HAL Trust

Annual Report 2016

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands.

The Company continued its activities under various names and is now operating as HAL Holding N.V., a Curaçao company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was formed on October 19, 1977, by a Trust Deed which was last amended on May 18, 2011. The shares of the Trust are listed and traded on Euronext in Amsterdam.

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Corporate Administration

HAL Holding N.V.

Supervisory Board:
M. van der Vorm, *Chairman*
L.J. Hijmans van den Bergh, *vice Chairman*
M.P.M. de Raad
C.O. van der Vorm
G.J. Wijers

Executive Board:
M.F. Groot, *Chairman*
A.A. van 't Hof, *CFO*
J.N. van Wiechen

Highlights and Financial Calendar

In euro	**2016***	2015*
Income *(in millions)*		
Revenues	**5,497.5**	5,174.7
Income from marketable securities and deposits	**18.5**	6.8
Share of results of associates and joint ventures	**73.7**	293.6
Income from other financial assets	**10.2**	25.5
Income from real estate activities	**2.1**	2.3
Net income attributable to owners of parent	**870.7**	629.6
Financial position		
Total assets *(in millions)*	**11,195.4**	10,224.7
Equity attributable to owners of parent (in millions)	**7,599.4**	6,698.0
Equity attributable to owners of parent (as a percentage of total assets)	**67.9**	65.5
Number of Shares outstanding at December 31*(in thousands)*	**78,503****	76,272**
Average number of Shares outstanding *(in thousands)*	**77,420****	75,195**
Per Share		
Net income	**11.25**	8.13
Shareholders' equity	**96.80**	87.82
Net asset value at market value of quoted companies	**162.46*****	172.80***
Closing price shares HAL Trust at December 31	**179.89**	164.81
Volume-weighted average December share price HAL Trust	**176.50**	161.84
Dividend	**7.10******	6.50
Exchange rates - December 31		
U.S. dollar per euro	**1.05**	1.09

* These figures relate, where applicable, to the pro forma financial statements as included in the supplemental information on pages 112 through 140

** Net of treasury shares

*** Based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies

**** Proposed (€ 3.55 in cash and € 3.55 in Shares)

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 18, 2017
Ex-dividend date	May 22, 2017
Dividend record date	May 23, 2017
Determination and publication dividend conversion ratio	June 13, 2017 (after close of trading)
Delivery of shares and payment of cash dividend	June 20, 2017
Publication of 2017 half year results	August 30, 2017
Interim statement	November 22, 2017
Publication of preliminary net asset value	January 24, 2018
Publication of 2017 annual results	March 29, 2018
Shareholders' meeting HAL Trust and interim statement	May 17, 2018

Report of the Trust Committee

HAL Trust

HAL Trust was formed in 1977 and holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 158.

In accordance with the instructions issued on May 18, 2016, the Trust distributed a dividend of € 6.50 per Share on June 20, 2016. This dividend was payable in shares HAL Trust unless a shareholder expressly requested for payment in cash.

Accordingly, a cash dividend was paid of € 107.5 million and 2,189,976 HAL Trust shares were issued as stock dividend.

On December 31, 2016, 78,589,572 HAL Trust shares were in issue (2015: 76,399,596).

On December 31, 2016, HAL Holding N.V. owned 86,676 HAL Trust shares (2015: 127,251).

The Trust Committee
HAL Trust Committee Ltd.

March 30, 2017

Report of the Supervisory Board of HAL Holding N.V.

The Supervisory Board ('the Board') supervises the Executive Board and provides advice to the general meeting of shareholders. In performing its task, the Board is guided by the interest of HAL Holding N.V. and its business.

In accordance with the rotation schedule, the term of Mr. S.E. Eisma, Chairman of the Supervisory Board, expired after the general meeting of shareholders of HAL Holding N.V. on May 26, 2016. Mr. S.E. Eisma decided not to seek a new term. The Supervisory Board decided to appoint Mr. M. van der Vorm as Chairman and Mr. L.J. Hijmans van den Bergh as vice Chairman of the Board with effect from the resignation date of Mr. S.E. Eisma. At the end of 2016 the Board consisted of five members. Their names, nationality and other relevant information are mentioned on page 163.

The Board met during five regularly scheduled meetings which were attended by all Board members.

The Executive Board provided the Board with both written and verbal information. Based on this information, the state of affairs of the Company was discussed and evaluated. Among others, the following specific subjects were addressed during the meetings: the budget, the development of the results, cash flow and liquidity, the quarterly, semi-annual and annual reports, the report of the financial expert (see below), the remuneration of the Executive Board, (potential) acquisitions, the divestiture of InVesting B.V. and AudioNova International B.V., the dividend policy, the composition of the Supervisory Board, the amendment of the rules governing the functioning of the Supervisory Board, the amendment of the articles of association of the Company, the risks associated with the Company and the design and implementation of the systems of internal control for financial reporting purposes including the reporting by the Executive Board on fraud cases and irregularities. For further information relating to the systems of internal control for financial reporting purposes, we refer to the relevant paragraph in the report of the Executive Board on page 9.

As explained in the paragraph Administrative organization, risk management systems and financial reporting in the report of the Executive Board on page 17, the application of IFRS 10 requires the Company to consolidate the financial statements of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo') in its financial statements, although HAL's ownership in these companies is below 50%. In order to allow the Company to comply with IFRS, it has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging financial information and attendance rights to the Audit Committee meetings of Vopak and the Control, Risk and Sustainability Committee meetings of Safilo of an independent financial expert on behalf of the Company. This financial expert (Mr. J.A.M. Stael, former partner of PricewaterhouseCoopers Accountants N.V.) reports to the Executive Board and the Supervisory Board, whether there are any matters relating to Vopak and Safilo that should be brought to the attention of the Company prior to the signing of the financial statements of the Company by the Executive Board and the Supervisory Board. Moreover, the assessment that the Company's financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo is based on the external audit. Otherwise the affairs of the publicly traded minority-owned associates were discussed based on publicly available information.

In the publicly traded companies Koninklijke Boskalis Westminster N.V. ('Boskalis'), Vopak and Safilo, the Company plays its role as a large minority shareholder. This is complemented by board representation. Mr. M.F. Groot, Chairman of the Executive Board is a member of the Supervisory Board of Vopak, and a non-executive member of the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board, is a member of the Supervisory Board of Boskalis. In their respective functions they may, from time to time, be in the possession of confidential information about these publicly traded companies that they do not share with the other members of the Executive Board and the Supervisory Board of the Company. The

Executive Board and the Supervisory Board of the Company recognize the importance of confidentiality of the discussions at the level of the Boards of the above quoted companies as this contributes to a frank exchange of ideas and fruitful discussions. This modus operandi is based on sound business principles and allows these investee companies to operate more independently from the Company.

The Board has determined the variable compensation of the Executive Board. Further information with respect to the compensation of the Executive Board is included on page 101. The remuneration per Supervisory Board member for 2016, as determined by the General Meeting of Shareholders in 2011, amounted to € 80,000.

The Board had discussions with the external auditor during three meetings. Subjects discussed were the audit plan and audit findings, the financial statements, the report on the first half of 2016, impairment testing and the systems of administrative and internal controls for financial reporting purposes as well as the independence of the auditor. The financial expert was also present during these meetings.

The Board also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board as well as the functioning of the Executive Board. All Board members were present during the meeting of Trust Shareholders of HAL Trust on May 18, 2016.

The Board did not form any committees. Between Board meetings, the Chairman of the Board maintained more intensive contacts with the Executive Board. Individual members of the Board provided, between the meetings of the Board, their views on specific matters relevant to the Company.

The financial statements for 2016 were prepared by the Executive Board and discussed by the Board in the presence of the external auditor and the financial expert during a meeting on March 30, 2017. After reviewing the unqualified opinion on the financial statements of HAL Trust provided by PricewaterhouseCoopers Ltd., the unqualified opinion on the financial statements of HAL Holding N.V. provided by PricewaterhouseCoopers Curaçao, the results of the external audit as summarized in a Report to the Board and the Executive Board and the report of the financial expert, the financial statements of the Company were signed by all members of the Board. The Board approved the amounts reserved as proposed by the Executive Board.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 26, 2017, for the approval of the financial statements for 2016 as per the documents submitted and the proposed distribution of profits.

It should be noted that neither the Dutch Corporate Governance Code is applicable to HAL Holding N.V. because HAL Holding N.V. is not a Dutch company, nor are other Corporate Governance Codes applicable to HAL Holding N.V. Pages 159 through 162 of this report provide a description of HAL Holding N.V.'s corporate governance structure.

In accordance with the rotation schedule, Mr. G.J. Wijers will resign this year. He is available for a new term. We propose to the Shareholders of HAL Trust to instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 26, 2017, for the re-election of Mr. G.J. Wijers.

On behalf of the Supervisory Board,
M. van der Vorm, *Chairman*

March 30, 2017

Report of the Executive Board of HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2016 amounted to € 871 million (€ 11.25 per share) compared with € 630 million (€ 8.14 per share) for 2015.

The net asset value based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies, decreased by € 317 million in 2016 compared with an increase of € 5,525 million in 2015. This decrease is primarily due to a lower stock market value of GrandVision N.V. (effect € 1.3 billion). The increase in 2015 was for € 4.2 billion due to the listing of GrandVision N.V.

After taking into account the cash portion of the 2015 dividend (€ 107 million) and the net purchase of treasury shares (€ 2 million), the net asset value on December 31, 2016, amounted to € 12,754 million (€ 162.46 per share) compared to € 13,180 million (€ 172.80 per share) on December 31, 2015.

The net asset value does not include the positive difference between estimated value and book value of the unquoted companies as of December 31, 2016. This difference is calculated annually and, based on the principles and assumptions set out on pages 109 through 111 of this report, amounted to € 228 million (€ 2.91 per share) on December 31, 2016, compared with € 159 million (€ 2.08 per share) on December 31, 2015.

Dividend

The dividend policy is, barring unforeseen circumstances and provided sufficient liquid assets, to base the dividend on 4% of the volume-weighted average December share price of HAL Trust in the year prior to the year of the dividend payment. Accordingly, the proposed dividend per share over 2016 amounts to € 7.10 (2015: € 6.50) of which 50% will be paid in cash and 50% in shares.

Prospects

During the period from December 31, 2016, through March 24, 2017, the stock market value of the ownership interests in quoted companies and the liquid portfolio increased by approximately € 60 million (€ 0.76 per share). In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates and potential capital gains and losses, we do not express an expectation as to the net income for 2017.

Strategy

The Company's strategy is focused on acquiring and holding significant shareholdings in companies, with the objective of increasing long-term shareholders' value. When selecting investment candidates the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon.

HAL also owns real estate. The real estate activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

The liquid portfolio is primarily invested in short term cash deposits. This provides a high degree of flexibility for potential acquisitions.

Risks

There are a number of risks associated with the strategy and with its implementation. Financial risks are further described in the section supplemental information of the financial statements on pages 136 through 139.

Besides risks which are specific to individual companies (these risks are not managed by HAL Holding N.V., see page 17), important risk factors are summarized below.
The risks described below also exclude the risks of Koninklijke Vopak N.V. ('Vopak', 48.15%) and Safilo Group S.p.A. ('Safilo', 41.61%). Although HAL's ownership in these

companies is below 50%, these companies are included in the consolidated financial statements of the Company as, in accordance with the provisions of IFRS 10, the Company is deemed to have control over these entities. Reference is also made to the paragraph administrative organization, risk management systems and financial reporting on page 17, for the organizational and control aspects of the consolidation of Vopak and Safilo.

Concentration risk

Concentration risk exists with respect to the optical retail activities as well as the quoted associates, as each represent a significant part of the net asset value of HAL.

Optical retail activities

Revenues of the optical retail and unquoted companies for 2016 amounted to € 5,498 million of which the optical retail activities represented 60%. At the end of 2016 the stock market value of HAL's ownership interest in its optical retail subsidiary GrandVision N.V. was € 4.1 billion, representing 32% of the net asset value of HAL.

A 10% change in the share price of GrandVision N.V. has an effect on HAL's net asset value of 3%. Accordingly, there is a significant concentration risk with respect to the optical retail industry. A decrease in revenues of the optical retail activities, for example due to an economic recession, may have a significant impact on the net asset value and profitability of HAL. A 10% decrease in these revenues could, everything else being equal, negatively affect the profit before tax by more than € 100 million.

Quoted minority interests

At the end of 2016 the stock market value of HAL's ownership interests in quoted minority interests amounted to € 5 billion (2015: € 4.7 billion).
This included Vopak (€ 2.8 billion, 2015: € 2.4 billion), Koninklijke Boskalis Westminster N.V. (€ 1.5 billion, 2015: € 1.7 billion), SBM Offshore N.V. (€ 495 million, 2015: € 371 million), and Safilo (€ 208 million, 2015: € 279 million). Changes in stock prices of these companies may have a significant effect on the net asset value of HAL.

Market value risk

In addition to the interests in quoted companies as described above, at the end of 2016 HAL owned equities which are part of the liquid portfolio, for an amount of € 191 million (2015: € 127 million). The value of these assets can be subject to significant fluctuations as a result of the volatility of the stock markets. In 2016, share price developments of the quoted companies (including GrandVision) and the equities in the liquid portfolio, including dividends received, had a negative effect of € 1 billion on the net asset value. The change in market value (based on stock exchange prices) of the quoted companies where HAL's ownership interest exceeds 20%, does not have an impact on the valuation in the financial statements as these assets are either consolidated or accounted for using the equity method in the pro forma financial statements.

Interest rate risk

Investments in fixed income instruments are exposed to fluctuations in interest rates. In view of the short duration of the Company's liquid assets, the interest rate risk is limited. In addition, the risk of an increase in interest rates exists with respect to the Company's debt position. At the end of 2016, this debt was exclusively at the level of the subsidiaries. Of the € 1,619 million interest bearing debt outstanding at the end of 2016 (2015: € 1,795 million), 60% (2015: 42%) was at fixed rates for an average period of 3.6 years (2015: 3.2 years).

Currency risk

The most important currency risk relates to currency translation risk as a result of the translation of (net) balance sheet positions from a foreign currency to the euro. At the end of 2016 the unhedged exposure to currency translation risk, excluding the translation risk of investee companies where the ownership interest does not exceed 50%, was € 1,218 million (2015: € 1,155 million). The largest currency exposure related to the U.S. dollar and amounted to € 432 million (2015: € 317 million). The potential impact is detailed in the section supplemental information of the financial statements on page 139. Currency risk also exists with respect to the translation of the results of foreign currency operations. Changes in exchange rates compared with 2015 had a negative effect on revenues of € 103 million. The negative effect on operating income was € 7 million.

Credit risk

HAL is subject to credit risk with respect to financial instruments and liquid assets. This is the risk that a counterparty is unable to comply with its contractual obligations. The Company generally only enters into transactions with counterparties that have a strong credit rating (S&P long-term credit rating varying from A to AA-). At the end of 2016 the liquid assets (excluding equities) amounted to € 2,767 million (2015: € 2,068 million) of which € 2,475 million (2015: € 1,687 million) was part of the 'corporate' liquid portfolio. At the end of 2016, the corporate liquid portfolio mainly consisted of short term deposits held at banks with an average short-term S&P credit rating of A-1.

Liquidity risk

Liquidity risk relates to situations where a company is unable to comply with its financial obligations. The financial liabilities mainly relate to the consolidated subsidiaries. The liquidity risk of the consolidated subsidiaries is detailed in the section supplemental information on pages 137 and 138 of the financial statements. HAL Holding N.V had, at the end of 2016, in addition to its corporate liquid portfolio of € 2.7 billion, committed revolving bank facilities of € 225 million with an average of 1.9 years remaining until maturity. Currently, the liquidity risk is therefore limited.

Acquisition risk

In the process of acquisitions, the Company makes hypotheses, assumptions and judgments about possible future events. Actual developments may turn out to be significantly different. In addition, errors of judgment in due diligence and contract negotiations, as well as non-compliance with laws and regulations in the context of acquisitions, could result in (opportunity) losses and/or reputational damage for the Company.

Financial reporting risk

Although HAL's ownership interest in Vopak and Safilo Group is below 50%, IFRS requires (since January 1, 2014) these associates to be consolidated in the consolidated financial statements as HAL, in accordance with the provisions of IFRS 10 (Consolidated Financial Statements), is deemed to have control over these two entities. HAL has agreed with Vopak and Safilo on certain procedures for the exchange of information which allow HAL to comply with its consolidation requirement. If however, for whatever reason, either Vopak or Safilo will not, or is not able to, provide HAL with this information, HAL may not be able to comply with its obligation to prepare consolidated financial statements on a timely basis.

Other

In addition to the above mentioned risk factors, it should be noted that the profitability and the net asset value of the Company are susceptible to economic downturns. Demand for the products and services of the subsidiaries and minority- owned affiliates and/or their profitability may decline as a direct result of an economic recession, inflation, changes in the prices of raw materials, consumer confidence, interest rates or governmental (including fiscal) policies, legislation as well as geopolitical developments.

Divestitures and acquisitions unquoted companies

Divestitures

On May 4, 2016, the sale of all shares in InVesting B.V. to Arrow Global Group PLC was completed. InVesting is active in the purchase of bad debt portfolios for its own account and in credit management. InVesting's interest in Infomedics Groep B.V. was not part of the transaction. Infomedics provides business process outsourcing and factoring services for the Dutch health care sector. This interest was carved out prior to the completion of the transaction after which HAL owned 39% of the shares of Infomedics. This interest was increased to 82% in August. Infomedics reported 2016 revenues of € 24 million (2015: € 23 million). The sale of InVesting B.V. resulted in a net capital gain for HAL of € 39 million (€ 0.50 per share).

Also on May 4, 2016, HAL entered into an agreement to sell all shares in its hearing aid retail subsidiary AudioNova International B.V. to Sonova Holding AG for an enterprise value of € 830 million. AudioNova reported 2015 revenues of € 359 million and an operating income of € 47 million. The transaction was completed on September, 15, 2016, and resulted in a net capital gain of € 491 million (€ 6.25 per share) and cash proceeds of € 850 million.

On June 1, 2016, HAL and Egeria, each for 46.7%, together with management completed the sale of 100% of the ownership interest in N.V. Nationale Borg-Maatschappij (‘Nationale Borg’) to AmTrust Financial Services, Inc. Nationale Borg is a specialist provider of surety and trade credit insurance. The transaction resulted in a net capital gain for HAL of € 30 million (€ 0.38 per share).

Acquisitions

On March 30, 2016, the ownership interest in Atlas Professionals B.V. was increased from 45% to 70%.

On June 3, 2016, the acquisition of 20% of the shares of Coolblue B.V. was completed. The company is one of the leading online retailers in the Benelux and is growing rapidly. Through its web shops and eight physical stores, the company sells a diversified portfolio of products, mainly consumer electronics and domestic appliances. The company reported revenues of € 857 million in 2016 (2015: € 555 million).

In 2016, Auxilium GmbH, a 54% subsidiary of Orthopedie Investments Europe B.V., acquired three German health care companies which manufacture and distribute medical aids. The aggregate 2016 annual sales of these acquisitions were approximately € 30 million.

In March 2017, AN Direct increased its ownership interest in MD Hearing from 40% to 100%.

Subsidiaries

Optical retail

GrandVision N.V. (76.7%), is a leading global optical retailer based at Amsterdam Airport Schiphol. The shares of the company are listed on Euronext in Amsterdam. At the end of 2016, the stock market value of HAL’s 76.7% ownership interest was € 4,081 million (2015: € 5,399 million).
At the end of 2016 GrandVision was active in 44 countries and had 6,516 optical stores, including stores from its associates in India and Switzerland (2015: 6,110), of which 1,114 franchise stores (2015: 1,096) and had 28,766 full-time equivalent employees (FTE’s) (2015: 27,510). The total 2016 system wide sales (defined as sales including sales of franchise stores) amounted to € 3,657 million.
Revenues as reported in the financial statements amounted to € 3,316 million (2015: € 3,205 million), a 3.5% increase.
Excluding the effect of acquisitions and changes in currency exchange rates, revenues also increased by 3.5%. The 2016 same store sales (defined as the sales at constant currency exchange rates of those stores, excluding franchise stores, which were both on January 1, 2015 and on December 31, 2016 part of the store network), increased by 2.2% (2015: 4.1%).
The 2016 operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets, but including amortization of software), amounted to € 410 million (2015: € 390 million).

HAL has had an ownership interest in GrandVision since 1996.

Unquoted companies

Timber and Building Supplies Holland N.V., (78.1%) located in Zaandam (the Netherlands), is the country’s leading supplier of timber products and building materials used for new construction, renovations and maintenance. The company is the combination of PontMeyer N.V. and Deli Building Supplies B.V. ('DBS') which was acquired in September 2015. The combination has 101 outlets throughout the Netherlands and had 1,396 FTE's at the end of 2016 (2015: 1,400). Revenues for 2016 increased by 54% to € 650 million (2015: € 422 million). Excluding the acquisition of DBS, revenues increased by 3.3%. The operating income amounted to € 40 million (2015: € 24 million). The positive effect of the acquisition of DBS on operating income was € 9 million.

HAL has had an ownership interest in Timber and Building Supplies Holland since 1999.

Broadview Holding B.V. (97.4%) is located in 's-Hertogenbosch (the Netherlands) and employed 1,436 FTE's at the end of 2016 (2015: 1,413). Its main subsidiaries are Trespa International B.V. and Arpa Industriale S.p.A. Trespa is located in Weert (the Netherlands) and produces composite panels for façade cladding as well as laboratory furniture. Arpa is located in Bra (Italy) and uses a similar technology to manufacture panels for a variety of interior surfaces such as kitchen and retail furniture. Broadview also owns the Intersafe Group, Elacin International B.V. and De Vlamboog B.V. which are all active in distributing and/or manufacturing personal protective equipment. In 2014, Broadview incorporated Broadview Energy Solutions as a vehicle to develop a position in the distribution of liquefied natural gas (LNG) and related activities. In this context, Broadview acquired two LNG distribution companies in 2015: Barents Naturgass (100%) and Molgas (43.3%). In 2016, Broadview acquired a 7.8% interest in Chart Industries Inc., a U.S. listed company which has a leading position in cryogenic equipment manufacturing. Revenues of Broadview for 2016 increased by 5.1% to € 432 million (2015: € 411 million). The operating income amounted to € 50 million (2015: € 40 million).

HAL has had an ownership interest in Broadview since 1996.

Koninklijke Ahrend B.V. (96%) is based in Amsterdam (the Netherlands) and employed 1,762 FTE's at the end of 2016 (2015: 1,744). The company is active in the office furniture industry in the Benelux, Central and Eastern Europe, Germany, the United Kingdom, Russia, China and the United Arab Emirates through its subsidiaries Ahrend Office Furniture, Gispen, Roels Spaces, Presikhaaf Schoolmeubelen and Techo. Revenues for 2016 decreased by 1.4% to € 289 million (2015: € 293 million). The operating income was at the same level as in 2015 (break-even). In the context of a restructuring of its supply chain in 2017, Ahrend will close its factories in Zwanenburg and Leerdam and transfer the production to the factories in St. Oedenrode and Culemborg.

HAL has had an ownership interest in Ahrend since 2001.

Orthopedie Investments Europe B.V. (100%) is located in Rotterdam (the Netherlands). Its subsidiaries (Livit B.V., 100% owned and Auxilium GmbH, 54% owned) manufacture and sell orthopedic and other medical devices. Livit operates a network of 33 specialized care centers and a large number of fitting locations throughout the Netherlands. Auxilium GmbH, based in Essen (Germany), is the holding company of a number of German companies (including Luttermann GmbH, Thies Medicenter GmbH, Reha Aktiv 2000, Sanitätshaus o.r.t. GmbH & Co. KG, Meditech Sachsen GmbH and Steinke Orthopädie-Center GmbH). At the end of 2016, the company employed 1,795 FTE's (2015: 1,429). Revenues for 2016 increased by 15% to € 172 million (2015: € 149 million). Excluding the effects of acquisitions, revenues increased by 5%. This increase is primarily due to 9% autonomous growth in Germany. In the Netherlands, revenues decreased by 4%. The operating income amounted to € 4 million (2015: € 4 million).

HAL has had an ownership interest in Orthopedie Investments Europe since 2007.

Anthony Veder Group N.V. (62.9%) is a Rotterdam (the Netherlands) based shipping company. At the end of 2016 the company had 735 FTE's (2015:738) and operated 29 gas tankers (2015: 29), of which 24 (2015: 22) were (partially) owned. In addition, at the end of 2016, Anthony Veder had two LNG carriers under construction. These vessels are expected to be operational during the second half of 2017. Revenues for 2016 amounted to $ 167 million (2015: $ 157 million). Operating income amounted to $ 25 million (2015: $ 22 million).

HAL has had an ownership interest in Anthony Veder since 1991.

