FIRST HALF 2018 FINANCIAL REPORT

ALD

SUMMARY

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I. MANAGEMENT REPORT

1. H1 2018 HIGHLIGHTS

ALD CONTINUES ON ITS SUCCESSFUL GROWTH PATH WHILE DELIVERING A SOLID OPERATING AND FINANCIAL PERFORMANCE

- **Total Fleet: 1.59 million vehicles managed worldwide at end June 2018, up 10.1% vs. end June 2017 and 5.0% vs. end 2017**
- **Leasing contract & services margins reached EUR 611m, up 7.3% in H1 18 vs. H1 17 more than offsetting the falling trend in Car sales result, which reached EUR 59.8 million in H1 18 down from EUR 92.7 million in H1, leading Gross Operating Income at EUR 670.8 million in H1 18, up 1.3% vs. H1 17**
- **Operating expenses under control, rising 5.2%, pushing Cost/Income ratio (excluding Car Sales Result) down to 50.4% in H1 2018, close to 50% FY2018 target**
- **Net Income (Group share) at EUR 280.0 million in H1 18, ROE[1] at 16.6%**

2. FINANCIAL REVIEW ON FIRST SIX MONTHS OF 2018

CONTINUED STRONG BUSINESS DEVELOPMENT AND SOLID OPERATING AND FINANCIAL RESULTS

Consolidated income statement

in EUR million	Q2 2018	Q2 2017	Change in % Q2 '18/'17	H1 2018	H1 2017	Change in % H1 '18/'17
Leasing Contract Revenues				2,055.7	1,931.0	+6.5%
Leasing Contract Costs - Depreciation				(1,645.8)	(1,510.9)	+8.9%
Leasing Contract Costs - Financing				(107.1)	(128.3)	(16.5%)
Unrealised Gains/Losses on Financial Instruments				7.3	(19.8)	(136.6%)
Leasing Contract Margin	**163.0**	**143.2**	**+13.8%**	**309.9**	**272.0**	**+14.0%**
Services Revenues				969.1	886.2	+9.3%
Cost of Services Revenues				(668.0)	(588.7)	+13.5%
Services Margin	**148.9**	**145.8**	**+2.1%**	**301.1**	**297.5**	**+1.2%**
Proceeds of Cars Sold				1,396.5	1,245.1	+12.2%
Cost of Cars Sold				(1,336.7)	(1,152.4)	+16.0%
Car Sales Result	**30.2**	**44.9**	**(32.8%)**	**59.8**	**92.7**	**(35.5%)**
GROSS OPERATING INCOME	**342.1**	**333.9**	**+2.5%**	**670.8**	**662.2**	**+1.3%**
Staff Expenses				(197.0)	(184.8)	+6.6%
General and Administrative Expenses				(97.5)	(96.1)	+1.4%
Depreciation and Amortisation				(13.7)	(12.0)	+14.1%
Total Operating Expenses	**(156.1)**	**(148.4)**	**+5.2%**	**(308.2)**	**(292.9)**	**+5.2%**
Impairment Charges on Receivables	(7.0)	(4.8)	+47.0%	(13.4)	(10.1)	+33.2%
Non-Recurring Income (Expenses)				0.0	(0.0)	(100.0%)
OPERATING RESULT				**349.2**	**359.2**	**(2.8%)**
Share of Profit of Associates and Jointly Controlled Entities				0.7	0.8	(15.2%)
Profit Before Tax	**179.4**	**181.0**	**(0.9%)**	**349.8**	**360.0**	**(2.8%)**
Income Tax Expense	(34.7)	(36.7)	(5.6%)	(66.6)	(70.9)	(6.1%)
Profit for the Period				**283.2**	**289.1**	**(2.0%)**
Profit Attributable to:						
Owners of the Company	**143.3**	**143.4**	**(0.1%)**	**280.0**	**287.1**	**(2.4%)**
Non-Controlling Interests				*3.2*	*2.0*	*+56.0%*
Return on Equity[1]				*16.6%*	*18.9%*	

[1] Annualized ratio: in the numerator half-year figure multiplied by 2

ALD continued to record strong fleet growth during the first half of 2018 with total fleet reaching 1.59 million vehicles at the end of June, up 5.0% vs. the end of December 2017 and 10.1% vs. the end of June 2017. All regions contributed to growth during H1 18, which saw on-balance sheet and off-balance sheet fleet progressing in tandem.

All client segments showed growth powered in particular by ALD's network of partners, which expanded further. Private lease continued to progress at an annual rate of more than 40% in H1 18, with the result that more than 10% of net fleet additions during the semester constituted contracts with private individuals. Total private fleet reached c. 95 thousand vehicles at the end of June, well underway to ALD's 150 thousand target for end of 2019.

Driven by strong fleet growth, Leasing Contract and Services Margins together rose 7.3% in H1 18 to EUR 611.0 million vs EUR 569.5 million in H1 17. The effect of the Italian Stability Law continues to weigh on Services Margin progression in 2018, but this is more than compensated for at the bottom line by the corresponding reduction in Income tax expense.

Car sales margin on used vehicles[2] showed resilience in Q2 18 at EUR 434 per vehicle (vs. EUR 417 in the previous quarter), possibly favoured by seasonal factors. For the full year ALD maintains the guidance range of EUR 200 to EUR 400 per vehicle provided at the start of the year.

The number of used cars sold[2] in H1 18 reached c. 70 thousand, slightly below the preceding quarter, reflecting a lower number of cars coming off lease. More than half of vehicles coming off lease were sold within 30 days, while the share of cars sold via electronic platforms in H1 18 exceeded 60%.

Car Sales Result in Q2 18 was EUR 30.2 million, stable vs. the previous quarter, but down from EUR 44.9 million vs. Q2 17. The H1 2018 figure was EUR 59.8 million, to be compared with EUR 92.7 million in H1 17.

Overall, Gross Operating Income increased by 2.5% during Q2 18 to EUR 342.1 million (vs. EUR 333.9 million in Q2 17). For H1 18 it amounted to EUR 670.8 million, up 1.3% vs. H1 17.

Total Operating Expenses saw a controlled rise of 5.2% vs. H1 17 to EUR 308.2 million, well below fleet growth. This allowed the Cost-Income ratio (excluding Car Sales Result) to improve by one percentage point to 50.4%, compared to 51.4% recorded in H1 17.

Impairment charges on receivables remained well under control in H1 18 at EUR 13.4 million. The cost of risk[3] was 15 bps in H1 18.

Income tax expense dropped 6.1% in H1 18 vs H1 17, a larger drop than Profit before tax (down 2.8% over the same period), reflecting the favourable impact of the Italian Stability Law.

The second quarter's solid operating performance resulted in a Net Income (Group Share) at EUR 143.3 million, stable versus Q2 17. Net Income (Group Share) for H1 18 came in at EUR 280.0 million, down 2.4% on the same period of last year.

[2] Management information

[3] Cost of risk: Annualized ratio (half-year figure multiplied by 2), using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

SOLID GROWTH IN ASSETS AND EQUITY POSITION

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	30.06.2018	31.12.2017	Change in % H1 '18/ FY '17		30.06.2017	Change in % H1 '18/H1 '17
Total Fleet (in '000 of vehicles)	**1,587**	**1,511**	**+5.0%**		**1,441**	**+10.1%**
Total On Balance Sheet Fleet (in '000 of vehicles)	1,238	1,179	+5.0%		1,099	+12.7%
Total Off Balance Sheet Fleet (in '000 of vehicles)	349	332	+5.2%		343	+1.9%
Earning Assets	**18,026**	**16,930**	**+6.5%**		**15,543**	**+16.0%**
o/w Rental Fleet	17,383	16,336	+6.4%		15,000	+15.9%
o/w Financial Lease Receivables	643	594	+8.3%		543	+18.4%
Long Term Investment - Equity Reinvestment	**755**	**831**	**(9.1%)**		**914**	**(17.4%)**
Cash & Cash equivalents	**227**	**195**	**+16.8%**		**198**	**+14.8%**
Intangibles (incl. Goodwill)	**568**	**563**	**+0.8%**		**454**	**+25.0%**
Other	**2,792**	**2,704**	**+3.3%**		**2,319**	**+20.4%**
Total Assets	**22,369**	**21,222**	**+5.4%**		**19,428**	**+15.1%**
Shareholders' equity	**3,385**	**3,364**	**+0.6%**		**3,096**	**+9.3%**
Minority Interests	**35**	**34**	**+2.8%**		**34**	**+2.1%**
Financial Debt	**16,118**	**15,130**	**+6.5%**		**13,648**	**+18.1%**
Other Liabilities	**2,831**	**2,694**	**+5.1%**		**2,650**	**+6.8%**
Total Liabilities and Equity	**22,369**	**21,222**	**+5.4%**		**19,428**	**+15.1%**

COMMENTS ON SIGNIFICANT BALANCE SHEET MOVEMENTS

Earning Assets

The growth in the Rental Fleet Assets of 6.4% during the 6 months ended 30 June 2018 is driven by a growth in the on Balance Sheet Fleet of 5.0% during the same period. Earning Assets grow at a higher pace than fleet due to a change in fleet mix eg higher proportion of SUVs and higher end cars.

