	20.8
Total equity		**2,762.3**	**1,909.6**	**1,569.5**
Borrowings from financial institutions	**27**	5,656.4	6,328.6	5,127.7
Bonds and notes issued	**27**	1,956.2	2,023.3	1,777.1
Derivative financial instruments	**19**	25.8	88.0	57.7
Deferred tax liabilities	**14**	179.6	161.9	154.2
Retirement benefit obligations and long term benefits	**28**	17.2	17.5	13.9
Provisions	**29**	87.1	101.3	67.2
Non-current liabilities		**7,922.3**	**8,720.6**	**7,197.7**
Borrowings from financial institutions	**27**	2,110.9	1,497.1	2,339.7
Bonds and notes issued	**27**	1,015.5	390.8	332.0
Trade and other payables	**30**	1,637.4	1,417.5	1,391.7
Derivative financial instruments	**19**	0.7	2.5	12.4
Corporate income tax liabilities		128.4	80.7	81.2
Provisions	**29**	149.6	116.8	93.0
Current liabilities		**5,042.5**	**3,505.5**	**4,250.0**
Total liabilities		**12,964.8**	**12,226.1**	**11,447.7**
Total equity and liabilities		**15,727.1**	**14,135.7**	**13,017.2**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21. The changes are EUR 0.1M for net profit for the period and EUR (0.1)M for trade and other payables.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company										
(in EUR million)	Share capital	Share premium	Translation reserves	Hedging reserve	Actuarial gain/(loss) reserve	Other capital reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total equity
Balance As at Ja nuary 1, 2014	**550.0**		**(31.1)**	**0.3**	**(3.1)**	**3.3**	**730.8**	**298.4**	**1,548.7**	**20.8**	**1,569.5**
Changes in cash flow hedges	-	-	-	(4.6)	-	-	-	-	(4.6)	-	(4.6)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Currency translation differences	-	-	(37.7)	-	-	-	-	-	**(37.7)**	0.4	(37.3)
Other comprehensive income	-	-	**(37.7)**	**(4.6)**	**(0.9)**	-	-	-	**(43.2)**	**0.4**	**(42.8)**
Profit for the period (*)	-	-	-	-	-	-	-	375.5	375.5	2.0	377.5
Total comprehensive income for the period	-	-	**(37.7)**	**(4.6)**	**(0.9)**	-	-	**375.5**	**332.3**	**2.4**	**334.7**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	1.2	-	-	1.2	-	1.2
Dividends	-	-	-	-	-	-	-	-	-	(2.7)	(2.7)
Scope changes	-	-	-	-	-	-	(0.0)	-	(0.0)	7.0	7.0
Appropriation of net profit	-	-	-	-	-	-	298.2	(298.4)	(0.2)	-	(0.2)
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at December 31, 2014	**550.0**	**-**	**(68.8)**	**(4.3)**	**(4.0)**	**4.5**	**1,029.1**	**375.5**	**1,882.0**	**27.6**	**1,909.6**
Balance As at January 1, 2015	**550.0**	**-**	**(68.8)**	**(4.3)**	**(4.0)**	**4.5**	**1,029.1**	**375.5**	**1,882.0**	**27.6**	**1,909.6**
Changes in cash flow hedges	-	-	-	2.4	-	-	-	-	2.4	-	2.4
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	0.8	-	-	-	0.8	-	0.8
Currency translation differences	-	-	(11.4)	-	-	-	-	-	(11.4)	0.4	(11.0)
Other comprehensive income	-	-	**(11.4)**	**2.4**	**0.8**	-	-	-	**(8.2)**	**0.4**	**(7.8)**
Profit for the period	-	-	-	-	-	-	-	424.3	424.3	5.0	429.3
Total comprehensive income for the period	-	-	**(11.4)**	**2.4**	**0.8**	-	-	**424.3**	**416.1**	**5.4**	**421.4**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	1.0	-	-	1.0	-	1.0
Dividends	-	-	-	-	-	-	(100.1)	-	(100.1)	(0.9)	(101.0)
Scope changes	56.1	475.1	-	-	-	-	(0.0)	-	531.2	-	531.2
Appropriation of net profit	-	-	-	-	-	-	375.5	(375.5)	-	-	-
Other	-	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Balance As at December 31, 2015	**606.1**	**475.1**	**(80.2)**	**(1.9)**	**(3.2)**	**5.5**	**1,304.4**	**424.3**	**2,730.1**	**32.0**	**2,762.1**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR million)	Notes	Year ended December 31, 2015	2014 Restated (*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		**604.0**	**513.2**
Adjustments for:			
Rental Fleet	**15**	2,656.6	2,434.3
Other property and equipment	**16**	12.6	9.9
Intangible assets	**16**	3.7	3.4
Financial assets		-	0.0
Regulated prov., contingency and expenses provisions		18.0	60.4
Depreciation and provision		**2,690.9**	**2,508.0**
NBV on disposal of other property and equipment	**16**	8.9	9.7
NBV on disposal of intangible assets	**16**	0.1	0.4
NBV on disposal of financial assets		0.0	-
NBV on disposal of consolidated securities		-	-
Proceeds from sale of other property and equipment		-	-
Divestments of intangible assets		-	-
Proceeds from sale of financial assets		-	-
Proceeds from sale of consolidated securities		-	-
Profit and losses on disposal of assets		**9.0**	**10.1**
Fair value of derivative financial instruments		(36.8)	(22.4)
Interest Charges		229.8	257.0
Interest Income		(693.5)	(656.8)
Net interest income	**8**	**(463.7)**	**(399.8)**
Other (**)		0.4	0.6
Amounts received for disposal of rental fleet	**15**	1,814.0	2,025.9
Amounts paid for acquisition of rental fleet	**15**	(5,668.1)	(5,199.1)
Change in working capital		85.7	(198.7)
Interest Paid		(315.9)	(277.9)
Interest Received		724.3	674.3
Net interest paid		**408.3**	**396.5**
Income taxes paid		(182.7)	(127.6)
Cash generated from operations (continuing activities)		**(738.9)**	**(493.4)**
Cash flows from operating activities (discontinued operations)		-	-
Net cash inflow/(outflow) from operating activities		**(738.9)**	**(493.4)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment		-	-
Acquisition of other property and equipment	16	(27.6)	(24.9)
Divestments of intangible assets		-	-
Acquisition of intangible assets	16	(7.5)	(11.3)
Proceeds from sale of financial assets		-	-
Acquisition of financial assets (non consolidated securities)		-	(19.1)
Effect of change in group structure		1.8	0.9
Dividends received		-	0.0
Long term investment		58.9	(26.4)
Loans and receivables from related parties		(0.4)	5.4
Other financial investment		4.1	(30.1)
Cash flows from investing activities (continuing activities)		**29.2**	**(105.4)**
Cash flows from investing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from investing activities		**29.2**	**(105.4)**

(in EUR million)	Notes	Year ended December 31, 2015	2014 Restated (*)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		7,098.5	6,944.5
Repayment of borrowings from financial institutions		(7,240.7)	(6,605.9)
Proceeds from issued bonds		1,300.2	527.3
Repayment of issued bonds		(769.1)	(252.0)
Dividends paid to company's shareholders	**31**	(100.1)	0.0
Dividends paid to minority interest		(0.9)	(2.7)
Increase/decrease in capital		531.3	6.2
Cash flows from financing activities (continuing activities)		**819.2**	**617.4**
Cash flows from financing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from financing activities		**819.2**	**617.4**
Exchange gains/(losses) on cash and cash equivalents		**(2.0)**	**0.3**
Effect of change in accounting policies		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**107.5**	**19.0**
Cash & cash equivalents at the beginning of the period	**24**	**174.8**	**155.8**
Cash & cash equivalents at the end of the period	**24**	**282.3**	**174.8**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21
(**) Including mainly the unrealised foreign exchange gains or losses (note 19)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

ALD International (“the Company”) and its subsidiaries (together “the Group”) is a service leasing and vehicle fleet management group with a fleet of more than 1,206,000 vehicles. The Group provides financing and management services in 40 countries in the world including the following businesses:

- **Full service leasing** : operating lease contracts in which clients pay the Group a regular instalment to cover financing, depreciation and the cost of services such as tyre management, fuel cards, insurance, maintenance, replacement car, etc…;
- **Fleet management** : outsourcing contracts under which a vehicle is owned by the client, but is managed by a company of the Group; the fleet management company only provides various services such as tyre management, fuel cards, insurance, maintenance etc.

The company is a private company, which is domiciled in Paris. The address of its registered office is 15 Allée de l’Europe, 92110 Clichy.

The company is a wholly-owned subsidiary of the Societe Generale group.

The consolidated financial statements are presented in million of Euros, which is the Group’s presentation currency and it has been rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

These consolidated financial statements were authorized for issue by ALD International’s Board of directors on May 10 2016.

NOTE 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 years presented, unless otherwise stated.

2.1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The standards comprise IFRS 1 to 12 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2015.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2.1. New and amendments standards and Interpretations applicable as from January 1, 2015

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year beginning January 1, 2015:

Accounting standards, amendments or Interpretations	"Publication dates by IASB"	"Adoption dates by The European Union"
IFRIC 21 "Levies"	May 20, 2013	June 17, 2014
Amendement to IFRS 1 "Basis for conclusions"	July 1, 2014	January 1, 2015
Amendement to IFRS 3 "Business combinations"	July 1, 2014	January 1, 2015
Amendement to IFRS 13 "Fair value measurement"	July 1, 2014	January 1, 2015
Amendement to IAS 40 "Investment property"	July 1, 2014	January 1, 2015

IFRIC Interpretation 21 "Levies"

This interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" clarifies the accounting for a liability to pay a levy. For an entity the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. Furthermore, if an obligation to pay a levy is triggered when a minimum threshold is reached the corresponding liability is recognised when that minimum activity threshold is reached.

Amendement to IFRS 3 "Business combinations" clarifies:

- that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date; and

- that IFRS 3 does not apply to the accounting for the formation of any joint arrangement.

Amendement to IFRS 13 "Fair value measurement":

- confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial;

- clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9.

Amendement to IAS 40 "Investment property" clarifies: that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.

Application of these amendments and interpretations had no material impacts on the consolidated financial statements of the Group.

2.2.2. Standards and Interpretations adopted by the IASB but not yet applicable at 31 December, 2014

A number of new standards and amendments to standards and interpretations are non effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 "Financial Instruments", applicable to reporting periods commencing on or after January 1, 2018

This standard aims to replace IAS 39. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, the new credit risk impairment methodology for financial assets and hedge accounting treatment, except accounting for macro hedging for which the IASB currently has a separate draft standard.

• Classification and measurement

Financial assets are required to be classified into three categories according to measurement methods to be applied (amortised cost, fair value through profit or loss and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as subsequently measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash-flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash-flows or to sell the instruments and if these contractual cash-flows consist solely of payments of principal and interest.

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such in financial assets measured at fair value through profit or loss) without subsequent reclassification in income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modification, except for financial liabilities designated at fair value through profit or loss (using the fair value option). For these financial liabilities, the amount of change in their fair value attributable to changes in credit risk will be recognised in other comprehensive income without subsequent reclassification into income.

Derecognition rules for financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

• Credit risk

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and financial guarantee contracts, will be systematically subject to an impairment or a provision for expected credit losses upon initial recognition of the financial asset or commitment.

At initial recognition, this expected credit loss will be equal to 12-month expected credit losses. This expected credit loss will subsequently be raised to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since its initial recognition.

• Hedge accounting

This new standard will align hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The standard extends the scope of non-derivative financial instruments that could be considered as hedging instruments. Similarly, the scope of items that could be considered as hedged items is increased to include components of non-financial items. The standard also amends the approach for assessing hedge effectiveness. Additional disclosures are also required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

The Group is assessing the impact of IFRS 9.