Atlas Professionals B.V. (70%), located in Hoofddorp (the Netherlands), is a temporary staffing agency supplying technical personnel to the international oil & gas, marine and offshore wind industries. The company employed 210 FTE's at the end of 2016 (2015: 205). Revenues for 2016 decreased by 20% to € 149 million (2015: € 186 million) due to adverse conditions in the offshore oil and gas market. Operating income for 2016 amounted to € 3 million (2015: € 9 million).

HAL has had an ownership interest in Atlas since 2011. In 2016 this interest was increased from 45% to 70%.

FD Mediagroep B.V. (97.5%) is located in Amsterdam (the Netherlands). The company employed 309 FTE's at the end of 2016 (2015: 285). The major brands of FD Mediagroep include the Dutch financial newspaper "Het Financieele Dagblad", the radio station "BNR Nieuwsradio" and Company.info. Company.info provides on-line access to a database with information on Dutch companies. Revenues of FD Mediagroep for 2016 increased by 4.3% to € 75 million (2015: € 71 million). Operating income amounted to € 9 million (2015: € 8 million).

HAL has had an ownership interest in FD Mediagroep since 1997.

Floramedia Group B.V. (97%) is based in Westzaan (the Netherlands) and employed 216 FTE's at the end of 2016 (2015: 207). Floramedia provides horticultural communication products and services to growers, garden centers and retailers. The company uses a horticultural database which contains more than 210,000 pictures, videos, texts and other plant-related content. Revenues for 2016 amounted to € 37 million (2015: € 38 million). The operating income was at the same level as in 2015.

HAL has had an ownership interest in Floramedia since 1999.

Sports Timing Holding B.V. (95%), located in Haarlem (the Netherlands), operates under the MYLAPS brand and is active in the development and production of identification and timing equipment for sports events. The company employed 132 FTE's at the end of 2016 (2015:138). Revenues for 2016 amounted to € 28 million (2015: € 29 million). Operating income for 2016 also decreased.

HAL has had an ownership interest in Sports Timing Holding since 1998.

Infomedics Groep B.V. (81.9%), provides business process outsourcing and factoring services for the Dutch health care sector. The company reported 2016 revenues of € 24 million (2015: € 23 million) and had 117 FTE's at the end of 2016 (2015:118). Operating income for 2016 also increased.

HAL has had a direct ownership interest in Infomedics since 2016. Before, HAL held a minority stake through InVesting B.V. (sold in 2016).

Flight Simulation Company B.V. (75.7%) is based at Amsterdam Airport Schiphol (the Netherlands) and provides training for pilots using flight simulators. At the end of 2016 the company owned 14 flight simulators. The company employed 50 FTE's (2015: 46). Revenues for 2016 amounted to € 18 million (2015: € 15 million). Operating income also increased.

HAL has had an ownership interest in Flight Simulation Company since 2006.

AN Direct B.V. (82.3%) is a hearing solutions company that, through its subsidiaries, sells products via the "direct to consumer" channel (i.e. without brick and mortar stores). AN Direct was previously owned by AudioNova International B.V. but was not part of the sale to Sonova in September 2016. The company is based in Rotterdam (the Netherlands) and has 3 FTE's. At the end of 2016, the principal asset

of AN Direct was a 40% ownership interest in MD Hearing. This company sells hearing aids in the U.S. via its web site and call centers. MD Hearing employs 31 FTE's and reported 2016 revenues of $ 20 million.
The ownership interest in MD Hearing was increased to 100% in March 2017.

Quoted minority interests

HAL has ownership interests in the following quoted associates:

Koninklijke Vopak N.V. (48.15%) is the world's leading independent tank storage company for the oil and chemical industry. As per February 17, 2017, Vopak operated 67 terminals in 25 countries with a combined storage capacity of 34.7 million cbm. At the end of 2016 the company employed 3,580 FTE's. The shares of the company are listed on Euronext in Amsterdam. The market value at the end of 2016 amounted to approximately € 5.7 billion. Revenues for 2016 amounted to € 1,347 million (2015: € 1,386 million). Net income for holders of ordinary shares amounted to € 534 million (2015: € 282 million).

HAL has had an ownership interest in Vopak since 1999.

For additional information on Vopak please refer to the company's annual report and its website www.vopak.com.

Safilo Group S.p.A. (41.61%) is a Padua (Italy) based manufacturer and distributor of optical frames and sunglasses. The shares of the company are listed on the Milan stock exchange. The market value at the end of 2016 amounted to approximately € 0.5 billion. At the end of 2016 the company had 7,128 employees. Revenues for 2016 amounted to € 1,253 million (2015: € 1,279 million). The net loss amounted to € 142.1 million (2015: net loss of € 52.7 million).

HAL has had an ownership interest in Safilo since 2005.

For additional information on Safilo please refer to the company's annual report and its website www.safilo.com.

Koninklijke Boskalis Westminster N.V. (35.45%) is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world with services including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. In addition, Boskalis offers a wide variety of marine services and contracting for the oil and gas sector and offshore wind industry as well as salvage solutions (SMIT Salvage). With a versatile fleet of more than 900 vessels and floating equipment and 11,700 employees, including associated companies, Boskalis operates in 90 countries across six continents. The shares of the company are listed on Euronext in Amsterdam. The market value at the end of 2016 amounted to approximately € 4.3 billion.
Revenues for 2016 amounted to € 2,596 million (2015: € 3,240 million). Net income for 2016 amounted to a loss of € 563.7 million (2015: a profit of € 440.2 million) and includes net impairments of € 840 million. At the end of 2016 the order book of the company amounted to € 2,924 million compared to € 2,490 million at the end of 2015.

HAL has had an ownership interest in Boskalis since 1989.

For additional information on Boskalis please refer to the company's annual report and its website www.boskalis.com.

SBM Offshore N.V. (15.54%) provides floating production solutions to the offshore energy industry. The company's main activities are the design, supply, installation, operation and the life extension of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated by SBM Offshore and leased to its clients or supplied on a turnkey sale basis. The company has approximately 4,750 employees. Its shares are listed on Euronext in Amsterdam. The market value at the end of 2016 amounted to approximately € 3.2 billion. Revenues for 2016 amounted to $ 2,272 million compared with $ 2,705 million for 2015. Net income for 2016 amounted to $ 182 million compared to $ 29 million for 2015. At the end of 2016 the order backlog of the company amounted to $ 17.1 billion compared to $ 18.9 billion at the end of 2015.

HAL has had an ownership interest in SBM Offshore since 2012.

For additional information on SBM Offshore please refer to the company's annual report and its website www.sbmoffshore.com.

Real estate

At the end of 2016 the real estate portfolio consisted of a 45,627 square foot fully leased office property with accessory retail in downtown Seattle, an ownership interest in a joint venture to develop a 129,389 square foot office building with accessory retail and ownership interests in two joint ventures for the development and rental of a total of 438 apartments. The office development project is located in the Fremont neighborhood of Seattle. Completion of its construction is anticipated by mid-2017. The office portion of the building (113,888 square feet) is fully leased for an initial term of 12 years. The accessory retail space is also fully leased. HAL's investment in the joint venture amounts to $ 22 million (€ 21 million). The two apartment development projects are located in suburbs of Seattle and are expected to be completed by year end 2018. HAL's total investment in the apartment joint ventures will be approximately $ 50 million (€ 47 million). The book value of the real estate assets at the end of 2016 amounted to € 46 million.

For additional information on HAL's real estate portfolio please refer to www.halrealestate.com.

Liquid portfolio

The corporate liquid portfolio increased in 2016 by € 851 million to € 2,666 million. This increase was primarily due to the proceeds from the sale of AudioNova (€ 850 million). On December 31, 2016, the liquid portfolio consisted for 93% (2015: 93%) of fixed income instruments and cash balances amounting to € 2,475 million (2015: € 1,687 million), and for 7% (2015: 7%) of equities, for an amount of € 191 million (2015: € 127 million). The fixed income instruments and cash balances provided a negative return of 0.1% (2015: 0.1% positive). The duration of this portfolio at the end of 2016 was less than one month. The equity portfolio provided a positive return of 19.7% (2015: negative 10.2%).

Results

This paragraph refers to the segmentation in the pro forma financial statements on page 118 whereby Vopak and Safilo are accounted for on an unconsolidated basis using the equity method.

Optical retail

Revenues for 2016 amounted to € 3,316 million (2015: € 3,205 million), a 3.5% increase. Excluding the effect of acquisitions and changes in currency exchange rates, revenues also increased by 3.5%. The 2016 same store sales increased by 2.2% (2015: 4.1%).
The 2016 operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets, but including amortization of software), amounted to € 410 million (2015: € 390 million).

Unquoted companies

Revenues from the unquoted subsidiaries for 2016 amounted to € 2,182 million (2015: € 1,970 million), representing an increase of € 212 million (10.8%). Excluding the effect of acquisitions, divestitures and currency exchange differences, revenues from the unquoted subsidiaries increased by € 45 million (2.3%).
The operating income of the unquoted companies for 2016 amounted to € 157 million (2015: € 165 million). Divestitures, acquisitions and changes in currency exchange rates had a negative effect on operating income of € 34 million (primarily due to the sale of AudioNova International B.V.).

Quoted minority interests

Net income from quoted minority interests decreased by € 218 million to € 59 million. This decrease is primarily due to HAL's share in an impairment charge at Boskalis of € 840 million (effect € 298 million), partly offset by higher earnings from Vopak. The earnings of Vopak include exceptional gains of € 287 million related to the divestment of subsidiaries (primarily in the United Kingdom). HAL's share is € 138 million.

Net financial expense

Net financial expense increased by € 35 million to € 32 million, primarily due to a release in 2015 of a financial liability relating to the acquisition of a minority share in the German hearing aid retailer GEERS (€ 29 million) and lower currency exchange gains.

Non-recurring items

The pro forma results for 2016 include net exceptional and non-recurring gains of € 553 million (2015: € 89 million). These gains primarily relate to a capital gain of € 491 million on the sale of AudioNova International B.V. and capital gains on the sale of InVesting B.V. and N.V. Nationale Borg-Maatschappij of respectively € 39 and € 30 million.

Administrative organization, risk management systems and financial reporting

The administrative procedures, the risk management and internal control systems associated with the Company's strategy and its implementation, the financial reporting and compliance are all designed to provide a reasonable degree of assurance that significant risk factors are identified, their development is monitored and, where appropriate, action is taken on a timely basis. (See also the paragraph Risks on page 9.) The Supervisory Board is regularly informed about these matters.

The companies in which HAL has interests differ in industry, size, culture, geographical diversity and stage of development. Each company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks. The companies generally have a supervisory board of which the majority of members is not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's strategy and its implementation as described above, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these risks. These risks are therefore not managed by HAL.

HAL has a management reporting system to monitor its performance, as well as that of the companies where its ownership exceeds 50%, on a monthly basis. This system comprises a set of tools including portfolio analysis, budgeting and the reporting of actual as well as projected results, balance sheet and cash flow information and operational performance indices. In addition, management of the majority owned companies provide internal letters of representation with respect to the half-year and year-end financial statements.

HAL's objective is, in the context of the inherent limitations of the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. Although HAL is aware that no risk management and internal control system can provide absolute assurance that its objectives will be achieved or that errors, losses, fraud or the violation of laws and regulations, human errors and mistakes will be prevented, the Company aims to further improve its risk management and internal control systems. In this context the risk management and internal control systems with respect to financial reporting were again reviewed during 2016. For the most important financial processes (financial reporting and consolidation, information technology, treasury, taxation and entity level controls), risks were identified as well as the control measures designed to mitigate these risks. These controls were also tested in order to conclude on their operating effectiveness during the year. The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. The risk management and internal control systems, were discussed with the Supervisory Board.

With respect to taxation, HAL is committed to comply with all tax laws and regulations in all jurisdictions where it is active. A tax strategy was adopted which provides a framework of how to operate the tax function and how risks related to taxation are managed. It also describes the various roles, responsibilities and procedures, including a quarterly reporting of the majority owned investee companies of their tax position and (potential) tax risks. These tax risks are managed by the respective investee companies and not by HAL. The tax risks of the controlled minority interests Vopak and Safilo as well as other minority interests are also not managed by HAL. In the Netherlands, HAL Investments B.V. concluded a compliance agreement with the tax authorities in the context of the "Horizontal Supervision" model. This model is based on mutual trust, understanding and transparency. The compliance agreement ensures that the tax authorities receive current and factual information about the Company's tax strategy and control framework including the tax aspects of business developments. On their part, the tax authorities are prepared to provide swift upfront assurance about certain tax matters.

Although HAL's ownership interest in Vopak and Safilo is below 50%, IFRS requires these associates to be consolidated in the consolidated financial statements as HAL is deemed to have control, as defined in IFRS 10, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these associates, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the above mentioned management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. HAL therefore continues to include the results of Vopak and Safilo in the segment "quoted minority interests". The Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and attendance rights to the audit committee meetings of Vopak and the Control, Risk and Sustainability Committee meetings of Safilo for an independent financial expert on behalf of HAL. This allows HAL to comply with IFRS and prepare consolidated financial statements which include the (audited) financial statements of Vopak and Safilo. However, HAL does not have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these financial statements are complete, valid and accurate.

The Chairman of the Executive Board of the Company is a member of the Supervisory Board of Vopak and the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board of the Company, is a member of the Supervisory Board of Koninklijke Boskalis Westminster N.V. The information obtained in these capacities cannot be used for the preparation of the consolidated financial statements of the Company in order to preserve confidentiality and to allow these quoted associates to operate independently from the Company. Accordingly, the risk management and internal control systems of HAL with respect to financial reporting risks are not designed and are not able to provide assurance that the information relating to quoted associates in the Company's consolidated financial statements does not contain material errors due to the inherent limitations described above. The assessment that the Company's consolidated financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo, is based on the external audit of these companies and the involvement of the independent financial expert referred to above. Vopak and Safilo both have included a description of their risks and risk management system in their respective annual reports. These risks are neither monitored nor managed by HAL.

In view of the fact that consolidating Vopak and Safilo significantly affects the financial statements of the Company, supplemental financial information is provided where, consistent with the period before the effective date of IFRS 10, Vopak and Safilo are accounted for on an unconsolidated basis using the equity method.

Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting of HAL Holding N.V. provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2016 and we declare that, to the best of our knowledge:

1º. the financial statements give a true and fair view of the assets, liabilities, financial position and profit for the year of the consolidated entities taken as a whole;
2º. the report of the Executive Board gives a true and fair view of the situation as of the statement of financial position date and the developments during the year of the entities included in the financial statements taken as a whole, and
3º. this report includes a description of the principal risks HAL Holding N.V. is facing.

Executive Board HAL Holding N.V.
M.F. Groot (*Chairman*)
A.A. van ’t Hof
J.N. van Wiechen

March 30, 2017

Financial Statements
HAL Trust

Contents

Consolidated Statement of Financial Position

As of December 31

In millions of euro	*Notes*	**2016**	2015
Non-current assets			
Property, plant and equipment	3	**5,082.1**	4,955.0
Investment properties	4	**8.3**	13.3
Intangible assets	5	**2,421.8**	2,602.0
Investments in associates and joint arrangements	7	**2,536.0**	2,571.7
Other financial assets	8	**757.1**	546.1
Derivatives	9	**101.2**	119.4
Pension benefits	19	**72.1**	74.7
Deferred tax assets	18	**151.8**	174.8
Total non-current assets		**11,130.4**	11,057.0
Current assets			
Other financial assets	8	**3.6**	105.8
Inventories	12	**768.3**	731.5
Receivables	11	**845.8**	777.9
Marketable securities and deposits	10	**229.9**	164.6
Derivatives	9	**43.2**	21.6
Other current assets	13	**426.9**	390.3
Cash and cash equivalents	14	**3,143.6**	2,226.2
Assets held for sale	15	**26.6**	242.8
Total current assets		**5,487.9**	4,660.7
Total assets		**16,618.3**	15,717.7
Equity			
Share capital	16	**1.6**	1.5
Other reserves	17	**322.6**	167.9
Retained earnings		**7,300.5**	6,555.5
Equity attributable to owners of parent		**7,624.7**	6,724.9
Non-controlling interest		**2,134.2**	1,837.9
Total equity		**9,758.9**	8,562.8
Non-current liabilities			
Deferred tax liabilities	18	**450.8**	456.9
Pension benefits	19	**285.8**	231.2
Derivatives	9	**83.6**	95.3
Provisions	20	**53.6**	62.2
Debt and other financial liabilities	21	**3,128.3**	3,727.4
Total non-current liabilities		**4,002.1**	4,573.0
Current liabilities			
Provisions	20	**89.1**	102.1
Accrued expenses	22	**859.2**	863.6
Income tax payable		**123.6**	134.7
Accounts payable		**832.0**	663.5
Derivatives	9	**14.1**	24.8
Debt and other financial liabilities	21	**939.3**	730.0
Liabilities related to assets held for sale	15	**-**	63.2
Total current liabilities		**2,857.3**	2,581.9
Total equity and liabilities		**16,618.3**	15,717.7

The notes on pages 34 to 140 form an integral part of the consolidated financial statements.

Consolidated Statement of Income

For the year ended December 31

In millions of euro	*Notes*	**2016**	2015
Revenues	23	**8,033.1**	7,789.1
Income from marketable securities and deposits	24	**18.5**	6.8
Share of results from associates and joint ventures	25	**(119.1)**	223.1
Income from other financial assets	26	**16.7**	33.0
Income from real estate activities	27	**2.1**	2.3
Other income	28	**849.3**	115.4
Total income		**8,800.6**	8,169.7
Usage of raw materials, consumables and other inventory		**2,171.2**	2,059.5
Employee expenses	29	**2,339.8**	2,274.4
Depreciation and impairments of property, plant, equipment and investment properties	3,4	**486.8**	475.9
Amortization and impairments of intangible assets	5	**109.8**	113.5
Other operating expenses	30	**2,055.4**	1,962.3
Total expenses		**7,163.0**	6,885.6
Operating profit		**1,637.6**	1,284.1
Financial expense	31	**(215.5)**	(222.6)
Other financial income	31	**63.6**	86.1
Profit before income tax		**1,485.7**	1,147.6
Income tax expense	32	**(207.9)**	(257.0)
Net profit		**1,277.8**	890.6
Attributable to:			
Owners of parent		**871.0**	630.0
Non-controlling interest		**406.8**	260.6
		1,277.8	890.6
Average number of Shares outstanding *(in thousands)*	33	**77,420**	75,195
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*			
- basic and diluted		**11.25**	8.14
Dividend per Share*(in euro)*		**7.10***	6.50

* Proposed

The notes on pages 34 to 140 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended December 31

In millions of euro	*Notes*	**2016**	2015
Net profit		**1,277.8**	890.6
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Actuarial results on pension benefits obligations	19	**(48.4)**	113.9
Income tax	32	**12.3**	(28.3)
Associates and joint ventures - share of OCI, net of tax	7	**(3.5)**	13.5
		(39.6)	99.1
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of available-for-sale financial assets		**151.8**	43.0
Income tax on change in fair value	32	**(4.3)**	-
Effective portion of hedging instruments		**(5.3)**	34.0
Income tax related to hedging instruments	32	**1.7**	(7.3)
Translation of foreign subsidiaries, net of hedges		**4.0**	23.0
Income tax on translation and related hedges	32	**(2.7)**	2.5
Other movements*		**1.9**	-
Associates and joint ventures - share of OCI, net of tax	7	**11.2**	46.8
		158.3	142.0
Other comprehensive income for the year, net of tax**		**118.7**	241.1
Total comprehensive income for the year, net of tax		**1,396.5**	1,131.7
Total comprehensive income for the year, attributable to:			
- Owners of parent		**1,002.1**	805.5
- Non-controlling interest		**394.4**	326.2
		1,396.5	1,131.7

* Other movements mainly relate to recycling of currency translation results due to the divestment of AudioNova International B.V.

** Of which € 131.1 million attributable to owners of parent (2015: € 175.5 million).

The notes on pages 34 to 140 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

In millions of euro	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
	Attributable to owners of parent					
Balance on January 1, 2015	1.5	5,003.3	58.6	5,063.4	1,439.5	**6,502.9**
Net profit for the year	-	630.0	-	630.0	260.6	**890.6**
Other comprehensive income for the year	-	59.6	115.9	175.5	65.6	**241.1**
Total comprehensive income for the year	-	689.6	115.9	805.5	326.2	**1,131.7**
Reclassification	-	13.3	(13.3)	-	-	**-**
Dividend paid to minority shareholders	-	-	-	-	(132.3)	**(132.3)**
Capital increase/(decrease)	-	-	-	-	12.2	**12.2**
Effect purchase of non-controlling interest*	-	(42.1)	-	(42.1)	(16.9)	**(59.0)**
Sale non-controlling interest GrandVision N.V	-	893.5	6.7	900.2	185.9	**1,086.1**
Share-based compensation (note 35)	-	22.0	-	22.0	22.7	**44.7**
Treasury shares	-	(2.2)	-	(2.2)	-	**(2.2)**
Dividend paid	-	(20.9)	-	(20.9)	-	**(20.9)**
Other movements	-	(1.0)	-	(1.0)	0.6	**(0.4)**
Transactions with the owners of parent recognized directly in equity	-	862.6	(6.6)	856.0	72.2	**928.2**
Balance on December 31, 2015	1.5	6,555.5	167.9	6,724.9	1,837.9	**8,562.8**
Balance on January 1, 2016	1.5	6,555.5	167.9	6,724.9	1,837.9	**8,562.8**
Net profit for the year	-	871.0	-	871.0	406.8	**1,277.8**
Other comprehensive income for the year	-	(23.6)	154.7	131.1	(12.4)	**118.7**
Total comprehensive income for the year	-	847.4	154.7	1,002.1	394.4	**1,396.5**
Capital increase/(decrease)	-	-	-	-	7.2	**7.2**
Effect of acquisitions and disposals	-	(0.6)	-	(0.6)	20.8	**20.2**
Dividend paid to minority shareholders	-	-	-	-	(128.1)	**(128.1)**
Share-based compensation (note 35)	-	7.4	-	7.4	3.1	**10.5**
Treasury shares	-	(1.7)	-	(1.7)	-	**(1.7)**
Dividend paid	0.1	(107.5)	-	(107.4)	-	**(107.4)**
Other movements	-	-	-	-	(1.1)	**(1.1)**
Transactions with the owners of parent recognized directly in equity	0.1	(102.4)	-	(102.3)	(98.1)	**(200.4)**
Balance on December 31, 2016	1.6	7,300.5	322.6	7,624.7	2,134.2	**9,758.9**

* Mainly relates to the purchase of own shares by GrandVision N.V.

The notes on pages 34 to 140 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31

In millions of euro	*Notes*	**2016**	2015
Cash flows from operating activities			
Profit before taxes		**1,485.7**	1,147.6
Depreciation and impairments	3,4	**486.8**	475.9
Amortization and impairments	5	**109.8**	113.5
(Profit)/loss on sale of property, plant, equipment and investment properties		**(0.5)**	(13.6)
(Profit)/loss on sale of other financial assets and marketable securities		**(15.8)**	(4.9)
Results from associates and joint ventures, net of impairments	25	**119.1**	(259.0)
(Profit)/loss on assets and liabilities held for sale	15,28	**(849.3)**	(77.4)
Net financial expense	31	**151.9**	136.5
Other movements in provisions and pension benefits		**(12.8)**	79.5
Dividend from associates and joint ventures	7	**127.2**	97.7
Changes in working capital	34	**2.9**	38.5
Cash generated from operating activities		**1,605.0**	1,700.4
Other financial income received		**14.3**	14.1
Finance cost paid, including effect of hedging		**(147.9)**	(145.6)
Income taxes paid		**(222.5)**	(219.9)
Net cash from operating activities		**1,248.9**	1,349.0
Cash flows from investing activities			
Acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	6	**(301.3)**	(376.6)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	15	**1,519.7**	317.7
Proceeds from sale of/(acquisition of) other intangibles		**(89.2)**	(61.3)
Purchase of property, plant, equipment and investment properties	3,4	**(676.4)**	(604.3)
Proceeds from sale of property, plant, equipment and investment properties		**34.8**	45.2
Proceeds from/(acquisition of) other financial assets	8	**42.6**	(76.1)
Proceeds from/(acquisition of) marketable securities and deposits, net		**(17.7)**	(34.0)
Settlement of derivatives (net investments hedges)		**(8.9)**	(25.9)
Net cash from/(used in) investing activities		**503.6**	(815.3)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**227.1**	388.1
Repayment of debt and other financial liabilities		**(747.5)**	(790.3)
Net proceeds and repayments in short-term financing		**(30.5)**	(10.8)
Sale non-controlling interest GrandVision N.V.		**-**	1,086.1
Other non-controlling interest transactions (mainly dividend paid)		**(130.2)**	(216.7)
Movement in treasury shares		**(1.7)**	(2.2)
Dividend paid		**(107.5)**	(20.9)
Net cash from/(used in) financing activities		**(790.3)**	433.3
Increase/(decrease) in cash and cash equivalents		**962.2**	967.0
Cash and cash equivalents at beginning of year		**2,226.2**	1,147.4
Effect of exchange rate changes and reclassifications		**(44.8)**	111.8
Cash and cash equivalents retranslated at beginning of year		**2,181.4**	1,259.2
Net increase/(decrease) in cash and cash equivalents		**962.2**	967.0
Cash and cash equivalents at end of period		**3,143.6**	2,226.2

The notes on pages 34 to 140 form an integral part of the consolidated financial statements.