Long term investments – Equity Reinvestment

Following the Group's decision to stop reinvesting its equity in long term deposits, the reduction of these amounts over the year ending 30 June 2018 is due to the maturing of long term deposits that have not been renewed in further long term deposits.

Intangibles (including goodwill)

There has been no significant change in Intangibles (including goodwill) during H1 2018.

Financial Debt

The increase in Financial Debt over the year ending 30 June 2018 has primarily occurred to support the growth in the Earning Assets due to the on Balance Sheet Fleet growth during the period. Since the start of the year, ALD has raised EUR 1.7 billion in senior external debt, some of it to replace a private UK securitization and an external loan from BBVA that were terminated. Overall, the Group continues to rely on Societe Generale for the lion's share of its funding, but expects the share of external funding to increase to up to 40% in the medium term.

The Group's Total Equity to Total Assets ratio stood at 15.3% at the end of June 2018, down from 16.0% at year-end due to the payment of the 2017 dividend during the second quarter, but remaining within the Group's guidance range.

ROE[4] for the first semester came in at 16.6%.

[4] Annualized ratio: in the numerator half-year figure multiplied by 2

3. KEY STRATEGIC INITATIVES & OPERATIONAL DEVELOPMENTS

ACQUISITION OF REFLEX ALQUILER FLEXIBLE DE VEHÍCULOS IN SPAIN

On 29 June 2018, ALD signed an agreement to acquire Reflex Alquiler Flexible de Vehículos, an independent Spanish flexible renting provider. This acquisition forms part of ALD's development strategy and is an example of ALD's focus on targeted and value accretive bolt-on acquisitions.

Reflex is an independent player on the Spanish flexible renting market with a fleet of c. 2,000 vehicles rented to SMEs. Flexible renting provides mid-term mobility solutions to fleet managers.

This transaction is expected to strengthen ALD's product offering in Spain while expanding the commercial reach of its solutions to SMEs. ALD Spain currently manages a fleet of c. 4,000 flexible contracts with large corporates.

PARTNERSHIP WITH AXA FRANCE

On 21 June 2018, ALD launched, together with its partner AXA France, a new “All in One” offer, including Full Damage Waiver, aimed at both BtoB and BtoC markets.

This packaged offer is commercialized through the AXA France network, and is aimed at enlarging ALD's client base in France, particularly on the SME and private lease markets.

PILOT AGREEMENT WITH MAAS GLOBAL

On 27 June 2018, ALD signed a pilot agreement with Maas Global, an international mobility operator based in Finland, to provide car sharing services through WHIM, the company's Mobility as a Service app, in Helsinki.

Available through a monthly financial package, Whim enables subscribers to determine the best transport option for every journey they take. Starting in July, selected WHIM users will have access to a dedicated pool of ALD car sharing vehicles in the city of Helsinki.

This agreement fully supports ALD's distribution strategy to partner up with innovative partners in order to broaden the company's offering and extend the reach of its services.

NEW PARTNERSHIP AGREEMENT WITH MAZDA IN THE NETHERLANDS

Since 1 June, ALD provides white-labeled operational leasing services for Mazda's entire range of leasing products in the Netherlands. Mazda selected ALD Automotive in the Netherlands for its innovative offering and market leading expertise as a global distribution partner.

This new agreement reinforces the existing successful partnership between the two companies as ALD also provides full service leasing services for Mazda through its dealership networks in Spain and Italy.

4. RISK FACTORS

ALD continues to be subject to the usual risks and the risks inherent in its business as mentioned in Chapter 4 of the Registration Document filed on 16 April 2018. There were no material changes in these risks during the rest of H1 18.

5. RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 33 to the Group's consolidated financial statements for the financial year ended 31 December 2017 and in Note 24 to the Group's interim consolidated financial statements for the six months ended 30 June 2018. These transactions relate mainly to key management compensation, sales of goods and services, information technology services, premises, brokerage, insurance policy, corporate services, loans and tax consolidation. There have not been any substantial changes in the related party transactions since that date.

6. EVENTS SUBSEQUENT TO 30 JUNE 2018

Other than the following events (as detailed above), there were no other significant events that happened subsequent to 30 June 2018:

- EUR 500M EMTN Bond Issuance in July 2018

II. STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

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S.A. au capital de € 1.723.040
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
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438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD

Period from January 1 to June 30, 2018

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ALD, for the period from January 1 to June 30, 2018;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw attention to Notes 2 "Basis of preparation" and 3.2 "Summary of IFRS 9 accounting policy change" of the condensed half-yearly consolidated financial statements regarding the impact of the first application of IFRS 9 – "Financial instruments" standard.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, August 2, 2018

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Micha Missakian

III. STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

I certify, to the best of my knowledge, that the interim condensed financial statements for the six months ended 30 June 2018 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the undertakings included in the consolidation, and that the interim management report, to be found in the first part of this Report, presents a fair review of the important events that have occurred during the first six months of the financial year, their impact on the financial statements, major related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 2 August 2018

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Mr Mike Masterson
Chief Executive Officer of ALD SA

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Person responsible for financial information
Mr Gilles Momper
Chief Financial Officer of ALD SA

IV. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

SUMMARY

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months period ended	
(In EUR million)	**Notes**	**June 30, 2018**	**June 30, 2017**
Leasing contract revenues	**11a,11d**	2,055.7	1,931.0
Leasing contract costs - depreciation	**11a**	(1,645.8)	(1,510.9)
Leasing contract costs - financing	**11a**	(107.1)	(128.3)
Unrealised gains/losses on financial instruments	**11a**	7.3	(19.8)
Leasing contract margin		**309.9**	**272.0**
Services revenues	**11b,11d**	969.1	886.2
Cost of services revenues	**11b**	(668.0)	(588.7)
Services margin		**301.1**	**297.5**
Proceeds of cars sold	**11c,11d**	1,396.5	1,245.1
Cost of cars sold	**11c,11d**	(1,336.7)	(1,152.4)
Car sales result		**59.8**	**92.7**
GROSS OPERATING INCOME		**670.8**	**662.2**
Staff expenses		(197.0)	(184.8)
General and administrative expenses		(97.5)	(96.1)
Depreciation and amortisation		(13.7)	(12.0)
Total operating expenses		**(308.2)**	**(292.9)**
Impairment charges on receivables		(13.4)	(10.1)
Non-recurring income (expenses)	**14**	0.0	(0.0)
OPERATING RESULT		**349.2**	**359.2**
Share of profit of associates and jointly controlled entities		0.7	0.8
Profit before tax		**349.8**	**360.0**
Income tax expense	**12**	(66.6)	(70.9)
Net income		**283.2**	**289.1**
Net income attributable to:			
Owners of the Company		**280.0**	**287.1**
Non-controlling interests		3.2	2.0
Earnings per share for net income attributable to the owners of the parent:			
Basic and diluted earnings per share (in cents)	**23**	**0.69**	**0.71**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months period ended	
(in EUR million)	**Notes**	**June 30, 2018**	**June 30, 2017**
Net income		**283.2**	**289.1**
Items that will not be reclassified subsequently to profit or loss		**-**	**(0.0)**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		-	-
Deferred tax on actuarial gain/(Loss) on retirement benefit		-	(0.0)
Items that may be reclassified subsequently to profit or loss		**(16.6)**	**(13.7)**
Changes in cash flow hedges, before tax		(4.3)	(0.8)
Deferred tax on cash flow hedges		1.1	0.2
Currency translation differences		(13.3)	(13.1)
Other comprehensive income for the period, net of tax		**(16.6)**	**(13.7)**
Total comprehensive income for the period		**266.6**	**275.5**
Attributable to			
Owners of the Company		263.6	273.8
Non-controlling interests		3.0	1.6
Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations		263.6	273.8