IFRS 15 "Revenue from contracts with customers", applicable to reporting periods commencing on or after January 1, 2017

This standard sets out the requirements for recognising revenue that apply to all contracts with customers. To recognise revenue, the following five steps would be applied: identification of the contract with the customer, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to each performance obligation and revenue recognition when a performance obligation is satisfied.

The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3. CONSOLIDATION

2.3.1. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the company acquired and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the company acquired on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

2.3.2. Associates

Associates are all entities over which the company has significant influence, but not control. The company accounts for its investment in associates using the equity method. The company's share of profits or losses of associates is recognized in the consolidated statement of income and its share of other comprehensive income (loss) of associates is included in other comprehensive income.

Unrealized gains on transactions between the company and an associate are eliminated to the extent of the company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statement of income.

2.3.3. Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.4. Special purpose companies

The asset-backed securitisation programme (described in Note 3-Financial Risk Management below) involved the sale of future lease receivables and related residual value receivables to special purpose companies. Special purpose companies are companies created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose companies are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitized leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions, and these companies are therefore regarded as subsidiaries and included in the consolidation scope of the consolidated financial statements of the Group.

2.4. FOREIGN CURRENCY TRANSLATION

2.4.1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in million of Euros, which is the Group's presentation currency and it has been rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

2.4.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Interest income or charges". All other foreign exchange gains and losses are presented in the income statement within the "Gross profit".

2.4.3. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at weighted-average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

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

The main exchange rates used in the consolidated financial statements for the years ended December 31, 2015 and December 31, 2014 are based on Paris stock exchange rates and are as follows:

	December 31, 2015		December 31, 2014	
	Period-end Rate	Average Rate	Period-end Rate	Average Rate
EUR / UK Pound:	0.7340	0.7260	0.7789	0.8064
EUR / Danish Krone:	7.4626	7.4586	7.4453	7.4549
EUR / Swedish Krona:	9.1895	9.3545	9.3930	9.0969

2.5. LEASE OPERATIONS

2.5.1. Operating lease portfolio

Operating lease portfolio comprises cars leased under operating lease contracts. A lease is classified as an operating lease if the Group retains substantially all the risks and rewards incidental to ownership.

The cost of the operating lease cars comprise their purchase price and any incremental and directly attributable costs of bringing the assets held for use in operating leases to working condition for its intended use. Import duties and non-refundable purchase taxes are included in the purchase price and any trade discounts are deducted when calculating the purchase price. Furthermore, lease incentives and volume bonuses are also taken into account and depreciated over the expected lease term.

The operating lease instalments are fully recognised on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement: (i) revenues; and (ii) interest income (effective interest method).

2.5.2. Finance lease portfolio

Car leases where substantially all the risks and rewards incident to ownership of an asset are transferred by the Group to the lessee are classified as finance lease receivables. These contracts are recognised as financial assets at an amount equal to the present value of the minimum lease payments (including guaranteed residual value) and the unguaranteed residual value accruing to the Group, after deduction of provisions deemed necessary in respect of bad and doubtful debts and any accumulated impairment losses. Initial direct costs are included in the initial measurement of the finance lease receivables.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method); and (ii) revenues (to the extent that services are included in the lease).

2.5.3. Fleet management services

These services include arranging for vehicle delivery and administration of the title and registration process, as well as tax and insurance requirements, ensuring maintenance of the vehicle, pursuing warranty claims, providing fleet policy analysis and recommendations, benchmarking, and providing vehicle recommendations.

2.6. PROPERTY AND EQUIPMENT

2.6.1. Other property and equipment

Other property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Property: 30 - 50 years
- Furniture and fixtures: 3 - 12 years
- Hardware: 3 - 5 years
- Company cars: 3 - 4 years

The company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

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

2.6.2. Property and equipment under operating lease and rental fleet

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. Vehicles are capitalized based on (i) the acquisition price, (ii) all expenditures for items owned by the company and considered a permanent addition to the vehicle (e.g. radios, anti-theft devices, etc.) at the time of contract commencement, (iii) initial external direct costs including commissions and legal fees and (iv) delivery cost where material.

The assets subject to operating leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Group's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 5 years.

The assets' residual values are reviewed and adjusted, if appropriate, at each balance sheet date.

Upon termination of the lease or rental contract the relevant assets are reclassified to the caption "Inventories" at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

2.7. INTANGIBLE ASSETS

2.7.1. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquirer. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognized immediately in the statement of income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, which 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 as follows:

- at a subsidiary level for all significant and independent countries; In these countries, the activity of the subsidiary is driven independently, either because the market is specific or because the organization has been built in order to drive the business on a standalone basis, helped with the technical support of the central functions of the headquarter; this is the case for most of the large subsidiaries in Europe (France, UK, Germany…) and some medium and small subsidiaries in Americas and Asia;

- at an aggregated level ("hubs") when internal management reporting is organised to measure performance (and prepare business plans) at a higher level (group of CGUs). The Group identified the 5 following hubs:

- BENELUX: Belgium, Luxembourg, Netherlands
- Nordics Hub: Denmark, Finland, Norway, Sweden
- Central Europe Hub: Austria, Croatia, Hungary, Serbia, Slovenia, Switzerland
- North Eastern Europe Hub: Estonia, Latvia, Lithuania, Russia, Ukraine
- South Eastern Europe Hub: Greece, Romania, Turkey, Bulgaria

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.

2.7.2. Other intangible assets

Internal software development costs are capitalized during the application development stage. The costs capitalized relate to external direct costs of materials and services and employee costs related to the time spent on the project during the capitalization period. Capitalized software is evaluated for impairment annually or when changing circumstances indicate that amounts capitalized may be impaired. Impaired items are written down to their estimated fair values at the date of evaluation.

2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill, that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

2.9. NON–CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) 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.

2.10. FINANCIAL ASSETS

2.10.1. Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, 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. Derivatives are also categorised as held for trading unless they are designated as hedges. 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) 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 "receivables from financial institutions", "receivables from clients" and "cash and cash equivalents" in the balance sheet

(c) 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.

2.10.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "unrealized gains/losses on financial instruments" in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

2.11. IMPAIRMENT OF FINANCIAL ASSETS

2.11.1. Assets carried at amortized cost

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

For loans and receivables category (including lease receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement and is separately disclosed as part of net operating and finance income.

2.11.2. Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost and available-for-sale financial instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

2.12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

The fair values of various derivative instruments used for hedging purposes are disclosed in note 25. Movements on the hedging reserve in other comprehensive income are shown in consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group designates certain derivatives as either:

(a) Fair value hedge: hedges of the fair value of recognised assets or liabilities or a firm commitment.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to fair value hedges is recognised in the income statement within "unrealised gains/losses on financial instruments".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge: hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "unrealised gains/losses on financial instruments".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Derivatives: Changes in the fair value of derivatives that are not designated as a hedging instrument are recognised immediately in the income statement in the caption "Unrealised gains/(losses) on financial instruments".

2.13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption "Property and equipment under operating lease and rental fleet" to the caption "Inventories" at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

This caption includes:

- lease instalments receivable from the finance and operating lease portfolio, from the rental portfolio and receivables arising from other business activities;

- amounts receivable from French and foreign credit institutions with fixed or determinable payments.

These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

2.15. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

2.16. CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition.

2.17. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

2.17.1. Pension obligations

Group companies operate various pensions' schemes. The Group has both defined benefit plan and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. 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 arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.17.2. 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 recognizes termination benefits when 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. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17.3. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18. PROVISIONS

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

• **Damage risk provision**

The Group provides customers with an own damage and repair cover in exchange of the payment of a monthly premium. Own damage revenues are recorded in the caption "Revenues".

In parallel, the Group calculates the own damage reserve based on two elements:

(i) Open claims reserve: this reserve corresponds to the amount required to meet the costs of future claims, net of recoverable amounts, which have already occurred and been reported. This reserve is determined as follows:

- An average cost is calculated on the basis of the incident type and past experience.

(ii) Allowance for losses incurred but not yet reported (IBNR): the IBNR is determined based on the average delay between an incident occurring and the claim being reported, average claim frequency and the average cost per claim for the 12 previous months.

At the end of each month, the Group performs an adequacy test in respect of the level of the own damage reserve. In the event that the level of the reserve falls below the amount of open claims reserve plus IBNR, as determined above, then an immediate adjustment is made to adjust the reserve at this level. Open claims remain open so long as it is reasonably considered that the claim will be payable.

Where there is a stop-loss policy in place, limiting the risk of losses above a set level, open claims plus IBNR are booked only up to the level of the stop-loss. Beyond that level, all claims are debited to the reinsurance provider of the stop-loss cover. Any stop-loss cover on individual incidents is also taken into account in evaluation of claims plus IBNR. Gross claim costs are reduced to the level of cap per incident. Even where stop-loss cover is in place, if total claims are anticipated to be below the level of premium and stop-loss cover, then profit is booked in the normal way.

2.19. TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20. BORROWINGS, BONDS AND ENTRUSTED FUNDS

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

2.21. CURRENT INCOME AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

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.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of

Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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 taxes 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 balances on a net basis.

2.22. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognised revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenues include the various components of the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation.

The interest portion of the lease instalment is classified under the caption "Interest income and charges", using the effective interest method.

(a) Operating leases

Regarding operating leases, depreciation and interest revenue is recognised on a straight-line basis over the lease term, based on the total of the contractual payments divided by the number of months of the lease term.

(b) Finance leases

Regarding finance leases, the net gross earnings are allocated between the capital amount and finance income. The capital amount is used to reduce the receivable balance and the income is recognised in the profit and loss in each period so as to give a constant periodic rate of return on the net investment in the lease. The Group uses the net investment method to allocate gross earnings, which excludes the effect of cash flows arising from taxes and financing relating to a lease transaction. In addition:

(i) The amount due from the lessee under a finance lease is recognized in the balance sheet as a receivable at an amount equal to the net investment in the lease. Over the lease term, rentals are apportioned between a reduction in the net investment in the lease and finance income. The net investment in a lease is equivalent to the gross investment discounted at the interest rate implicit in the lease.

(ii) At any point in time during the lease term, the net investment is represented by the remaining minimum lease payments, less that part of the minimum lease payments that is attributable to interest.

(c) Other operating revenue for services

(i) Proceeds of cars sold: Revenues also include the proceeds of the sale of vehicles from terminated lease contracts and rental revenues from renting out the rental fleet portfolio. The proceeds from the sale of vehicles are recognised when the objects are sold.

(ii) Intermediation: In some instances of service provision, an entity of the Group may be acting as an intermediary between a customer and a third party. Examples of such services include the provision of fuel cards, road taxes, the re-bill of maintenance charges to customers who have chosen not to include maintenance in their leasing contracts, etc. Since no value is added by the Group, they are therefore not presented as revenues.

(iii) Informal extensions: where a customer retains the car for a period beyond the normal return date (informal extension), normal contractual depreciation will continue to be booked.

(iv) Up Front payments: Regarding operating leases, where significant up front ("balloon") payments (greater than 10% of list price of vehicle) are made by customers at the beginning of the lease agreement, these must be booked to the balance sheet and recognised straight-line over the period of the lease agreement. Regarding finance leases, upfront payments and initial direct costs are taken into consideration in calculating the implicit interest rate in the lease and recognised evenly over the life of the lease as an adjustment of yield.

(v) Lease incentives: where incentives are provided to the lessee when negotiating a new or renewed lease (e.g. upfront cash payments to the lessee, reimbursement or absorption of costs by the lessor or free or reduced rents given at the beginning of the lease term), such incentives are recognised as a reduction of rental income over the lease term on a straight line basis.

(vi) Interest on Late Payment: Where interest on late payment is billed to customers, the related revenue is only recognized when funds are received.

(vii) Lease Deposits: Lease payment advances received in the form of deposits are held on the Balance Sheet and released in accordance with the relevant contractual agreements.

2.23. COST OF REVENUES

Cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment.

Cost of revenues also includes the carrying amount of the sold vehicles and the costs associated with the rental activities.