Basis of preparation

The consolidated financial statements presented are those of HAL Trust (the 'Trust'), a Bermuda trust formed in 1977, and its subsidiaries as well as the interests in associates and joint ventures. HAL Trust shares are listed and traded on Euronext in Amsterdam and were prepared in accordance with sections 14.2 and 14.3 of the Trust deed. For the years presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. (the 'Company'), a Curaçao corporation. Accordingly the consolidated financial statements of the Trust are identical to those of HAL Holding N.V.

The consolidated financial statements of the Company were authorized for issue on March 30, 2017 and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the accounting policies. The principal accounting policies adopted by the Company in the preparation of its consolidated financial statements are unchanged compared to last year, with exception of one revision as disclosed in the recent accounting developments. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income, shareholders' equity or earnings per Share.

Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure on contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results ultimately may differ from those estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgement are described in the following notes:

- Deemed control over quoted minority interests – consolidation section;
- Useful life and residual value of property, plant and equipment – note 3;
- Valuation of intangible assets in acquisitions – note 6;
- Allowance for inventory obsolescence – note 12;
- Classifications of non-current assets as held for sale – note 15;
- Recognition of carry-forward losses and tax provisions – notes 18 and 32;
- Assumptions pension benefits – note 19;
- Estimated impairment of non-current assets – note 36.

Recent accounting developments

Adopted by the Company
The significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2015.

Following a clarification by the IFRS Interpretation Committee in 2016, the accounting policy relating to the cash pooling arrangement at GrandVision N.V. changed. The Company has reviewed the cash pooling arrangement at GrandVision N.V. and revised the amounts offset at the end of 2015 as disclosed in note 14.

Not yet adopted by the Company
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. This standard contains principles that an entity needs to apply to determine the measurement of revenue and timing of when revenue is recognized. The underlying principle is that an entity needs to recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard is effective from January 1, 2018. Impact analyses have been performed by the Company's subsidiaries, including its consolidated minority interests. Based on these analyses the effects on the consolidated financial statements are expected to be limited, apart from the fact that additional disclosures will need to be provided

IFRS 9, *Financial Instruments*, is also effective as from January 1, 2018, and sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The Company is in the process of determining the effects of this new standard. One anticipated effect is that fair value results on equity investments that are recorded through other comprehensive income are not recycled through income upon derecognition, as is currently the case under IAS 39. The effect on the Company’s financial statements will depend on the unrealized result position, if any, on such equity investments at the date of their derecognition. At December 31, 2016, the unrealized results on equity investments amounted to approximately € 171 million. The replacement of the incurred-loss impairment model by an expected-loss impairment model will likely result in an increase in allowances for expected credit losses on the implementation date, as (expected) credit losses are recognized earlier. The new hedge accounting requirements are expected to provide more flexibility to the Company as these are more aligned with financial risk management objectives. Based on its current consolidated financial position, the Company does not expect a significant quantitative impact as a result of IFRS 9 implementation other than the afore-mentioned.

In January 2016, IFRS 16, *Leases*, was issued. This standard sets outs the principles for the recognition, measurement, presentation and disclosures for both parties to a contract. The effects of this new standard for lessees are significant. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize: (a) assets and liabilities for all leases with a term in excess of 12 months, unless the underlying asset is of low value and; (b) depreciation of lease assets will be separately presented from interest on lease liabilities in the income statement. The standard, which is not yet endorsed by the EU, is effective from January 1, 2019. It is expected to have a material impact on the financial ratios of the Company and the presentation of its financial statements in view of the significant lease commitments (reference is made to note 41). The Company is in the process of determining the full effects of this new standard on the consolidated financial statements.

There are no other new standards, amendments to existing standards or new IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

Supplemental information
As a result of the 2014 implementation of IFRS 10, *Consolidated Financial Statements*, HAL Trust consolidates the financial information of Koninklijke Vopak N.V. (‘Vopak’) and Safilo Group S.p.A. (‘Safilo’). Supplemental information has been included on pages 112 through 140 whereby Vopak and Safilo are accounted for on an unconsolidated basis using the equity method as applied in the years until 2014. The inclusion of this information is considered appropriate and useful as the control model of the Company with respect to Vopak and Safilo is materially different than the model with respect to the other consolidated entities, where the Company’s ownership interest exceeds 50%, and the effect of the inclusion of Vopak and Safilo in the

consolidation has a significant effect on the financial statements. This information also preserves comparability with consolidated financial statements prior to 2014.

Consolidation

Subsidiaries, which are those entities over which the Company is deemed to have control, are consolidated. The Company controls an entity when the Company 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. In certain circumstances, significant judgement is required to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%. Subsidiaries are consolidated from the date on which effective control is obtained and are no longer consolidated as from the date the effective control ceases.

The amounts reported by the subsidiaries are based on the Company's accounting policies. Intercompany transactions, balances and unrealized results on transactions between group companies are eliminated on consolidation. Unrealized results arising from transactions with joint arrangements and associates are eliminated to the extent of the interest of the Company in the equity.

Non-controlling interests are disclosed separately. Transactions with holders of non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid or received and the relevant share acquired or disposed of the carrying value of net assets of the subsidiary is recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or other financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated statement of income.

Critical accounting estimates and judgements
In the preparation of these financial statements, management has applied significant judgement to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%.

Although the Company's ownership interest in Vopak and Safilo is below 50%, IFRS requires these entities to be consolidated in these financial statements as the company is deemed to have control, as defined in IFRS 10 and more specifically in example 4 of the application guidance in appendix B of this standard, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these entities, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the Company's management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has a process in place to obtain information from Vopak and Safilo in order to prepare consolidated financial statements in accordance with IFRS. The Company does not, however, have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these are complete, valid and accurate.

Management performed an assessment with respect to the other minority-owned entities and asserted that (de facto) control was not deemed present for these entities.

Accounting policies applicable to acquisitions are described in note 6. A list of the Company's principal subsidiaries is set out on page 108.

Foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Company'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 euro, which is the Company's functional and presentation currency.

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 recognized in the consolidated statement of income, except when deferred in equity as qualifying hedges. Any hedge ineffectiveness is recognized in the consolidated statement of income as it arises.

Company's subsidiaries
The results and financial position of all the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
(ii) the income statement, the cash flow statement and all other movements in assets and liabilities are translated at average rates of exchange as a proxy for the transaction rate, or at the transaction rate itself if more appropriate;
(iii) all resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of net investments in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. Exchange differences on intra-group monetary assets or liabilities which are not part of a net investment in foreign entities are recognized in the consolidated statement of income. When a foreign operation is sold, exchange differences previously recognized through other comprehensive income are reclassified from equity (as a reclassification adjustment) to the consolidated statement of income as part of the gain or loss on sale.

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.

Cash flow statement

The consolidated statement of cash flows has been prepared using the indirect method. Cash flows denominated in foreign currencies are translated at average exchange rates, or at the transaction rate if more appropriate. The effect of exchange rates on cash and cash equivalents is presented separately.

Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flows. Cash flows arising from income taxes are classified as operating cash flows.

(All amounts in millions of euro, unless otherwise stated)

1. Segmentation

The Company's reportable segments are defined as follows:
- Optical retail
- Unquoted
- Quoted minority interests
- Real estate
- Liquid portfolio

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources between segments and assessing the performance of the operating segments, is identified as the Executive Board. The reportable segments are defined based on differences in products and services as well as differences in the nature of the respective assets and the management thereof.

Optical retail relates to GrandVision, the Company's majority-owned retail company that derives its revenues from the sale of optical retail products to consumers.

Unquoted relates to majority-owned companies as well as non-controlling minority interests in companies that derive their revenues from various activities such as construction products, office furniture, staffing, shipping, orthopedic devices, personal protection equipment, media and other activities.

The Quoted minority interests segment comprises both the Company's consolidated and unconsolidated minority interests in publicly traded entities.

The Real estate segment relates to the development and rental of multi-family properties and office buildings.

The segment Liquid portfolio consists of available-for-sale financial assets and cash-equivalent instruments generating interest, dividend and capital gains.

Operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) can be detailed as follows:

	2016	2015
Optical retail	**410.3**	390.3
Unquoted	**156.6**	164.8
Quoted minority interests	**621.2**	763.6
Real estate	**0.8**	2.0
Liquid portfolio	**18.5**	6.9
Total operating income	**1,207.4**	1,327.6
Reconciling items:		
- Amortization and impairment	**(109.8)**	(113.5)
- Other	**540.0**	70.0
Operating result as per the consolidated statement of income	**1,637.6**	1,284.1
Financial expense, net	**(151.9)**	(136.5)
Profit before tax as per the consolidated statement of income	**1,485.7**	1,147.6

The ‘other’ reconciling items represent mostly corporate overhead and exceptional and non-recurring items (excluding those of Vopak, Safilo and Boskalis).

The composition of depreciation expense by segment is as follows:

	2016	2015
Optical retail	**110.2**	107.0
Unquoted	**78.9**	82.0
Quoted minority interests	**297.0**	286.6
Real estate	**0.5**	-
Reconciling items	**0.2**	0.3
	486.8	475.9

The reconciling items represent the corporate depreciation expense.

The composition of revenues by segment is as follows:

	2016	2015
Optical retail	**3,316.1**	3,204.9
Unquoted	**2,181.4**	1,969.8
Quoted minority interests	**2,535.6**	2,614.4
	8,033.1	7,789.1

The composition of assets by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**2,922.9**	2,928.2
Unquoted	**2,365.8**	2,424.6
Quoted minority interests	**8,505.8**	8,421.9
Real estate	**46.1**	19.6
Liquid portfolio	**2,665.9**	1,814.5
Reconciling items	**111.8**	108.9
	16,618.3	15,717.7

The reconciling items represent corporate assets, including deferred tax, loans and pension benefit assets.

The composition of investments in associates and joint ventures by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**36.4**	40.5
Unquoted	**227.6**	128.9
Quoted minority interests	**2,235.1**	2,402.3
Real estate	**36.9**	-
	2,536.0	2,571.7

The composition of capital expenditures by segment is as follows:

	2016	2015
Optical retail	**183.5**	307.2
Unquoted	**262.0**	109.0
Quoted minority interests	**451.4**	394.8
Real estate	**1.0**	12.7
Reconciling items	**0.2**	0.2
	898.1	823.9

Capital expenditures consist of additions to property, plant and equipment, investment properties and intangible assets.

The composition of liabilities by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**1,742.4**	1,916.9
Unquoted	**1,320.0**	1,253.0
Quoted minority interests	**3,728.7**	3,974.0
Real estate	**0.4**	1.8
Liquid portfolio	**0.9**	1.1
Reconciling items	**67.0**	8.1
	6,859.4	7,154.9

The reconciling items represent corporate liabilities, including earn-out liabilities, deferred tax and loans.

The composition of revenues by geographical area is as follows:

	2016	2015
Europe	**6,234.0**	6,092.8
North-America	**905.7**	682.1
Asia	**513.2**	546.1
Other	**380.2**	468.1
	8,033.1	7,789.1

The composition of property, plant and equipment, investment properties, intangible assets and investment in associates and joint ventures by geographical area is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Europe	**6,548.4**	6,551.1
North-America	**903.9**	886.2
Asia	**1,730.4**	1,896.7
Other	**865.5**	808.0
	10,048.2	10,142.0

2. Exceptional items

To increase transparency, exceptional items are disclosed separately when relevant. These items are exceptional, by nature, from a management perspective. Exceptional items may include impairments, reversals of impairments, additions to and releases from provisions for restructuring, gains on the sale of subsidiaries, joint arrangements and associates, any other significant provisions being formed or released and any significant changes in estimates.

Summary of exceptional items is as follows:

	Note	**2016**	2015
Gain on sale of AudioNova International B.V.	15	**491.0**	-
Impairment at Royal Boskalis Westminster N.V.	7	**(297.8)**	-
Gain on assets held for sale Vopak, net	15	**286.6**	77.4
Impairment joint ventures Vopak, net	36	**(60.1)**	(50.3)
Gain on sale of InVesting B.V.	15	**38.7**	-
Gain on sale of N.V. Nationale Borg-Maatschappij	15	**30.4**	-
Restructuring provision		**(8.0)**	
Revaluation of previously held equity interest	25	**7.9**	-
Other impairments Vopak	36	**(5.3)**	(7.8)
Gain on sale of Navis Capital Partners Ltd.		**-**	34.8
Badwill recognized on acquisitions		**-**	33.9
Claim provision Vopak		**-**	(18.9)
Release pension provision		**-**	17.7
Legal provision Safilo		**-**	(17.1)
Legal and fiscal provisions		**-**	(15.3)
Revaluation of debt portfolio		**-**	14.9
Capital gain on sale of vessels		**-**	11.6
Impairment of goodwill		**-**	(10.1)
Change in share-based compensation plans		**-**	(7.2)
Other		**(46.1)**	(25.8)
Effect on operating profit		**437.3**	37.8
Remeasurement of earn-out liabilities		**-**	29.1
Other		**5.5**	(2.3)
Effect on profit before income tax		**442.8**	64.6
Income tax		**14.4**	(39.4)
Effect on net profit		**457.2**	25.2

The exceptional items are disclosed separately in the notes when relevant in order to increase transparency.

The low effective tax on the exceptional items in 2016 is primarily caused by the fact that the capital gains on the sale of AudioNova International B.V., InVesting B.V., N.V. Nationale Borg-Maatschappij and the assets held for sale of Vopak are not taxable. The high effective tax rate in 2015 is caused by the non-deductibility of certain impairments.

3. Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items (such as unrecoverable taxes and transport) and construction costs that can be allocated directly (such as hours of own employees and advisory fees). Interest during construction is capitalized. To the extent that dismantling obligations exist, these are included in the cost of the assets.

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

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows: buildings 10-50 years, vessels 25-30 years, tank storage terminals 10-40 years and equipment and other 2-15 years. Useful lives and residual values are reviewed annually and, if required, amended. Land is not depreciated.

Critical accounting estimates and judgements
Property, plant and equipment of Vopak represent a substantial part of the total assets of the Company and the related depreciation forms a substantial part of the annual operating expenses. The useful life and residual value of these assets, determined by the Board of Vopak based on its estimations and assumptions, have a major impact on the measurement of property, plant and equipment.

Movements for 2016 and 2015 are as follows:

	Land and buildings	Vessels	Tank storage terminals	Equipment	**Total**
Cost value	1,327.2	494.4	5,313.8	2,251.4	**9,386.8**
Accumulated depreciation and impairments	(624.7)	(111.6)	(2,039.2)	(1,667.9)	**(4,443.4)**
Balance on January 1, 2015	702.5	382.8	3,274.6	583.5	**4,943.4**
Investments	84.8	45.7	304.7	156.4	**591.6**
Consolidation	90.9	-	-	19.8	**110.7**
Reclassification*	(12.9)	-	(214.4)	(17.1)	**(244.4)**
Disposals	(7.6)	(19.6)	(0.7)	(3.7)	**(31.6)**
Depreciation and impairments	(72.5)	(28.1)	(223.7)	(151.6)	**(475.9)**
Exchange differences	10.5	34.0	12.2	4.5	**61.2**
Balance on December 31, 2015	795.7	414.8	3,152.7	591.8	**4,955.0**
Cost value	1,459.5	530.0	5,251.6	2,321.2	**9,562.3**
Accumulated depreciation and impairments	(663.8)	(115.2)	(2,098.9)	(1,729.4)	**(4,607.3)**
Balance on December 31, 2015	795.7	414.8	3,152.7	591.8	**4,955.0**
Investments	109.8	110.1	276.6	178.9	**675.4**
Consolidation	11.1	-	1.2	6.6	**18.9**
Disposals	(5.1)	-	(12.2)	(6.8)	**(24.1)**
Depreciation and impairments	(66.8)	(33.1)	(232.5)	(154.0)	**(486.4)**
Reclassification*	(82.0)	(0.1)	(3.6)	(22.8)	**(108.5)**
Exchange differences	(1.0)	12.2	43.8	(3.2)	**51.8**
Balance on December 31, 2016	761.7	503.9	3,226.0	590.5	**5,082.1**
Cost value	1,368.1	653.0	5,528.3	2,317.3	**9,866.7**
Accumulated depreciation and impairments	(606.4)	(149.1)	(2,302.3)	(1,726.8)	**(4,784.6)**
Balance on December 31, 2016	761.7	503.9	3,226.0	590.5	**5,082.1**

* Reclassifications primarily to assets held for sale

Note 21 details information on pledges.

4. Investment property

Investment property is accounted for similar to property, plant and equipment.

The estimated useful life, which forms the basis for straight-line depreciation, is as follows: buildings 35-40 years, leasehold improvements 5-10 years.

Investment properties are part of the real estate segment.

Movements for 2015 and 2016 are as follows:

	2016	2015
Cost value	**13.5**	1.5
Accumulated depreciation	**(0.2)**	(0.1)
Book value on January 1	**13.3**	1.4
Investments	**1.0**	12.7
Reclassification	**(5.0)**	-
Disposals	**(0.8)**	(0.9)
Depreciation and impairments	**(0.4)**	-
Exchange differences	**0.2**	0.1
Book value on December 31	**8.3**	13.3
Cost value	**8.8**	13.5
Accumulated depreciation	**(0.5)**	(0.2)
Book value on December 31	**8.3**	13.3

Note 21 details information on pledges.

5. Intangible assets

Intangible assets include goodwill, trademarks, rights of use and key money, customer relationships, computer software and other.

Goodwill
Goodwill arises on business combinations and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value amounts of the identifiable assets, liabilities and contingent liabilities.

Goodwill is carried at cost less accumulated impairments. Goodwill is subject to annual impairment testing, as described in note 36. If an impairment is recognized, it is not reversed in subsequent periods. Goodwill relating to a business combination in foreign currency is recorded in the respective currency and converted at the exchange rate at the end of the period.

Trademarks
Trademarks are initially recognized at fair value, using the relief-from-royalty approach. They are subsequently amortized over an estimated useful life, generally a maximum of 15 years, on a straight-line basis with no residual value.

Rights of use and key money
Rights of use and key money are identified as intangible assets when they are separable and arise from contractual and legal rights. Rights of use and key money are initially recognized at fair value. Such intangible assets are generally assumed to have an indefinite life as rights of use can be renewed and resold. Therefore they are subject to an annual impairment test. Rights of use and key money in other situations are considered prepaid rent and recognized in the consolidated statement of income over the rental period.

Software
Acquired software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company that are expected to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs (such as software development employee costs and an appropriate portion of relevant overheads) are included in the initial measurement. Costs associated with developing and maintaining computer software that do not meet these criteria are recognized as an expense as incurred. Software licenses and products are amortized on a straight-line basis over an estimated useful life of maximum 5 years.

Customer relationships
The valuation of customer relationships acquired in a business combination is based on the present value of estimated future cash flows. Customer relationships are initially recognized at fair value and subsequently amortized on a straight line basis over an estimated useful life of maximum 15 years.

Movements for goodwill and other intangibles are as follows:

	Goodwill	Rights of use and key money	Trade-marks	Customer relation-ships	Other	**Total**
Cost value	2,231.0	255.2	550.8	160.4	578.4	**3,775.8**
Accumulated amortization and impairments	(622.7)	(45.5)	(189.1)	(20.7)	(449.3)	**(1,327.3)**
Balance on January 1, 2015	1,608.3	209.7	361.7	139.7	129.1	**2,448.5**
Investments	157.8	1.5	1.5	1.1	57.7	**219.6**
Consolidation	-	1.3	19.0	13.9	29.3	**63.5**
Purchase price accounting adjustments	(6.6)	-	(4.9)	4.2	2.4	**(4.9)**
Disposals	-	(0.2)	-	-	(0.3)	**(0.5)**
Reclassification	(4.0)	0.1	4.4	(4.0)	1.2	**(2.3)**
Amortization and impairments	(10.1)	(1.5)	(41.4)	(8.6)	(51.9)	**(113.5)**
Exchange differences and other	(1.7)	(2.2)	(1.7)	0.4	(3.2)	**(8.4)**
Balance on December 31, 2015	1,743.7	208.7	338.6	146.7	164.3	**2,602.0**
Cost value	2,376.5	218.1	569.1	176.7	727.6	**4,068.0**
Accumulated amortization and impairments	(632.8)	(9.4)	(230.5)	(30.0)	(563.3)	**(1,466.0)**
Balance on December 31, 2015	1,743.7	208.7	338.6	146.7	164.3	**2,602.0**
Investments	95.8	1.7	-	0.6	116.5	**214.6**
Consolidation	-	1.9	11.0	73.5	17.1	**103.5**
Purchase price accounting adjustments	(3.6)	-	(2.3)	5.4	-	**(0.5)**
Disposals	-	(0.7)	-	(0.1)	(1.5)	**(2.3)**
Amortization and impairments	(4.2)	(1.9)	(35.3)	(21.9)	(46.5)	**(109.8)**
Reclassification*	(306.9)	-	(54.4)	(3.4)	(7.7)	**(372.4)**
Exchange differences and other	(13.4)	1.5	(2.4)	(0.6)	1.6	**(13.3)**
Balance on December 31, 2016	1,511.4	211.2	255.2	200.2	243.8	**2,421.8**
Cost value	2,148.4	222.5	521.0	252.1	853.6	**3,997.6**
Accumulated amortization and impairments	(637.0)	(11.3)	(265.8)	(51.9)	(609.8)	**(1,575.8)**
Balance on December 31, 2016	1,511.4	211.2	255.2	200.2	243.8	**2,421.8**

* Reclassifications primarily to assets held for sale

Specification of goodwill is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**1,197.0**	1,210.2
Unquoted	**203.2**	421.8
Vopak	**111.2**	109.8
Safilo	**-**	1.9
	1,511.4	1,743.7

The other category consists of:

	Dec. 31, 2016	Dec. 31, 2015
Software	**162.0**	128.3
Other	**81.8**	36.0
	243.8	164.3

Rights of use and key money primarily relate to optical retail stores in France and Brazil.

Information on impairment testing is included in note 36.

6. Acquisitions & divestments of subsidiaries

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of the acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the business combination and the fair value of any contingent consideration to be transferred. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interest in the acquiree is measured, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and the difference with the book value of the previously held equity interest is recognized in the consolidated statement of income. The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. If the total of the consideration transferred, the non-controlling interest recognized and the fair value of the previously held interest is less than the fair value of the net assets of the subsidiary acquired ('badwill'), the difference is directly recognized in the consolidated statement of income. Acquisition-related costs are expensed as incurred. Subsequent changes to the fair value of the contingent consideration are recognized either in the consolidated statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Critical accounting estimates and judgements
When a company is acquired, a value is assigned to intangible assets such as trademarks and the customer relationships. The determination of the value at the time of acquisition and the estimated

useful life are subject to judgment. Assumptions by management underlying the estimation of fair value include the future cash flows expected from the asset and discount rates. Useful life is estimated using past experience and relevant industry practices.

Acquisitions

Infomedics Groep B.V.
On August 19, 2016, the Company increased its shareholding in Infomedics Groep B.V. ('Infomedics') by 43.1% to 81.9% and obtained control. Infomedics provides business process outsourcing and factoring services for the Dutch health care sector. Revenues for 2016 were € 24 million. In accordance with the applicable accounting policies, the Company realized a € 9.5 million revaluation in the consolidated statement of income on its previously held interest in Infomedics. The non-controlling interest on this investment (€ 8.9 million) is measured at fair value using discounted cash flow models. These fair value calculations qualify as level 3 in the fair value hierarchy.

Atlas Professionals B.V.
On March 30, 2016, the ownership interest in Atlas Professionals B.V. was increased from 45.0% to 70.0% and the Company obtained control. Atlas specializes in supplying professionals to the energy and marine industry worldwide. Revenues for 2016 were € 149 million. In accordance with the applicable accounting policies, the Company realized a € 1.6 million negative revaluation in the consolidated statement of income on its previously held minority interest in Atlas. The non-controlling interest on this investment (€ 20.6 million) is measured at fair value using discounted cash flow models. These fair value calculations qualify as level 3 in the fair value hierarchy.

Orthopedie Investments Europe B.V.
In 2016, Auxilium GmbH, a 54% subsidiary of Orthopedie Investment Europe B.V., acquired three German health care companies which manufacture and distribute medical aids. The aggregate 2016 annual sales of these acquisitions were approximately € 30 million.