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(in EUR million)	Notes	June 30, 2018	December 31, 2017
ASSETS			
Rental fleet	**16**	17,383.4	16,336.1
Other property and equipment		100.2	94.4
Goodwill	**15**	528.8	528.8
Other intangible assets		38.9	34.4
Investments in associates and jointly controlled entities		7.0	6.8
Derivative financial instruments		29.7	17.8
Deferred tax assets		148.3	142.4
Other non-current financial assets	**17**	755.3	830.5
Non-current assets		**18,991.7**	**17,991.2**
Inventories		241.3	254.8
Receivables from clients and financial institutions	**18**	1,503.0	1,438.0
Current income tax receivable		87.7	111.2
Other receivables and prepayments		978.1	904.6
Derivative financial instruments		16.9	11.0
Other current financial assets	**17**	323.1	316.8
Cash and cash equivalents	**19**	227.3	194.6
Current assets		**3,377.5**	**3,230.9**
Total assets		**22,369.2**	**21,222.2**
EQUITY AND LIABILITIES			
Share capital		606.2	606.2
Share premium		375.1	375.1
Treasury stock		(4.6)	-
Retained earnings and other reserves		2,128.6	1,815.6
Net income		280.0	567.6
Equity attributable to owners of the parent		**3,385.3**	**3,364.5**
Non-controlling interests		34.7	33.8
Total equity		**3,420.0**	**3,398.2**
Borrowings from financial institutions	**21**	8,034.5	7,660.9
Bonds and notes issued	**21**	3,258.8	2,282.4
Derivative financial instruments		9.9	16.6
Deferred tax liabilities		260.1	242.2
Retirement benefit obligations and long term benefits		19.4	19.1
Provisions		110.7	96.5
Non-current liabilities		**11,693.3**	**10,317.7**
Borrowings from financial institutions	**21**	4,499.2	4,188.6
Bonds and notes issued	**21**	326.0	997.9
Trade and other payables	**22**	2,187.7	2,061.2
Derivative financial instruments		3.2	9.8
Current income tax liabilities		76.3	90.1
Provisions		163.6	158.7
Current liabilities		**7,255.9**	**7,506.3**
Total liabilities		**18,949.1**	**17,823.9**
Total equity and liabilities		**22,369.2**	**21,222.2**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR million)	Attributable to equity holders of the company											
	Share capital	Share premium	Treasury stock	Translation reserves	Hedging reserve	Actuarial gain/(loss) reserve	Other capital reserves	Retained earnings	Net income	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Balance As at January 1, 2017	**606.1**	**375.1**	**-**	**(85.3)**	**(11.8)**	**(4.4)**	**7.2**	**1,579.0**	**511.7**	**2,977.7**	**34.8**	**3,012.4**
Changes in cash flow hedges	-	-	-	-	(0.6)	-	-	-	-	(0.6)	-	(0.6)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	(12.7)	-	-	-	-	-	(12.7)	(0.4)	(13.1)
Other comprehensive income	**-**	**-**	**-**	**(12.7)**	**(0.6)**	**-**	**-**	**-**	**-**	**(13.3)**	**(0.4)**	**(13.7)**
Net income	-	-	-	-	-	-	-	-	287.1	287.1	2.0	289.0
Total comprehensive income for the period	**-**	**-**	**-**	**(12.7)**	**(0.6)**	**-**	**-**	**-**	**287.1**	**273.7**	**1.6**	**275.3**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Dividends	-	-	-	-	-	-	-	(155.6)	-	(155.6)	(2.4)	(158.0)
Scope changes	-	-	-	-	-	-	-	(0.0)	-	(0.0)	-	(0.0)
Appropriation of net income	-	-	-	-	-	-	-	511.7	(511.7)	-	-	-
Other	0.0	-	-	-	-	-	-	-	-	**0.0**	-	**0.0**
Balance As at June 30, 2017	**606.2**	**375.1**	**-**	**(97.7)**	**(12.4)**	**(4.4)**	**7.0**	**1,935.0**	**287.1**	**3,095.8**	**34.0**	**3,129.8**
Changes in cash flow hedges	-	-	-	-	(0.1)	-	-	-	-	**(0.1)**	-	**(0.1)**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	0.7	-	-	-	**0.7**	-	**0.7**
Currency translation differences	-	-	-	(13.1)	-	-	-	-	-	**(13.1)**	(0.3)	**(13.4)**
Other comprehensive income	**-**	**-**	**-**	**(13.1)**	**(0.1)**	**0.7**	**-**	**-**	**-**	**(12.5)**	**(0.3)**	**(12.8)**
Net income	-	-	-	-	-	-	-	-	280.5	**280.5**	3.6	**284.1**
Total comprehensive income for the period	**-**	**-**	**-**	**(13.1)**	**(0.1)**	**0.7**	**-**	**-**	**280.5**	**268.0**	**3.3**	**271.3**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	-	0.7	-	-	**0.7**	-	**0.7**
Dividends	-	-	-	-	-	-	-	-	-	-	(3.4)	**(3.4)**
Scope changes	-	-	-	-	-	-	-	(0.0)	-	**(0.0)**	-	**(0.0)**
Appropriation of net income	-	-	-	-	-	-	-	-	-	-	-	-
Other	(0.0)	-	-	-	-	-	-	-	-	**(0.0)**	-	**(0.0)**
Balance As at December 31, 2017 as originally presented	**606.2**	**375.1**	**-**	**(111.1)**	**(12.5)**	**(3.7)**	**7.7**	**1,935.2**	**567.6**	**3,364.5**	**33.8**	**3,398.2**
First Time Application of IFRS 9*								**(16.4)**		**(16.4)**	**(0.2)**	**(16.6)**
Balance As at January 1, 2018 restated	**606.2**	**375.1**	**-**	**(111.1)**	**(12.5)**	**(3.7)**	**7.7**	**1,918.8**	**567.6**	**3,348.1**	**33.6**	**3,381.6**
Changes in cash flow hedges	-	-	-	-	(3.3)	-	-	-	-	**(3.3)**	-	**(3.3)**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	(13.1)	-	-	-	-	-	**(13.1)**	(0.2)	**(13.3)**
Other comprehensive income	**-**	**-**	**-**	**(13.1)**	**(3.3)**	**-**	**-**	**-**	**-**	**(16.4)**	**(0.2)**	**(16.6)**
Net income	-	-	-	-	-	-	-	-	280.0	**280.0**	3.2	**283.2**
Total comprehensive income for the period	**-**	**-**	**-**	**(13.1)**	**(3.3)**	**-**	**-**	**-**	**280.0**	**263.6**	**3.0**	**266.6**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	-	0.4	-	-	**0.4**	-	**0.4**
Dividends	-	-	-	-	-	-	-	(222.3)	-	**(222.3)**	(1.9)	**(224.2)**
Scope changes	-	-	-	-	-	-	-	(0.0)	-	**(0.0)**	-	**(0.0)**
Appropriation of net income	-	-	-	-	-	-	-	567.6	(567.6)	-	-	-
Other	0.0	-	(4.6)**	-	-	-	-	-	-	**(4.6)**	-	**(4.6)**
Balance As at June 30, 2018	**606.2**	**375.1**	**(4.6)**	**(124.1)**	**(15.8)**	**(3.7)**	**8.1**	**2,264.1**	**280.0**	**3,385.3**	**34.7**	**3,420.0**

** The impacts presented in this line arose solely from the IFRS 9 provisions related to credit risk*
***Refer to Note 23*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

		For the six months period ended	
(in EUR million)	**Notes**	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		**349.8**	**360.0**
Adjustments for:			
Rental Fleet	**16**	1,694.2	1,546.8
Other property and equipment		9.6	8.2
Intangible assets		4.0	3.5
Financial assets		-	0.0
Regulated prov., contingency and expenses provisions		19.4	22.0
Depreciation and provision		**1,727.3**	**1,580.6**
NBV on disposal of other property and equipment		7.7	6.3
NBV on disposal of intangible assets		0.0	0.9
NBV on disposal of financial assets		-	-
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		**7.8**	**7.2**
Fair value of derivative financial instruments		(5.7)	33.3
Interest Charges		107.1	128.3
Interest Income		(404.3)	(413.1)
Net interest income		**(297.2)**	**(284.8)**
Other (*)		(0.2)	(1.0)
Amounts received for disposal of rental fleet	**16**	1,385.2	1,281.7
Amounts paid for acquisition of rental fleet	**16**	(4,226.9)	(3,842.7)
Change in working capital		(10.9)	(44.2)
Interest Paid		(152.3)	(151.5)
Interest Received		416.0	431.6
Net interest paid		**263.7**	**280.1**
Income taxes paid		(38.3)	(47.4)
Cash generated from operations (continuing activities)		**(845.3)**	**(677.3)**
Net cash inflow/(outflow) from operating activities		**(845.3)**	**(677.3)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment		-	-
Acquisition of other property and equipment		(23.6)	(25.9)
Divestments of intangible assets		-	-
Acquisition of intangible assets		(8.5)	(5.6)
Proceeds from sale of financial assets		-	-
Acquisition of financial assets (non consolidated securities)		(9.9)	(2.0)
Effect of change in group structure		(0.0)	-
Dividends received		0.0	(0.0)
Long term investment		83.7	69.6
Loans and receivables from related parties		(0.2)	(3.8)
Other financial investment		(7.0)	(24.0)
Cash flows from investing activities (continuing activities)		**34.5**	**8.3**
Cash flows from investing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from investing activities		**34.5**	**8.3**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		5,093.4	5,980.7
Repayment of borrowings from financial institutions		(4,347.8)	(4,611.8)
Proceeds from issued bonds		1,260.0	0.0
Repayment of issued bonds		(957.5)	(500.0)
Dividends paid to company's shareholders		(222.3)	(155.6)
Dividends paid to minority interest		(1.9)	(2.4)
Increase/decrease in shareholders capital		-	-
Other		(4.6)	-
Cash flows from financing activities (continuing activities)		**819.3**	**710.9**
Cash flows from financing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from financing activities		**819.3**	**710.9**
Exchange gains/(losses) on cash and cash equivalents		**(3.0)**	**(0.6)**
Effect of change in accounting policies		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**5.4**	**41.4**
Cash & cash equivalents at the beginning of the period	**19**	**6.7**	**(24.8)**
Cash & cash equivalents at the end of the period	**19**	**12.1**	**16.5**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

ALD ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle fleet management group with a fleet of more than 1,586,000 vehicles. The Group provides financing and management services in 43 countries in the world including the following businesses:

- Full service leasing : Under a full-service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance).
- Fleet management: Fleet management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various fleet management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

The company is a French « Société Anonyme » incorporated in Société Générale group. Its registered office is located at 1-3 Rue Eugène et Armand Peugeot Corosa 92500 Rueil-Malmaison.