2.24. INTEREST INCOME AND CHARGES

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

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

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

2.25. GENERAL AND ADMINISTRATIVE EXPENSES

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

2.26. SHARE-BASED PAYMENTS

The Group is involved in two free share plans as of December 31, 2015 granted by the parent company, Societe Generale. The management makes the following distinctions:

- Free shares plan granted to all ALD employees ("PAGA"), with the turnover rate assumption of 17.6% for the employees concerned. All employees were granted 40 Societe Generale shares in November 2010, subject to attendance and performance conditions. At December 31, 2015, 2,802 employees outside France (2,802 at December 31, 2014) benefit from this plan.

The vesting period ended in March 31, 2015 for the first section i.e. 16 shares and ends on March 31, 2016 for the second section i.e. 24 shares. There is no holding period. The vesting period for 755 employees in France ended on March 31, 2014.

The share price at grant date is equal to EUR 42.1. The valuation method used to determine the fair value is the arbitrage model. These fair values amount to: EUR 34.55 for the first section and EUR 33.15 for the second section.

- Free shares plan ("AGA") granted to a limited number of managers, subject to attendance conditions. At December 31, 2015, 174 employees benefit from 26.580 shares (153 employees benefit from 23,121 shares at December 31, 2014).

Societe Generale grants rights to its equity instruments directly to the employees of the company: the parent (not the subsidiary) provides these employees of the company with the equity instruments. Therefore, in accordance with IFRS 2, the company shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, and recognise a corresponding increase in equity as a contribution from the parent.

The services received and corresponding increase in equity amounted to EUR 1.4 million in 2015 and EUR 1.2 million in 2014.

NOTE 3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

3.1.1 Credit risk

The credit risk is the risk of losses arising from the inability of the Group's customers to meet their financial commitments. Credit risk includes the counterparty risk. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties.

Credit risk management policy

Credit risk is the risk that a customer is not able to fulfil its financial obligations towards ALD. All ALD entities have to comply with risk procedures issued centrally which define the way credit requests have to be studied and validated, as well as the roles and responsibilities of all actors involved in the credit vetting process. Each entity has a specific credit authority approved by ALD International General Management and the Risk Department of Societe Generale Group, and determined according to the size of the fleet, the maturity of the subsidiary and the type of customer concerned (corporate, retail, financial institution etc..). Within its credit limit, each entity can decide directly on its counterparty risk. Above this threshold, credit acceptance is made at central level jointly Risk department of Societe Generale.

In coordination with the risk department of the Group, regular risk committees are performed by ALD International in order to review all potential risk issues and to ensure the credit risk procedures are properly applied. All standard risk indicators (arrears / default / cost of risk...) are also monitored centrally. All ALD entities are applying the same process locally.

Debt collection remains by nature under the direct responsibility of ALD's subsidiaries with dedicated teams in charge of recovering unpaid invoices in compliance with local regulations and market practices. Local processes need, however, to be compliant with the corporate instructions and guidelines distributed to the whole network. Central monitoring of all ageing balances is performed on a monthly basis as part of the regular risk reviews, and actions plans are set up whenever necessary under the supervision of the Country Manager.

Cost of risk has historically remained very low due to the nature of the products proposed by ALD, a strict control of the risk assessment process and a very diversified customers portfolio.

Credit risk measurement

The Group applies the Basel II regulations for customers in default. Consequently, a customer is in default as soon as one of the three following conditions applies:

1) Legal proceedings (or a similar event in accordance to local legislation) are in progress which has resulted in the customer being placed either in bankruptcy or legal liquidation or receivership;

2) One or several overdue invoices for more than 90 days (270 days in the case of public or sovereign counterparties) have been recorded and a settlement procedure has been initiated;

3) A significant degradation of the customer's financial situation has taken place, making it likely that the customer will be unable to fulfil his overall commitments and there is therefore an important probability of losses.

When a credit risk emerges, the following items are booked:
- Reclassification of the sound outstanding as doubtful
- Provision for credit loss

Where the customer is in default, the whole of the customer balance is classified as doubtful as a result of the "contagion principle". The application of this principle leads to classify as doubtful all outstanding amounts relating to a customer that is deemed to be in default regardless of the age of the invoice (i.e. a customer is either solvent or not). If the customer belongs to a group of companies, or in cases where the parent company has been classified as in default, a case-by-case study is undertaken to establish whether it is necessary to apply the same treatment to all the legal entities included in that group. This "contagion principle" does not apply, however, in the following cases:
- Receivables subject to a risk of non-recovery which are affected by isolated legal disputes not related to the solvency of the counterparty
- Credit risk dependent on the solvency of a third party and not the counterparty

Provision is only made in respect of customer receivables where the customer is considered to be in default (receivable is impaired). The provision made for risk of default is consistent with the credit rating of each customer. The provision must be sufficient to cover the entire probable loss on total or partial non-recovery of the loan.

The provision is based upon the full amount outstanding for the customer in default.

In the case of an operating lease, ALD remains the owner of the vehicle and provision is made against the recorded receivables relating to issued invoices. In addition, where it is considered likely that the vehicles will be returned, a further provision is required for the amount of the likely shortfall from the sale of the asset.

Where there are guarantees from the customer giving us the right of offset in the event of a default, these amounts are taken into account in assessing the provision on a customer basis.

Information on past due and impaired receivables

Information on past due (split in past due up to 90 days, past due between 90 to 180 days and past due over 180 days) or impaired receivables are provided in note 22 "Receivables from clients and financial institutions" below.

The amounts presented in the table below include loans and receivables by Basel II portfolio that are past due but not individually impaired.

Year ended December 31, 2015

(in EUR million)	Banks	Corporates	Loans and receivables to customers Small and medium entreprises	Specialised lending	Credit to individuals	Very small companies	Total
"Amounts including past due between1 to 30 days "	-	0.8	21.0	0.1	0.1	5.3	27.3
Amounts including past due between 31 to 60 days	-	4.4	12.2	-	-	0.5	17.1
"Amounts including past due between61 to 90 days "	-	-	0.1	-	-	0.2	0.3
"Amounts including past due between91 to 180 days "	-	-	0.2	-	-	0.3	0.5
"Amounts including past due between181 days to 1 year"	-	-	13.4	-	-	6.5	19.9
Amounts including past due over 1 year	-		0.7	-	-	1.0	1.7
Total	**-**	**5.2**	**47.6**	**0.1**	**0.1**	**13.8**	**66.8**

Year ended December 31, 2014

(in EUR million)	Banks	Corporates	Loans and receivables to customers Small and medium entreprises	Specialised lending	Credit to individuals	Very small companies	Total
"Amounts including past due between 1 to 30 days "	-	3.5	2.7	0.0	0.0	3.8	10.1
Amounts including past due between 31 to 60 days	-	0.0	0.6	-	0.0	1.9	2.5
"Amounts including past due between 61 to 90 days "	-	0.0	16.2	-	0.0	1.9	18.1
"Amounts including past due between 91 to 180 days "	-	6.2	19.4	-	0.0	0.9	26.5
"Amounts including past due between 181 days to 1 year"	-	0.0	0.0	-	0.0	0.0	0.1
Amounts including past due over 1 year	-	1.6	0.0	-	-	0.9	2.6
Total	**-**	**11.4**	**39.0**	**0.0**	**0.1**	**9.4**	**59.8**

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. The Group controls this risk by requiring minimal external rating grades that such external counterparties are assigned.

3.1.2 Treasury risk

Treasury risk entails 3 types of risks: Liquidity risk, interest rate risk and foreign exchange risk.

- Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates.

- Foreign exchange risk is the risk that the profitability is affected by currency fluctuations.

- Liquidity risk is the risk that the Group is not able to meet its cash flow obligations when they fall due, because of a mismatch between the financing of its assets and liabilities.

Group Treasury risks management policy consists in matching asset and liabilities in terms of maturities, currencies, and interest rate exposure. Group procedures defining the risks sensitivity measurement and tolerance are applied across the group and allow a close monitoring of the treasury risk. These risks are monitored on a group level by the Group's central Treasury, which reports on a quarterly basis to the management team of ALD International during a dedicated committee. This committee is informed about all relevant developments with regard to the Group's treasury risk profile and decides any action to mitigate the risks when necessary.

Interest rate risks management

ALD policy consists in financing the underlying assets with fixed rate loans as lease contracts are priced in fixed rate, in order to avoid any mismatch between assets and liabilities. Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity's fixed-rate forecasted position. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity. The sensitivity is defined as the variation in the net present value of the future residual fixed- rate positions (surplus or deficit) for a 1% parallel increase in the yield curve.

The Group Central Treasury monitors the interest rate risks exposure and advises subsidiaries to implement the adequate hedging operations. A monthly reporting measuring the interest risk exposure is produced by each entity to be reviewed and consolidated by the Group Treasury department.

Due to this close follow up of the interest rate risk exposure by the entity and thanks to the supervision of asset and debt monitoring performed at a central level, ALD Group interest rate sensitivity has always been very satisfactory.

Foreign exchange risks management

ALD Group is present in 24 countries outside the Euro zone and is therefore exposed to foreign exchange risks related to inflows and outflows of cash from daily business activities as well as participations in subsidiaries outside the Euro zone.

Currency risks related to the current business activities are very limited as there is no cross border leasing business. ALD Group policy consists in financing the underlying asset in the same currency as the corresponding lease contract.

The residual foreign exchange risk is managed in order to immunize the Group's solvency ratio against fluctuations in the currencies it operates.

To achieve this goal, ALD quantifies its exposure to structural exchange rate risks for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The risk sensitivity is measured by quantifying the impact of a variation of 10% of the exchange rate (hard currencies against local currency) and a threshold is defined for each subsidiary. ALD Group Treasury department is responsible for monitoring structural exchange rate positions and manages the immunization of the solvency ratio to exchange rate fluctuations.

Currency risks related to the equity invested in foreign currencies are not hedged at a group level, as the risk exposure has not been considered as being significant.

Liquidity risks

ALD Group is exposed to the liquidity risk as the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price. A structural liquidity position is defined as resulting from the maturities of all balance sheet or off balance sheet outstanding positions according to their liquidity profile.

ALD Group exposure to liquidity risks is limited as the group policy consists in financing the underlying asset with the same duration as the corresponding lease contract. A residual liquidity gap is measured on a monthly basis, under the supervision of ALD Group Treasury department, by controlling if a run off of the existing leased asset would match with the remaining liabilities.

The liquidity position measured is then reviewed and consolidated at a group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group central Treasury.

The ALD Group was mainly funded through Societe Generale group (94% of the funding) until December 31, 2012, and started to raise external funds in 2013 through asset-backed securitisation programme and EMTN bonds programme described below.

Most of the funding provided by SG Group is granted through Societe Generale Bank and Trust (SGBT) based in Luxemburg. SGBT funds ALD Group Central Treasury which then grants loans in different currencies to 18 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 5,104 million as of December 31, 2015 for an average maturity of 1.95 years and an average rate of 1.51%.

The remaining SG funding is provided either from local SG branches or SG Group Central Treasury in Paris, representing EUR 2,090.2 million as of December 31, 2015.

33% of fiscal year 2015 funding is provided from local external banks or third parties, representing EUR 3,544.8 million as of December 31, 2015.

The following funding arrangements concluded by the Group in 2015 impacted the assessment of liquidity risk:

Securitisation

A new securitization deal took place in Belgium in March 2015 for EUR 300 million.

The maturity of the asset-backed securitisation programmes is as follows:

(in EUR million)	December 31,2015
Less than 1 year	500.7
1-5 years	436.2
Over 5 years	0.0
Total securitisation programme	**936.9**

For further details on the transactions reference is made to notes 15 and 27.

Corporate bond

The Group is also engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's ratings services.

Within this programme, the group has issued a new bond in January 2015 for an amount of EUR 500 million maturing in 3 years and in November 2015 for an amount of EUR 500 million maturing also in 3 years.

The presentation of financial borrowings by maturity is provided in note 27 below.

3.1.3 Asset risk

The Group is exposed to asset risk, which can be split into two main underlying risk components: the residual value risk and the risk related to service maintenance.