There were no individually significant acquisitions during the year. Details on the acquisitions performed during the year are as follows:

	Total
Cash paid	**97.5**
Fair value of previously held equity interests	**50.2**
Fair value of net assets acquired	**(81.4)**
Non-controlling interest recognized at fair value	**29.5**
Goodwill	**95.8**

The goodwill is not expected to be deductible for tax purposes.

Details of the net assets acquired are set out below:

	Total
Property, plant and equipment	**12.0**
Intangible assets	**103.5**
Investments in associates and joint arrangements	**0.6**
Other financial assets	**0.6**
Deferred tax assets	**5.3**
Other non-current assets	**0.2**
Cash	**9.1**
Non-current debt	**(19.6)**
Deferred tax liabilities	**(23.4)**
Other non-current liabilities	**(0.2)**
Current debt	**(8.5)**
Accounts receivable	*102.2*
Inventories	*4.9*
Other current assets	*22.8*
Income tax payable	*(3.5)*
Accounts payable	*(101.5)*
Accrued expenses	*(20.0)*
Other current liabilities	*(1.4)*
Current provisions	*(1.7)*
Net working capital	**1.8**
Fair value of net assets acquired	**81.4**

The goodwill paid on the 2016 acquisitions primarily relates to positioning within relevant markets and expected growth.

The above acquisitions generated the following results:

	Total
Contribution to 2016 revenues	**146.2**
Contribution to 2016 operating income	**9.2**
Contribution to 2016 net income	**2.1**
2016 full-year revenues	**213.4**
2016 full-year operating income	**15.3**
2016 full-year net income	**8.8**

Acquisition costs charged to the other operating expenses in the consolidated statement of income amounted to € 1.1 million.

Purchase price adjustments and cash adjustments related to prior year acquisitions, mainly the acquisition of For Eyes by GrandVision, can be summarized as follows:

	Total
Cash paid	**(2.5)**
Fair value of net assets acquired	**(1.1)**
Goodwill	**(3.6)**

Reconciliation to the cash flow statement:

	Total
Cash paid for the above acquisitions	**97.5**
Cash adjustment prior year acquisitions	**(2.5)**
Cash acquired	**(9.1)**
Cash outflow due to acquisition of subsidiaries, net of cash acquired	**85.9**
Acquisition of associates and joint arrangements	**215.4**
Cash outflow due to acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	**301.3**

Announced acquisition

On December 21, 2016, Vopak and Exmar signed an agreement on the acquisition of the Floating Storage and Regasification Unit (FSRU) business of Exmar by Vopak and the possible cooperation between Vopak and Exmar in future projects. The agreement on the acquisition envisages the transfer in stages of Exmar's participation in FSRU assets, FSRU projects under development and a corresponding part of the Exmar organization.

The finalization of the transaction is subject to certain significant conditions precedent, such as consent and cooperation of multiple stakeholders including current partners in the FSRU's and customary approval from authorities. Subsequently, the ultimate scope of the transaction is dependent on the outcome of this process and is currently not yet known. Also, as no control has been transferred before year-end 2016 or before publication for the 2016 financial statements, no (preliminary) purchase price allocation is disclosed.

Divestments

For information on divestments we refer to note 15 assets and liabilities held for sale.

7. Investments in associates and joint arrangements

Associates are entities over which the Company has significant influence, generally presumed to exist at a shareholding of 20% or more of the voting rights, but no (de facto) control.

Joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. All joint arrangements of the Company are considered joint ventures.

Associates and joint ventures are accounted for using the equity method. Under the equity method, the interest in the associate or joint venture is recognized at cost, including goodwill identified upon acquisition. The carrying value is subsequently adjusted to recognize the Company's share of the post-acquisition results and movements in other comprehensive income of the associate or joint venture. Accounting policies of the associates and joint ventures have been amended where necessary to ensure consistency with the policies adopted by the Company. When the Company's share of losses exceeds the carrying amount of an equity-accounted investment, including any unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the company in question. Significant unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the specific company. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising on associates and joint ventures are recognized in the income statement.

If the ownership in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is recycled to the consolidated statement of income, where appropriate.

The movements of investments accounted for using the equity method are set out below.

	Associates	Joint ventures	**Total**
Share of net assets	1,325.4	805.5	**2,130.9**
Goodwill less accumulated impairments	68.9	67.4	**136.3**
Balance on January 1, 2015	1,394.3	872.9	**2,267.2**
Investments	40.2	109.7	**149.9**
Disposals	(48.0)	-	**(48.0)**
Share of results	205.8	103.5	**309.3**
Share of other comprehensive income	46.2	14.1	**60.3**
Dividends	(5.0)	(92.7)	**(97.7)**
Impairments	-	(64.1)	**(64.1)**
Impairment reversals	-	13.8	**13.8**
Reclassification*	(49.9)	(36.9)	**(86.8)**
Exchange differences and other	17.0	50.8	**67.8**
Balance on December 31, 2015	1,600.6	971.1	**2,571.7**
Share of net assets	1,527.3	889.5	**2,416.8**
Goodwill less accumulated impairments	73.3	81.6	**154.9**
Balance on December 31, 2015	1,600.6	971.1	**2,571.7**
Investments	165.7	104.4	**270.1**
Consolidation	0.6	-	**0.6**
Disposals	(28.9)	-	**(28.9)**
Share of results	(171.2)	112.2	**(59.0)**
Share of other comprehensive income	8.0	(0.3)	**7.7**
Dividends	(14.5)	(112.7)	**(127.2)**
Impairments	0.1	(63.2)	**(63.1)**
Impairment reversals	(0.1)	3.1	**3.0**
Reclassification**	(49.9)	(2.5)	**(52.4)**
Exchange differences and other	1.5	12.0	**13.5**
Balance on December 31, 2016	1,511.9	1,024.1	**2,536.0**
Share of net assets	1,332.5	954.6	**2,287.1**
Goodwill less accumulated impairments	179.4	69.5	**248.9**
Balance on December 31, 2016	1,511.9	1,024.1	**2,536.0**

* Reclassifications primarily to assets held for sale

** Reclassifications primarily to assets held for sale and business combinations and from investment property

Joint ventures mainly relate to Vopak. The amounts recognized in the statement of financial position comprise:

	Dec. 31, 2016	Dec. 31, 2015
Publicly traded	**1,143.4**	1,334.2
Other	**1,392.6**	1,237.5
	2,536.0	2,571.7

Vopak acquisitions and divestitures

United Kingdom - divestment
In the first quarter of 2016, Vopak completed the divestment of all of its UK assets, including Vopak's 33.3% investment in the joint venture Thames Oilport. The divestment result from this divestment was limited as the company already impaired its investment in the joint venture to the estimated recoverable value of approximately nil per year-end 2015. For the sale of Vopak's UK assets, reference is made to note 15 assets and liabilities held for sale.

Japan - divestment
Vopak divested its 40% ownership in the joint venture Nippon Vopak in the second quarter of 2016. Nippon Vopak owned and operated five terminals in Japan with a combined operational capacity of 203,200 cbm. The agreed net cash proceeds, based on the debt-free enterprise value of the divested ownership, amounted to € 26.6 million (after capital gains tax). The divestment resulted in a net exceptional loss of € 1.0 million.

Netherlands - divestment
Vopak divested its 50% ownership in the joint ventures Cosco Container Lines B.V. and Cross-Ocean C.V. in the third quarter of 2016. The proceeds and divestment results from these divestments were limited.

China - divestment
In the fourth quarter of 2016, Vopak divested its 50% ownership in the joint venture Vopak Terminal Dongguan. The proceeds as well as the result from this divestment were limited as the company already impaired its investment in the joint venture to the estimated recoverable value of approximately nil at year-end 2015.

United States - investment
In the first quarter of 2016, the establishment of a project development joint venture in the Americas division, and the subsequent contribution of assets from a Vopak subsidiary to this joint venture, led to an exceptional gain of € 2.1 million.

Other major acquisitions
On June 3, 2016, the Company acquired a 20% equity interest in Coolblue B.V. Coolblue is one of the leading online retailers in the Benelux and is growing rapidly. Through its web shops and eight physical stores, the company sells a diversified portfolio of products, mainly consumer electronics and domestic appliances. The company reported revenues of € 857 million in 2016.

Principal associate
The principal associate of the Company is Koninklijke Boskalis Westminster N.V. ('Boskalis') in which the Company has a 35.45% (2015: 34.99%) ownership interest. Boskalis is incorporated in the Netherlands and is listed on Euronext Amsterdam. The company is a leading global service provider operating in the dredging, maritime infrastructure and maritime services sectors.

The difference between the market value of Boskalis and the book value is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Market value	**1,521.4**	1,654.3
Book value	**(1,143.4)**	(1,334.2)
	378.0	320.1

Set out below is summarized financial information for Boskalis. This summary is based on publicly available information.

	Dec. 31, 2016	Dec. 31, 2015
Current		
Cash and cash equivalents	**965.3**	793.7
Other current assets	**869.0**	1,232.0
Total current assets	**1,834.3**	2,025.7
Financial liabilities (excluding trade payables)	**463.1**	62.4
Other current liabilities (including trade payables)	**1,583.5**	1,812.2
Total current liabilities	**2,046.6**	1,874.6
Non-current		
Assets	**3,729.7**	4,579.7
Financial liabilities	**309.0**	915.3
Other liabilities	**85.2**	93.6
Total non-current liabilities	**394.2**	1,008.9
Non-controlling interest	**2.0**	7.6
Net assets	**3,121.2**	3,714.3

	2016	2015
Revenue	**2,596.3**	3,240.3
Depreciation and amortization	**(1,025.7)**	(293.1)
Financial income	**1.0**	1.2
Financial expense	**(72.3)**	(33.0)
Profit before tax	**(529.4)**	531.0
Profit after tax for owners of parent	**(563.7)**	440.2
Other comprehensive income for owners of parent	**26.3**	169.8
Total comprehensive income for owners of parent	**(537.4)**	610.0

The 2016 result of Boskalis includes an impairment of € 840.1 million. The share of the Company in this impairment, amounting to € 297.8 million, has been included in the consolidated income statement within the line share of results from associates and joint ventures.

Reconciliation of the summarized financial information for Boskalis:

	2016	2015
Net assets January 1	**3,714.3**	3,151.9
Profit for the period	**(563.7)**	440.2
Other comprehensive income	**26.3**	169.8
Transactions with owners	**(55.7)**	(47.6)
Net assets December 31	**3,121.2**	3,714.3
Interest in Boskalis (35.45%, 2015: 34.99%)	**1,106.5**	1,299.6
Elimination part of gain relating to the sale of Dockwise Ltd. (2013)	**(11.3)**	(11.3)
Goodwill	**48.2**	45.9
Book value	**1,143.4**	1,334.2

We refer to note 43 with respect to summarized financial information on joint ventures.

8. Other financial assets

At initial recognition, the Company classifies its non-derivative financial assets as either loans and receivables or available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company does not have any financial assets held for trading. Financial assets are first recognized on the trade-date, the date on which the Company commits to purchase the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables
These are assets with an established payment profile and which are not listed on a recognized stock exchange. They are initially recognized at fair value plus any directly related transaction costs. Subsequently, loans and receivables are carried at amortized cost, less any impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms. Interest income on loans and receivables is recognized using the effective interest method.

Available-for-sale
Any non-derivative financial assets not classified as loans and receivables are designated as available-for-sale. They are initially recognized at fair value plus any directly related transaction costs. Subsequently, they are measured at fair value with changes being recognized in other comprehensive income. Interest and dividend income are recognized under income from marketable securities and deposits or income from other financial assets, as applicable, in the consolidated statement of income. When the investment is sold or impaired, the accumulated gains and losses are recycled from equity to the income statement. Interest and dividends from these assets are recognized as they are declared payable.

The specification is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Investments in quoted securities	**576.3**	371.4
Loans to associates and joint ventures	**2.0**	87.9
Other loans	**88.2**	119.2
Other	**94.2**	73.4
	760.7	651.9
Current	**3.6**	105.8
Non-current	**757.1**	546.1
	760.7	651.9

The category other includes long-term deposits and receivables.

Investments in quoted securities include:

	Dec. 31, 2016	Dec. 31, 2015
Equity interest in SBM Offshore N.V. (15.54%, 2015: 15.04%)	**494.7**	371.4
Equity interest in Chart Industries Inc. (7.8%, 2015: 0.0%)	**81.6**	-
	576.3	371.4

Amounts included in the cash flow statement comprise:

	Dec. 31, 2016	Dec. 31, 2015
Purchase of shares in SBM Offshore N.V.	**(14.2)**	(3.4)
Purchase of shares in Chart Industries Inc.	**(56.5)**	-
Loans provided to associates and joint ventures	**-**	(95.3)
Repayment of loans by associates and joint ventures	**85.9**	22.2
Other	**27.4**	0.4
Changes in other financial assets in cash flow statement	**42.6**	(76.1)

9. Derivatives

Derivatives are measured at fair value with any related transaction costs expensed as incurred. Reference is made to the accounting policies in note 37 on fair value measurement. The treatment of changes in the fair value of derivatives depends on their use as explained below.

Cash flow hedge
Derivatives held to hedge the uncertainty in timing or amount of future forecasted cash flows are classified as being part of cash flow hedge relationships. For effective hedges, gains and losses from changes in the fair value of derivatives are recognized through other comprehensive income. Any ineffective elements of the hedge are recognized in the consolidated statement of income. If the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges,

amounts deferred in equity are recycled in the consolidated statement of income at the same time as the related cash flow. When a derivative no longer qualifies for hedge accounting, any cumulative gain or loss remains in equity until the related cash flow occurs. When the cash flow takes place, or if the hedged cash flow is no longer expected to occur, the cumulative gain or loss is taken to the consolidated statement of income immediately.

Net investment hedge
The Company applies hedge accounting to certain investments in foreign operations. For an effective hedge, gains and losses from changes in the fair value of derivatives are recognized through other comprehensive income. Any ineffective elements of the hedge are recognized in the consolidated statement of income. In the event of disposal or partial disposal of an interest in a foreign operation either through sale or as a result of a repayment of capital, the cumulative exchange difference is recognized in the consolidated statement of income.

Fair value hedge
Certain derivatives are held to hedge the risk of changes in value of a specific bond or other loan. In these situations, the Company designates the liability and related derivative to be part of a fair value hedge relationship. The carrying value of the bond is adjusted by the fair value of the risk being hedged, with changes going to the consolidated statement of income. Gains and losses on the corresponding derivative are also recognized in the consolidated statement of income. The amounts recognized are offset in income to the extent that the hedge is effective. When the relationship no longer meets the criteria for hedge accounting, the fair value hedge adjustment made to the bond is amortized using the effective interest method.

Derivatives for which hedge accounting is not applied
Derivatives not classified as hedges are carried at fair value with changes being recognized in the consolidated statement of income.

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

	Assets		Liabilities	
	2016	2015	**2016**	2015
Equity derivatives	**3.2**	-	**-**	-
Currency derivatives	**9.3**	18.8	**(13.7)**	(11.2)
Interest rate derivatives	**131.9**	122.2	**(84.0)**	(108.9)
	144.4	141.0	**(97.7)**	(120.1)
Current	**43.2**	21.6	**(14.1)**	(24.8)
Non-current	**101.2**	119.4	**(83.6)**	(95.3)
	144.4	141.0	**(97.7)**	(120.1)

Included in non-current derivative liabilities is an embedded option (€ 0.5 million, 2015: € 3.6 million) related to Safilo’s equity-linked debt. Changes in the share price of Safilo may result in significant changes in the fair value of the embedded financial instrument and the related amounts are recorded in the consolidated statement of income (level 2 valuation).

Information on fair value measurement of derivatives is included in note 37, disclosure on hedge accounting is provided in note 38.

10. Marketable securities and deposits

The accounting policies applied to marketable securities and deposits are the same as those applied to other financial assets (note 8). Marketable securities are classified as available-for-sale financial instruments.

Marketable securities consist of equity securities amounting to € 191.2 million (2015: € 126.8 million) and fixed income securities amounting to € 38.7 million (2015: € 37.8 million).

11. Receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment. An allowance is established when there is objective evidence of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the consolidated statement of income.

	Dec. 31, 2016	Dec. 31, 2015
Trade receivables	**900.9**	835.5
Allowance for doubtful accounts	**(55.1)**	(57.6)
	845.8	777.9

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Up to 3 months	**175.3**	186.0
Between 3 and 6 months	**26.1**	24.4
Between 6 and 9 months	**11.6**	17.3
Over 9 months	**21.2**	35.0
	234.2	262.7

Movements on the allowance for impairment of trade receivables are as follows:

	2016	2015
Allowance on January 1	**(57.6)**	(56.5)
Addition to allowance	**(20.8)**	(15.8)
Utilized during the year	**17.3**	12.0
Released	**4.2**	6.1
Other movements	**1.8**	(3.4)
Allowance on December 31	**(55.1)**	(57.6)

The fair value of the receivables approximates their carrying value.

Information on pledges is included in note 21.

12. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the weighted-average cost method. Cost comprises direct costs and a proportion of attributable production overheads, but excludes interest expense. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Critical accounting estimates and judgements
Finished goods are regularly subjected to specific assessment tests to identify damaged, slow moving or obsolete inventory, taking into consideration past experience, historic results and the probability of sale under normal market conditions. Based on these analyses, management asserts judgement to determine the write-downs required to reduce the value of the inventory to its net realizable value.

The composition of the inventories is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Raw materials	**153.0**	158.8
Work in progress	**29.5**	31.9
Finished goods	**751.1**	706.7
Write-down to net realizable value	**(165.3)**	(165.9)
	768.3	731.5

The cost of inventory recognized as expense amounts to € 2,019.1 million (2015: € 1,889.8 million). The total write-down of inventories recognized as expense amounts to € 93.5 million (2015: € 80.9 million).

Information on pledges is included in note 21.

13. Other current assets

Other current assets generally include prepayments relating to the following year and other receivables to be received within 12 months.

The composition of the other current assets is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Prepaid vendors	**67.2**	93.9
VAT	**41.9**	30.6
Supplier bonus receivable	**40.7**	24.2
Income tax receivable	**58.1**	49.8
Other receivables	**219.0**	191.8
	426.9	390.3

14. Cash and cash equivalents

Cash and cash equivalents comprise unrestricted bank balances and liquid investments with a maturity of three months or less.

	Dec. 31, 2016	Dec. 31, 2015
Cash	**2,588.4**	2,061.4
Cash equivalents	**555.2**	164.8
	3,143.6	2,226.2

The change in accounting policy relating to the cash pool at GrandVision N.V. has been accounted for retrospectively and as a result of this, the cash and cash equivalents and the current debt and other financial liabilities increased by € 99.6 million as per December 2015. Legal offset rights for the cash pooling arrangement continue to be in place.

Cash equivalents include time deposits with a maturity of less than three months.

15. Assets and liabilities held for sale

Assets and liabilities are classified as held for sale if their carrying amounts are to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable at the reporting date. Assets and liabilities that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are not depreciated nor amortized. In addition, if applicable, equity accounting ceases.

When classifying non-current assets as held for sale, an estimate is made of their fair values and expected costs of disposal. Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and potentially adjusted subsequently.

Critical accounting estimates and judgements
Based on the facts and circumstances at the reporting date, management needs to assess if the value of the assets will be recovered principally through a divestment transaction rather than through continuing use. These facts and circumstances may change and could result in a situation where assets are divested, which were not classified as held for sale at period-end. When classifying non-current assets as held for sale, management makes estimates of their value (sales price and expected costs to sell). Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of non-current assets is categorized as level 3 in the fair value hierarchy as measurement is not based on observable market data.

The composition of the assets held for sale and related liabilities is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Property, plant and equipment	**7.0**	118.3
Investments in associates and joint ventures	**19.6**	87.0
Other non-current assets	**-**	5.4
Current assets	**-**	32.1
Total assets held for sale	**26.6**	242.8
Non-current liabilities	**-**	30.6
Current liabilities	**-**	32.6
Total liabilities related to assets held for sale	**-**	63.2
Total net assets held for sale	**26.6**	179.6

The assets held for sale as of December 31, 2016, mainly relate to Vopak and include a business development joint venture in China and pipeline assets held in the Netherlands. These assets were not classified as held for sale as of December 31, 2015. All assets and liabilities held for sale as of December 31, 2015, were sold during 2016 and did not qualify as discontinued operations.

The 2016 disposals generated the following cash inflows.

In millions of euro	**Cash receipt**
AudioNova International B.V.	**850.4**
Vopak UK assets	**464.6**
N.V. Nationale Borg-maatschappij	**72.7**
InVesting B.V.	**72.1**
Other	**60.0**
Total	**1,519.7**

AudioNova
On September 15, 2016, HAL completed the divestment of its 95% shareholding in AudioNova International B.V. to Sonova Holding AG for an enterprise value − excluding net debt and interest − of € 830 million. AudioNova operated more than 1,300 stores in eight European countries and reported 2015 revenues of € 359 million and an operating income of € 47 million. The sale resulted in a net capital gain for HAL of € 491 million. This capital gain is included in other income.

Vopak - UK assets
In the first quarter of 2016, Vopak completed the earlier announced divestment of all of its UK assets. The divestment comprised three wholly-owned terminals: Vopak Terminal London, Vopak Terminal Teesside and Vopak Terminal Windmill and Vopak's 33.3% investment in the joint venture Thames Oilport. This divestment resulted in a total pre-tax exceptional gain of € 282.9 million. The tax effects of this transaction were minimal. These assets were classified as held for sale in the 2015 annual report. This capital gain is included in other income.

N.V. Nationale Borg-Maatschappij
At year-end 2015, HAL's 46.7% ownership interest in N.V. Nationale Borg-Maatschappij was classified as held for sale, following the announced sale of the shareholding to AmTrust Financial Services Inc. This divestment was completed on June 1, 2016, resulting in a capital gain of € 30.4 million. This capital gain is included in other income.

InVesting B.V.
During the first half year of 2016, HAL entered into an agreement to sell all shares in InVesting B.V. to Arrow Global Group PLC. InVesting B.V. is active in the purchase of bad debt portfolios for its own account and in credit management. Revenues for 2015, including portfolio income, amounted to € 69 million. At year-end 2015 HAL had an 80.6% stake in InVesting B.V. The divestment was completed on May 4, 2016, and resulted in a net capital gain of € 38.7 million. This capital gain is included in other income.

16. Share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are deducted from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is also presented in equity.

The issued share capital at December 31, 2016, consists of 78,589,572 shares of which 86,676 are held as treasury stock by the Company.

Movements in the number of shares were as follows:

x 1,000	Issued shares	Treasury shares
Balance on January 1, 2015	74,141.3	109.8
Sale and transfer of treasury shares	-	(7.8)
Purchase of treasury shares, including stock dividend	-	25.3
Dividend paid in stock	2,258.3	
Balance on December 31, 2015	76,399.6	127.3
Balance on January 1, 2016	76,399.6	127.3
Sale and transfer of treasury shares	-	(0.7)
Purchase of treasury shares, including stock dividend	-	10.1
Dividend paid in stock	2,190.0	
Shares granted	-	(50.0)
Balance on December 31, 2016	78,589.6	86.7

	Dec. 31, 2016
Outstanding shares	78,502.9
Par value (HAL Holding N.V.) *(in euro)*	0.02
Share capital *(in millions of euro)*	1.6

The treasury shares above are HAL Trust Shares held by HAL Holding N.V. and are not expected to be cancelled. Each share has one voting right.

A 2015-related dividend of € 495.8 million (excluding dividend on treasury shares) or € 6.50 per Share was paid on June 18, 2016 (2015: € 374.4 million or € 5.05 per Share), of which € 107.5 million in cash and € 388.3 million in shares. Shareholders representing 78.3% of the issued Shares had their dividend distributed in stock. These shareholders received one new Share for 27.3 existing Shares held. The calculation of the 2015 earnings per Share has been adjusted to take account of this stock dividend (in accordance with IAS 33.64).

The conversion ratio was determined based on the volume-weighted average share price of HAL Trust Shares traded on Euronext in Amsterdam during the period May 22, 2016, through June 11, 2016. Accordingly, 2,189,976 Shares were issued on June 18, 2016.

17. Other reserves

Other reserves include the cumulative valuation reserve, the cash flow hedge reserve and the cumulative currency translation reserve.

The cumulative valuation reserve includes the unrealized results on available-for-sale financial assets.

The cash flow hedge reserve contains the effective part of the accumulated change in the fair value of cash flow hedges, net of tax, in respect of which the hedged future transaction has not yet taken place.

The cumulative currency translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities. It also includes the exchange differences on liabilities and the effective currency component of fair value changes of derivative financial instruments, net of tax, to the extent that they are part of an effective net investment hedge relationship.