The company is a subsidiary of the Société Générale group.

The interim condensed consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and values are 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 interim condensed consolidated financial statements for the six months ended June 30, 2018 were authorised for issue by ALD's Board of Directors on August 1, 2018.

NOTE 2. BASIS OF PREPARATION

The Group's interim condensed consolidated financial statements for the six months period ended June 30, 2018 are prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the European Union.

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim financial reporting", using the same accounting policies as those described in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2017, except for the changes described in Note 3 to these interim condensed consolidated financial statements, which have been applied since January 1, 2018 following the Group's adoption of IFRS 9 – Financial Instruments.

Since interim condensed consolidated financial statements do not include all of the annual financial statement disclosures required under IFRS, they should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended December 31, 2017.

NOTE 3. ACCOUNTING POLICY CHANGES

The below-described accounting policies have been applied since January 1, 2018.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period:

- **IFRS 15 Revenue from Contracts with Customers (Note 3.1)**
- **IFRS 9 Financial Instruments (Note 3.2)**
- **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

- **Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

- **Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

- **Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

- **Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The impact of the adoption of the standard IFRS 15 and IFRS 9 and the new accounting policies are disclosed in section 3.1 and 3.2 respectively.

The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

3.1 SUMMARY OF IFRS 15 ACCOUNTING POLICY CHANGE

IFRS 15 "Revenue from contracts with customers" is applicable to reporting periods beginning on or after January 1, 2018.

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

It 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 has evaluated the impacts of this standard and assessed that the adoption of IFRS 15 does not impact its consolidated financial statements. Therefore the retrospective transition method will not require a restatement of the consolidated financial statements.

3.2 SUMMARY OF IFRS 9 ACCOUNTING POLICY CHANGE

Classification and Measurement (Phase 1)

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, derivative financial instruments 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 in most cases 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 major modifications. Modification regarding financial liabilities designated at fair value through profit or loss (using fair value option) has been made where 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.

Additionally, in accordance with the recommendations issued by the market authorities (ESMA and AMF), the Group elected to early apply, at 1 January 2018, the amendment to IFRS 9 "Prepayment features with negative compensation", published by the IASB on 12 October 2017 and adopted by the European Union on 22 March 2018.

According to this amendment, financial assets, having a clause of prepayment with negative compensation, can now be classified as SPPI and measured at amortised cost if the business model is hold to collect.

IFRS 9 also lays down the principles for recognising renegotiations of financial liabilities that do not result in derecognition.

ALD has performed a business analysis on all relevant categories of financial assets and the conclusion is that there is no material impact of IFRS 9.

The majority of financial assets held by ALD are classified in the "Loans and receivables" category under IAS 39 (e.g. long-term investments, receivables under finance lease contracts, receivables from credit institutions, short-term deposits). These assets will be almost entirely reclassified in the IFRS 9 category of "Financial assets measured at amortised cost", in accordance with the business model under which they are held. Any exposures that do not pass the SPPI test will be an exception to the above rule, and will necessarily be reclassified in the portfolio of "Financial assets that must be measured at fair value through profit or loss".

ALD RE DAC - Ireland is excluded from this analysis following decision to postpone IFRS 9 application for insurance companies until 2021. This decision taken by SG Group is in line with European Commission regulation stipulating that "The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2021. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, International Accounting Standard (IAS) 39, Financial Instruments. The amendments to IFRS 4 also permit entities that implement IFRS 9 to remove from profit or loss some of the additional accounting mismatches and temporary volatility that could occur before IFRS 17 is implemented."

Credit risk (Phase 2)

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as trade receivables, contract assets, lease receivables, loan commitments and issued financial guarantee contracts, are systematically subject to impairment or provision for expected credit losses (ECL) upon initial recognition of the financial asset or commitment, without waiting for objective evidence of impairment to occur.

The IFRS 9 general approach to recognising impairment is based on a three-stage process which is intended to reflect the deterioration in credit quality of a financial instrument.

• Stage 1 covers instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.

• Stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event

• Stage 3 covers financial assets that have objective evidence of impairment at the reporting date (as was the standard under IAS 39). The Group continues to apply the Basel II regulations for customers in default.

12-month expected credit losses are recognised in stage 1, while lifetime expected credit losses are recognised in stages 2 and 3.

The three-stage process under the 'general approach'

	Deterioration in credit quality		
	Stage 1 (performing)	**Stage 2 (under-performing)**	**Stage 3 (under-performing)**
Credit quality	Financial Instruments that have not deteriorated significantly in credit quality since intitial recognition or (where the optional simplification is applied) that have low credit risk at the reporting date	Financial Instruments that have deteriorated significantly in credit quality since intitial recognition (unless the optional simplification is applied and they have low credit risk at the reporting date) but that do not have objective evidence of a credit loss event	Financial assets that have objective evidence of impairment at the reporting date
Recognition of expected credit losses	12 month expected credit losses are recognised	Lifetime expected credit losses are recognised	Lifetime expected credit losses are recognised
Practical Expedient	Low credit risk	Credit risk > low	

There are two exceptions to the above general approach:

- A simplified approach for trade receivables, contract assets and lease receivables
- A simplified approach for purchased or originated credit-impaired financial assets

For trade receivables, contract assets or lease receivables without a significant financing component the standard requires a simplified approach, where lifetime expected credit losses are recognised. If there is a significant financing component then there is an accounting policy choice for which model to use.

IFRS 9 does not prescribe how an entity should estimate lifetime expected credit losses when applying the simplified model, and permits the use of measures such as a ‘provision matrix’.

For not in default trade receivables and finance lease receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, and is measured based on a provision matrix for receivables associated with Sound customers. The Group continues to apply the Basel II regulations for customer in default. Full disclosure of the methodology for default customer provisions can be found in the consolidated financial statements for the year end 31 December, 2017, note 3.1.1.

ALD has chosen to apply the simplified methodology, and uses lifetime expected credit loss measurement based on a provision matrix. The provision matrix is based on observed default rates over the life of the receivables (the average contract length in each entity). This process results in Probability of Default (PD), or provision, rates for each category of aged receivables. The PD rates are applied to the aged receivables each reporting period to arrive at a total provision. The provision matrix can be found in Note 20.2c

The final provision is also adjusted to consider Loss Given Default (LGD) specific to the entity, and types of customer which have different risk profiles

For the newly set-up or acquired subsidiaries, by definition, limited statistics are available, and the weight of the exposure of these new countries is not material. Therefore, PD rates of similar/neighbouring entities shall be applied.

ALD considers some specific receivable types, which have zero or almost no history of credit risk, as out of scope from the IFRS 9 calculation. These include receivables on used car sales and insurance receivables, which have been reviewed for credit losses and found to be of a different risk nature to the Group's main lease receivables. For this reason, trade receivables will not match the scope of receivables analysed in the IFRS 9 disclosures. These gaps will be identified where they exist. Analysis of receivables as defined by the simplified approach can be found in Note 20.2b

Note 20.2a provides a reconciliation between IAS 39 and IFRS 9 and post transition disclosure notes.

Hedge accounting (Phase 3)

Phase 3 of the new IFRS 9 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 required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

The publication of IFRS 9 was accompanied with an update of IFRS 7 (financial instrument disclosures). Disclosures relating to hedging were significantly enriched.

The application of IFRS 9, Phases 1 and 2 are mandatory from 1st January 2018 and Phase 3 application is optional. ALD has elected not to apply hedge accounting in accordance with IFRS 9 Phase 3. Instead, it will continue to apply IAS 39 hedge accounting principles.

3.2.1 Impact of IFRS 9 adoption

IFRS 9 is effective from 1 January 2018. This has not been applied to previous periods and ALD will not restate comparative figures for prior periods. Consequently, as far as financial instruments are concerned, comparative figures for 2017 that will be provided with figures related to 2018 in consolidated financial statements will remain as determined according to IAS 39. Any change in asset or liability value due to the first-time application of IFRS 9 at 1 January 2018 is recognised directly in equity on that date.