Residual value risk

The residual value, defined as the value of the vehicle at the end of the lease as estimated by ALD International at inception of the lease, may differ from the future market value of the car at the end of the contract. This difference is a part of the global risk on used car sales and is managed in ALD International Group through robust internal procedures applied to all ALD subsidiaries in order to set, control and revaluate the residual values on the running fleet. The residual value setting procedure defines the processes, roles and responsibilities involved in the definition of residual values that will be used for the quotation of future contracts. Residual value setting is performed locally as the expertise in used car market is local and controlled and approved centrally. Calculation is based on refined market segmentation and on a statistical model using our own used car sales track record for each market segment as well as Trade Guides references and country specific factors (inflation, market sector adjustments, life cycle etc.). Residual value setting is reviewed with local general management during a local pricing committee held at least twice a year (quarterly for larger subsidiaries), and then controlled and validated at an international level.

Residual values of the current running fleet are controlled at least yearly (twice a year for the entities with more than 5,000 vehicles). It is performed at local level through a revaluation process which is reviewed and approved at international level. The current residual value embedded in the contract is compared with the expected market value on a car by car basis.

Revaluation adjustments are accounted for on a portfolio basis whenever necessary, in order to match the expected market value at contract ending and mitigate any market risk.

In accordance with IAS 8, a residual value is treated as an accounting estimate; as such, all potential car sales losses are booked equally between the date of the valuation and the end of the contract; where the revaluation in a country produces an overall profit, no release of profit is made in accounting until the profit is realized at the end of the contract (when the vehicle is sold).

The residual value of the total lease portfolio at December 31, 2015 amounts to EUR 7,287 million corresponding to the Group's residual position at this date.

Risk related to services maintenance and tyres

The maintenance risk is the risk that the actual costs of maintenance sustained during the contract life are above the costs forecast and set in the quotation at the beginning of the contract. Maintenance pricing setting is done locally using local historical statistics, under the supervision of ALD International. A global review of the maintenance margins is done for each country on regular basis in order to back test the pricing assumptions in terms of costs and frequencies and to make the necessary adjustments if maintenance and tyre costs are higher in the latter part than in the first part of a contract's life. In order to match income with costs, maintenance and tyre income are recognized in line with the normal maintenance cost curve; this curve is profiled in order to match local actual historical maintenance expenditures and is reviewed periodically in order to ensure reliability.

As a result of application of this policy, the deferred maintenance revenue is booked in a maintenance income reserve during the first part of the contract, and released from this reserve during the latter part. Maintenance profit or loss on the contract will be recognized during the life of the contract. The monthly profit and loss result will be the difference between the profiled revenue and actual costs. In addition each month, an estimate is made of actual maintenance and tyre costs incurred but not yet received (IBNR) at the month end and an accrual for these costs is made.

3.1.4 Insurance risk

The Group is exposed to the risk of damage to vehicles within its fleet and also to liability to third parties arising from accidents involving vehicles in its fleet. This risk can take the form of third party liability (TPL), legal defence, material damage or passenger indemnity. Where the Group decides not to retain this risk or is legally obliged to buy insurance, this risk is placed through local insurance companies. However, for some local ALD entities, the Group has selectively decided that the entity retain the material damage risk to its own vehicles, where it is justified by the fleet size, the fleet risk profile and local market conditions. The entity managing this material damage risk must comply with strict internal procedures in terms of pricing setting, risk selection, and reserve setting. Material own damages reserves are a combination of the estimated amount required to meet the costs of future claims plus an estimation of future claims costs which have been incurred but not reported (IBNR). This IBNR is based on statistical analysis of damage frequency.

The Group also selectively retains some motor risks (material damages, passenger insurance and TPL risks) within its own reinsurance company, ALD Re Limited (ALD Re). ALD Re is based in Ireland and is regulated by the

Central Bank of Ireland. The company reinsures TPL, material damages and passenger insurance coverage for approximately 285,000 cars covering 23 entities within the Group. ALD Re strictly monitors its risk universe, including underwriting, market, credit and operational risk, via a strong corporate governance structure, a clearly defined risk appetite and a developed risk monitoring process. In addition, in order to minimize the financial impact of a single event, ALD Re purchases reinsurance protection for claims above a specified amount. This reinsurance strategy is reviewed at least annually.

In addition, every year, an external independent actuary must opine on whether the level of technical reserves held by ALD Re are considered adequate to meet the future obligations as determined by that independent actuary.

3.2 FAIR VALUE ESTIMATION

The Group analyses financial assets and liabilities by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets and liabilities is measured at amortized cost, except for receivables which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments (please refer to note 20 "Other non-current and current financial assets")

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to note 25 "Financial assets and liabilities by category".

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated presented in note 2.7.1 of these consolidated financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. We are using a five-year business plan for each of the CGU or group of CGUs identified.

Based on the assumptions made by the Group, no need for impairment on goodwill has been identified.

Identically, if operating cash flows had been 10% lower than management's estimates or if the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates, no need for impairment would have been identified neither.

4.2 IMPAIRMENT OF LEASED ASSETS

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined at the present value of the future cash flows expected to be derived from the object or cash generating unit. The management closely monitors residual values, which are reviewed internally at least each financial year, in accordance with internal procedures. The original residual values within internal system will be compared to the revised residual values expected at contract termination, following a review. The results of this exercise will be used to assess the level of exposure, reserves held and potential impairment required. To prevent impairment on residual values, each country completes a minimum of one annual review of pricing under the supervision of Head Office to ensure that assumptions used in pricing reflect expected future market conditions, thus ensuring residual values are predicted with a reasonable degree of accuracy and on a consistent basis going forward.

4.3 FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of certain financial instruments is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

4.4 PENSION BENEFITS

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the 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 the terms of the related pension obligation.

Where the discount rate used to differ by +1% from management's estimates, the carrying amount of pension obligations would be an estimated EUR 2.7 million lower.

4.5 INCOME TAXES

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

4.6 OWN DAMAGE RESERVE

The own damage reserve is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

NOTE 5. SEGMENT INFORMATION

The board of directors is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

Geographically. management considers the performance in the Western Europe, the Nordic countries, the Continental and Eastern Europe, and "BRIC & rest of the world" (where "BRIC" refers to Brazil, Russia – including Baltic countries, India, China).

The board of directors assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in consolidated financial statements.

Revenue and Profit before tax

Sales between segments are carried out at arm's length. The revenue from external parties reported to the board of directors is measured in a manner consistent with that in the income statement.

	Year ended December 31, 2015		Year ended December 31, 2014 Restated (*)	
(in EUR million)	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**
Western Europe	411.3	4,529.7	336.1	4,138.9
Nordic	107.1	820.4	97.3	790.9
Continental & Eastern Europe	39.6	437.1	43.4	428.9
BRIC and rest of the world	46.0	350.9	36.4	301.1
TOTAL	**604.0**	**6,138.1**	**513.2**	**5,659.8**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

Other disclosures

	Year ended December 31, 2015		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (**)**
Western Europe	8,773.4	12,319.4	9,075.1
Nordic	1,358.2	1,623.7	(1.8)
Continental & Eastern Europe	896.8	963.9	742.2
BRIC and rest of the world	646.2	820.1	592.6
TOTAL	**11,674.6**	**15,727.1**	**10,408.1**

	Year ended December 31, 2013		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (**)**
Western Europe	7,760.9	10,997.0	8,787.6
Nordic	1,197.4	1,569.9	18.7
Continental & Eastern Europe	792.6	851.4	645.1
BRIC and rest of the world	550.1	717.4	521.8
TOTAL	**10,300.9**	**14,135.7**	**9,973.3**

(**) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet

NOTE 6. CHANGES IN THE SCOPE OF CONSOLIDATION IN THE YEAR ENDED DECEMBER 31, 2015

At December 31, 2015, all companies are fully consolidated, except 2 companies accounted using the equity method. ALD Chile and ALD Slovakia have been included in the scope of consolidation.

NOTE 7. REVENUES AND COST OF REVENUES

Revenues (group rental and damage risk retention into leases services)

Revenues are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention, replacement vehicles and depreciation, as well as the proceeds of the sale of vehicles from terminated contracts.

	Year ended December 31,	
(in EUR million)	**2015**	**2014**
Depreciation	2,518.0	2,358.7
Lease services	1,532.0	1,474.0
Proceeds of cars sold	2,045.5	1,786.4
Other	42.6	40.8
Total	**6,138.1**	**5,659.8**

Cost of revenues (group rental and damage risk retention into leases services)

Cost of revenues are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention, replacement vehicles and depreciation, as well as the cost of the vehicles sold.

	Year ended December 31,	
(in EUR million)	2015	2014
Depreciation	(2,552.2)	(2,379.1)
Lease services	(1,034.0)	(1,062.5)
Cost of cars sold	(1,838.3)	(1,633.3)
Other	(6.6)	(6.9)
Total	**(5,431.1)**	**(5,081.7)**

Periodically through the year the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating lease. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The net impact of this provisioning is included within the depreciation cost and in 2015 this impact was a net charge of EUR 40 million (2014: EUR 41 million net charge).

Gross profit (revenues - / - cost of revenues)

	Year ended December 31,	
(in EUR million)	2015	2014
Depreciation	(34.2)	(20.5)
Lease services	497.9	411.5
Proceeds of cars sold	207.2	153.2
Other	36.1	33.9
Total	**707.0**	**578.1**

The significant increase in profits derived from the end of contract used car sales has been driven mainly by a lack of supply in the market. The expectation is that this is a relatively short term scenario.

NOTE 8. NET INTEREST INCOME

	Year ended December 31,	
(in EUR million)	2015	2014
Interest income from operating lease	594.7	571.0
Interest income from finance lease	74.5	62.8
Other interest income	24.3	22.9
Total interest income	**693.5**	**656.8**
Interest charges on loans from financial institutions	(195.4)	(210.8)
Interest charges on issued bonds	(30.2)	(27.0)
Other interest charges	(4.2)	(19.2)
Total interest charges	**(229.8)**	**(257.0)**
Net interest income	**463.7**	**399.8**

"Other interest income" is derived from income received from financial instruments and also income received for cash deposits with third party counterparts.

NOTE 9. IMPAIRMENT CHARGES ON RECEIVABLES

		Year ended December 31,	
(in EUR million)	Note	2015	2014
Impairment		(27.3)	(22.4)
Reversal of impairment		6.4	4.1
Impairment charges on receivables	**22**	**(20.9)**	**(18.4)**

NOTE 10. STAFF EXPENSES

	Year ended December 31,	
(in EUR million)	2015	2014
Wages and salaries	(234.2)	(210.6)
Social security charges	(47.8)	(44.7)
Defined benefit post-employment costs	(2.8)	(3.3)
Other staff costs	(21.5)	(21.1)
Total	**(306.3)**	**(279.6)**

The average number of staff employed (including temporary staff) by the Group during the year was 5,079 (2014: 4,755). At year-end, the full time equivalent number of staff employed by the Group was 5,230 (2014: 4,928).

NOTE 11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses mainly includes IT costs, property costs, professional fees and advertising. Within the year on year increase as part of the Group's commitment to be the preferred choice for mobility solutions within the market, ALD has accelerated the IT investment programme. There has been a specific focus on digital solutions in order to further enhance our customer's experience including fleet manager and driver web portals as well as investment in the development of new flexible products for our customers.

In addition the costs recharged to the Group from its parent company, Societe Generale, have increase by EUR 1.5m between 2014 and 2015.

NOTE 12. DEPRECIATION AND AMORTISATION

		Year ended December 31,	
(in EUR million)	Notes	2015	2014
Depreciation of other property and equipment	16	(12.5)	(9.9)
Depreciation of intangible assets	16	(3.7)	(3.2)
Total		**(16.1)**	**(13.0)**

NOTE 13. NON-RECURRING OPERATING INCOME (EXPENSES)

The capital increase of EUR 531.2 million (Note 26) received during the year generated a surplus cash balance in the Group. This enabled a progamme of debt restructuring to take place during the year. Non-recurring costs of EUR 57 million relating to one-off breakage costs were incurred due to the repayment of loans granted by Societe Generale.