In millions of euro	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	**Total other reserves**
Balance on January 1, 2015	35.4	(90.5)	113.7	**58.6**
Change in fair value of available-for-sale financial assets	14.4	-	-	**14.4**
Translation of foreign subsidiaries, including share of associates and joint arrangements	-	-	81.9	**81.9**
Effective portion of hedging instruments, including share of associates and joint arrangements	-	19.6	-	**19.6**
Sale non-controlling interest GrandVision N.V.	-	-	6.7	**6.7**
Reclassification	(13.3)	-	-	**(13.3)**
Balance on December 31, 2015	36.5	(70.9)	202.3	**167.9**
Balance on January 1, 2016	36.5	(70.9)	202.3	**167.9**
Change in fair value of available-for-sale financial assets	144.9	-	-	**144.9**
Translation of foreign subsidiaries, including share of associates and joint arrangements	-	-	4.4	**4.4**
Effective portion of hedging instruments, including share of associates and joint arrangements	-	3.5	-	**3.5**
Other	-	-	1.9	**1.9**
Balance on December 31, 2016	181.4	(67.4)	208.6	**322.6**

18. Deferred taxes

Deferred tax is recognized using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the consolidated financial statements. Temporary differences are not provided if they relate to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or differences relating to investments in subsidiaries, associates and joint ventures to the extent that the reversal of the temporary differences are controlled by the Company and it is probable that they will not reverse in the foreseeable future. Withholding tax and any other tax due for unremitted earnings of subsidiaries are not recognized as deferred tax liability unless there is an intention to distribute these earnings in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the year end. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is recognized in the consolidated statement of income unless it relates to items recognized through other comprehensive income.

Tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and that there is an intent to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Critical accounting estimates and judgements
Deferred tax assets, including those arising from carry-forward losses, are recognized if it is likely that taxable profits will be available against which losses can be set off. Management exercises judgment to establish the extent to which expected future profits substantiate the recognition of a deferred tax asset.

The movement in deferred tax assets and liabilities during the period is set out on the next page:

	Carry-forward losses	PP&E	Intangibles	Inventories	Employee benefits	Other	Offset assets and liabilities	Total
Assets	116.9	32.9	11.6	53.4	79.8	89.8	(167.6)	**216.8**
Liabilities	-	(322.6)	(210.2)	(1.2)	(10.7)	(54.3)	167.6	**(431.4)**
Net book value on January 1, 2015	116.9	(289.7)	(198.6)	52.2	69.1	35.5	-	**(214.6)**
Credited/(charged) to net income	(10.2)	(8.1)	15.4	(3.7)	0.6	(11.9)	-	**(17.9)**
Credited/(charged) to other comprehensive income	-	-	-	-	(28.3)	(4.8)	-	**(33.1)**
Acquisition/divestiture	0.5	1.3	(19.4)	(3.5)	(2.3)	2.0	-	**(21.4)**
Other movements								**-**
Reclassifications*	0.7	(2.3)	(9.3)	(0.1)	-	22.1	-	**11.1**
Exchange differences	(1.3)	(12.3)	2.7	2.9	1.3	0.5	-	**(6.2)**
Net book value on December 31, 2015	106.6	(311.1)	(209.2)	47.8	40.4	43.4	-	**(282.1)**
Assets	106.6	31.7	11.1	52.7	52.5	81.1	(160.9)	**174.8**
Liabilities	-	(342.8)	(220.3)	(4.9)	(12.1)	(37.7)	160.9	**(456.9)**
Net book value on January 1, 2016	106.6	(311.1)	(209.2)	47.8	40.4	43.4	-	**(282.1)**
Credited/(charged) to net income	(9.2)	(21.6)	21.0	(1.9)	5.8	4.2	-	**(1.7)**
Credited/(charged) to other comprehensive income	-	-	-	-	12.3	(8.5)	-	**3.8**
Acquisitions and purchase price accounting adjustments	3.4	-	(23.0)	-	-	(0.1)	-	**(19.7)**
Divestitures	4.4	-	2.5	-	-	2.5	-	**9.4**
Reclassifications*	(23.1)	10.7	5.5	0.1	-	2.2	-	**(4.6)**
Exchange differences	(0.8)	(5.9)	(0.3)	1.3	0.3	1.3	-	**(4.1)**
Net book value on December 31, 2016	81.3	(327.9)	(203.5)	47.3	58.8	45.0	-	**(299.0)**
Assets	81.3	31.5	10.0	53.1	70.4	85.0	(179.5)	**151.8**
Liabilities	-	(359.4)	(213.5)	(5.8)	(11.6)	(40.0)	179.5	**(450.8)**
Net book value on December 31, 2016	81.3	(327.9)	(203.5)	47.3	58.8	45.0	-	**(299.0)**

* Reclassifications primarily relate to reclassification to assets held for sale, and related liabilities, and adjustments for prior year offsetting within fiscal unities

Withholding tax and any other tax due for unremitted earnings of subsidiaries are not recognized as these earnings are assumed to be permanently invested. The portion of the deferred tax liabilities that is expected to be recovered within 12 months amounts to € 21.6 million (2015: € 20.1 million), the portion of the deferred tax assets that is expected to be recovered within 12 months amounts to € 79.1 million (2015: € 86.4 million).

Unused tax losses for which deferred tax assets have not fully been recognized are as follows:

Expiration	**2016**	2015
2016	**-**	6.6
2017	**9.7**	19.7
2018	**11.3**	19.2
2019	**11.3**	13.6
2020	**17.0**	1.6
2021 and further years	**185.0**	152.9
No expiration date	**470.4**	412.2
	704.7	625.8

Deferred tax assets for which the utilization is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences amount to € 151.8 million (2015: € 174.8 million).

Deferred tax assets of € 74.0 million (2015: € 100.3 million) relate to entities which suffered a loss in either the current or the preceding period. Their recognition is supported by projections of future taxable income. Unused tax losses with no expiration date include tax losses relating to acquired entities. These tax losses relate to business models which were different than the activities of the entity at the moment of acquisition. This is an important reason for the fact that these losses have not been valued.

Unused tax credits for which deferred tax assets have not been fully recognized are not significant.

19. Pension benefits

The Company has both defined benefit and defined contribution plans.

Defined benefit plans
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 pension charges for defined benefit plans are based on actuarial calculations and calculated in accordance with the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread the regular costs over the service lives of employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of 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 the terms of the related liability. The plan assets are measured at fair value. 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 recognized immediately in the consolidated statement of income.

Defined contribution plans
A defined contribution plan is a pension plan under which the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Critical accounting estimates and judgements
The defined benefit obligation is determined on the basis of assumptions for future developments in variables such as salary increase, price index increase, life expectancy and discount rate. All assumptions are assessed at the reporting date. Changes in the assumptions may significantly affect the liabilities and pension costs under the defined benefit plans. The weighted average of these assumptions as well as sensitivities of key assumptions are disclosed in this note.

The net amounts recognized in the statement of financial position for pension benefits are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Pension benefit assets	**72.1**	74.7
Pension benefit liabilities	**(285.8)**	(231.2)
	(213.7)	(156.5)

The net pension benefit liability consists of:

	Dec. 31, 2016	Dec. 31, 2015
Present value of funded obligations	**(1,376.1)**	(1,251.2)
Fair value of plan assets	**1,294.2**	1,221.1
Surplus/(deficit) of funded obligations	**(81.9)**	(30.1)
Present value of unfunded obligations	**(126.8)**	(120.1)
Total defined benefit plans	**(208.7)**	(150.2)
Defined contribution plans	**(5.0)**	(6.3)
Net asset/(liability) in the statement of financial position	**(213.7)**	(156.5)

Pension benefit liabilities
The Dutch pension fund Stichting Pensioenfonds Vopak represents 76.0% of the total defined benefit obligation. Plan participants are insured against the consequences of old age, disability and death. The employer and employees each pay contributions to the pension plan.

The pension fund has the legal structure of a foundation. The (actuarial) risks related to the pension plan consist of demographic risks (primarily life expectancy) and financial risks (primarily discount rate and return on plan assets) and are regularly reviewed by the board of trustees. The board of trustees is the most senior governing body of the pension fund and is composed of equal numbers of employer and employee representatives (including pensioners). Pension plans in the Netherlands are subject to the Pension Act which includes the Financial Assessment Framework. This framework sets out minimum and buffer requirements for pension funds. A pension fund's financial position is reflected mainly in the funding level. This expresses the relationship between the fair value of plan assets and the present value on a local basis of the benefits relating to past service, averaged over the last twelve months. The minimum required funding level, calculated in accordance with the regulations of the Dutch Central Bank (DNB), is 104%. In addition, a pension fund must hold sufficient buffers (equity) to be able to cope with financial setbacks. The greater the investment risks in the pension fund, the higher the buffer requirements. The buffer requirement for Stichting Pensioenfonds Vopak is 115%. Stichting Pensioenfonds Vopak had a funding level of 111% at year-end 2015. Averaged out over the last twelve months the funding level at year-end 2015 amounted to 114%. The funding level at December 31, 2016, was calculated preliminarily at 112%. Averaged out over the last twelve months the funding level at year-end 2016 amounted to 109%.

Pension supervision in the Netherlands
Pension funds in the Netherlands are overseen by the Authority for the Financial Markets (AFM) and the DNB. An annual report including an actuarial review on the plan is prepared in accordance with legal requirements. Additional reports are prepared periodically in accordance with IFRS requirements. Stichting Pensioenfonds Vopak holds insufficient buffers and has therefore submitted a recovery plan to the DNB in 2016. The recovery plan was approved by the DNB. According to the recovery plan no additional contributions are needed to restore the buffers. The financial agreement between Vopak and Stichting Pensioenfonds Vopak comprises a maximum employer’s contribution of 25% of total pensionable salaries.

Pension benefit assets
The pension benefit assets of € 72.1 million relates for € 27.2 million to the surplus of a pension plan which currently has no participants and for € 44.8 million to a surplus of a pension fund in the Netherlands ('the pension fund') that insures its participants against the consequences of old age, death and disability. The Company and its employees currently do not pay contributions to these pension plans.

The pension fund, which represents 5.8% of the total defined benefit obligation, has the legal structure of a foundation. The (actuarial) risks related to the pension plan consist of demographic risks (primarily life expectancy) and financial risks (primarily discount rate, future increases in salaries, and return on plan assets) and are regularly reviewed by the board of the pension fund. The board of the pension fund is the most senior governing body of the pension fund and is composed of equal numbers of employer and employee representatives (including pensioners). Modification of the pension plan requires the approval of the Company. The minimum required funding level is 104%. The pension fund had a funded level of 187% at year-end 2015. The funding level at December 31, 2016, was preliminary calculated at 184%. The pension asset is calculated, in accordance with IFRIC 14, as the lower of the surplus and the present value of the future service cost using assumptions (including the discount rate) consistent with those used to determine the defined benefit obligation, taking into account minimum funding requirements.

Multi-employer plans
Multi-employer pension plans are defined benefit plans classified as defined contribution, as the information received from the plans is not detailed per employee and per company. In case of a deficit in the multi-employer plans, future pension premiums may increase.

For one multi-employer plan in the Netherlands the share of premiums contributed by a consolidated subsidiary, as part of total premiums paid to the plan by all participating employers in the plan, is significant. During the third quarter of 2016 this plan communicated a funded level of 102% (2015: 105%) compared to a required 115%. The plan has submitted a recovery plan to the DNB in 2016 as it holds insufficient buffers. The exposure for the Company's subsidiary is limited to potential increases in future pension premiums. The expected contribution to this plan by the respective subsidiary in 2017 is approximately € 4 million.

The movement in the provision for defined benefit plans is as follows:

	2016	2015
Balance on January 1	**(150.2)**	(273.1)
Pension charge defined benefit plans	**(35.6)**	(45.2)
Impact of change from defined benefit to defined contribution	**-**	17.8
Consolidation	**-**	0.1
Contributions	**25.6**	25.7
Remeasurement effects	**(48.4)**	113.9
Exchange differences and other	**(0.1)**	10.6
Balance on December 31	**(208.7)**	(150.2)

In 2016 the remeasurement effects of € (48.4) million are primarily the result of lower discount rates. In 2015 the remeasurement effects of € 113.9 million were primarily the result of higher discount rates.

The amounts recognized in the consolidated statement of income are as follows:

	2016	2015
Current service costs	**29.6**	37.9
Interest expense/(income)	**4.4**	5.9
Plan amendments, settlements and curtailments	**-**	(17.8)
Administrative costs	**1.6**	1.4
Total defined benefit costs	**35.6**	27.4
Other costs	**40.6**	38.0
Total, included in employee expenses	**76.2**	65.4

Plan amendments in 2015 mainly related to the amendment of the pension plan of GrandVision N.V. in the Netherlands. This amendment resulted in a change in classification from defined benefit to defined contribution and resulted in a gain of € 17.7 million. In the segment reporting this is included in the non-recurring items.

Other costs mainly include costs related to defined contribution plans and multi-employer plans classified as defined contribution plans, as referred to above.

Movements in the defined benefit obligation, for both funded and unfunded plans, and plan assets are as follows:

	Plan assets		Obligation	
	2016	2015	**2016**	2015
Balance on January 1	**1,221.1**	1,613.4	**1,371.3**	1,886.5
Consolidation	**-**	0.4	**-**	0.3
Service cost	**-**	-	**29.6**	37.9
Interest income	**28.1**	30.9	**-**	-
Interest expense	**-**	-	**32.5**	36.8
Employer contributions	**25.6**	25.7	**-**	-
Employee contributions	**1.4**	2.3	**1.4**	2.3
Return on plan assets (excluding amounts included in interest income)	**68.6**	19.2	**-**	-
Experience adjustments	**-**	-	**3.5**	(12.1)
Change in financial assumptions	**-**	-	**112.0**	(88.0)
Change in demographic assumptions	**-**	-	**1.5**	5.4
Plan amendments, settlements and curtailments	**-**	(335.8)	**-**	(353.6)
Benefits paid	**(53.0)**	(53.3)	**(53.0)**	(54.8)
Reclassification to held for sale	**-**	(95.3)	**0.1**	(106.4)
Exchange differences and other	**2.4**	13.6	**4.0**	17.0
Balance on December 31	**1,294.2**	1,221.1	**1,502.9**	1,371.3

Benefits paid for unfunded plans amount to € 6.1 million (2015: € 6.2 million). This amount is included in employer contributions.

The Company expects to contribute € 25.6 million to defined benefit plans in 2017.

The expected maturity analysis of undiscounted pension benefits is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Less than 1 year	**49.0**	51.0
1-2 years	**51.1**	54.2
2-5 years	**64.0**	159.5
> 5 years	**2,265.6**	1,957.1
	2,429.7	2,221.8

The principal weighted-average assumptions used were:

	Dec. 31, 2016	Dec. 31, 2015
Discount rate/return on assets	**1.97%**	2.41%
Future inflation rate	**1.84%**	1.87%
Future salary increases	**2.94%**	3.10%

The latest available mortality tables were used. The discount rates used in the determination of defined benefit obligations and pension charges are based on high quality corporate bonds (AA-rated) with a duration matching the duration of the pension benefit liabilities.

Plan assets include as of December 31, 2016:

	Level 1	Level 2	Level 3	**Total**	**Total (%)**
Equity instruments	457.3	-	-	**457.3**	**35.3%**
Debt instruments	424.7	233.7	-	**658.4**	**50.9%**
Cash and cash equivalents	92.9	-	-	**92.9**	**7.2%**
Other	64.4	21.2	-	**85.6**	**6.6%**
	1,039.3	254.9	-	**1,294.2**	**100.0%**

Plan assets included as of December 31, 2015:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	420.8	-	-	420.8	34.5%
Debt instruments	428.0	258.3	-	686.3	56.2%
Cash and cash equivalents	53.1	-	-	53.1	4.3%
Other	57.1	3.8	-	60.9	5.0%
	959.0	262.1	-	1,221.1	100.0%

Other assets mainly represent assets at insurance companies with respect to vested benefits, real estate and derivatives.

The sensitivity of the defined benefit obligation to changes in the weighted-average principal assumptions is as follows:

		Impact on obligation	
	Change	Increase	Decrease
Discount rate/return on assets	1.00%	(249.2)	323.5
Future inflation rate	1.00%	295.5	(228.8)
Future salary increases	0.25%	3.3	(3.2)
Life expectancy	1 year	58.1	N/A

The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields. If plan assets underperform this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The majority of the plans' obligations are to provide benefits for the lifetime of the members, therefore increases in life expectancy will result in an increase in the plans' liabilities.

20. Provisions

A provision is recognized for a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount 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 the passage of time is recognized as interest expense.

Provisions are presented in the statement of financial position as follows:

	Dec. 31, 2016	Dec. 31, 2015
Current	**89.1**	102.1
Non-current	**53.6**	62.2
	142.7	164.3

The breakdown and movement in provisions is as follows:

	2016	2015
Balance on January 1	**164.3**	130.4
Consolidation	**1.7**	6.5
Addition to provision	**58.2**	108.3
Utilized during the year	**(54.8)**	(66.7)
Reversed	**(12.5)**	(3.1)
Reclassification to held for sale	**(8.6)**	(10.2)
Exchange differences and other	**(5.6)**	(0.9)
Balance on December 31	**142.7**	164.3

The 2015 additions mainly related to legal and regulatory cases of GrandVision in France and Germany (€ 15 million), expected claims relating to Vopak (€ 28.6 million) and legal provisions at Safilo (€ 17 million). There were no individually significant additions in 2016.

Provisions consist of:

	Dec. 31, 2016	Dec. 31, 2015
Restructuring and legal	**7.2**	4.1
Employee related	**12.8**	20.6
Warranties	**19.4**	21.4
Regulatory	**49.5**	39.3
Other	**53.8**	78.9
	142.7	164.3

Regulatory
This line item includes a provision for potential fines in connection with an investigation in France by the French Competition Authority (FCA) and relates to GrandVision and Safilo.
In June 2009, the FCA began investigations into certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including GrandVision and Safilo. The authorities are investigating whether these parties have entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames. In May 2015, GrandVision and Safilo received a statement of objections ('notification de griefs') from the FCA, which contains the FCA's preliminary position on alleged anti-competitive practices and does not prejudice its final decision. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. GrandVision and Safilo have examined the FCA's preliminary findings reported in the statement of objections and a provision has been recorded, determined by an assessment of the probability and amount of potential liability. A report dated July 21, 2016, was received from the FCA, reconfirming the accusation and confirming the assumptions of the probability and amount of the potential liability. On December 15, 2016, a hearing was held before the FCA during which all parties were given the opportunity to defend their case. On

February 24, 2017, the FCA decided to refer the entire case back for further investigation to the FCA's investigation services, without imposing any sanction on any of the companies currently under investigation.

21. Debt and other financial liabilities

Debt and other financial liabilities are initially recognized at fair value, less any directly related transaction costs. Certain debt is designated as being part of a fair value hedge relationship. In these cases, the debt is carried at amortized cost, adjusted for the fair value of the risk being hedged, with changes in value shown in the consolidated statement of income. Other debt and financial liabilities are subsequently carried at amortized cost, using the effective interest method. Convertible (equity-linked) borrowings which include a cash-settlement option are carried at amortized cost using an effective interest rate deemed appropriate for the risk profile of an equivalent financial instrument without the conversion component.

Debt is classified as current unless the Company has an unconditional right to defer settlement until at least twelve months after statement of financial position date.

Fees paid with respect to loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Other financial liabilities include contingent considerations related to acquisitions and obligations to acquire non-controlling interests from management of certain subsidiaries. Both are initially recognized and subsequently measured at fair value. Contingent considerations are fair valued based on the expected cash outflows, taking into account the effects of discounting, with remeasurements differences recorded as financial income or expense in the consolidated statement of income. Obligations to acquire non-controlling interests from management are fair valued, generally, based on a multiple of EBITA less net debt, with measurement differences recorded as employee expense in the consolidated statement of income in accordance with IAS19. Multiples applied are either contractually determined or, generally, in accordance with those applied in the section on estimated value of the subsidiaries and associates. In certain circumstances, in the event of a listing of the respective subsidiary, the requirement for the Company to settle the liability in cash is eliminated. In such circumstances, if a listing becomes probable, the participation plan will be treated as an equity-settled share-based compensation plan in accordance with the provisions of IFRS 2 and the original fair value of the liability is reclassified into equity.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. Assets held under finance leases are initially recognized at the lower of fair value at the date of commencement of the lease and the present value of the minimum lease payments. Subsequent to initial recognition, these assets are accounted for in accordance with the accounting policy relating to that specific asset. The corresponding liability is included in other financial liabilities. Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

At December 31, 2016, debt and other financial liabilities is comprised of:

	Dec. 31, 2016	Dec. 31, 2015
Debt	**3,891.4**	4,381.6
Other financial liabilities	**176.2**	75.8
	4,067.6	4,457.4

	Dec. 31, 2016	Dec. 31, 2015
Non-current debt and other financial liabilities		
Mortgage loans	**409.8**	390.4
Private placements	**1,843.5**	2,111.5
Other loans	**716.8**	1,166.2
Total non-current debt	**2,970.1**	3,668.1
Non-current other financial liabilities	**158.2**	59.3
Total non-current debt and other financial liabilities	**3,128.3**	3,727.4
Current debt and other financial liabilities		
Bank overdrafts	**228.9**	393.2
Bank loans	**245.9**	195.8
Current portion of long-term debt	**65.7**	63.5
Commercial paper	**342.0**	-
Other current loans	**38.8**	61.0
Total current debt	**921.3**	713.5
Current other financial liabilities	**18.0**	16.5
Total current debt and other financial liabilities	**939.3**	730.0
Total debt and other financial liabilities	**4,067.6**	4,457.4

In August 2016 GrandVision commenced with a commercial paper program under which it can issue commercial paper up to the value of € 400 million. GrandVision utilized the funding received from the commercial paper program to repay part of its bank borrowings.

The summary of debt per currency is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Euro	**1,511.4**	1,935.5
U.S. dollar	**2,066.3**	1,986.2
Singapore dollar	**88.6**	227.5
Other currencies	**225.1**	232.4
	3,891.4	4,381.6

Mortgage loans are secured by mortgages and pledges on vessels, real estate, inventory and receivables with a corresponding carrying value of € 601.0 million (2015: € 569.6 million). These are non-possessory pledges which means that only in case of default under the mortgage loan agreements, the lender will have the right to sell the vessels, real estate or inventory and receive the cash flows from the receivables. The other loans are secured to an amount of € 320.3 million

(2015: € 418.8 million) by non-possessory pledges on machinery and equipment, receivables, inventories and other current assets.

The debt position relates for € 2,110 million (54.2%) to Vopak (2015: € 2,406 million, 54.9%). This debt mainly consist of unsecured private placements in the U.S. and Asian markets. The average remaining maturity at the end of 2016 was 7.9 years (2015: 7.8 years).

Debt also includes a € 150 million unsecured, unsubordinated equity-linked bond issued by Safilo (‘the Bond’), maturing on May 22, 2019, with a coupon of 1.25% per annum. The Bond is convertible into ordinary shares of Safilo Group S.p.A. at a conversion price of € 21.8623 per share. At final maturity, the Bond will be redeemed at its principal amount unless previously redeemed, converted or purchased and cancelled. Safilo will have the option to redeem any outstanding Bonds at their principal amount (plus accrued but unpaid interest) on or after June 6, 2017, if the volume-weighted average price of a share for a specified period is at least 130% of the conversion price in effect on each relevant dealing day. Safilo may also redeem the Bonds at any time at their principal amount (plus accrued but unpaid interest) if less than 15% of the Bonds originally issued remain outstanding. The conversion component represents an embedded derivative financial instrument, disclosed in note 9.

For 100% of the bank debt, the applicable covenants were complied with during 2015 and 2016. The table below provides details on certain company-specific covenants that applied in 2016.

	Debt	Required	Actual
GrandVision syndicated facility	389.0		
Maximum net debt:EBITDA ratio		3.3	1.4
Minimum interest cover ratio		5.0	51.5
Vopak	2,102.0		
Maximum senior net debt:EBITDA ratio		3.75	2.04
Minimum interest cover ratio		3.50	7.60
Other	1,400.4		
Total debt	3,891.4		

Included in other financial liabilities is the obligation to acquire equity instruments in certain subsidiaries from the management of these subsidiaries and liabilities related to share-based payment plans for an aggregate amount of € 28.0 million (2015: € 24.3 million), of which € 16.1 million (2015: € 18.2 million) is included as non-current liabilities. Reference is made to note 35 on share-based compensation. Also included are earn-out and deferred/contingent payments with respect to acquisitions for € 92.2 million (2015: € 12.1 million). The liabilities expire during the period 2017 through 2020.

Other financial liabilities also include € 39 million related to compensation payments which Safilo received from the Kering Group in connection with the termination of a Gucci license agreement at the end of December 2016, as disclosed in note 22.