IFRS9 provisions with respect to the changes in fair value of financial liabilities designated at fair value through profit or loss were not early adopted.

In accordance with the recommendations issued by the market authorities (ESMA and AMF), the Group elected to early apply, at 1 January 2018, the amendment to IFRS 9 "Prepayment features with negative compensation", published by the IASB on 12 October 2017 and adopted by the European Union on 22 March 2018.

3.2.1 a. Impact of IFRS 9 on the financial statements

The following information presents the Consolidated Balance Sheet impacts as at January 1, 2018. The impacts presented in this table arose solely from the IFRS 9 provisions related to credit risk.

(in EUR million)	December 31, 2017	Note	IFRS 9 First Time Application		January,1 2018
ASSETS					
Rental fleet	16,336.1		-		16,336.1
Other property and equipment	94.4		-		94.4
Goodwill	528.8		-		528.8
Other intangible assets	34.4		-		34.4
Investments in associates and jointly controlled entities	6.8		(0.5)	1	6.3
Derivative financial instruments	17.8		-		17.8
Deferred tax assets	142.4		5.4	2	147.8
Other non-current financial assets	830.5		-		830.5
Non-current assets	**17,991.2**		**4.9**		**17,996.1**
Inventories	254.8		-		254.8
Receivables from clients and financial institutions	1,438.0	3.2.1 (b,c), 20.2 (a,b,c)	(21.7)	3	1,416.3
Current income tax receivable	111.2		-		111.2
Other receivables and prepayments	904.6		-		904.6
Derivative financial instruments	11.0		-		11.0
Other current financial assets	316.8		-		316.8
Cash and cash equivalents	194.6		-		194.6
Current assets	**3,230.9**		**(21.7)**		**3,209.2**
Total assets	**21,222.2**		**(16.8)**		**21,205.3**
EQUITY AND LIABILITIES					-
Share capital	606.2		-		606.2
Share premium	375.1		-		375.1
Retained earnings and other reserves	1,815.6		(16.4)	4	1,799.2
Net income	567.6		-		567.6
Equity attributable to owners of the parent	**3,364.5**		**(16.4)**		**3,348.1**
Non-controlling interests	33.8		(0.2)	5	33.6
Total equity	**3,398.2**		**(16.6)**		**3,381.7**
Borrowings from financial institutions	7,660.9		-		7,660.9
Bonds and notes issued	2,282.4		-		2,282.4
Derivative financial instruments	16.6		-		16.6
Deferred tax liabilities	242.2		(0.3)	6	241.9
Retirement benefit obligations and long term benefits	19.1		-		19.1
Provisions	96.5		-		96.5
Non-current liabilities	**10,317.7**		**(0.3)**		**10,317.4**
Borrowings from financial institutions	4,188.6		-		4,188.6
Bonds and notes issued	997.9		-		997.9
Funds entrusted					-
Trade and other payables	2,061.2		-		2,061.2
Derivative financial instruments	9.8		-		9.8
Current income tax liabilities	90.1		-		90.1
Provisions	158.7		-		158.7
Current liabilities	**7,506.3**		**-**		**7,506.3**
Total liabilities	**17,823.9**		**(0.3)**		**17,823.7**
Total equity and liabilities	**21,222.2**		**(16.8)**		**21,205.3**

[1] Investments in associates and jointly controlled entities – the implementation of the impairment provision in line with IFRS 9 in the financial statements of the associates results in a reduction in investment in associates.

[2] Deferred tax assets – the implementation of the impairment provision in line with IFRS 9 generates an additional deferred tax asset.

[3] Receivables from clients and financial institutions – Impairment provision recognised in line with IFRS 9 for the first time application which adjusts the carrying amount of the receivables.

[4] Retained earnings and other reserves – Share of the net impact of the impairment provision and associated deferred tax attributed to the owners of the parent is recognised in the retained earnings for the first time application (as presented in the Interim Condensed Consolidated Statement of Changes in Equity).

[5] Non-controlling interests – Share of the net impact of the impairment provision and associated deferred tax attributed to the non-controlling interests (as presented in the Interim Condensed Consolidated Statement of Changes in Equity).

[6] Deferred tax liabilities – See footnote 1 above. In entities where there was no existing tax asset at December 31, 2017 the deferred tax liability is reduced for the first time application.

3.2.1 b. Reconciliation from the carrying amount under IAS 39 to the carrying amount under IFRS 9 on 1 January, 2018

Financial assets	**IAS 39 Carrying amount 31 Dec 2017**	**Reclassification**	**Remeasurement**	**IFRS 9 Carrying amount 1 Jan 2018**
Amostised Cost				
Receivables from clients and financial institutions				
Opening Balance	1,438.0			
Remeasurement			(21.7)	
Closing Balance				1,416.2
Other financial assets				
Opening Balance				
Remeasurement				
Closing Balance				-
Total Amortised cost	1,438.0	-	(21.7)	1,416.2
FVTPL				
Derivative financial instruments	28.8			28.8
Other financial assets	1,147.3			1,147.3
Cash and cash equivalents	194.6			194.6
Total FVTPL	1,370.6	-	-	1,370.6
Financial liabilities	**IAS 39 Carrying amount 31 Dec 2017**	**Reclassification**	**Remeasurement**	**IFRS 9 Carrying amount 1 Jan 2018**
Amortised cost				
Bank borrowings	11,849.4			11,849.4
Bonds issued	3,280.3			3,280.3
Trade Payables	738.3			738.3
Closing Balance				15,868.1
Total Amortised cost	15,868.1	-	-	15,868.1
FVTPL				
Derivative financial instruments	26.4			26.4
Closing Balance				26.4
Total FVTPL	26.4			26.4

3.2.1 c. <u>Reconciliation of the allowances for credit losses amounts established in accordance with IAS 39 as at December 31, 2017 with those established in accordance with IFRS 9 as at January 1, 2018.</u>

(in EUR million)	31 December, 2017 (IAS 39 / IAS 37)	Remeasurement	1 January, 2018 (IFRS 9)
Receivables from clients and financial institutions and held to maturity under IAS 39 / Financial assets at amortised cost under IFRS 9	1,438.0	(21.7)	1,416.3
Total	**1,438.0**	**(21.7)**	**1,416.3**

Note 20.2a provides more details on the reconciliation between IAS 39 and IFRS 9 and post transition disclosure notes.

3.3 FUTURE ACCOUNTING POLICY CHANGE

<u>IFRS 16 “ Leases”, Applicable to annual reporting periods beginning on or after 1 January 2019</u>

IFRS 16 was issued in January 2016. It specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor IAS 17.

The accounting for lessors will not significantly change.

The Group is assessing the impact of IFRS 16 and currently does not expect any material impact.

NOTE 4. MAJOR EVENTS OF THE PERIOD

Acquisition of Reflex Alquiler Flexible de Vehículos S.A

On 29 June 2018, ALD signed an agreement to acquire Reflex Alquiler Flexible de Vehículos, an independent Spanish flexible renting provider, with a fleet of approximately 2,000 vehicles rented to SMEs.

This transaction is expected to strengthen ALD’s product offering in Spain while expanding the commercial reach of its solutions to SMEs. ALD Spain currently manages a fleet of approximately 4,000 flexible contracts with large corporates.

NOTE 5. ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed consolidated financial statements requires the management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the reporting date and on items of income and expense for the period.

These estimates and assumptions, which are based on historical experience and other factors believed to be reasonable in the circumstances, are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates if different assumptions or circumstances apply.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017 with the exception of assumptions and changes in estimates that are required in determining the provision for income taxes for the interim period (see Note 12 – Income tax expense) and the new assumptions required for the IFRS 9 impairment calculation

NOTE 6. EXCHANGE RATE

For the six months ended June 30, 2018, the balance sheets, income statements and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in ALD' s accounts have been translated (i) at the exchange rate prevailing at June 30, 2018 for the balance sheet, and (ii) at the average exchange rate for the period ended at June 30, 2018 for the income statement, statement of comprehensive income and cash flow statement except in the case of significant fluctuations in exchange rates. Translation differences have been recorded in equity.

The main exchange rates used in the interim condensed consolidated financial statements for the six months ended June 30, 2018 and for the six months ended June 30, 2017 are based on Paris stock exchange rates and are as follows:

	June 30,2018		**December 31,2017**	**June 30,2017**
	Period-end Rate	**Average Rate**	**Period-end Rate**	**Average Rate**
EUR / UK Pound:	0.8861	0.8797	0.8872	0.8601
EUR / Danish Krone:	7.4525	7.4476	7.4449	7.4368
EUR / Swedish Krona:	10.4530	10.1522	9.8438	9.5954

NOTE 7. SEASONALITY AND CYCLICALITY

As the Group leases assets to its clients for durations that normally range between three to four years, the impact of seasonality and cyclicality is relatively limited.