NOTE 14. INCOME TAX EXPENSE

Income tax expense

	Year ended December 31,	
(in EUR million)	2015	2014
Current tax	(171.9)	(136.3)
Deferred tax	(2.8)	0.6
Income tax expense	**(174.7)**	**(135.7)**

Effective tax rate reconciliation

(in EUR million)	Year ended December 31, 2015	2014 Restated (*)
Profit before tax	**604.0**	**513.2**
Standard tax rate in France	**34.43%**	**34.43%**
Tax expense at standard rate	**(208.0)**	**(176.7)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	74.9	55.1
Tax effects of:		
Associates' results reported net of tax	0.3	0.2
Income not subject to tax	7.7	6.4
Expenses not deductible for tax purposes	(26.3)	(9.8)
Utilisation of previously unrecognised tax losses	0.4	0.6
Tax losses for which no deferred income tax asset was recognised	-	(0.1)
Re-measurement of deferred tax	8.5	16.4
Adjustment in respect of prior years	(22.3)	(19.6)
Other	(9.9)	(8.3)
Total	**(174.7)**	**(135.7)**
Effective rate of income tax	28.93%	26.43%

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

The increase in the effective tax rate is mainly due to a change in the geographical mix of profits between 2014 and 2015.

Net deferred tax variation

The gross movement on the net deferred tax account is as follows:

(in EUR million)	Year ended December 31, 2015	2014
Net deferred tax liabilities at 1 January	**(52.8)**	**(61.4)**
Income statement charge	(2.8)	0.6
Tax charged/(credited) directly to equity	(2.5)	1.0
Currency translation differences	1.8	6.9
Scope changes	0.3	0.6
Other	(0.0)	(0.6)
Net deferred tax liabilities at 31 December	**(56.0)**	**(52.8)**

Deferred income tax by nature

(in EUR million)	Year ended December 31, 2015	2014
Accelerated tax depreciation	(87.7)	(175.3)
Provisions	(5.1)	122.8
Tax losses	21.1	2.5
Fair value gains	3.3	16.9
Retirement benefit obligation	0.6	0.7
Other timing differences	11.0	(25.8)
Other	0.8	5.4
Net deferred tax asset/(liability)	**(56.0)**	**(52.8)**

NOTE 15. RENTAL FLEET

(in EUR million)	Rental fleet
At 1 January 2014	
Cost	13,949.5
Accumulated depreciation & impairment	(4,381.1)
Carrying amount As at 1 January 2014	**9,568.4**
Year ended 31 December 2014	
Opening net book amount	9,568.4
Additions	5,199.1
Disposals	(2,025.9)
Acquisition of a subsidiary	-
Depreciation charge	(2,434.3)
Transfer (included transfer to inventories)	-
Currency translation differences	(6.3)
Closing net book amount As at December 31, 2014	**10,300.9**
At 31 December 2014	
Cost	14,919.4
Accumulated depreciation & impairment	(4,618.5)
Closing net book amount As at December 31, 2014	**10,300.9**
Year ended 31 December 2015	
Opening net book amount	10,300.9
Additions	5,668.1
Disposals	(1,814.0)
Acquisition of a subsidiary	160.3
Depreciation charge	(2,656.6)
Transfer (included transfer to inventories)	18.9
Currency translation differences	(3.0)
Closing net book amount As at December 31, 2015	**11,674.6**
At 31 December 2015	
Cost	16,550.7
Accumulated depreciation & impairment	(4,876.1)
Carrying amount As at December 31, 2015	**11,674.6**

At the December 31, 2015 and December 31, 2014 there were no impairments on leased assets.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed first class of notes suffering from any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for EUR 1,432 million at December 31, 2015. The transferred lease receivables cannot be sold.

At December 31, 2015, the accounting value of the associated liabilities is GBP 300 million in the UK, EUR 300 million in Belgium, EUR 200 million in the Netherlands and EUR 28 million in Germany.

For further details on the transactions reference is made to the Financial Risks Management Section (Liquidity risks) of the Accounting Principles.

NOTE 16. OTHER PROPERTY AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

Other property and equipment:

(in EUR million)	Note	Land	Property	Equipment	Total
At 1 January 2014					
Cost		2.9	27.2	66.5	96.6
Accumulated depreciation & impairment		-	(17.8)	(43.7)	(61.5)
Carrying amount As at 1 January 2014		**2.9**	**9.4**	**22.8**	**35.1**
Year ended 31 December 2014					
Opening net book amount		**2.9**	**9.4**	**22.8**	**35.1**
Additions		-	7.3	17.5	24.9
Disposals		-	(2.1)	(7.6)	(9.7)
Depreciation charge	12	-	(2.2)	(7.7)	(9.9)
Currency translation differences		(0.1)	(0.2)	(0.4)	(0.6)
Closing Net book amount As at December 31, 2014		**2.8**	**12.3**	**24.7**	**39.8**
At 31 December 2014					
Cost		2.8	31.1	68.6	102.4
Accumulated depreciation & impairment			(18.8)	(43.9)	(62.7)
Carrying amount As at December 31, 2014		**2.8**	**12.3**	**24.7**	**39.8**
Year ended 31 December 2015					
Opening net book amount		**2.8**	**12.3**	**24.7**	**39.8**
Additions		-	3.9	23.8	27.6
Disposals		-	(1.6)	(7.3)	(8.9)
Depreciation charge	12	-	(2.8)	(9.8)	(12.6)
Transfer from intangible assets		-	0.0	1.4	1.4
Scope changes		-	0.0	(0.3)	(0.2)
Currency translation differences		(0.0)	(0.4)	(0.3)	(0.7)
Closing Net book amount As at December 31, 2015		**2.8**	**11.4**	**32.2**	**46.4**
At 31 December 2015					
Cost		2.8	31.9	89.1	123.8
Accumulated depreciation & impairment			(20.5)	(56.9)	(77.4)
Carrying amount As at December 31, 2015		**2.8**	**11.4**	**32.2**	**46.4**

Other intangible assets:

(in EUR million)	Note	Software	Other	Total
At 1 January 2014				
Cost		38.3	4.3	42.6
Accumulated amortisation and impairment		(33.5)	(0.7)	(34.2)
Carrying amount As at 1 January 2014		**4.8**	**3.6**	**8.4**
Year ended 31 December 2014				
Opening net book amount				
Additions		4.9	6.4	11.3
Divestments		(0.4)	-	(0.4)
Amortisation	12	(3.1)	(0.2)	(3.3)
Currency translation differences		0.0	0.9	0.9
Closing net book amount As at December 31, 2014		**6.2**	**10.7**	**16.9**
At 31 December 2014				
Cost		40.7	11.6	52.3
Accumulated amortisation and impairment		(34.6)	(0.8)	(35.4)
Carrying amount As at December 31, 2014		**6.1**	**10.8**	**16.9**
Year ended 31 December 2015				
Additions		6.4	1.1	7.5
Divestments		(0.1)	-	(0.1)
Amortization	12	(3.6)	(0.1)	(3.7)
Transfer to other property and equipment		(1.4)	-	(1.4)
Currency translation differences		0.0	0.7	0.7
Closing net book amount As at December 31, 2015		**7.4**	**12.5**	**19.9**
At 31 December 2015				
Cost		36.2	13.3	49.5
Accumulated amortisation and impairment		(28.8)	(0.8)	(29.6)
Carrying amount As at December 31, 2015		**7.4**	**12.5**	**19.9**

NOTE 17. GOODWILL

(in EUR million)	Note	Goodwill
At 1 january 2014		
Cost		178.4
Accumulated impairment		-
Carrying amount As at January 1, 2014		**178.4**
Year ended 31 December 2014		
Opening net book amount		178.4
Additions		-
Divestments		-
Impairment		-
Transfer to other property and equipment		-
Currency translation differences		-
Closing net book amount As at December 31, 2014		**178.4**
Cost		178.4
Accumulated amortisation and impairment		-
Net book amount As at December 31, 2014		**178.4**
At 31 December 2014		
Cost		178.4
Accumulated impairment		-
Carrying amount As at December 31, 2014		**178.4**
Year ended 31 December 2015		
Opening net book amount		178.4
Additions		13.3
Divestments		-
Impairment		-
Transfer to other property and equipment		-
Currency translation differences		-
Closing net book amount As at December 31, 2015		**191.7**
At 31 December 2015		
Cost		191.7
Accumulated impairment		-
Carrying amount As at December 31, 2015		**191.7**

Goodwill by cash-generating units:

(in EUR million)	As at 1 January 2015	Addition	Divestments	Impairment losses	IFRS5 Impact	As at December 31, 2015
Czech Republic	1.5	-	-	-	-	1.5
France	21.6	-	-	-	-	21.6
Germany D	37.9	-	-	-	-	37.9
Italy	50.2	-	-	-	-	50.2
Poland	1.4	-	-	-	-	1.4
Portugal	2.3	-	-	-	-	2.3
Spain	14.1	-	-	-	-	14.1
UK	22.6	-	-	-	-	22.6
BENELUX	12.0	-	-	-	-	12.0
NORDICS HUB	5.3	13.3	-	-	-	18.6
SOUTHERN HUB	9.5	-	-	-	-	9.5
Total	**178.4**	**13.3**	**-**	**-**	**-**	**191.7**

(in EUR million)	As at 1 January 2014	Addition	Divestments	Impairment losses	IFRS5 Impact	As at December 31, 2014
Czech Republic	1.5	-	-	-	-	1.5
France	21.6	-	-	-	-	21.6
Germany D	37.9	-	-	-	-	37.9
Italy	50.2	-	-	-	-	50.2
Poland	1.4	-	-	-	-	1.4
Portugal	2.3	-	-	-	-	2.3
Spain	14.1	-	-	-	-	14.1
UK	22.6	-	-	-	-	22.6
BENELUX	12.0	-	-	-	-	12.0
NORDICS HUB	5.3	-	-	-	-	5.3
SOUTHERN HUB	9.5	-	-	-	-	9.5
Total	**178.4**	**-**	**-**	**-**	**-**	**178.4**

ALD International performs annually an impairment test for each cash-generating unit (CGU) to which goodwill has been allocated.

An impairment loss is recognised in the income statement if the carrying amount of CGU, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF). Cash flows were projected on actual financial results and the 5-year business plans.

A discount rate was applied which is built up of a risk-free interest, a market premium multiplied by a market specific beta. There was no impairment recognized in 2015 (2014: nil).

The key assumptions used for value-in-use calculations in 2015 are as follow:

Assumptions in 2015:

	Discount Factor	Perpetuity rate
Czech Republic	8.92%	2.00%
France	6.14%	2.00%
Germany D	7.05%	2.00%
Italy	4.92%	2.00%
Poland	9.55%	2.00%
Portugal	6.24%	2.00%
Spain	7.77%	2.00%
UK	7.48%	2.00%
BENELUX	5.74%	2.00%
NORDICS HUB	10.45%	2.00%
SOUTHERN HUB	12.54%	2.00%

NOTE 18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Year ended December 31,	
(in EUR million)	2015	2014
Balance as at 1 January,	**4.9**	**4.2**
Share of results	0.6	0.6
Currency translation differences	0.1	0.1
Balance as at 31 December,	**5.6**	**4.9**

Name	Country of incorporation	Assets	Liabilities (*)	Revenues	"Profit/ (Loss)"	% interest held
As at January 1, 2014						
ALD Automotive SA Morocco	MOROCCO	37.1	34.1	13.1	0.5	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.3	0.1	-	-	35%
Total		**38.4**	**34.2**	**13.1**	**0.5**	
As at December 31, 2014						
ALD Automotive SA Morocco	MOROCCO	41.0	37.3	14.5	0.6	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	-	-	35%
Total		**42.2**	**37.3**	**14.5**	**0.6**	
As at December 31, 2015						
ALD Automotive SA Morocco	MOROCCO	46.4	42.0	17.6	0.9	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	-	-	35%
Total		**47.6**	**42.0**	**17.6**	**0.9**	

(*) Excluding net equity

NOTE 19. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates (mainly through interest rate swaps) and foreign exchange rates. As a matter of policy, derivatives are not used for speculative purposes. Derivative instruments that are measured at fair value on a recurring basis are included in the caption "Derivative financial instruments" in the consolidated balance sheet.