The fair value of debt and other financial liabilities is disclosed in note 37.

22. Accrued expenses

Accrued expenses consist of:

	Dec. 31, 2016	Dec. 31, 2015
Employee-related accruals	**251.6**	234.7
Customer prepayments	**42.3**	94.6
VAT and other tax liabilities	**61.9**	73.0
Deferred revenue	**146.9**	86.9
Other	**356.5**	374.4
Total accrued expenses	**859.2**	863.6

The increase in deferred revenue relates for € 43 million to compensation payments which Safilo received from the Kering Group in connection with the termination of the Gucci license agreement at the end of December 2016. Payments of € 30 million each were received in January 2015 and in December 2016. With the collection of the second instalment of the compensation the termination of the Gucci license agreement has become effective and Safilo is now entitled to receive a third instalment of € 30 million in September 2018, included in other financial assets. The current deferred income includes the part of the compensation, equal to € 43 million, that will be recognized in the statement of income in 2017. The non-current part of € 39 million is included in non-current financial liabilities and will be recognized in the statement of income in 2018. An amount of € 8 million is recognized in the statement of income of 2016.

23. Revenues

Revenue is recognized at the fair value of consideration received or receivable for the sale of products or rendering of services in the period in which they occur. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating intercompany revenues.

Sale of goods
Revenue is recognized when the amount of revenue can be reliably measured, the risks and rewards of the underlying products have been substantially transferred to the customer and it is probable that the economic benefits associated with the transaction will flow to the Company. Depending on individual customer terms, this can be at the time of dispatch, delivery or upon formal customer acceptance. If sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Retail sales are recorded at the amount of the sale, including (credit card) fees payable for the transaction, when the sales process is complete. As a result, any prepayments by customers are not considered as revenue but are accounted for as liabilities.

Rendering of service
Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the Company and the stage of completion of the transaction can be measured reliably as well as the costs associated with the transaction. With respect to debt collection activities, the stage of completion and the possibility to recover recharged expenses is determined per individual debt collection file. Tank rentals, including minimum guaranteed throughputs, are recognized on a straight-line basis over the contractual period. Revenues from excess throughputs and other services are recognized on completion of the services. If the revenue cannot be reliably measured, only the income up to the

level of the expenses to be claimed will be recognized. Modifications of property, plant and equipment paid upfront by customers are accounted for as prepaid revenues and recognized in the consolidated statement of income over the contractual period on a straight-line basis.

Franchise fee income
Revenue is recognized when the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Company. Franchise fees are recognized on an accrual basis in accordance with the terms of the respective agreements.

The Company's revenue can be divided as follows:

	2016	2015
Sale of goods	**6,235.3**	6,035.8
Services	**1,713.1**	1,658.8
Franchise fees	**69.0**	67.9
Other operating income	**15.7**	26.6
	8,033.1	7,789.1

24. Income from marketable securities and deposits

Income from marketable securities and deposits includes realized capital gains and losses, impairment losses, interest, dividends and management fees.

Realized capital gains and losses are calculated on an average-cost basis. Interest income on financial instruments recorded at amortized cost is recognized on an accrual basis, using the effective interest rate method. Dividends and interest on available-for-sale financial instruments are recognized when the right to receive payment is established.

	2016	2015
Capital gains/(losses)	**15.8**	4.9
Interest income	**1.8**	2.0
Dividends	**1.8**	1.0
Management fees	**(0.9)**	(1.1)
	18.5	6.8

25. Share of results from associates and joint ventures

Associates and joint ventures are accounted for using the equity method, which involves recognition in the consolidated statement of income the Company's share of the net result of the associate or joint venture. When the Company's share of losses exceeds the carrying amount of an equity-accounted investment, including any unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the company in question. Significant unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the specific company. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising on associates and joint ventures are recognized in the income statement.

	2016	2015
Share of results	**(66.9)**	273.4
Revaluation upon gaining control	**7.9**	-
Impairments	**(63.1)**	(64.1)
Reversal of impairments	**3.0**	13.8
	(119.1)	223.1

The revaluation in 2016 relates to the revaluation of previously held interests in Atlas Services Group Holding B.V. and Infomedics Groep B.V., upon gaining control over these companies. Refer to note 6 for details on these transactions.

For details on impairments, reference is made to note 36.

26. Income from other financial assets

Interest income on loans granted is recognized on an accrual basis, using the effective interest method. Interest and dividend income on available-for-sale instruments is recognized when the right to receive payment is established.

	2016	2015
Interest income on loans and debt portfolio	**10.8**	18.1
Revaluation debt portfolio	**-**	14.9
Dividends	**5.9**	-
	16.7	33.0

27. Income from real estate activities

Income from real estate activities includes rental income less related operation costs, excluding depreciation. Income also includes realized results on the sale of real estate assets. Rental income is recorded on a straight-line basis over the lease term.

	2016	2015
Capital gains	**0.8**	1.7
Rental and residential income	**1.8**	0.6
Operating expenses	**(0.5)**	-
	2.1	2.3

28. Other income

Gains on the sale of assets, including associates and joint ventures, are deemed realized at the time the benefits and the risks of the assets are entirely borne by the buyer and there is no uncertainty as to whether the agreed payment is received. Gains on the sale of subsidiaries are realized at the time control is no longer exercised.

Other income relates to the following:

	2016	2015
Gain on sale of AudioNova International B.V.	**491.0**	-
Gain on assets held for sale Vopak, net	**286.6**	77.4
Gain on sale of InVesting B.V.	**38.7**	-
Gain on sale of N.V. Nationale Borg-Maatschappij	**30.4**	-
Gain on sale of Navis Capital Partners Ltd.	**-**	34.8
Other	**2.6**	3.2
Total other income	**849.3**	115.4

For details on disposals included in other income reference is made to note 15.

29. Employee expenses

Short-term employee benefits
Wages, salaries, social security contributions, annual leave, sickness absenteeism, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognized as an expense as the related service is provided by the employee of the Company. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are recognized as an expense when the Company and its subsidiaries are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if an offer has been made of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period they are discounted to their present value.

Share-based compensation
The compensation cost for share-based payment plans is recognized as an expense on a straight-line basis over the vesting period. The amounts expensed are adjusted over the vesting period for changes in the estimate of number of shares and the equivalent in cash that will eventually vest. Adjustments are made at the end of each reporting period to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions (e.g. profitability growth targets or continued employment over a specified time period). Refer to note 35 for more details on share-based payment plans.

Participation by management of unquoted subsidiaries
Management of certain subsidiaries own non-controlling interests in the capital of these subsidiaries. With respect to certain subsidiaries, the Company has the conditional obligation to acquire these equity instruments for cash. Obligations to acquire non-controlling interest are fair valued, generally, based on a multiple of EBITA less net debt, with measurement differences recorded as employee expense in the consolidated statement of income in accordance with IAS19. Multiples applied are either contractually determined or, generally, in accordance with those applied in the section on the estimated value of the subsidiaries and associates.

	2016	2015
Wages and salaries	**1,614.7**	1,581.4
Social security costs	**316.8**	311.9
Pension costs	**76.2**	65.4
Other	**332.1**	315.7
	2,339.8	2,274.4

The average number of persons employed by the Company and its subsidiaries during 2016 was 49,754 (2015: 49,005) on a full-time equivalent basis.

30. Other operating expenses

Operating expenses, including rent and marketing, are recognized in the consolidated statement of income when incurred.

Other operating expenses include the following:

	2016	2015
Rent	**653.0**	651.8
Marketing and publicity expenses	**333.4**	374.8
Staffing expenses Atlas Professionals B.V.	**98.5**	-
Royalty expenses	**107.7**	110.6
Other	**862.8**	825.1
	2,055.4	1,962.3

Research and development costs expensed, included in other, amounted to € 27.9 million (2015: € 15.2 million).

31. Financial income and expense

Financial income includes income on cash and cash equivalents and income on financial assets not included in marketable securities and deposits or in other financial assets. Financial expense includes net finance costs in relation to financial liabilities. Fair value changes of (embedded) derivatives not included in a hedge relationship, fair value changes of contingent consideration related to acquisitions ('earn-out' liabilities) and results from foreign currency translation of monetary items can be either financial income or expense.

Interest income and expense on financial instruments recorded at amortized cost is recognized on an accrual basis, using the effective interest method.

Financial income and expense include:

	2016	2015
Financial expense	**215.5**	222.6
Other financial income	**63.6**	86.1
Net finance costs	**151.9**	136.5

Financial expense includes:

	2016	2015
Interest expense	**139.5**	157.5
Exchange differences, net of hedges	**58.0**	49.5
Other	**18.0**	15.6
	215.5	222.6

Other financial income includes:

	2016	2015
Interest income	**15.7**	9.5
Exchange differences	**38.2**	46.6
Fair value gain on embedded option in Safilo equity-linked bond	**3.1**	0.8
Revaluation of earn-out liabilities	**-**	29.1
Derivatives, not included in hedge accounting	**3.8**	-
Other	**2.8**	0.1
	63.6	86.1

Refer to note 21 for details on the valuation of earn-out liabilities.

32. Income tax expense

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax is recognized in the consolidated statement of income unless it relates to items recognized in the consolidated statement of comprehensive income or in the consolidated statement of changes in equity. Where the final outcome of tax-related provisions 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.

Critical accounting estimates and judgements
Significant judgement is required in determining the worldwide provision for income tax, as subsidiaries are subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are recognized based on management's estimates of whether additional taxes will be due.

	2016	2015
Current income taxes	**206.2**	239.1
Deferred income taxes	**1.7**	17.9
	207.9	257.0

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2016	2015
Profit before income tax	**1,485.7**	1,147.6
Less: after-tax share of results from associates and joint ventures	**119.1**	(223.1)
Less: non-taxable other income (sale of subsidiaries and associates)	**(849.3)**	(35.9)
Adjusted profit before income tax	**755.5**	888.6
Income tax expense	**207.9**	257.0
Effective tax rate (%)	**27.5**	28.9

	2016		2015	
Composition	**Amount**	**%**	Amount	%
Weighted-average statutory tax rate	**201.0**	**26.6**	238.8	26.9
Goodwill impairment	**1.2**	**0.2**	2.6	0.3
Recognition of tax losses	**33.2**	**4.4**	34.7	3.9
Non-taxable income	**(36.1)**	**(4.8)**	(61.8)	(7.0)
Non-deductible expenses	**33.4**	**4.4**	42.6	4.8
Prior year movements	**(13.0)**	**(1.7)**	(3.1)	(0.4)
Other effects including rate changes	**(11.8)**	**(1.6)**	3.2	0.4
Effective tax (rate)	**207.9**	**27.5**	257.0	28.9

Other effects include the effect of changes in tax rates and income tax on intra-group dividends.

Taxes recognized in other comprehensive income:

	2016	2015
Deferred tax		
On changes in the fair value of cash flow hedges	**3.1**	(7.3)
On translation and related hedges	**(7.3)**	2.5
On changes in the fair value of available-for-sale financial assets	**(4.3)**	-
On changes in defined benefit obligations	**12.3**	(28.3)
	3.8	**(33.1)**
Current tax		
On changes in the fair value of cash flow hedges	**(1.4)**	-
On translation and related hedges	**4.6**	-
	3.2	**-**
	7.0	**(33.1)**

33. Earnings per Share

Earnings per Share for profit attributable to the owners of parent are calculated by dividing the profit attributable to the owners of parent by the time-weighted average number of outstanding Shares. The calculation of the previous year earnings per Share is adjusted to take into account the stock dividend paid in the current year, in respect of the previous year, in accordance with IAS 33.64.

The calculation of the time-weighted average number of outstanding shares is as follows:

x 1,000	**2016**	2015
Issued and outstanding Shares at January 1	**76,233**	73,993
Sale and transfer of treasury shares	**1**	4
Purchase of treasury shares	**(6)**	(13)
Shares granted to a member of the Executive Board	**31**	-
Dividend paid in stock	**1,161**	1,211
Average number of outstanding Shares	**77,420**	75,195

There was no dilutive effect on earnings per Share in the years presented.

34. Changes in working capital

Changes in working capital in the consolidated statement of cash flows exclude exchange differences and the effect of acquisitions.

	2016	2015
Accounts receivable	**(19.1)**	10.2
Inventories	**(63.1)**	(21.8)
Other current assets	**(77.0)**	55.1
Accounts payable	**111.2**	(54.8)
Accrued expenses	**50.9**	49.8
	2.9	38.5

35. Share-based compensation

The Company and its subsidiaries operate a number of equity-settled and cash-settled share-based compensation plans. Under the plans these entities receive services from employees as consideration for respectively ordinary shares of the respective entity or for the cash equivalent to the value of the underlying ordinary shares of the respective entity.
For equity-settled share-based compensation plans, the fair value is determined at the date of grant and expensed in the consolidated statement of income with a corresponding adjustment directly in equity. For cash-settled share-based compensation plans, the fair value is determined at the date of the grant and is re-measured at each reporting date until the liability is settled.

The compensation cost is recognized as an expense on a straight-line basis over the vesting period. The amounts expensed are adjusted over the vesting period for changes in the estimate of number of shares and the equivalent in cash that will eventually vest. Adjustments are made at the end of each reporting period to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions (e.g. profitability growth targets or continued employment over a specified time period).

Expenses related to share-based compensation consist of:

	2016	2015
HAL Holding N.V.		
Share Plan*	**1.7**	1.8
GrandVision		
Equity plan*	**1.5**	3.4
Long-Term Incentive Plans 2011-2016**	**13.8**	14.3
Vopak		
Long-Term Share Plans 2014-2016*	**3.3**	2.3
Long-Term Share Plans 2014-2016***	**3.9**	2.3
Long-Term Cash Plans 2014-2016***	**3.3**	3.1
Safilo		
Stock Option Plan 2014*	**-**	0.6
Unquoted subsidiaries		
Cash Plans***	**7.1**	4.8
Total	**34.6**	32.6

* Equity-settled

** Cash-settled in 2014, converted to equity-settled in 2015

*** Cash-settled

Increases in equity for share-based compensation plans amounted to:

	2016	2015
HAL Holding N.V.		
Share Plan	**1.7**	1.8
GrandVision		
Equity plan	**1.5**	1.7
Long-Term Incentive Plans 2011-2016	**13.7**	38.3
Vopak		
Long-Term Share Plans 2014-2016	**3.3**	2.3
Safilo		
Stock Option Plan 2014	**-**	0.6
	20.1	44.7

Liabilities recognized in relation to cash-settled share-based compensation are comprised of:

	Dec. 31, 2016	Dec. 31, 2015
GrandVision		
Long-Term Incentive Plans 2011-2014	**0.2**	0.9
Vopak		
Long-Term Share Plans 2014-2016	**7.2**	3.2
Long-Term Cash Plans 2014-2016	**7.4**	4.1
Unquoted subsidiaries		
Cash Plans	**13.2**	16.1
	28.0	24.3

The current part of this liability of € 11.9 million (2015: € 6.1 million) is included under current debt and the non-current part of € 16.1 million (2015: € 18.2 million) under non-current debt.

HAL Holding N.V.
The HAL Supervisory Board has the power to grant Executive Board members shares HAL Trust.

The granted shares can be summarized as follows:

x 1,000	**2016**	2015
Outstanding shares on January 1	**89**	89
Granted	**20**	-
Vested	**(50)**	-
Outstanding shares on December 31	**59**	89

On May 18, 2016, the Supervisory Board resolved to grant Mr. M.F. Groot, chairman of the Executive Board, 20,000 shares HAL Trust, under the condition precedent that he is still employed with the Company on June 1, 2021. These shares are restricted until June 1, 2026. The fair value of the shares granted of € 149.40 has been determined based on the HAL Trust share price at the grant date, reduced with the expected discounted future dividends payable during the respective vesting period since Mr. M.F. Groot is not entitled to receive dividends during the vesting period.

The Supervisory Board resolved, on November 19, 2014, to grant each of Messrs. A.A. van ‘t Hof and J.N. van Wiechen, members of the Executive Board, a one-time allotment of 19,500 shares HAL Trust. The shares need to be returned to the Company if the respective Board member is not employed by the Company on or before November 19, 2019. The above shares are restricted until November 19, 2024.

On May 18, 2011, the Supervisory Board resolved to grant Mr. M.F. Groot, chairman of the Executive Board, 50,000 shares HAL Trust, under the condition precedent that he would still be employed with the Company on May 18, 2016. These shares vested in 2016 and are restricted until May 18, 2021.

GrandVision

Equity plan
The equity plan provides for the purchase of GrandVision shares to eligible participants which is subject to a vesting term and holding conditions. Vesting of awards made under the equity plan is subject to a vesting condition that can vary from 3 to 5 years. Awards are no longer granted under the equity plan since February 6, 2015, when the company’s shares were listed on Euronext Amsterdam.

The shares granted under the equity plan can be summarized as follows:

x 1,000	**2016**	2015
Outstanding shares on January 1	**2,081**	181
Issued (IPO-related)	**-**	3,449
Settled	**(1,016)**	(1,549)
Outstanding shares on December 31	**1,065**	2,081

Out of the shares outstanding under the equity plan at December 31, 2016, for 480,920 (2015: 1,235,086) the vesting period has ended.

The IPO-related issue increased the number of shares held by the participants with no effect on the value of the holdings.

Long-Term Incentive Plan (LTIP) 2011-2016
Until the listing of GrandVision's shares in February 2015, eligible participants were granted a combination of (cash-settled) phantom shares and phantom options. Upon the moment of listing, the majority of these plans were converted to equity-settled long-term incentive plans. Since the listing of the GrandVision's shares, only (equity-settled) conditional share and option awards have been granted to eligible participants. Option awards constitute stock-settled share appreciation rights, meaning that at exercise the participant receives shares equal to the total value of exercised options.

LTIP shares and options, which contain a service condition of 3-5 years in addition to performance conditions based on certain GrandVision targets. The option awards have a maximum term of 5-6 years.

The outstanding conditional shares and options can be summarized as follows:

x 1,000	LTIP shares	LTIP options	Average exercise price
Outstanding on January 1	1,362	1,579	6.94
Adjustment for performance conditions	76	187	6.66
Granted	256	144	27.47
Forfeited	(126)	(95)	6.10
Settled	(325)	(758)	6.64
Outstanding on December 31	1,243	1,056	10.33

The weighted average fair value of the share awards granted in 2016 at grant date is € 23.32 (2015: € 22.76). The weighted-average fair value of the option awards granted during 2016 at grant date is € 2.83 (2015: € 3.38).

The fair value of these option awards was estimated using the Black-Scholes-Merton option pricing model. The main market inputs used in the model were annual risk-free rates between (0.79)% and 0.15%, expected volatilities between 22.1% and 26.3%, a dividend yield between 0.0% and 1.6% and a share price of € 20.00 to € 23.32. The expected volatility applied is based on the weighted-average historical volatility of closing prices of GrandVision and a group of comparable, listed companies.

The weighted-average share price of GrandVision at the date of exercise for option awards exercised in 2016 was € 23.20. Out of the share awards outstanding at December 31, 2016, none were vested (2015: 9,640). Option awards outstanding at December 31, 2016, have an exercise price between € 5.98 and € 27.47. Out of the option awards outstanding at December 31, 2016, 130,232 were exercisable (2015: 126,200). The weighted-average exercise price of these exercisable option awards was € 5.99 (2015: € 6.64). As of December 31, 2016, the weighted-average remaining contractual life for all outstanding option awards was 1.1 years (2015: 2.8 years).

Vopak

Long-Term Share Plan (LTSP)
The LTSPs 2014, 2015 and 2016 reward participants for the increase in Vopak's earnings per share (Vopak's EPS) performance during a three-year performance period, respectively from 2014 to 2016, 2015 to 2017 and 2016 to 2018 at a pre-set Vopak EPS target. If a considerable, ambitious improvement in Vopak's EPS has been achieved during the three-year performance period, a long-term remuneration will be awarded.

The conditional awards granted under the LTSPs 2014-2016 can be summarized as follows:

x 1,000	**2016**	2015
Outstanding conditional awards on January 1	**275**	206
Granted	**94**	81
Forfeited	**-**	(16)
Other changes	**(3)**	4
Outstanding conditional awards on December 31	**366**	275

The weighted-average fair value of the equity-settled LTSP awards granted in 2016 of € 43.42 has been determined based on Vopak's share price at the grant date, reduced with the expected discounted future dividends payable during the respective vesting periods since the participants are not entitled to receive dividends during the vesting period.

Long-Term Cash Plan (LTCP)
For Vopak senior managers who are not eligible to participate under the LTSP but who contribute significantly to Vopak's shareholder value, three-year cash plans have been granted. These plans provides for additional pay in the form of deferred compensation under the terms and conditions of the plan after a three year vesting period. The financial performance is measured by Vopak's EPS growth during the three year period.

Safilo

Stock Option Plan (SOP) 2014
The Safilo 2014-2016 SOP has a total duration of ten years (from 2014 to 2024). The options granted to the beneficiaries may be exercised after a minimum of two years from the grant date.

The options attributed will vest when the following vesting conditions are met (1) continued employment at the options' vesting date and (2) the achievement of differentiated performance objectives for the relevant period of each tranche.

During 2016, 585,000 options were granted with an exercise price of 8.35, an eight-year maturity and a fair value of € 1.56. The fair value of these options was estimated using the Black-Scholes model. The main market inputs used in the model were an annual risk-free rate of 0.36%, expected volatility of 33.5% and the share price at grant date of € 8.68. The expected volatility applied is based on the weighted-average historical volatility of closing prices of Safilo.

The granted options can be summarized as follows:

x 1,000	**2016**	**Average exercise price**	2015
Outstanding options on January 1	**845**	**13.88**	295
Granted	**585**	**8.35**	575
Forfeited	**(125)**	**11.74**	(25)
Outstanding options on December 31	**1,305**	**11.61**	845

Exercise prices for options outstanding at the year-end range from € 8.35 to € 15.05 with an average remaining contract life of 6.6 years. Among the options outstanding at the end of the period, 255,000 are exercisable until May 31, 2022.

Stock Option Plan (SOP) 2010
The 2010-2013 Safilo SOP has a total duration of nine years (from 2010 to 2019). The options granted to the beneficiaries may be exercised after a minimum of three years from the grant date (with the exception of the first tranche, which will benefit from a shorter vesting period). The other vesting conditions are similar to those under the new 2014-2016 plan.

The options granted under the 2010-2013 plan can be summarized as follows:

x 1,000	**2016**	**Average exercise price**	2015
Outstanding options on January 1	**600**	**8.32**	710
Forfeited	**-**	**-**	(15)
Exercised	**(30)**	**5.54**	(95)
Expired	**(117)**	**7.99**	-
Outstanding options on December 31	**453**	**8.59**	600

Exercise prices for options outstanding at the year-end range from € 8.05 to € 14.54, similar to previous year, with an average remaining contract life of 1.9 years (2015: 2.5 years). Among the options outstanding at the end of the period, 35,000 options are exercisable until May 31, 2017, and 165,000 options are exercisable until May 31, 2018. A total of 252,500 options are exercisable until May 31, 2019. The weigthed-average share price of Safilo at the date of exercise for option awards exercised in 2016 was € 8.52.

36. Impairment of non-current assets

Assets that have an indefinite useful life are tested for impairment annually, while all non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Non-financial assets
An impairment loss on non-financial assets is recognized in the consolidated statement of income 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 of disposal and an asset's value in use. Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing. A CGU is in no event larger than the operating segment it belongs to.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Available-for-sale financial assets
In the case of equity securities or fixed income securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is recycled from equity and recognized in the consolidated statement of income. Impairment losses previously recognized in the consolidated

statement of income on equity instruments are not reversed through the consolidated statement of income in subsequent reporting periods.

Loans and receivables
A provision for impairment is recognized when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the loan or receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the consolidated statement of income.

Significant accounting estimates and judgements
The recoverable amounts in impairment testing are determined based on the value in use and fair value less costs of disposal of the asset or cash-generating unit. The calculation of these values require the use of estimates.

Calculation of the value in use requires management to apply judgements around future cash flows, discount rates and growth rates. In calculating fair value less cost of disposal the selection of relevant market multiples is the primary judgement made by management. Where preliminary or indicative non-binding offers are used as inputs, management needs to assess that these offers are a good reflection of fair value.