NOTE 8. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, asset risk, damage risk and treasury risk (including liquidity risk, interest rate risk and foreign exchange risk).

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements for the year ended December 31, 2017.

There have been no changes in the risk management department or in any risk management policies since the year end.

All derivative financial instruments remain classified at level 2 in 2018. There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

NOTE 9. SEGMENT INFORMATION

The Board of Directors approves the decisions taken by the Group's Executive Committee which is the main decision making body (comprising of the Group's CEO, Deputy CEOs, CFO and COO)[5].

Management considers the performance of the following geographical segments: Western Europe, Central and Eastern Europe, Northern Europe and South America, Africa, Asia and Rest of the World.

There were no changes in the segmentation during the first six months of 2018.

The Group's Executive Committee assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in the interim condensed consolidated financial statements. They also check to ensure that no customer represents more than 10% of the total revenue.

[5] CEO: Chief Executive Officer, CFO: Chief Financial Officer and COO: Chief Operating Officer.

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.

	Six months ended June 30, 2018		Six months ended June 30, 2017	
(in EUR million)	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**
Western Europe	260.5	3,347.5	266.2	3,014.4
Northern Europe	41.3	444.8	40.4	457.9
Central & Eastern Europe	40.1	447.2	45.4	409.6
South America, Africa and Asia	8.0	181.7	8.0	180.4
TOTAL	**349.8**	**4,421.2**	**360.0**	**4,062.3**

(in EUR million)	**Six months ended June 30, 2018 Revenue from external customers**	**Six months ended June 30, 2017 Revenue from external customers**
Leasing contract revenues	2,055.7	1,931.0
Service revenues	969.1	886.2
Proceeds of cars sold	1,396.5	1,245.1
TOTAL	**4,421.2**	**4,062.3**

Other disclosures

	June,30, 2018		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	13,621.8	18,118.0	13,930.77
Northern Europe	1,507.4	1,705.9	83.44
Central & Eastern Europe	1,646.7	1,800.1	1,234.22
South America, Africa and Asia	607.5	745.1	642.88
TOTAL	**17,383.4**	**22,369.2**	**15,891.11**

	December 31, 2017		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	12,705.9	17,043.2	13,052.5
Northern Europe	1,451.9	1,654.6	45.4
Continental & Eastern Europe	1,607.0	1,839.5	1,257.6
South America, Africa and Asia	571.3	684.9	579.6
TOTAL	**16,336.1**	**21,222.2**	**14,935.2**

(*) 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

Revenue from external customers and Rental Fleet by countries with yearly Revenues in excess of €500 million is detailed below:

Revenue from external customers by entity (EUR million)

	Six months period ended June 30, 2018 Revenue from external customers (EUR million)	Six months period ended June 30, 2017 Revenue from external customers (EUR million)	June 30, 2018 Rental Fleet (EUR million)	Dec 31, 2017 Rental Fleet (EUR million)
France	953.9	894.8	4,134.4	3,892.6
Italy	691.1	607.7	2,930.8	2,581.3
UK	453.1	421.5	1,492.8	1,462.8
Germany	311.6	290.9	1,151.8	1,097.0
Spain	326.9	229.4	1,416.9	1,346.9
Other Countries	1,684.6	1,617.9	6,256.6	5,955.6
	4,421.2	**4,062.3**	**17,383.4**	**16,336.1**

NOTE 10. CHANGES IN THE SCOPE OF CONSOLIDATION

As at June 30, 2018 there was no change in the scope of consolidation since December 31, 2017.

NOTE 11. REVENUES AND COST OF REVENUES

11a. Leasing contract margin

(in EUR million)	**Six months period ended June 30, 2018**	**2017**
Leasing contract revenue -operating leases	2,004.6	1,846.6
Interest income from finance lease	45.3	38.9
Other interest income	5.7	45.5
Leasing contract revenues	**2,055.7**	**1,931.0**
Leasing contract costs - depreciation	(1,645.8)	(1,510.9)
Leasing contract costs - financing:		
Interest charges on loans from financial institutions	(87.8)	(96.6)
Interest charges on issued bonds	(2.3)	(5.8)
Other interest charges	(17.0)	(25.9)
Total interest charges	(107.1)	(128.3)
Leasing contract costs - depreciation and financing	**(1,753.0)**	**(1,639.2)**
Trading derivatives	5.8	(33.0)
Imperfectness of derivatives at fair value hedges	0.0	(0.1)
Imperfectness of derivatives at cash flow hedges	(0.1)	(0.1)
Unrealised gains/losses on derivative financial instruments	5.7	(33.3)
Unrealised Foreign Exchange Gains or Losses	1.6	13.5
Total Unrealised gains/losses on derivative financial instruments	7.3	(19.9)
Leasing contract margin	**309.9**	**272.0**

"Other interest income" comprises income received from financial instruments and also income received for cash deposits with third party counterparts. The first semester of 2017 includes the impact of the cancellation of interest rate swaps during this period.

Leasing contract costs - depreciation includes the movement in the provision for excess depreciation which is booked in each entity following the fleet revaluation process which is detailed in note 3.1.3 of the consolidated financial statements for the year ended December 31, 2017.

11b. Service margin (group rental and damage risk retention into leases services)

	Six months period ended June 30,	
(in EUR million)	**2018**	**2017**
Services revenue	969.1	886.2
Cost of services revenues	(668.0)	(588.7)
Services margin	**301.1**	**297.5**

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and replacement vehicles.

11c. Car sales result

On a periodic basis, the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. 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 the first six months of 2018 this impact was a net income of EUR 6 million (June 30, 2017: EUR 6 million net income).

	Six months period ended June 30,	
(in EUR million)	**2018**	**2017**
Proceeds of cars sold	1,396.5	1,245.1
Cost of cars sold	(1,336.7)	(1,152.4)
Car sales result	**59.8**	**92.7**

11d. Revenues

Revenues that are included within the margins analysed in the sections 11a, 11b and 11c, are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

	Six months period ended June 30,	
(in EUR million)	**2018**	**2017**
Services Revenues	**969.1**	**886.2**
Leasing contract revenue - operating leases	2,004.6	1,846.6
Interest revenue	51.0	84.5
Leasing contract revenues	**2,055.7**	**1,931.0**
Sub-Total - Revenues from Rental Activity	**3,024.7**	**2,817.2**
Proceeds of Cars Sold	1,396.5	1,245.1
Total Revenues	**4,421.2**	**4,062.3**
Total Revenues excluding Interest Income	**4,016.9**	**3,649.2(*)**

**Previously reported revenue of 3,977.9 did not exclude all elements of interest income.*

NOTE 12. INCOME TAX EXPENSE

(in EUR million)	Six months period ended June 30, 2018	Six months period ended June 30, 2017
Current tax	(47.8)	(49.1)
Deferred tax	(18.9)	(21.8)
Income tax expense	**(66.6)**	**(70.9)**

Income tax expense is recognised based on the tax rate that would be applicable to expected total annual profit or loss. The effective average annual tax rate that is expected to be used for the year ended on December 31, 2018 is 19.05% (19.7% for the year ended December 31, 2017).

In the first six months of 2018 there was a EUR 27.7 million benefit in the current tax due to the 2016 and 2017 Stability Law introduced in Italy which provides a tax benefit to encourage the purchase of new tangible assets. This benefit allows an additional 40% increase of depreciation that can be deducted from the taxable base and is only available to businesses receiving income and not individuals.

NOTE 13. DIVIDENDS

A dividend related to the period ended December 31, 2017 for an amount of EUR 222.3 million was paid to Societe Generale on June 1, 2018 (a dividend related to the period ended December 31, 2016 for an amount of EUR 155.6 million was paid to Societe Generale on March 28, 2017).

NOTE 14. NON-RECURRING OPERATING INCOME (EXPENSES)

There are no Non-recurring operating income or expenses for the period ended June 30, 2018

NOTE 15. GOODWILL

As part of the interim condensed consolidated financial statements, and in accordance with the Group accounting policies, no impairment tests on goodwill were performed at June 30, 2018 since there was no indications of impairment.

NOTE 16. RENTAL FLEET

(in EUR million)	Rental fleet
At 1 January 2017	
Cost	19,539.8
Accumulated depreciation & impairment	(5,464.8)
Carrying amount As at 1 January 2017	**14,075.0**
Year ended 31 December 2017	
Opening net book amount	14,075.0
Additions	7,698.3
Disposals	(2,513.9)
Acquisition of a subsidiary	451.3
Depreciation charge	(3,181.2)
Transfer (included transfer to inventories)	1.6
Currency translation differences	(195.1)
Closing net book amount as at December 31, 2017	**16,336.1**
At 31 December 2017	
Cost	22,393.8
Accumulated depreciation & impairment	(6,057.7)
Carrying amount as at December 31, 2017	**16,336.1**
At June 30, 2018	
Opening net book amount	16,336.1
Additions	4,226.9
Disposals	(1,385.2)
Acquisition of a subsidiary	(0.0)
Depreciation charge	(1,694.2)
Transfer (included transfer to inventories)	-
Currency translation differences	(100.2)
Closing net book amount as at June 30, 2018	**17,383.4**
Cost	23,688.9
Accumulated depreciation & impairment	(6,305.5)
Carrying amount as at June 30, 2018	**17,383.4**

At June 30, 2018, there was no impairment on the Rental fleet.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed to the first class of notes which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for a present value of EUR 1,353 million and a net book value of EUR 1,332 million at June 30, 2018. The transferred lease receivables cannot be sold.