	Year ended Dec. 31, 2015		Year ended Dec. 31, 2014	
(in EUR million)	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedge	0.0	2.2	0.0	2.6
Interest rate swaps - fair value hedge	0.8	0.8	1.2	1.5
Foreign Exchange swaps	63.5	2.4	16.5	1.1
Trading derivatives	65.1	21.1	82.3	85.3
Total	**129.4**	**26.5**	**100.1**	**90.5**
Less non-current portion:				
Interest rate swaps - cash flow hedge	0.0	2.2	0.0	0.5
Interest rate swaps - fair value hedge	0.0	0.5	0.0	1.2
Foreign Exchange swaps	10.5	2.3	14.4	1.0
Trading derivatives	54.5	20.8	70.7	85.3
Total non-current portion	**65.0**	**25.8**	**85.1**	**88.0**
Current portion	**64.4**	**0.7**	**15.0**	**2.5**

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Foreign exchange swaps

The notional principal amounts of the foreign exchange swaps contracts at December 31, 2015 were EUR 221.1 million (2014: EUR 179.6 million).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of December 31, 2015 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period.

Interest rate swaps

Interest rate swaps are concluded to cover cash-flows or fair value of its main borrowings.

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2015 were EUR 1,530.9 million (2014: EUR 1,150.6 million).

At December 31, 2015, the main floating rates are EURIBOR, NIBOR (Norway) and STIBOR (Sweden). Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of December 31, 2015 will be continuously released to the income statement within finance charges until the repayment of the financial debt.

The unrealised gains/losses on financial instruments recognised in the income statement breaks down as follows:

	Year ended December 31,	
(in EUR million)	2015	2014
Trading derivatives	36.7	22.5
Imperfectness of derivatives at fair value hedges	0.3	(0.1)
Imperfectness of derivatives at cash flow hedges	(0.2)	(0.0)
Total Unrealised gains/losses on derivative financial instruments	36.8	22.4
Unrealised Foreign Exchange Gains or Losses	(34.7)	(20.6)
Total	**2.1**	**1.8**

NOTE 20. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

	As at December 31,	
(in EUR million)	**2015**	**2014**
Long-term investments (10 years)	1,072.4	1,127.5
Other current financial assets	237.6	243.8
Other	0.2	19.2
Total	**1,310.1**	**1,390.6**

Long-term investments are a resource resulting from the policy of the Group and of its shareholder, Societe Generale, to monitor the Group's interest rate risk to and match assets and liabilities by maturity. Available equity is considered as a long term resource which needs to be matched with long-term assets (refer to Interest rate risks management in financial risk management section above). Equity reinvestments are made in long term amortizing deposits within Societe Generale in order to remain with the interest rate sensitivity limit set for each entity (variation in the net present value of the future residual fixed rate positions, surplus or deficit, for a 1% parallel increase in the yield curve).

In jurisdictions, where feasible, the Group is also looking to implement equity replacement swaps rather than invest on long term amortising assets.

NOTE 21. INVENTORIES

	As at December 31,	
(in EUR million)	**2015**	**2014**
Inventories - gross value	182.8	171.0
Valuation allowance	(8.9)	(9.1)
Inventories net	**173.9**	**161.8**

Inventories are stated at the lower of cost or net realisable value.

NOTE 22. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

	As at December 31,	
(in EUR million)	**2015**	**2014**
Amounts receivable under finance lease contracts	488.7	405.8
Amounts receivable from credit institutions (*)	18.6	21.4
Trade receivables	662.0	618.8
Provision for impairment of trade receivables	(80.2)	(73.9)
Total receivables	**1,089.2**	**972.2**

(*) Mainly towards Societe Generale

The fair value of receivables is equivalent to the carrying value.

A full description of the impairment policy is contained in the Credit Risk Measurement section of the Financial Risk Factors.

The movement in provision for impairment of trade receivables is as follows:

As at December 31,

(in EUR million)	Note	2015	2014
Balance at January 1		(73.9)	(69.1)
Net Impairment charges	9	(20.9)	(18.4)
Receivables written off		14.6	15.0
Movement in Finance Lease Provision		(0.2)	(0.7)
Currency translation differences		0.2	(0.6)
Balance at December 31		**(80.2)**	**(73.9)**

The maturity analysis is as follows:

	As at December 31,	
(in EUR million)	**2015**	**2014**
Trade receivables not overdue	485.5	441.4
Past due up to 90 days	112.9	120.9
Past due between 90 - 180 days	19.4	16.4
Past due over 180 days	41.0	40.1
Total	**658.8**	**618.8**

NOTE 23. OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
(in EUR million)	**2015**	**2014**
VAT and other taxes	201.6	137.6
Prepaid motor vehicle tax and insurance premiums	58.1	51.8
Reclaimable damages	7.3	2.3
Prepaid expenses	131.4	106.6
Other	104.9	224.6
Other receivables and prepayments	**503.3**	**522.8**

The majority of the other receivables and prepayments have a maturity of less than one year.

The other receivables balance includes EUR 35.8 million (2014: EUR 32.6 million) relating to rebates receivable from dealers and manufacturers and EUR 23.5 million (2014: EUR 21.5 million) of fuel and other costs to be re-billed to customers.

NOTE 24. CASH AND CASH EQUIVALENTS

	As at December 31,	
(in EUR million)	**2015**	**2014**
Cash at bank and on hand	281.2	205.9
Short-term bank deposits	49.7	60.5
Cash and cash equivalents excl. bank overdrafts	**330.9**	**266.5**
Bank overdrafts	(48.6)	(91.7)
Cash and cash equivalents, net of bank overdrafts	**282.3**	**174.8**

As ALD operates its own re-insurance program the cash balance includes funds required for this business.

NOTE 25. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The Company has no available for sale assets and no derivatives used for hedging. The company's financial assets and liabilities are categorized as follows:

Financial assets category

	Financial asset category					
As at December 31, 2015 (EUR million)	**Loans and receivable**	**Assets at fair value through profit and loss**	**Available for sale**	**Total net book value per balance sheet**	**Fair value**	**Level (*)**
Derivative financial instruments		129.4		129.4	129.4	Level 2
Receivables from clients and from financial institutions	1,089.2			1,089.2	1,089.2	Level 2
Other non current and current financial assets		1,310.2		1,310.2	1,310.2	Level 1 & level 2
Cash and cash equivalents		330.9		330.9	330.9	Level 1
Total	**1,089.2**	**1,770.5**		**2,859.6**	**2,859.6**	

(*) Refers to valuation method

Financial asset category

As at December 31, 2014 (EUR million)	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total net book value per balance sheet	Fair value	Level
Derivative financial instruments		100.1		100.1	100.1	Level 2
Receivables from clients and from financial institutions	972.2			972.2	972.2	Level 2
Other non current and current financial assets		1,390.7		1,390.7	1,390.7	Level 1 and level 2
Cash and cash equivalents		266.5		266.5	266.5	Level 1
Total	**972.2**	**1,757.2**		**2,729.4**	**2,729.4**	

Financial liabilities

Financial liability category

As at December 31, 2015 (EUR million)	Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	7,767.3			7,767.3	7,767.3	Level 2
Bonds issued	2,971.7			2,971.7	2,998.8	Level 2
Derivative financial instruments		26.5		26.5	26.5	Level 2
Trade payables			552.2	552.2	552.2	Level 2
Total	**10,739.0**	**26.5**	**552.2**	**11,317.7**	**11,344.8**	

Financial liabilitiy category

As at December 31, 2014 (EUR million)	Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	7,825.7			7,825.7	7,825.7	Level 2
Bonds issued	2,414.1			2,414.1	2,441.1	Level 2
Derivative financial instruments		90.5		90.5	90.5	Level 2
Trade payables			449.2	449.2	449.2	Level 2
Total	**10,239.8**	**90.5**	**449.2**	**10,779.6**	**10,806.6**	

There were no transfers between levels 1 and 2.

NOTE 26. SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2015, the authorized capital amounted to EUR 606.1 million (2014: EUR 550 million), divided into 40,410,364 ordinary shares with a nominal value of EUR 15 each.

At December 31, 2015, share premium amounted to 475.1 million (2014: EUR 0 million).

All shares issued by ALD International S.A. were fully paid.

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

NOTE 27. BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS

	As at December 31,	
(in EUR million)	**2015**	**2014**
Bank borrowings	5,656.4	6,328.6
Non-current borrowings from financial institutions	**5,656.4**	**6,328.6**
Bank overdrafts	48.6	91.7
Bank borrowings	2,062.3	1,405.5
Current borrowings from financial institutions	**2,110.9**	**1,497.1**
Total borrowings from financial institutions	**7,767.3**	**7,825.7**
Bonds and notes-originated from securitisation transactions	436.2	461.8
Bonds and notes-originated from EMTN programme	1,520.0	1,520.0
Other non-current bonds issued	-	41.5
Non-current bonds and notes issued	**1,956.2**	**2,023.3**
Bonds and notes-originated from securitisation transactions	500.7	379.0
Bonds and notes-originated from EMTN programme	514.8	11.8
Other current bonds issued	-	-
Current bonds and notes issued	**1,015.5**	**390.8**
Total bonds and notes issued	**2,971.7**	**2,414.1**
Total borrowings from financial institutions and bonds	**10,739.0**	**10,239.8**

Maturity of borrowings and bonds

	As at December 31,	
(in EUR million)	**2015**	**2014**
Less than 1 year	3,126.4	1,887.9
1-5 years	7,549.6	8,018.9
Over 5 years	63.0	333.0
Total borrowings and bonds	**10,739.0**	**10,239.8**

Currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at December 31,	
(in EUR million)	**2015**	**2014**
Euro	7,584.6	7,596.4
UK Pound	1,530.3	1,236.2
Danish Krone	300.4	285.6
Swedish Kronor	263.2	229.5
Other currencies	1,060.5	892.1
Total borrowings and bonds	**10,739.0**	**10,239.8**

External funding

Local external banks and third parties provide 33% of total funding, representing EUR 3,544.8 million at December 31, 2015 (27.1% and EUR 2,772.9 million at December 31, 2014).

An amount of EUR 573.1 million or 5.3% of total funding is provided by external banks. The residual external funding (EUR 2,971.7 million) has been raised through asset-backed securitisations and unsecured bonds.

Asset-backed securitisation programme

A new securitization deal took place in Belgium in March 2015 for EUR 300 million.

EMTN programme

The Group is engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's ratings services.

Within this programme, the group has issued a new bond in January 2015 for an amount of EUR 500 million maturing in 3 years and in November 2015 for an amount of EUR 500 million maturing also in 3 years.

Societe Generale funding

Following the external funding raised in recent years, the funding raised through Societe Generale has decreased from 72.9 % as at December 31, 2014 to 67% as at December 31, 2015.

Most of the funding provided by the SG group is granted through Societe Generale Bank and Trust (SGBT) based in Luxemburg. SGBT provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 18 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 5,104 million at December 31, 2015 (EUR 5,572.9 million at December 31, 2014) with an average maturity of 1.95 years and an average rate of 1,51% (1.92 years and 2.11 % at December 31, 2014).

The remaining SG funding is provided either by local SG branches or SG group Central Treasury in Paris, representing EUR 2,090.2 million at December 31, 2015 (EUR 1,894 million at December 31, 2014).

At December 31, 2015 the Group has undrawn borrowing facilities of EUR 2.1 billion (EUR 1.9 billion at December 31, 2014).