The primary impairment test for the Company relates to annual goodwill impairment testing and the annual impairment test on indefinite-lived key money. Property, plant and equipment (i.e. terminals) as well as joint ventures are reviewed and, when required, tested. This primarily occurs at the level of Vopak whereby judgement is exercised by Vopak management. In performing the impairment test, Vopak management makes an assessment of whether the cash-generating unit (mostly an individual terminal) will be able to generate positive net cash flows that are sufficient to support the value of the intangible assets, property, plant and equipment, and financial assets. For value in use calculations, the assessment is based on estimates of future expected cash flows on the basis of the budget for the coming year and two subsequent plan years which form the basis for a 15-year discounted cash flow model. Key assumptions applied are the expected occupancy, the estimated storage rate per cbm (for revenues not covered by long-term contracts), expected growth rates and the estimated terminal value after the 15-year period, together with the applied discount rates. The discount rates are based on 15-year government bonds, adjusted for a risk premium and specific country risks. The equity risk premium is assumed to be 6.0% by Vopak management (2015: 5.5%). Fair value less cost of disposal calculations are primarily based either on comparable market multiples and/or (indicative non-)binding bids or discounted cash flow models from the perspective of a willing buyer in an orderly transaction. When the fair value less cost of disposal of a terminal is based on (preliminary) offers received from interested parties, Vopak management has assessed that these offers are a good reflection of the fair value of the terminals concerned and the assumption that it is probable that these terminals will be sold in the near future resulting in a situation where the carrying amount will be recovered principally through a sale instead of by continuing use. A change in one of these assumptions could potentially lead to a future impairment.

Vopak Terminal Haiteng (China)
As a result of the incident that occurred in April 2015, at the production facility of the main customer of Vopak's associate Vopak Terminal Haiteng, the customer has still not resumed operations. Based on the current facts and circumstances available, including the estimated long-term demand for the product manufactured at the facility and the technological state of the

facility/terminal, Vopak's management have assessed that it is most likely that the facility will be taken into operation again. The date on which the facility, on which the terminal is dependent, will be taken into production again is currently still unknown, but not expected before early 2018. If, due to any reason, the production facility will not be taken into operation again, this may result in a significant impairment on Vopak's investment in the associate Vopak Terminal Haiteng. The maximum risk exposure amounts to the group's equity investment in the company of € 54.8 million per year-end 2016 (2015: € 61.6 million). Furthermore, changes in the facts and circumstances applicable to this situation going forward, could potentially lead to one-off and/or exceptional losses in the coming year within the aforementioned range of the maximum exposure.

The following impairment losses, net of reversals, are recognized:

	2016	2015
Property, plant and equipment	**6.8**	7.3
Goodwill	**4.2**	10.1
Other intangibles	**5.4**	11.1
Investments in associates and joint arrangements	**60.1**	50.3
	76.5	78.8

Impairment losses by segment are as follows:

	2016	2015
Optical retail	**7.5**	5.6
Unquoted	**1.3**	19.2
Quoted minority interests	**67.7**	54.0
	76.5	78.8

Impairment losses are included as follows in the consolidated statement of income:

	2016	2015
Amortization and impairment of intangible assets	**9.6**	21.2
Depreciation and impairment of property, plant, equipment and investment properties	**6.8**	7.3
Share of results of associates and joint arrangements	**60.1**	50.3
	76.5	78.8

Impairments of property, plant and equipment, associates and joint arrangements primarily relate to Vopak and can be detailed as follows.

Property, plant and equipment

Cancelled projects
The cancellation of a business development project in the EMEA division and a scope change in a construction project in the Americas division led to a total impairment on property, plant and equipment at Vopak of € 5.3 million.

In 2015, the cancellation of a terminal automation project (Netherlands) and the cancellation of business development projects (EMEA) led to a total impairment at Vopak of € 5.7 million.

Terminals in operation
For a very limited number of terminals in operation, Vopak management has determined in 2016 that the value in use is lower than the carrying amount. For these individual terminals, the fair value less cost of disposal has been calculated in order to assess whether this value exceeds the value in use and the carrying amount of the assets. For terminals or assets which are actively being marketed by Vopak, the fair value less cost of disposal is based primarily on offers received from interested parties (level 2 fair value). For the other terminals the fair value less cost of disposal is primarily based on a combination of the estimated normalized EBITDA and transaction multiples observable in the M&A markets for comparable terminals (level 2 fair value) together with discounted cash flow models (level 3 fair value). The above-mentioned approach did not result in any impairment of the terminals in operation in 2016.

In 2015 no impairments of terminals in operation were recognized.

Joint ventures and associates

2016

Vopak E.O.S. (Estonia)
Vopak recognized an impairment of the book value of its equity participation in the joint venture Vopak E.O.S. (EMEA division) of € 55.7 million. This impairment is primarily related to a structural deterioration of the business environment in which the terminal operates, which is heavily dependent on the flows of Russian oil products. The continued low oil product prices and premiums limit demand for terminal services and competition increased due to overcapacity in the region. The recoverable value was based on the value in use, using a pre-tax discount rate of approximately 9.0% (2015: 8.3%) and management's best estimate of the future cash flows of the terminal, for which the budget for the coming year was the basis. A further decrease in the product flows handled by the terminal and subsequently storage rates charged to the customers, could potentially lead to additional impairment going forward. The carrying value of Vopak's investment in the joint venture after impairment amounts to € 54.4 million at year-end 2016.

Other (China)
An impairment of € 7.4 million and € 3.8 million of exceptional joint venture result were recognized for one of the smaller joint venture terminals in China (Vopak Asia division) in relation to changes in the markets in which this terminal operates and a revision in the estimate of the decommissioning date of this terminal.

2015

Vopak Terminal Jakarta (Indonesia)
Vopak partially impaired its 49% equity share in the joint venture Vopak Terminal Jakarta (Asia division) in 2012 because the progress of deregulation of the subsidized fuel distribution was progressing much slower than originally assumed. A reversal of an impairment of € 9.7 million was recognized for this terminal in 2015. This reversal of an impairment results from the structural performance improvements of the terminal, aided among others by favorable market conditions and the economic reforms in Indonesia.

Vopak Terminal Dongguan (China)
In 2014, this project in Dongguan (Asia division) was already impaired by € 16.1 million to the estimated recoverable value of nil based on a fair value less cost of disposal calculation (level 2 fair value). This project was faced with a longer-term negative timing effect in the industrial developments in the region, compared to initial expectations. In 2015, Vopak provided additional funds of € 3.8 million to the joint venture Vopak Terminal Dongguan. These additions to the total net investment in the joint venture have been fully impaired in 2015, as they were used for

funding the pre-operating losses of the company. The divestment of this entity in 2016 led to a partial reversal of the historical impairment for the amount of € 2.9 million. Vopak divested this joint venture on October 21, 2016. As part of this divestment the (indirect) financial guarantee of € 33.2 million provided in connection with this terminal has been revoked.

Thames Oilport (United Kingdom)
Vopak, Greenergy and Shell UK Limited acquired the former Coryton refinery (UK) in June 2012. The objective of the partners was to demolish the refinery, develop and invest in an import and distribution terminal called Thames Oilport (part of the EMEA division) to be managed by Vopak, and sell surplus land available. Vopak and its partners conducted a thorough assessment of this project, including analyses of the economic circumstances, the key market developments in the South East of the UK, the European refinery sector developments and the total development costs of the project. The partners concluded that under all scenarios 403 acres of land would not be required and accordingly decided to offer this land for sale. Vopak conducted its own in-depth analysis of the financial consequences of the decision to offer the land for sale and recognized an impairment on the book value of its equity participation in the joint venture of € 40.6 million during the first half of 2015. A substantial part of this impairment related to the planned demolition of the assets on the land for sale. The other part related to the value in use of the entity, which is below the remaining carrying value of the assets. Vopak's interest in the joint venture Thames Oilport was divested together with the other UK assets. The consideration agreed with the acquiring party exceeds the carrying value of the group's equity share after impairment, resulting in a partial reversal of impairment for the amount of € 4.0 million in the second half of 2015. In total, an impairment of € 36.6 million was recognized for the joint venture in 2015.

Vopak SDIC Yangpu Terminal (China)
During 2015, an impairment was recognized on the joint venture Vopak SDIC Yangpu Terminal for € 15.0 million because the carrying amount exceeded the estimated recoverable value. The recoverable value was based on the value in use, using a pre-tax discount rate of approximately 11% and management's best estimate of the future cash flows of the terminal, for which the budget for the coming year and two subsequent plan years were the basis.

Nippon Vopak (Japan)
During 2015, it became apparent that the recoverable value of Vopak's equity participation in the joint venture Nippon Vopak (part of Asia division) is below the carrying value of the joint venture. Consequently, an impairment was recognized for the amount of € 8.5 million. In the second quarter of 2016, Vopak divested its 40% ownership in this joint venture.

Goodwill

Vopak and Safilo are both listed entities. There is no goodwill included in the financial statements as of December 31, 2016 relating to Safilo. In its 2016 financial statements, Safilo impaired goodwill for an amount of € 150 million. Due to the fact that HAL acquired Safilo shares below their book value, the 2015 financial statements included goodwill relating to Safilo for only € 1.9 million. This amount was impaired in 2016. The impairment test with respect to the goodwill of Vopak primarily consists of comparing the carrying value of the Company’s ownership interest to the stock market value. At the end of 2016 the stock market value of the ownership interest in Vopak exceeded the carrying value by € 1,532.8 million. No impairment was recognized. This stock market value qualifies as level 1 in the fair value hierarchy.

Goodwill for the Optical and Unquoted segments has been tested for impairment losses at a level that reflects the way the operations are managed and with which the goodwill would naturally be associated. Management reviews the Unquoted business performance on an entity level and for Optical on a country or regional level. Goodwill is also monitored on this level.

The recoverable amount of cash-generating units is generally determined based on the calculation of their value in use. These calculations use cash flow projections covering a five-year period. Cash flows beyond this five-year period are extrapolated using an estimated growth rate of nil. With respect to certain cash-generating units, representing 12.5% of the goodwill (2015: 8.6%), if the economic reality of a specific cash-generating unit justified it and led to more realistic estimates, the recoverable amount was based on the cash-generating unit's fair value less costs of disposal. These calculations are mainly based on observable market multiples of revenues less appropriate discounts (12.5%, 2015: 4.5%) or on a discounted cash flow model that includes expansion capital expenditure (0.0%, 2015: 4.1%). Fair value calculations based on multiples were performed for certain optical retail operations. For these operations, GrandVision management applied a weighted-average multiple of revenue of 1.1 on the average sales of the last three years. This approach reduces volatility, specifically in emerging markets, and incidental effects in a certain year. The multiple is determined by management, taking into account sales multiples for comparable quoted companies. Using a weighted-average revenue multiple of 1.0 will potentially result in an impairment of € 1.9 million. These fair value calculations qualify as level 3 calculations. In 2015, with respect to certain cash-generating units (representing 1.0% of the goodwill) the fair value was calculated based on observable market multiples of earnings before interest, tax and amortization less an appropriate discount. These fair value calculations qualified as level 3 calculations.

In the following table a distinction is made between Optical retail Europe, Optical retail Americas & Asia and unquoted investments as within these groups assumptions are broadly comparable. Key assumptions used for value-in-use calculations are as follows:

	2016	2015
Optical retail Europe		
Weighted-average increase in revenues	**4.3%**	5.2%
Weighted-average gross margin	**73.5%**	73.5%
Weighted-average pre-tax discount rate	**12.9%**	13.6%
Optical retail Americas & Asia		
Weighted-average increase in revenues	**12.9%**	12.5%
Weighted-average gross margin	**67.5%**	68.4%
Weighted-average pre-tax discount rate	**20.0%**	16.7%
Unquoted investments		
Weighted-average increase in revenues	**7.1%**	3.5%
Weighted-average gross margin	**56.6%**	57.9%
Weighted-average pre-tax discount rate	**14.2%**	13.4%

Goodwill, excluding amounts related to Vopak and Safilo, is comprised of the following:

	2016	2015
Optical retail Europe	**974.8**	989.1
Optical retail Americas & Asia	**222.2**	221.1
AudioNova International B.V.	**-**	274.4
Other unquoted investments	**203.2**	147.4
Total	**1,400.2**	1,632.0

The result of this process was that the carrying value of goodwill relating to two cash-generating units at GrandVision was impaired for € 2.3 million, which is recorded under amortization and impairments of intangible assets in the consolidated statement of income.

The impairment charges and recoverable amounts in the segments Optical and Unquoted can be detailed as follows:

	Impairment		Recoverable amount	
	2016	2015	**2016**	2015
GrandVision N.V. - Argentina & Peru	**2.3**	-	**52.3**	-
Orthopedie Investments Europe B.V. - Livit	**-**	10.1	**-**	10.4
	2.3	10.1	**52.3**	10.4

The valuation models include certain assumptions with respect to revenue growth. If the models included a 2% lower increase in revenues, assuming an unchanged cost structure and unchanged capital expenditures, the calculations would result in a potential further impairment charge as follows:

	2016	2015
AudioNova International B.V.	**-**	11.9
Other unquoted investments	**7.1**	6.9
	7.1	18.8

A 2% increase in the discount rate would potentially result in a further impairment charge as follows:

	2016	2015
AudioNova International B.V.	**-**	0.6
Other unquoted investments	**3.3**	-
	3.3	0.6

If the cash flows beyond the five-year period were extrapolated using an estimated growth rate of 2%, the value-in-use of the cash-generating units that indicated a potential impairment in the above sensitivity analyses would increase as follows:

	2016	2015
AudioNova International B.V.	**-**	13.9
Other unquoted investments	**20.7**	13.4
	20.7	27.3

If the models included a 2% lower gross margin, and assuming an unchanged cost structure and unchanged capital expenditures, the calculations would result in a potential further impairment charge as follows:

	2016	2015
AudioNova International B.V.	**-**	0.5
Other unquoted investments	**27.2**	-
	27.2	0.5

Other intangibles

Indefinite-life rights of use and key money primarily relate to optical retail stores in France and Brazil. These assets are subject to an annual impairment test using cash-flow projections covering a five-year period, using pre-tax discount rates of 9% and 19% and revenue growth rates of 2% and 14%.

The result of this process was that the rights of use and key money relating to optical retail stores were impaired for € 1.9 million (2015: € 1.5 million). This amount is included in the consolidated statement of income under amortization and impairments of intangible assets.

If the revenue growth rate had been set at 0%, an additional impairment could have been required for an amount of € 4.8 million (2015: € 3.8 million).

Trademark valuations are most sensitive to the royalty rate, revenue growth and the discount rate used. Primary inputs for the valuation of customer relationships are the churn rate, EBITA growth and the discount rate.

The total amount of impairments recognized on other intangibles was € 5.4 million (2015: € 11.1 million).

37. Financial instruments

The classification of financial assets is detailed in the notes on other financial assets and derivatives. The classification of financial liabilities is detailed in the notes on debt and other financial liabilities and derivatives.

A number of the accounting policies and disclosures requires the determination of fair value for financial instruments. The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values calculated are classified into three categories depending on the inputs used in the valuation technique. Where available, fair values are derived from quoted prices for identical instruments (level 1). In the absence of such information, other observable inputs, either directly or indirectly, are used to estimate fair values (level 2). Where insufficient observable market data is available, the best applicable unobservable inputs are used to perform the valuation (level 3). The valuation techniques used per type of financial instrument are described in more detail below.

Equity securities
The Company holds direct investments in equity securities and indirect investments in equity securities through managed portfolios. When available, the Company uses quoted market (bid) prices in active markets to determine the fair value of its investments in equity securities (level 1). Fair values for unquoted shares are estimated using valuation techniques such as discounted cash flow analysis, using expected future cash flows and a market-related discount rate, or a market-multiples approach (level 2 or 3).

Investments funds
Investment funds include private equity funds. The fair values of investments held in unquoted investment funds are determined by the Company after taking into consideration information provided by the fund managers and the liquidity of the investments. The Company reviews the

valuations and performs analytical procedures to ensure the fair values are appropriate (level 2 or 3).

Debt securities and own debt
When available, the Company uses quoted market (bid) prices in active markets to determine the fair value of its debt investments (level 1). When the Company cannot make use of quoted market prices, market prices from indices, corroborating broker quotes or discounted cash flow analysis, using expected future cash flows and a market-related discount rate, are used (level 2).

Other liabilities
Obligations to acquire non-controlling interests are fair valued, generally, based on a multiple of EBITA less net debt. Multiples applied are either contractually determined or in accordance with those applied in calculating estimated value of the subsidiaries and associates (level 3). Contingent considerations are fair valued based on the expected cash outflows, taking into account the effects of discounting (level 3). Finance lease contracts are fair valued by reference to similar lease agreements (level 3).

Derivatives
Where quoted market prices (level 1) are not available, other valuation techniques and corroborating broker quotes are used that maximize the use of observable inputs. These valuation techniques include option pricing or discounted cash flow analysis, using expected future cash flows and a market-related discount rate. The models used incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, expected volatility and interest rate curves (generally level 2).

Embedded derivatives
A bifurcated cash-settlement option of a convertible equity-linked bond issued by Safilo is carried at fair value. The fair value of the embedded derivative is calculated using the Black & Scholes option pricing model. Inputs in the model include risk-free rates and share price, expected volatility and dividend yield data for Safilo (level 2).

Financial instruments for which carrying value approximates fair value
Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivable, short-term liabilities and accrued liabilities.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a current, legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The offset is limited to the amount actually expected to be offset.

The following tables provide an analysis of the Company's financial instruments per line item, stating the classification of the instruments, their fair value and their level within the fair value hierarchy:

December 31, 2016	Fair value level	Available-for-sale	Loans and receivables	Derivatives	**Total book value**	**Total fair value**
Assets						
Other financial assets						
- Quoted equity securities	1	576.3	-	-	**576.3**	**576.3**
- Unquoted debt securities	2	-	184.4	-	**184.4**	**184.4**
Marketable securities						
- Quoted equity securities	1	142.6	-	-	**142.6**	**142.6**
- Quoted debt securities	1	38.7	-	-	**38.7**	**38.7**
- Unquoted equity securities	2	48.6	-	-	**48.6**	**48.6**
Derivatives	2	-	-	144.4	**144.4**	**144.4**
Other current assets		-	259.7	-	**259.7**	**259.7**
Receivables		-	845.8	-	**845.8**	**845.8**
Cash		-	3,143.6	-	**3,143.6**	**3,143.6**
Total financial assets		806.2	4,433.5	144.4	**5,384.1**	**5,384.1**

December 31, 2016	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	Derivatives	**Total book value**	**Total fair value**
Liabilities						
Debt and other financial liabilities						
- Non-current debt	2	2,970.1	-	-	**2,970.1**	**3,194.8**
- Current debt	2	921.3	-	-	**921.3**	**921.3**
- Other financial liabilities	2	56.0	-	-	**56.0**	**56.0**
- Other financial liabilities	3	-	120.2	-	**120.2**	**120.2**
Derivatives	2	-	-	97.7	**97.7**	**97.7**
Accounts payable		832.0	-	-	**832.0**	**832.0**
Total financial liabilities		4,779.4	120.2	97.7	**4,997.3**	**5,222.0**

December 31, 2015	Fair value level	Available-for-sale	Loans and receivables	Derivatives	Total book value	Total fair value
Assets						
Other financial assets						
- Quoted equity securities	1	371.4	-	-	371.4	371.4
- Unquoted debt securities	2	-	280.5	-	280.5	280.8
Marketable securities						
- Quoted equity securities	1	82.7	-	-	82.7	82.7
- Quoted debt securities	1	37.8	-	-	37.8	37.8
- Unquoted equity securities	2	44.1	-	-	44.1	44.1
Derivatives	2	-	-	141.0	141.0	141.0
Other current assets		-	216.0	-	216.0	216.0
Receivables		-	777.9	-	777.9	777.9
Cash		-	2,226.2	-	2,226.2	2,226.2
Total financial assets		536.0	3,500.6	141.0	4,177.6	4,177.9

December 31, 2015	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	Derivatives	Total book value	Total fair value
Liabilities						
Debt and other financial liabilities						
- Non-current debt	2	3,668.1	-	-	3,668.1	3,820.2
- Current debt	2	713.5	-	-	713.5	713.5
- Other financial liabilities	2	39.5	-	-	39.5	39.5
- Other financial liabilities	3	0	36.3	-	36.3	36.3
Derivatives	2	-	-	120.1	120.1	120.1
Accounts payable		663.5	-	-	663.5	663.5
Total financial liabilities		5,084.6	36.3	120.1	5,241.0	5,393.1

Valuation techniques used to value level 2 financial instruments include, for unquoted securities, quoted market prices or dealer quotes for similar instruments. Derivatives and debt instruments are valued using present value calculations of estimated future cash flows, based on observable yield curves and forward exchange rates. These calculations include credit spreads based on recent borrowing contracts and observable credit information on counterparties.

Level 3 financial instruments include contingent considerations that are remeasured based on the achievement of agreed business targets, taking into account the effect of discounting.

There were no transfers between levels 1, 2 and 3 during the period. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the beginning of the period.

A reconciliation of level 3 financial instruments for the period is given below:

	2016	2015
Balance at the beginning of the period	**36.3**	114.9
Additions	**95.5**	20.8
Disposals	**(4.6)**	(72.2)
Reclassifications*	**(17.0)**	-
(Gains)/losses through income	**9.6**	(27.0)
Exchange differences	**0.4**	(0.2)
Balance at the end of the period	**120.2**	36.3

* Reclassifications primarily to liabilities related to assets held for sale

38. Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. Market risk primarily relates to movements in exchange rates, interest rates and the market value of investments in equity securities.

Financial risk management activities are carried out both on a central level and on the level of individual subsidiaries and controlled minority interests. For managing these risks, both derivative and non-derivative financial instruments are used.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, including committed credit facilities extended to the Company. Credit risk on trade receivables is generally monitored and managed on the level of each subsidiary and on the level of the controlled minority interests (Vopak and Safilo). Credit risk with respect to loans, other financial instruments, cash and cash equivalents and credit facilities is managed by the Company for the Real estate and Liquid portfolio segments. The aim is to mitigate this risk by only concluding transactions with counterparties that have a strong credit rating. The credit risk on these financial instruments with respect to the other segments is managed by the respective subsidiary or controlled minority interest.

The maximum exposure to credit risk is the carrying value of the consolidated financial assets, excluding equity securities, which can be specified by segment as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**464.0**	477.7
Unquoted	**594.7**	579.8
Quoted minority interests	**1,083.2**	934.3
Real estate	**0.2**	0.8
Liquid portfolio	**2,474.5**	1,686.8
	4,616.6	3,679.4

These financial assets can be further specified as follows:

	Dec. 31, 2016	Dec. 31, 2015
Loans	**90.2**	207.1
Trade and other receivables	**845.8**	777.9
Marketable securities and deposits	**38.7**	37.8
Derivative financial instruments	**144.4**	141.0
Other financial assets	**94.2**	73.4
Other current assets	**259.7**	216.0
Cash and cash equivalents	**3,143.6**	2,226.2
	4,616.6	3,679.4

Cash and cash equivalents can be specified by segment as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**181.1**	198.3
Unquoted	**111.5**	181.4
Quoted minority interests	**415.0**	196.5
Real estate	**0.2**	0.9
Liquid portfolio	**2,435.8**	1,649.1
	3,143.6	2,226.2

For the Liquid portfolio and Real estate segments, cash and cash equivalents were held by counterparties with the following short-term Standard & Poor ratings:

	Dec. 31, 2016	Dec. 31, 2015
A-1+	**143.6**	173.2
A-1	**2,286.3**	1,468.9
A-2	**1.0**	1.0
A-3	**-**	2.5
Not rated	**5.1**	4.4
	2,436.0	1,650.0

The Company is not exposed to any significant concentration of credit risk.

Liquidity risk
Liquidity risk is the risk that the financial obligations associated with financial instruments cannot be met.

The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities. The Company has no ability to transfer cash (or other assets) from the entities belonging to the segment Quoted minority interests which may be consolidated in these financial statements (i.e. Vopak and Safilo).

The approach to managing liquidity at the level of the Company is to ensure, as far as possible, that there will be sufficient liquidity to meet liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risk damaging to the Company's reputation. The Company seeks to mitigate liquidity risk through its cash reserves held in the Liquid portfolio segment and committed credit facilities entered into at corporate level. Reference is made to the table on cash and cash equivalents per segment above.

The following tables categorize the consolidated, undiscounted cash flows of non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining lifetime of the contract at the end of the reporting periods. The financial guarantee contracts are contingent liabilities.