At June 30, 2018, the accounting value of the associated liabilities is EUR 360 million in Belgium, EUR 236 million in the Netherlands and EUR 384 million in Germany.

NOTE 17. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

(in EUR million)	June 30, 2018	December 31, 2017
Long-term investments (10 years)	745.1	830.2
Other current financial assets	323.1	316.8
Other	10.2	0.3
Total	**1,078.5**	**1,147.3**

Long-term investments are an asset resulting from the policy of the Group and of its shareholder, Societe Generale, to monitor the Group's interest rate risk through the matching of 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 in the consolidated financial statements for the year ended December 31, 2017). Equity reinvestments are made in long term amortising deposits within Societe Generale in order to remain within 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).

These deposits will roll-out in approximately 10 years time and will not be renewed.

NOTE 18. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for debtor risks, where necessary.

(in EUR million)	June 30, 2018	December 31, 2017
Amounts receivable under finance lease contracts	650.3	600.4
Provision for impairment of receivables under finance lease contracts	(7.3)	(6.6)
Amounts receivable from credit institutions (*)	27.9	28.0
Trade receivables	941.3	905.7
Provision for impairment of trade receivables	(109.3)	(89.5)
Total receivables	**1,503.0**	**1,438.0**

(*) Mainly towards Societe Generale – no impairment provision has been calculated on these receivables due to their inter-group nature and immaterial size.

The maturity analysis is as follows:

(in EUR million)	June 30, 2018	December 31, 2017*
Trade receivables not overdue	631.9	592.5
Past due up to 90 days	166.7	171.9
Past due between 90 - 180 days	35.7	45.8
Past due over 180 days	107.0	95.4
Total	**941.3**	**905.7**

**The analysis of maturity by time bucket for December 31, 2017 has been restated without affecting the total of the trade receivables. This occurred due to timing issues around the implementation of new accounting systems within the Group.*

NOTE 19. CASH AND CASH EQUIVALENTS

(in EUR million)	June 30, 2018	December 31, 2017
Cash at bank and on hand	186.1	154.7
Short-term bank deposits	41.2	39.9
Cash and cash equivalents excl. bank overdrafts	**227.3**	**194.6**
Bank overdrafts	(215.2)	(187.9)
Cash and cash equivalents, net of bank overdrafts	**12.1**	**6.7**

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

NOTE 20. FINANCIAL ASSETS AND LIABILITIES

20.1 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The company's financial assets and liabilities are categorised as follows:

Financial assets

	Financial asset category				
As at June 30, 2018 (EUR million)	**Financial assets at amortised costs**	**Assets at fair value through profit and loss**	**Total net book value per balance sheet**	**Fair value**	**Level (*)**
Derivative financial instruments		46.6	46.6	46.6	Level 2
Receivables from clients and from financial institutions	1,503.0		1,503.0	1,503.0	Level 2
Other non current and current financial assets		1,078.5	1,078.5	1,078.5	Level 1 and level 2
Cash and cash equivalents		227.3	227.3	227.3	Level 1
Total	**1,503.0**	**1,352.3**	**2,855.3**	**2,855.3**	

(*) Refers to valuation method

	Financial asset category				
As at December 31, 2017 (EUR million)	**Financial assets at amortised costs**	**Assets at fair value through profit and loss**	**Total net book value per balance sheet**	**Fair value**	**Level (*)**
Derivative financial instruments		28.8	28.8	28.8	Level 2
Receivables from clients and from financial institutions	1,438.0		1,438.0	1,438.0	Level 2
Other non current and current financial assets		1,147.3	1,147.3	1,147.3	Level 1 and level 2
Cash and cash equivalents		194.6	194.6	194.6	Level 1
Total	**1,438.0**	**1,370.6**	**2,808.6**	**2,808.6**	

(*) Refers to valuation method

Financial liabilities

	Financial liability category				
As at June 30, 2018 (EUR million)	**Financial liabilities at amortised costs**	**Liabilities at fair value through profit and loss**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	12,533.6		12,533.6	12,533.6	Level 2
Bonds issued	3,584.8		3,584.8	3,587.1	Level 2
Derivative financial instruments		13.0	13.0	13.0	Level 2
Trade payables	833.6		833.6	833.6	Level 2
Total	**16,952.0**	**13.0**	**16,965.1**	**16,967.4**	

	Financial liability category				
As at December 31, 2017 (EUR million)	**Financial liabilities at amortised costs**	**Liabilities at fair value through profit and loss**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	11,849.4		11,849.4	11,849.4	Level 2
Bonds issued	3,280.3		3,280.3	3,286.5	Level 2
Derivative financial instruments		26.4	26.4	26.4	Level 2
Trade payables	738.3		738.3	738.3	Level 2
Total	**15,868.1**	**26.4**	**15,894.5**	**15,900.8**	

20.2 IMPACT OF IFRS 9 ADOPTION

20.2 a. Reconciliation of New Loss Allowances under IFRS 9

(in EUR million)	Provision for impairment of trade receivables (credit impaired)	Lifetime ECL credit impaired	Lifetime ECL not credit impaired	Provision for impairment of trade receivables
Balances as at January 1, 2017 under IAS 39	**91.1**			**91.1**
Net remeasurement of loss allowance	5.5			
Foreign exchange and other movements	(0.7)			
Balances as at December 31, 2017 under IAS 39	**95.9**			
Balances as at January 1, 2018 under IFRS 9	**-**	**95.9**	**21.7**	**117.6**
Net remeasurement of loss allowance		-	-	-
Credit impairment		46.2	1.9	48.1
Reversal of credit impairment		(30.4)	(5.2)	(35.6)
Write off		(13.1)	-	(13.1)
Foreign exchange and other movements		(0.5)	(0.1)	(0.6)
Balances as at June 30, 2018 under IFRS 9	**-**	**98.2**	**18.3**	**116.6**

The increase in loss allowance on credit-impaired receivables during 2017 is in line with IAS 39, and this continues in 2018 under IFRS 9 as there is no change in the definition or policy for provisions on doubtful exposure under IFRS 9. The reduction of the loss allowance for non-impaired receivables during 2018 reflects the improved recovery of invoiced receivable amounts during the period. The changes associated with IFRS 9 are represented by the credit impairment due to the recognition of expected, rather than incurred, loss on receivables which are not credit-impaired. ALD has chosen the lifetime ECL measurement as cost of risk is historically low and stable, and the simplified methodology uses observed customer behaviours to determine a probability of default which does not consider 12 months expected losses but lifetime expected losses.

Due to the application of the simplified method in ALD, there is a link between specific impairment and provisions under IAS 39 and stage 3 impairment and provisions under IFRS 9. The definition of default exposure remains unchanged between the two standards.

20.2 b. Analysis of Receivables as defined by the simplified approach of IFRS 9

in EUR (million)	June 30, 2018			January 1, 2018		
	In scope of IFRS 9	Out of scope of IFRS 9	Total	In scope of IFRS 9	Out of scope of IFRS 9	Total
Amounts receivable under finance lease contracts	4.1	646.3*	650.3	11.9	588.5	600.4
Provision for impairment of receivables under finance lease contracts	-	(7.3)	(7.3)	-	(6.6)	(6.6)
Amounts receivable from credit institutions	-	27.9	27.9	-	28.0	28.0
Trade receivables	624.2	317.1	941.3	647.9	257.7	905.7
Provision for impairment of trade receivables	(18.3)	(91.0)	(109.3)	(21.7)	(89.5)	(111.2)
Total receivables	**610.0**	**892.9**	**1,503.0**	**638.2**	**778.0**	**1,416.3(**)**

(*) This amount represents the remaining capital of the finance leases which are out of IFRS 9 scope

(**) Total receivables from clients and financial institutions as per Note 3.2.1a

20.2 c. ALD IFRS 9 Provision Matrix – 30 June 2018

The below provision matrix shows the average ratios for the group at June 30, 2018.