A guarantee at first demand has been granted to an English Financial institution for an amount of GBP 120 million on behalf of ALD Automotive UK, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

NOTE 28. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Defined contribution plans limit the ALD's liability to the contributions paid to the plan but do not commit ALD to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO)

Post-employment benefit plans (Defined benefit plans)

Reconciliation of assets and liabilities recorded in the balance sheet

The amount recognized in the balance sheet is determined as follows:

(In EUR million)	December 31, 2015	December 31, 2014
A - Present value of funded defined benefit obligations	15.1	14.8
B - Fair value of plan assets	(10.8)	(9.8)
C = A + B Deficit (surplus)	**4.3**	**5.0**
D - Present value of unfunded defined benefit obligations	**3.8**	**4.2**
E - Change in asset ceiling	**-**	**-**
F - Separate assets	**-**	**-**
C + D - E - F = Net balance recorded in the balance sheet	**8.1**	**9.2**

Notes:

1. Post-employment benefit plans include annuity payments, end-of-career indemnities as well as mixed plans (cash balance). Annuity payments are added to pension plans paid by state and mandatory benefit plans.
2. The present values of defined benefit obligations has been valued by independent qualified actuaries

Components of the cost of the defined benefits

	Year ended December 31,	
(In EUR million)	**2015**	**2014**
Current service cost including social security contributions	1.3	1.1
Employee contributions	(0.2)	(0.2)
Past service cost / curtailments	-	(0.0)
Settlement	-	-
Net interest	0.1	0.2
Transfer from unrecognised assets	-	-
Components recognised in income statement	*1.2*	*1.1*
Expected return on plan assets (*)	(0.3)	(0.3)
Actuarial gains and losses due to changes in demographic assumptions	0.4	0.1
Actuarial gains and losses due to changes in economical and financial assumptions	(1.0)	1.8
Actuarial gains and losses due to experience	(0.1)	(0.3)
Change in asset ceiling	-	-
Components recognised in unrealised or deferred gains and losses	*(1.0)*	*1.3*
Total components of the cost of the defined benefits	**0.2**	**2.4**

(*) Return on plan assets from which the expected return on plan assets included in the net interest cost is deducted

Changes in net liabilities of post-employment benefit plans recorded in the balance sheet

Changes in the present value of defined benefit obligations:

(In EUR million)	2015	2014
Balance at January 1,	**19.1**	**16.2**
Current service cost including social security contributions	1.3	1.1
Employee contributions	-	-
Past service cost / curtailments	-	(0.0)
Settlement	-	-
Net interest	0.3	0.5
Actuarial gains and losses due to changes in demographic assumptions	0.4	0.1
Actuarial gains and losses due to changes in economical and financial assumptions	(1.0)	1.8
Actuarial gains and losses due to experience	(0.1)	(0.3)
Foreign exchange adjustment	(0.3)	0.0
Benefit payments	(0.7)	(0.9)
Acquisition/(Sale) of subsidiaries	-	-
Transfers and others	-	0.6
Balance at December 31,	**19.0**	**19.1**

Changes in fair value of plan assets and separate assets:

(In EUR million)	2015	2014
Balance at January 1,	**9.8**	**8.9**
Expected return on plan assets	0.2	0.3
Expected return on separate assets	-	-
Actuarial gains and losses due to assets	0.3	0.3
Foreign exchange adjustment	0.1	0.0
Employee contributions	0.2	0.2
Employer contributions to plan assets	0.8	0.7
Benefit payments	(0.5)	(0.5)
Acquisition/(Sale) of subsidiaries	-	-
Transfers and others	-	(0.1)
Balance at December 31,	**10.8**	**9.8**

Information regarding funding assets (for all benefits and future contribution)

The breakdown of the fair value of plan assets is as follows: 17% bonds, 42% equities, 13% money market instruments and 28% others.

Employer contributions to be paid to post-employment defined benefit plans for 2015 are estimated at EUR 0.8 million.

Actual returns on funding assets

The actual returns on plan and separate assets were:

(In EUR million)	December 31, 2015	December 31, 2014
Plan assets	0.4	0.6
Separate assets	-	-

The assumptions on return on assets are presented in the following section.

Main assumptions detailed by geographical area

The significant actuarial assumptions used to determine the pension benefit obligation amount are as follows:

	December 31, 2015	December 31, 2014
Discount rate Europe	2.0%	1.7%
Long-term inflation Europe	1.9%	1.9%
Future salary increase Europe	1.4%	1.8%
Average remaining working lifetime of employees (in years) Europe	13.2	12.5
Duration (in years) Europe	14.8	13.7

Notes:

1. The assumptions by geographical area are averages weighted by the present value of the liabilities (DBO).
2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.
Inflation rates used are the long-term targets of the central banks of the monetary areas above.
3. The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.
4. The assumptions described above have been applied on post-employment benefit plans.

Obligations sensitivities to main assumptions ranges

(Percentage of item measured)	December 31, 2015	December 31, 2014
Variation of +1% in discount rate Impact on the present value of defined benefit obligations at December 31, N	-14.3%	-13.3%
Variation of +1% in long terme inflation Impact on the present value of defined benefit obligations at December 31 N	8.2%	6.9%
Variation of +1% in future salary increases Impact on the present value of defined benefit obligations at December 31 N	18.1%	15.9%

Note:

The disclosed sensitivities are averages of the variations weighted by the present value of liabilities.

Other long-term benefits

Some entities of ALD may award their employees other long-term benefits, like long-term deferred variable remunerations, time saving accounts (French Term) “Comptes Epargne Temps” or long service awards. They are different from post-employment benefits and termination benefits, which are not fully due within twelve months following the financial year during which the services are rendered by the employees.

The net balance of other long-term benefits is EUR 9.1 million.

The total amount of charges for other long-term benefits is EUR 1.5 million.

NOTE 29. PROVISIONS

(in EUR million)	Damage risk retention	Other	Total
As at January 1, 2014	144.9	15.3	160.1
Additions	170.2	31.3	201.5
Reversal	(142.9)	(0.4)	(143.3)
Transfer total	(0.4)	-	(0.4)
Currency translation differences	(0.6)	0.8	0.2
Scope changes	-	(0.0)	(0.0)
As at December 31, 2014	171.2	46.9	218.1
Of which current	77.1	39.6	116.8
As at January 1, 2015	171.2	46.9	218.1
Additions	51.5	39.8	91.2
Reversal	(58.0)	(15.9)	(73.9)
Transfer total	-	-	-
Currency translation differences	(0.0)	1.2	1.2
Scope changes	-	-	-
As at December 31, 2015	**164.7**	**72.0**	**236.7**
Of which current	**87.2**	**62.4**	**149.6**

Other provisions relate mainly to provisions made against disputed invoices. These are considered separately to impairment of receivables and do not represent a credit risk.

In addition, exceptional costs deductible per se have been subject to a Tax Provision until the deductibility is fully documented.

NOTE 30. TRADE AND OTHER PAYABLES

	Year ended December 31,	
(in EUR million)	2015	2014 Restated (*)
Trade payables	552.2	449.2
Deferred leasing income	346.8	327.5
Other accruals and other deferred income	320.0	279.3
Advance lease instalments received	200.0	175.8
Accruals for contract settlements	67.6	62.8
VAT and other taxes	149.4	122.9
Other	1.4	-
Trade and other payables	**1,637.4**	**1,417.5**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

Trade and other payables, includes an amount of EUR 346.8 million (2014: EUR 327.5 million) of deferred leasing income. Deferred leasing income relates to maintenance and tyre revenue which is profiled in line with historical maintenance expenditure in order to match revenue and costs. This policy is explained in Note 3-Financial Risk Management above.

NOTE 31. DIVIDENDS PER SHARE

A dividend that related to the period ended December 31, 2014 for an amount of EUR 100.1 million was paid to Societe Generale on June 30, 2015 (No dividend that related to the period ended December 31, 2013).

NOTE 32. COMMITMENTS

Operating lease commitments – group company as lessee

TThe Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various plant and machinery under cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at December 31,	
(in EUR million)	2015	2014
No later than 1 year	15.6	15.0
Later than 1 year and no later than 5 years	40.4	40.7
Later than 5 years	20.5	13.5
Total	**76.5**	**69.3**

NOTE 33. RELATED PARTIES

Identity of related parties

The Group is controlled by Societe Generale Group. Transactions with Societe Generale and its subsidiaries have been identified as related party transactions. All business relations with Societe Generale Group are handled at normal market conditions.

In addition, one member of ALD International board of Directors is also Deputy Chairman of Kjaer Group, a Danish company specialized in import, distribution and servicing of vehicles. Business relations of Kjaer Group with ALD Group are however immaterial (ALD leases 4 vehicles to KJAER Group). The same person is also a Non-Executive Director at SBS A/S, a company listed on the Danish stock exchange specialized in developing, manufacturing and distributing brakes parts and related wear parts for cars, motorcycles and for energy and industrial systems including wind turbines. There is no business relationship between SBS and ALD Group.

Key management compensation

Key management includes members of the Executive Committee of ALD Group. The Executive Committee is composed of executive managers of ALD International and Societe Generale as well as regional supervisors of the most important subsidiaries.

The compensation paid or payable to key management for employee services is shown below:

	As at December 31,	
(in EUR million)	2015	2014
Salaries and other short term employment benefits	6.0	5.5
Post employment benefits	0.3	0.4
Other long term benefits	1.0	0.8
Total	**7.3**	**6.7**

The supervisory board is composed exclusively of employees of ALD International or Societe Generale. There is no fee or compensation for the board members as they already receive compensation as such by either ALD International or its shareholder. The Group has not granted any loans, guarantees or advances to the board members.

Sales of goods and services

Societe Generale (“SG”) and its subsidiaries are customers of ALD Group. Total fleet leased to SG and its subsidiaries amounts to 7,197 cars in 28 countries. Rentals have been priced at normal market conditions. More than 50% of the total fleet leased to SG Group is leased by ALD France. Rental paid by SG Group to ALD France accounts for EUR 15.9 million and EUR 14.6 million in the years ended December 31, 2015 and December 31, 2014, respectively.

Purchases of goods and services

Information Technology (“IT”) Services

ALD Group has a contract with SG Global Services centre (India), with which ALD subcontracted IT services including development, maintenance and support of international applications. The main advantage is to facilitate the roll out of common tools to all subsidiaries while ALD IT teams at a Group level still keep the knowledge of each project, train users and follow up the set up, usage and evolution locally. ALD has also subcontracted some technical infrastructure services to SG, mainly in France. Overall amount of IT services subcontracted to SG and its subsidiaries amounts to EUR 18.27 million in fiscal year 2015 (2014: EUR 19.92 million).

Premises

Some Group entities share premises with SG or with SG business divisions in some countries (mainly ALD International and ALD France which represent around 70% of the total rentals paid to SG). Rentals have been priced at arm’s length and amounted to EUR 2 million in fiscal year 2015 (2014: EUR 2.2 million) for ALD France and ALD International.

Brokerage

Societe Generale retail banking network sells long term rental contracts to customers on behalf of ALD International against a commission for each contract sourced. In year 2015, around 13,500 contracts have been signed through Societe Generale distribution network in 4 different countries. 85% of contracts originated through this channel come from the French banking networks of SG Group. The commission paid to SG by ALD France represented EUR 3.55 million for the year ended December 31, 2015 and (2014: EUR 2.9 million).

Third Party Liabilities (TPL) Insurance policy

ALD Italy has subscribed a TPL insurance policy for part of their fleet through Sogessur, the Car insurance company of Societe Generale Group. Sogessur acts as a frontier and is reinsured through ALD Re, the reinsurance company of ALD Group. Insurance premiums have been fixed at arm’s length. The overall amount of insurance premium paid by ALD Italy to Sogessur amount EUR 52 million in fiscal year 2015 (2014: EUR 54.5 million).

Corporate services

Societe Generale Group, as shareholder, provides ALD Group with the following intercompany Corporate services:

- Providing support and advice regarding general secretary, tax or compliance matters at a holding level;
- Performing periodical audits in order to verify the effectiveness of governance, risk management, and permanent control;
- Supervising the Human Resources departments of the subsidiaries.