(in EUR million)	Not past due	0 -30 days past due	31 - 60 days past due	61 - 90 days past due	> 90 days past due	Total
Probability of Default (PD) rate	2%	4%	6%	7%	11%	
Gross carrying amount of receivables in IFRS 9 scope	461.4	69.2	27.1	15.3	55.2	628.3
Provision	7.0	2.5	1.6	1.0	6.1	18.3

Probability of Default (PD) rates are based on observed default rates over the life of the receivables (the average contract length in each entity). Specific PD rates are calculated for each entity and each customer type. This process results in Probability of Default (PD) rates for each age of past-due receivables. The PD rates are applied to the aged receivables of the reporting period to arrive at a total provision. The final impairment allowance is also adjusted to consider Loss Given Default (LGD) specific to the entity.

NOTE 21. BORROWINGS FROM FINANCIAL INSTITUTIONS, BONDS AND NOTES ISSUED

(in EUR million)	June 30, 2018	Cash	Non cash	December 31, 2017
Bank borrowings	8,034.5	8,034.5		7,660.9
Non-current borrowings from financial institutions	**8,034.5**	**8,034.5**		**7,660.9**
Bank overdrafts	215.2	215.2		187.9
Bank borrowings	4,284.0	4,284.0		4,000.7
Current borrowings from financial institutions	**4,499.2**	**4,499.2**		**4,188.6**
Total borrowings from financial institutions	**12,533.6**	**12,533.6**		**11,849.4**
Bonds and notes-originated from securitisation transactions	653.7	653.7		882.4
Bonds and notes-originated from EMTN programme	2,605.1	2,605.1		1,400.0

Other non-current bonds issued	-	-	-
Non-current bonds and notes issued	**3,258.8**	**3,258.8**	**2,282.4**
Bonds and notes-originated from securitisation transactions	326.0	326.0	491.9
Bonds and notes-originated from EMTN programme	-	-	506.0
Other current bonds issued	-	-	-
Current bonds and notes issued	**326.0**	**326.0**	**997.9**
Total bonds and notes issued	**3,584.8**	**3,584.8**	**3,280.3**
Total borrowings from financial institutions and bonds	**16,118.4**	**16,118.4**	**15,129.8**

Maturity of borrowings and bonds

(in EUR million)	**June 30, 2018**	**December 31, 2017**
Less than 1 year	4,825.2	5,186.5
1-5 years	11,021.8	9,637.9
Over 5 years	271.5	305.4
Total borrowings and bonds	**16,118.4**	**15,129.8**

Currencies

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

(in EUR million)	**June 30, 2018**	**December 31, 2017**
Euro	12,160.3	11,285.6
UK Pound	1,645.3	1,605.8
Danish Krone	299.0	305.0
Swedish Krona	323.2	311.8
Other currencies	1,690.6	1,621.6
Total borrowings and bonds	**16,118.4**	**15,129.8**

External funding

Local external groups and third parties provide 25% of total funding, representing EUR 4,073 million at June 30, 2018 (28% and EUR 4,217 million at December 31, 2017).

An amount of EUR 488 million or 3% of total funding is provided by external groups. The residual external funding (EUR 3,585 million) has been raised through asset-backed securitisations and unsecured bonds.

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.

A new public bond has been launched by the Group in 2018. A bond in February 2018 for an amount of EUR 800 million maturing in 3 years at a floating rate of Euribor 3mE + 34 bps.
In June 2018 the Group launched a private bond for EUR 400 million.

Societe Generale funding

The Group has raised external funding in recent years. The level of funding raised through Societe Generale increased to 75% as at June 30, 2018 compared to 72% as at December 31, 2017.

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 22 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 8,674 million at June 30, 2018 (EUR 7,920 million at December 31, 2017) with an average maturity of 1.91 years and an average rate of 0.51%.

The remaining SG funding is provided either by local SG branches or SG Group Central Treasury in Paris, representing EUR 3,372 million at June 30, 2018 (EUR 2,993 million at December 31, 2017).

At June 30, 2018 the Group has undrawn borrowing facilities of EUR 1.1 billion (EUR 1.6 billion at December 31, 2017).

Guarantee given

A guarantee at first demand has been granted to a British 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.

A guarantee at first demand has been granted to a landlord for an amount of EUR 6.5 million on behalf of ALD RE DAC Ireland, under the conditions negotiated in the frame of the premises rental agreement concluded with this landlord.

NOTE 22. TRADE AND OTHER PAYABLES

(in EUR million)	June 30, 2018	December 31, 2017
Trade payables	833.9	738.3
Deferred leasing income	421.0	410.8
Other accruals and other deferred income	386.7	393.7
Advance lease instalments received	267.6	252.1
Accruals for contract settlements	77.4	84.0
VAT and other taxes	200.0	181.4
Other	1.0	0.9
Trade and other payables	**2,187.7**	**2,061.2**

NOTE 23. EARNINGS PER SHARE

Basic earnings per share

	As at June 30,	
(in EUR million)	**2018**	**2017**
Net income attributable to owners of the parent	280.0	287.1
Weighted average number of ordinary shares (in thousands)(*) (**)	403,801	404,104
Total basic earning per share (in cents)	**0.69**	**0.71**

( )Excluding Treasury Shares*

(**)Following the combined General Meeting held on May 22, 2018, ALD SA was authorised to purchase its own shares for the purposes of attributing, covering and paying off any scheme for the allocation of free shares, employee savings scheme and any other form of allocation to employees and executive directors of the Company or of companies related to it under the conditions set out in applicable legislative and regulatory provisions, in particular in terms of sharing in the benefits of the Company's expansion, the allocation of free shares, all schemes for employee shareholding and to carry out all hedging operations relating to the said employee shareholding schemes. Total number of shares making up current share capital 404,103,640. Total number of shares to which voting rights are attached, excluding shares without voting rights (treasury stock, etc) is 403,800,846.

Diluted earnings per share

As ALD Automotive did not issue any dilutive instruments for the six months period ended June 30, 2018 and June 30, 2017, diluted earnings per share are equal to basic earnings per share for the periods presented.

NOTE 24. RELATED PARTIES

Related party transactions relate mainly to transactions with companies of the Societe Generale Group ("SG"), the Group majority shareholder. There was no material change in the first six months of 2018 in the nature of the transactions conducted by the group with related parties from those at December 31, 2017 which were referred to in note 33 "Related Parties" of the consolidated financial statements for the year ended December 31, 2017.

Significant related party transactions occurred as of June 30, 2018 and June 30, 2017 are disclosed below:

- Societe Generale and its subsidiaries are customers of ALD Group. The fleet is leased to SG Group at normal market conditions. More than 50 % of the fleet is leased by ALD France and represented a total rental income of EUR 8.9 million as at June 30, 2018 (EUR 8.5 million as at June 30, 2017);
- The overall amount of IT services subcontracted to Societe Generale and its subsidiaries amounted to EUR 9.5 million in the six months period ended June 30, 2018 and EUR 9.9 million in the six months period ended June 30, 2017;

- Rentals of SG premises to the Group, priced at arm's length, amounted to EUR 0.3 million in the six months period ended June 30, 2018 and EUR 1.17 million in the six months period ended June 30, 2017 for ALD France and ALD International (representing approximately 20% in 2018 and 65 % in 2017 of the total rentals paid to SG). At the end of 2017 ALD S.A. moved its office to a property outside of the SG network.
- Rental contract brokerage's commission paid to SG by ALD France represented EUR 1.4 million for the six months period ended June 30, 2018 and EUR 1.5 million for the six months period ended June 30, 2017;
- The overall amount of insurance premium paid by ALD Italy to Sogessur in the course of a Third Party Liabilities (TPL) insurance policy amounted to EUR 39.6 million for the six months period ended June 30, 2018 and EUR 29.8 million for the six months period ended June 30, 2017;
- Corporate services provided by Societe Generale have been subject to compensation of EUR 6.2 million for the six months period ended June 30, 2018 and EUR 6.2 million for the six months period ended June 30, 2017;
- As at June 30, 2018 75 % of the Group's funding was provided through SG at a market rate representing EUR 12,045 million (respectively 72 % representing EUR 10,913 million as at December 31, 2017 and 78 % representing EUR 10,645 million as at June 30, 2017);
- Overall Group guarantees released by SG Group in case of external funding amounted to EUR 795.62 million as at June 30, 2018 (EUR 767.3 million as at December 31, 2017 and EUR 835.81 million as at June 30, 2017);
- SG also provides ALD Group with derivatives instruments for a total amount of EUR 20.9 million in assets and EUR 10.5 million in liabilities as at June 30, 2018 (respectively EUR 26.2 million in assets and EUR 25.6 million in liabilities as at December 31, 2017, and EUR 15.4 million in assets and EUR 25.9 million in liabilities as at June 30, 2017). ALD Group has long-term cash deposits with SG for a total of EUR 0.849 million as at June 30, 2018 (as at December 31, 2017 the total was EUR 0,939 million). These deposits will roll-out in approximately 9 years time and will not be renewed.

NOTE 25. EVENTS AFTER THE REPORTING PERIOD

At the beginning of July 2018, the group issued a new bond under EMTN programme for an amount of EUR 500 million at a floating rate of Euribor 3mE + 62 bps maturing in July 2021.