These Corporate services provided by Societe Generale have been subject to compensation of EUR 13.5 million in fiscal year 2015 and (2014: EUR 13.7 million).

NB: in addition, in fiscal year 2015, there were 41 employees coming from SG (31 in 2014) with a temporary detachment contract in ALD Group with duration of 3 to 5 years; they are part of the local management teams and most of them are included in ALD payroll during the detachment period and are therefore not re-billed to SG. Only the employees based in ALD France and ALD International are still paid by SG and re-billed to ALD; the amount re-billed by SG was EUR 3.7 million in 2014 and EUR 4.5 million in 2015.

Loans with related parties

Societe Generale and its affiliates provide ALD Group with funding either through ALD Treasury centre or directly to ALD subsidiaries at a market rate. 67% of the Group's funding was provided through SG in fiscal years 2015, i.e. EUR 7,194.2 million in 2015.

Societe Generale provides also bank guarantees on behalf of ALD and its subsidiaries in case of external funding. Overall guarantees released by SG Group amounted up to EUR 715.76 million as of December 31, 2015 and (2014: EUR 471 million).

Societe Generale provides also ALD Group with derivatives instruments, for a total amount of EUR 126.5 million in assets and EUR 22.6 million in liabilities.

Tax consolidation agreement

In the 1989 financial year, Societe Generale opted to apply a tax consolidation regime. At December 31, 2015, ALD International SA, Temsys (France), ALD Automotive A/S (Denmark) and Denmark NF Fleet had signed a tax consolidation agreement with SG Group, under which they are required to record in their accounts the tax expense they would have paid if they had not been consolidated with Societe Generale for tax purposes.

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

In January 2016 the Group entered into a definitive agreement to acquire 100% of the share capital of the Hungarian fleet management company MKB-Euroleasing Autopark and its Bulgarian subsidiary MKB-Autopark eood.

In February 2016 the Group entered into negotiations to acquire Parcours Group, a French long-term vehicle leasing company, operating a fleet of 61,500 vehicles. The acquisition allows the Group to strengthen its position with SMEs and very small companies in France and to accelerate its growth in the long-term leasing business.

In early 2016, as part of the Group's aim to strengthen its position in South America, a new subsidiary was created in Peru.

NOTE 35. SCOPE OF CONSOLIDATION

	As at December 31,	
(in %)	**2015**	**2014**
ALD International SA	**Parent company**	**Parent company**
Consolidated companies under global integration	**interest %**	**interest %**
ALD Autoleasing D GmbH (*)	100.00	100.00
ALD Automotive - Russia	100.00	100.00
ALD Automotive A/S - Denmark	100.00	100.00
ALD Automotive AB - SWEDEN	100.00	100.00
ALD Automotive AG - Switzerland	100.00	100.00
ALD Automotive AS - NORWAY	100.00	100.00
ALD Automotive D.O.O. Beograd - SERBIA	100.00	100.00
ALD Automotive Drustvo s Ogranicenom Odgovornoscu za Operativni - Croatia (*)	100.00	100.00
ALD Automotive for Cars Rental and Fleet Management S.A.E. - EGYPT	100.00	100.00
ALD Automotive Fuhrparkmanagement und Leasing GmbH - Austria	100.00	100.00
ALD Automotive Group PLC - UK (*)	100.00	100.00
ALD Automotive LTDA - BRAZIL	100.00	100.00
ALD Automotive Magyarorszag KFT - HUNGARY	100.00	100.00
ALD Automotive Operational Leasing DOO - SLOVENIA	100.00	100.00
ALD Automotive Polska Spolka z Organiczona Odpowiedzialnoscia - POLAND	100.00	100.00
ALD Automotive Private Limited - INDIA	100.00	100.00
ALD Automotive Russia Sas	100.00	100.00
ALD Automotive S.A. de C.V. - MEXICO	100.00	100.00
ALD Automotive S.A. Lease of Cars - GREECE	100.00	100.00
ALD Automotive SA - SPAIN	100.00	100.00
ALD Automotive SRO - Czech Republic	100.00	100.00
ALD Automotive Turizm Ticaret Anonim Sirketi - TURKEY	100.00	100.00
ALD Fleet (SOFOM)	100.00	100.00
ALD International Participations SAS	100.00	100.00
ALD International SAS & CO KG (*)	100.00	100.00
ALD RE Limited - IRELAND	100.00	100.00
Axus Finland OY	100.00	100.00
Axus Italiana Sarl	100.00	100.00
Axus Luxembourg SA	100.00	100.00
Axus Nederland BV	100.00	100.00
AXUS SA NV - BELGIUM	100.00	100.00
First lease Ltd - UKRAINE	100.00	100.00
SG ALD Automotive Portugal Sociedade Geral de Comercio e Aluguer de Benz sa	100.00	100.00
TEMSYS - France (*)	100.00	100.00
ALD Automotive Limitada (Chile)	100.00	0.00
ALD Automotive Slovakia S.R.O	100.00	0.00
ALD Automotive Algeria SPA	99.99	99.99
ALD Automotive SRL - ROMANIA	80.00	80.00
Denmark NF fleet	80.00	80.00
Finland NF fleet	80.00	80.00
NF fleet AB - SWEDEN	80.00	80.00
Norway NF Fleet	80.00	80.00
ALD Automotive Eesti AS - Estonia	75.00	75.00
ALD Automotive SIA - LATVIA	75.00	75.00
UAB ALD Automotive - Lithuania	75.00	75.00
ALD Bulgaria	51.00	51.00
ALD Fortune Auto Leasing and Renting Co. Ltd - China	50.00	50.00
Consolidated companies under equity method		
ALD Automotive SA Morocco 35.00	35.00	35.00
Nedderfeld 95 Immobilien Gmbh & Co. KG	35.00	35.00

(*) Including subsidiaries

NOTES

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Société Anonyme

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Rapport des Commissaires aux Comptes sur les comptes consolidés

Exercice clos le 31 décembre 2015

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S.A.S. à capital variable

DELOITTE & ASSOCIES
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de € 1.723.040

ALD International

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Rapport des Commissaires aux Comptes sur les comptes consolidés

Exercice clos le 31 décembre 2015

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par vos assemblées générales, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2015, sur :

- le contrôle des comptes consolidés de la société ALD International, tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- la vérification spécifique prévue par la loi.

Les comptes consolidés ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I. Opinion sur les comptes consolidés

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes consolidés ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes consolidés. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes consolidés de l'exercice sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière, ainsi que du résultat de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur la note 2.2 « Changements de méthodes comptables et d'informations à présenter » de l'annexe aux comptes consolidés qui expose les effets de la première application de l'interprétation IFRIC 21 « Taxes ».

II. Justification des appréciations

En application des dispositions de l'article L. 823-9 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

- Dans le cadre de l'arrêté des comptes, votre Groupe constitue des dépréciations pour couvrir les risques de crédit inhérents à ses activités et procède également à des estimations comptables significatives portant notamment sur l'évaluation des écarts d'acquisition selon les modalités décrites dans les notes 2.7.1 « Goodwill » et 4.1 « Dépréciation du goodwill » ainsi que sur l'évaluation des provisions sur avantages du personnel selon les modalités décrites dans la note 28 « Engagements de retraite » de l'annexe aux comptes consolidés. Nous avons, d'une part, revu et testé les processus mis en place par la direction, les hypothèses retenues et les paramètres utilisés et, d'autre part, vérifié que ces estimations comptables s'appuient sur des méthodes documentées conformes aux principes décrits dans les notes de l'annexe aux comptes consolidés ci-dessus mentionnées.

- Comme indiqué dans la note 3.1.3 « Risque lié à la valeur résiduelle » de l'annexe aux comptes consolidés, votre Groupe expose les règles et méthodes comptables relatives aux actifs en location. Nous avons examiné les évaluations retenues pour la valorisation de ces actifs et, sur la base des informations qui nous ont été communiquées, nos travaux ont consisté à vérifier la correcte application des principes retenus par votre Groupe.

- Comme indiqué dans la note 3.1.3 « Risque inhérent aux services d'entretien et aux pneumatiques » de l'annexe aux comptes consolidés, votre Groupe expose les règles et méthodes comptables relatives à la reconnaissance des revenus liés aux services d'entretien et aux pneumatiques. Nous avons examiné les évaluations retenues pour la reconnaissance de ces produits et, sur la base des informations qui nous ont été communiquées, nos travaux ont consisté à vérifier la correcte application des principes retenus par votre Groupe.

- Comme indiqué dans la note 3.2 « Evaluation de la juste valeur », votre Groupe procède à des estimations comptables significatives portant notamment sur l'évaluation en juste valeur des instruments financiers. Nous avons examiné et testé les processus mis en place par la direction, les hypothèses retenues et les paramètres utilisés, et vérifié, sur la base des informations qui nous ont été communiquées, que ces estimations comptables s'appuient sur des méthodes documentées conformes aux principes retenus par votre Groupe.

- Votre Groupe procède à d'autres estimations dans le cadre habituel de la préparation de ses comptes consolidés, comme exposé dans la note 2.18 « Provisions » de l'annexe aux comptes consolidés. Nos travaux ont consisté à examiner les méthodes et les hypothèses retenues et à vérifier que les estimations comptables qui en résultent s'appuient sur des méthodes documentées conformes aux principes décrits dans la note de l'annexe aux comptes consolidés ci-dessus mentionnée.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes consolidés, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

III. Vérification spécifique

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, à la vérification spécifique prévue par la loi des informations données dans le rapport sur la gestion du groupe.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Paris-La Défense et Neuilly-sur-Seine, le 1er juin 2016

Les Commissaires aux Comptes

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Vincent ROTY	Jean-Marc MICKELER

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report also includes information relating to the specific verification of information given in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

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

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

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 2.2 "Changes in accounting policies and disclosures" to the consolidated financial statements which sets out the consequences of the initial application of IFRIC 21 "Levies".

2. Justification of our assessments

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

- During the financial statements closing, your Group records impairment in respect of business-related credit risks and makes material accounting estimates in the measurement of goodwill as disclosed in note 2.7.1 "Goodwill" and note 4.1 "Estimated impairment of goodwill" to the consolidated financial statements and in the measurement of provisions for employee benefits as disclosed in note 28 "Retirement benefit obligations" to the consolidated financial statements. We reviewed and tested the processes implemented by management, the assumptions made and the parameters used and we verified that the accounting estimates are based on documented methods in accordance with the accounting policies disclosed in the aforesaid notes to the consolidated financial statements.
- As disclosed in note 3.1.3 "Residual value risk" to the consolidated financial statements, your Group presents the accounting rules and methods applicable to leased assets. We reviewed the valuations adopted for the measurement of these assets and, based on information received, we verified the correct application of the policies adopted by your Group.
- As disclosed in note 3.1.3 "Risk related to service maintenance and tyres" to the consolidated financial statements, your Group presents the revenue recognition

accounting rules and methods for tyres and maintenance. We reviewed the valuations adopted for the recognition of this revenue and, based on information received, we verified the correct application of the policies adopted by your Group.

- As disclosed in note 3.2 “Fair value estimation” to the consolidated financial statements, your Group makes material accounting estimates in the fair value measurement of financial instruments. We reviewed and tested the processes implemented by management, the assumptions made and the parameters used, and based on information received, we verified that these estimates are based on documented methods in accordance with the policies adopted by your Group.
- Your Group performs other estimates in the preparation of the consolidated financial statements, as disclosed in note 2.18 “Provisions” to the consolidated financial statements. Our procedures consisted in reviewing the methods and assumptions adopted and verifying that the resulting accounting estimates are based on documented methods in accordance with the accounting policies disclosed in the aforesaid note to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group’s management report.

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

Neuilly-sur-Seine and Courbevoie, June 1, 2016

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Vincent Roty	Jean-Marc Mickeler

ALD INTERNATIONAL
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FRANCE

LET'S DRIVE TOGETHER

ALD
Automotive