	December 31, 2016			
	< 1 year	1-2 years	3-5 years	> 5 years
Non-derivative liabilities				
Redemption of debt	921.3	98.6	1,439.7	1,431.8
Redemption of other financial liabilities	18.0	95.8	37.1	42.5
Interest payments	117.6	106.7	253.4	269.7
Accounts payable	832.0	-	-	-
Financial guarantee contracts	134.5	6.5	3.4	2.8
Total undiscounted non-derivative financial liabilities	2,023.4	307.6	1,733.6	1,746.8
Derivative liabilities				
Gross-settled derivative liabilities outflow	766.8	-	-	145.8
Gross-settled derivative liabilities inflow	(753.1)	-	-	(130.2)
Total gross-settled derivative liabilities	13.7	-	-	15.6
Net-settled derivative liabilities	(1.7)	3.1	(2.3)	80.0
Total undiscounted derivative liabilities	12.0	3.1	(2.3)	95.6
Total undiscounted financial liabilities	2,035.4	310.7	1,731.3	1,842.4

	December 31, 2015			
	< 1 year	1-2 years	3-5 years	> 5 years
Non-derivative liabilities				
Redemption of debt	714.0	240.7	1,844.0	1,582.9
Redemption of other financial liabilities	46.5	15.0	6.8	7.5
Interest payments	125.7	117.2	284.9	344.9
Accounts payable	656.3	7.2	-	-
Financial guarantee contracts	202.2	7.4	7.4	1.8
Total undiscounted non-derivative financial liabilities	1,744.7	387.5	2,143.1	1,937.1
Derivative liabilities				
Gross-settled derivative liabilities outflow	803.6	-	-	-
Gross-settled derivative liabilities inflow	(792.4)	-	-	-
Total gross-settled derivative liabilities	11.2	-	-	-
Net-settled derivative liabilities	0.6	1.3	25.0	82.4
Total undiscounted derivative liabilities	11.8	1.3	25.0	82.4
Total undiscounted financial liabilities	1,756.5	388.8	2,168.1	2,019.5

The total debt as of December 31, 2016, amounted to € 3,891.4 million (2015: € 4,381.6 million). For 100% of the bank debt, the applicable covenants were complied with during 2015 and 2016. Refer to note 21 for details on applicable covenants.

At the end of 2016, the net debt position, consisting of current and non-current debt less cash and cash equivalents and marketable securities and deposits, amounted to € 518 million (2015: net debt € 1,991 million). This net debt position represents a ratio of 0.2 (2015: 1.2) when compared to the operating result before depreciation, amortization and impairments, less income from marketable securities and share of profit of associates and joint ventures.

At the end of 2016, unused committed credit facilities were available to an amount of € 2,221.8 million (2015: € 1,873.6 million).

Market risk – currency risk
Foreign currency exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities.

The table below shows the net assets per currency, taking into account debt instruments denominated in foreign currency and related hedging instruments. The main currency exposures relate to investments in foreign operations, which the Company does not hedge.

	Dec. 31, 2016	Dec. 31, 2015
U.S. dollar	**871.3**	569.2
Chinese yuan renminbi	**430.6**	470.8
U.K. pound sterling	**141.7**	179.8
Brazilian real	**110.9**	123.1
Hong-Kong dollar	**81.3**	86.0
Australian dollar	**79.0**	96.7
Swedish krona	**77.2**	76.8
Norwegian krone	**71.2**	51.4
Canadian dollar	**65.0**	59.9
Mexican peso	**59.6**	63.7
Chilean peso	**58.6**	52.1
Singapore dollar	**52.5**	62.5
Danish krone	**49.9**	47.2
Other	**468.7**	439.6
	2,617.5	2,378.8

An average change in value of these currencies by 10% would have a pre-tax effect on equity of € 261.8 million.

The market value of the currency derivative financial instruments per the consolidated financial statements is shown on the next page.

	Maturity	**December 31, 2016** Assets	Liabilities	Notional amount	December 31, 2015 Assets	Liabilities	Notional amount
Fair value hedge	< 1 year	**-**	**-**	**-**	15.1	(6.6)	1,098.1
		-	**-**	**-**	15.1	(6.6)	1,098.1
Cash flow hedge	< 1 year	**6.4**	**(9.0)**	**663.2**	1.2	(0.6)	99.6
Cash flow hedge	1-5 years	**-**	**-**	**-**	-	(0.2)	1.5
		6.4	**(9.0)**	**663.2**	1.2	(0.8)	101.1
Net investment hedge	< 1 year	**0.3**	**(2.4)**	**395.3**	2.5	(2.4)	250.1
		0.3	**(2.4)**	**395.3**	2.5	(2.4)	250.1
No hedge accounting	< 1 year	**2.6**	**(2.3)**	**326.8**	-	(1.4)	136.3
		2.6	**(2.3)**	**326.8**	-	(1.4)	136.3
Total currency derivative financial instruments		**9.3**	**(13.7)**	**1,385.3**	18.8	(11.2)	1,585.6

In addition, one of the Company's consolidated minority interests holds cross-currency interest rate swaps to hedge fixed rate debt denominated in U.S. dollar. These interest rate swaps, with a notional amount of € 896.5 million (2015: € 918.5 million), are included under interest rate derivatives.

Sensitivity of profit and equity to financial instruments, with respect to exchange rate changes
The value of debt and hedging instruments denominated in currencies other than the functional currency of the entities holding them are subject to exchange rate movements. This primarily relates to instruments denominated in Chinese yuan renminbi, U.S. dollar and Singapore dollar. The aggregate effect on net profit of a 10% depreciation in exchange rates is € 5.9 million (2015: € 6.4 million), with an equal but opposite effect of a 10% appreciation in exchange rates. The aggregate effect on equity of a 10% appreciation of the foreign currencies against the euro is € 85.1 million (2015: € 75.8 million). The aggregate effect on equity of a 10% depreciation of the foreign currencies against the euro is € (69.1) million (2015: € (62.1) million).

Sensitivity of revenues and profit to the translation of the revenues and results of foreign operations, with respect to exchange rate changes
The result is impacted by translating the result of foreign currency operations. The translation risk of converting the net result of foreign entities into euro mainly concerns the British pound, the Singapore dollar and the U.S. dollar. The sensitivity to these currencies is as follows:

	EUR/USD Δ $10ct		EUR/GBP Δ £10ct		EUR/SGD Δ $10ct	
	2016	2015	**2016**	2015	**2016**	2015
Impact on revenues	**86.8**	79.9	**55.4**	65.1	**18.8**	17.6
Impact on net profit	**9.9**	10.0	**5.4**	5.7	**9.2**	5.6

Market risk – interest rate risk
The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities. There is no debt at other segments.

Fixed income investments which are part of the Liquid portfolio are subject to fair value interest rate risk. In view of the short average duration of this portfolio, this risk is limited.

As of December 31, 2016, taking into account interest rate swaps, 82% (2015: 67%) of the total debt of € 3,891.4 million (2015: € 4,381.6 million) was at fixed rates for an average period of 6.3 years (2015: 6.4 years).

The market value of the interest rate derivative financial instruments per the consolidated financial statements is shown below.

		December 31, 2016			December 31, 2015		
	Maturity	**Assets**	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Cash flow hedge	< 1 year	**33.9**	**(0.4)**	**191.2**	2.8	(13.2)	409.8
Cash flow hedge	1-5 years	**92.5**	**(4.2)**	**632.4**	109.6	(18.8)	698.0
Cash flow hedge	> 5 years	**1.7**	**(78.1)**	**596.1**	9.6	(72.8)	620.4
		128.1	**(82.7)**	**1,419.7**	122.0	(104.8)	1,728.2
No hedge accounting	< 1 year	**-**	**-**	**-**	-	(0.4)	27.3
No hedge accounting	1-5 years	**3.8**	**(1.2)**	**98.5**	0.2	(3.6)	241.9
No hedge accounting	> 5 years	**-**	**(0.1)**	**11.5**	-	(0.1)	1.0
		3.8	**(1.3)**	**110.0**	0.2	(4.1)	270.2
Total currency derivative financial instruments		**131.9**	**(84.0)**	**1,529.7**	122.2	(108.9)	1,998.4

The weighted-average interest rate on total debt was 2.9% (2015: 3.1%).

If variable interest rates in 2015 or 2016 had decreased/increased by 25%, the impact on the consolidated statement of income for the year would have been insignificant.

An increase of 25% in interest rates underlying the calculation of the valuation of interest rate swaps would have had a pre-tax positive impact on equity of € 6.3 million (2015: € 7.7 million). An equal but opposite change would have had a pre-tax negative impact on equity of € 5.1 million (2015: € 8.4 million negative).

Market risk – price risk
At the end of 2016, the Company had investments in equity securities (included in marketable securities and deposits and other financial assets) amounting to € 767.5 million (2015: € 498.2 million), based on quoted market prices at the statement of financial position date. These investments are classified as available-for-sale. If at December 31, 2016, equity markets had fallen 10% overall, the portfolio value could have decreased by 10%, which would have resulted in a negative impact of € 76.8 million (2015: € 49.8 million) in other reserves. A 10% increase would have had the equal but opposite effect. Potentially the whole or a part of the negative impact would have required recognition through the consolidated statement of income as an impairment charge.

39. Capital risk management

The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital.

The capital structure at the end of the reporting periods is summarized in the table below:

	Dec. 31, 2016	Dec. 31, 2015
Equity	**7,624.7**	6,724.9
Non-current debt	**2,970.1**	3,668.1
Current debt	**921.3**	713.5
Cash and cash equivalents	**(3,143.6)**	(2,226.2)
Total capital employed	**8,372.5**	8,880.3

40. Related-party transactions

A related party is a person or entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company.

Employment benefits for the Executive Board charged to the income statement are as follows:

	2016	2015
Members of the Executive Board		
Short-term employee benefits	**4.5**	3.6
Post-employment benefits	**0.5**	0.4
Share-based compensation	**1.7**	1.8
	6.7	5.8

For details on share-based compensation plans refer to note 35.

The fixed 2016 remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million (2015: € 0.4 million) in total.

41. Capital and financial commitments, contingent liabilities

Contingent liabilities are either possible obligations that will probably not require a transfer of economic benefits, or present obligations that may, but probably will not, require a transfer of economic benefits. It is not appropriate to make provisions for contingent liabilities, but there is a chance that they will result in an obligation in the future.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Lease payments under operating leases are charged to the income statement on a straight-line basis over the term of the lease. For finance leases refer to note 21

Capital commitments
On December 31, 2016, capital commitments in respect of property, plant and equipment amounted to € 213.5 million (2015: € 262.9 million).

Financial commitments

The future minimum lease payments under non-cancellable operating leases and similar commitments are as follows:

	2016	2015
No later than 1 year	**435.0**	527.2
Later than 1 year and no later than 5 years	**947.8**	1,021.3
Later than 5 years	**665.6**	761.9
	2,048.4	2,310.4

The lease commitments, excluding the impact of renewal options, are mainly in respect of the leasehold on land and the lease of stores, offices and other buildings.

Operating leases recognized in as expenses in the consolidated statement of income amounted to € 547.8 million (2015: € 546.9 million).

At year end, Safilo had contracts with licensors for the production and sale of branded sunglasses and frames. These contracts include guarantees for a minimum amount of production as well as commitments for advertising. These licensing commitments can be summarized as follows:

	2016	2015
No later than 1 year	**120.5**	164.8
Later than 1 year and no later than 5 years	**401.2**	298.8
Later than 5 years	**77.1**	80.0
	598.8	543.6

Contingent liabilities

The Company and its subsidiaries and controlled minority interests entered into various commitments to provide debt and equity financing. These commitments mainly relate to Vopak. In addition, guarantees and commitments were provided by Vopak on behalf of its associates and joint ventures. The total estimated amount of these commitments not recognized in the statement of financial position comprises:

	2016	2015
Commitments to provide debt or equity funding	**86.6**	82.5
Guarantees and securities provided	**128.9**	177.4
	215.5	259.9

The commitments to provide debt or equity funding mainly relate to Vopak's commitment with respect to the construction of an industrial terminal in Pengeran (Malaysia).

The decrease in guarantees and securities provided is mainly due to the release of a (indirect) financial guarantee provided for the divested joint venture Vopak Terminal Dongguan (China) for the amount of € 33.2 million and due to the partial repayment of the loan to PT Jakarta Tank Terminal (Indonesia) and the fulfillment of conditions precedent with respect to the loan for the amount of € 19.8 million. The amount of guarantees and securities provided can potentially be called within one year.

Environmental obligations Vopak

Vopak is exposed to risks regarding environmental obligations arising from past activities. For example, a number of sites has to be decontaminated before being handed back at the end of the contractual period. Under current legislation, environmental plans and any other measures to be adopted have to be agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other legal obligations arise, a provision is formed based on the most reliable estimate possible of future expenses. Vopak management is of the opinion that the provisions are adequate, based on information currently available. However, given the degree of difficulty in making estimates, this does not guarantee that no additional costs will arise.

Legal proceedings Vopak

As a result of its day-to-day activities, Vopak is involved in a number of legal proceedings. Vopak management is of the opinion that for the legal cases and risks for which no provision has been recognized, it is not probable that the final outcome will result in a cash outflow, therefore no provisions have been recognized. In addition, Vopak can be held liable for any non-compliance with laws and regulations, including for potential compliance shortfalls.

As part of divestments of terminals and assets, Vopak has provided certain customary representations and warranties in the relevant sales purchase agreements. These representations and warranties will generally terminate, depending on their specific features, a number of years after the date of the relevant transaction completion date. Based on the current facts and circumstances, Vopak management has determined that for the items for which no provision is currently recognized, the likelihood of a cash outflow relating to these items is considered to be remote.

GrandVision

GrandVision is currently in dispute with a lens manufacturer, Zeiss, who participated in, but did not win, the lens tender organized by the Group in 2012. Consequently, Zeiss' existing lens-supply contract expired on the contractual expiration date of October 31, 2013. Zeiss subsequently claimed that GrandVision's termination of the agreement was unlawful. Zeiss formally sued GrandVision France before the Paris Commercial Court on April 10, 2014, claiming damages of approximately € 57 million on the ground of unlawful termination of the lens purchase agreement. A number of hearings took place in 2015 and the Paris Commercial Court declared itself not competent to hear this matter in its January 25, 2016 decision. Zeiss appealed this decision and the French Court of Appeal confirmed the decision of the Paris Commercial Court in its June 17, 2016 decision. No additional procedural steps were taken by Zeiss. As GrandVision is confident in its legal position in this dispute, no provision is recognized in the consolidated financial statements.

In November 2015 GrandVision received a report from the German tax authorities following their tax audit covering Apollo-Optik in the years 2008-2012. This report included findings and viewpoints of the tax authorities on German VAT aspects. GrandVision is contesting the viewpoints of the German tax authorities on the tax position and will defend its position vigorously, if needed in court. As GrandVision is sufficiently confident to sustain its position on this matter, no provision has been recognized in the consolidated financial statements. If GrandVision is unsuccessful in resolving this matter, the exposure, including the period after 2012, is estimated at € 19 million. Formalities are proceeding at this stage and did not result in changes in 2016.

42. Non-controlling interests

Non-controlling interests with respect to Vopak, Safilo and GrandVision are significant to the Company and can be detailed as follows:

	Vopak 2016	Vopak 2015	**Safilo 2016**	Safilo 2015	**GrandVision 2016**	GrandVision 2015	**Total 2016**	Total 2015
Profit / (loss) allocated to the non-controlling interest during the year	**322.0**	190.4	**(5.1)**	(14.7)	**74.5**	65.5	**391.4**	241.2
Accumulated non-controlling interest at December 31	**1,400.0**	1,189.7	**297.3**	301.6	**321.9**	276.2	**2,019.2**	1,767.5

Set out below is the summarized financial information for Vopak, Safilo and GrandVision. These are the financial statements as reported by these companies including purchase price accounting adjustments made by the Company.

	Vopak		Safilo		GrandVision	
	2016	2015	**2016**	2015	**2016**	2015
Summarized balance sheet						
As of December 31						
Current						
Assets	**608.0**	641.3	**683.6**	650.3	**776.9**	736.1
Liabilities	**(570.2)**	(575.2)	**(408.4)**	(361.9)	**(1,200.3)**	(956.2)
	37.8	66.1	**275.2**	288.4	**(423.4)**	(220.1)
Non-current						
Assets	**5,044.6**	4,927.7	**552.4**	534.4	**2,057.8**	2,063.2
Liabilities	**(2,453.4)**	(2,762.5)	**(305.2)**	(296.6)	**(627.8)**	(1,011.4)
	2,591.2	2,165.2	**247.2**	237.8	**1,430.0**	1,051.8
Net assets	**2,629.0**	2,231.3	**522.4**	526.2	**1,006.6**	831.7
Summarized income statement						
For the year						
Revenue	**1,362.5**	1,412.6	**1,252.9**	1,279.0	**3,316.1**	3,204.9
Other income	**287.6**	79.5	**-**	-	**-**	-
Profit before tax	**650.9**	442.8	**6.8**	(3.9)	**347.7**	334.0
Income tax expense	**(72.2)**	(117.0)	**(12.5)**	(19.9)	**(95.8)**	(103.0)
Profit after income tax	**578.7**	325.8	**(5.7)**	(23.8)	**252.0**	231.0
Other comprehensive income	**(13.6)**	92.8	**4.2**	37.2	**(36.4)**	(8.2)
Total comprehensive income (CI)	**565.1**	418.6	**(1.5)**	13.4	**215.6**	222.8
CI allocated to non-controlling interest	**47.3**	49.6	**-**	0.3	**17.3**	17.6
Dividend paid to non-controlling interest	**41.3**	52.0	**-**	-	**10.9**	10.9
Summarized cash flow statement						
For the year						
Cash from operating activities	**783.2**	867.2	**119.2**	152.8	**533.6**	462.0
Interest paid net	**(97.9)**	(101.4)	**(2.1)**	(3.3)	**(10.0)**	(11.6)
Income tax paid	**(70.9)**	(104.6)	**(28.0)**	(34.7)	**(103.0)**	(80.1)
Net cash from operating activities	**614.4**	661.2	**89.1**	114.8	**420.6**	370.3
Net cash from investing activities	**114.7**	(276.5)	**(44.3)**	(40.0)	**(169.5)**	(277.4)
Net cash from financing activities	**(534.7)**	(457.4)	**(23.9)**	(80.8)	**(266.9)**	(88.1)
Increase/(decrease) in cash and cash equivalents	**194.4**	(72.7)	**20.9**	(6.0)	**(15.8)**	4.8
Cash and cash equivalents at beginning of year	**109.9**	182.0	**86.6**	88.6	**198.3**	197.6
Effect of exchange rate changes and reclassifications	**1.7**	0.6	**1.5**	4.0	**(1.4)**	(4.1)
Increase/(decrease) in cash and cash equivalents	**194.4**	(72.7)	**20.9**	(6.0)	**(15.8)**	4.8
Cash and cash equivalents at end of year	**306.0**	109.9	**109.0**	86.6	**181.1**	198.3

43. Summarized financial information on joint ventures

For the disclosure of the nature, extent and financial effects of joint ventures, Vopak makes a distinction between the activities in Europe, Middle East & Africa, LNG and Asia. The summarized financial information of the joint ventures of Vopak is as follows.

Summarized statements of financial position on a 100% basis:

	Europe, Middle East and Africa		Asia		LNG		Other		Total	
	Dec. 31, 2016	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
Non-current assets	**610.4**	750.6	**2,025.6**	2,061.7	**1,162.4**	1,163.4	**253.9**	98.1	**4,052.3**	4,073.8
Cash and cash equivalents	**40.1**	29.4	**170.7**	143.2	**67.4**	158.1	**11.2**	15.8	**289.4**	346.5
Other current assets	**24.1**	27.5	**79.6**	84.9	**25.3**	21.3	**9.4**	13.1	**138.4**	146.8
Total assets	**674.6**	807.5	**2,275.9**	2,289.8	**1,255.1**	1,342.8	**274.5**	127.0	**4,480.1**	4,567.1
Financial non-current liabilities	**80.4**	49.5	**693.7**	797.6	**716.0**	736.2	**80.0**	80.9	**1,570.1**	1,664.2
Other non-current liabilities	**18.4**	69.2	**37.6**	34.8	**250.4**	246.0	**18.2**	19.8	**324.6**	369.8
Financial current liabilities	**48.2**	72.2	**48.8**	52.3	**68.6**	60.9	**5.8**	5.0	**171.4**	190.4
Other current liabilities	**61.9**	61.4	**90.6**	139.2	**25.7**	107.4	**4.5**	15.4	**182.7**	323.4
Total liabilities	**208.9**	252.3	**870.7**	1,023.9	**1,060.7**	1,150.5	**108.5**	121.1	**2,248.8**	2,547.8
Net assets	**465.7**	555.2	**1,405.2**	1,265.9	**194.4**	192.3	**166.0**	5.9	**2,231.3**	2,019.3
Vopak's share of net assets	**185.0**	230.1	**577.3**	549.8	**106.9**	107.6	**48.5**	2.0	**917.7**	889.5
Goodwill on acquisition	**5.8**	17.1	**0.6**	2.6	**63.1**	61.9	**-**	-	**69.5**	81.6
Vopak's carrying amount of net assets	**190.8**	247.2	**577.9**	552.4	**170.0**	169.5	**48.5**	2.0	**987.2**	971.1

Summarized statements of total comprehensive income on a 100% basis:

	Europe, Middle East and Africa		Asia		LNG		Other		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenues	**211.1**	225.0	**373.3**	349.0	**217.1**	214.2	**28.9**	32.3	**830.4**	820.5
Operating expenses	**(81.5)**	(103.4)	**(117.5)**	(116.9)	**(39.6)**	(33.5)	**(12.7)**	(13.6)	**(251.3)**	(267.4)
Depreciation, amortization and impairment	**(157.2)**	(164.7)	**(78.5)**	(104.8)	**(45.5)**	(44.4)	**(5.7)**	(5.5)	**(286.9)**	(319.4)
Operating profit (EBIT)	**(27.6)**	(43.1)	**177.3**	127.3	**132.0**	136.3	**10.5**	13.2	**292.2**	233.7
Net finance costs	**(3.6)**	(4.8)	**(31.7)**	(30.6)	**(42.1)**	(44.6)	**(2.7)**	(4.6)	**(80.1)**	(84.6)
Income tax	**12.6**	(4.7)	**(35.9)**	(26.2)	**(28.4)**	(28.6)	**(1.1)**	(1.4)	**(52.8)**	(60.9)
Net profit	**(18.6)**	(52.6)	**109.7**	70.5	**61.5**	63.1	**6.7**	7.2	**159.3**	88.2
Other comprehensive income	**0.1**	0.3	**(3.9)**	8.4	**2.4**	17.3	**0.5**	2.2	**(0.9)**	28.2
Total comprehensive income	**(18.5)**	(52.3)	**105.8**	78.9	**63.9**	80.4	**7.2**	9.4	**158.4**	116.4
Vopak's share of net profit	**(30.1)**	(15.1)	**46.4**	31.9	**32.8**	33.4	**3.0**	3.0	**52.1**	53.2
Vopak's share of OCI	**0.1**	0.1	**(1.8)**	4.0	**1.2**	8.8	**0.2**	1.2	**(0.3)**	14.1
Vopak's share of total comprehensive income	**(30.0)**	(15.0)	**44.6**	35.9	**34.0**	42.2	**3.2**	4.2	**51.8**	67.3

List of Principal subsidiaries and minority interests

as of December 31, 2016

Name	Country of incorporation	Nature of business	Interest in common shares	Interest in preferred shares	Non-controlling interest
Subsidiaries					
HAL Holding N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Real Estate Inc.	U.S.A.	Real estate	100.0%	0.0%	0.0%
HAL Investments B.V.	The Netherlands	Holding company	100.0%	0.0%	0.0%
FD Mediagroep B.V.	The Netherlands	Media	97.5%	100.0%	2.5%
Orthopedie Investments Europe B.V.	The Netherlands	Orthopedic devices	100.0%	100.0%	0.0%
AN Direct B.V.	The Netherlands	E-commerce	82.3%	0.0%	17.7%
Broadview Holding B.V.	The Netherlands	Industrial	97.4%	0.0%	2.6%
Floramedia Group B.V.	The Netherlands	Communication	97.0%	100.0%	3.0%
Koninklijke Ahrend B.V.	The Netherlands	Office furniture	96.0%	100.0%	4.0%
Sports Timing Holding B.V.	The Netherlands	Timing equipment	95.0%	100.0%	5.0%
Infomedics Groep B.V.	The Netherlands	Financial services	81.9%	0.0%	18.1%
Timber and Building Supplies Holland N.V.	The Netherlands	Building materials	78.1%	0.0%	21.9%
GrandVision N.V.	The Netherlands	Optical retail	76.7%	0.0%	23.3%
Flight Simulation Company B.V.	The Netherlands	Flight simulators	75.7%	100.0%	24.3%
Atlas Professionals B.V.	The Netherlands	Staffing	70.0%	0.0%	30.0%
Anthony Veder Group N.V.	Curaçao	Shipping	62.9%	0.0%	37.1%
Controlled minority interests					
Koninklijke Vopak N.V.	The Netherlands	Tank terminals	48.15%	0.00%	51.85%
Safilo Group S.p.A.	Italy	Optical products	41.61%	0.00%	58.39%

All the above entities are included in the consolidation. The proportion of the effective voting rights in the respective entity are virtually equal to the proportion of the ordinary shares held.

Non-controlled minority interests	
Publicly traded	
Koninklijke Boskalis Westminster N.V.	35.45%
SBM Offshore N.V.	15.54%
Chart Industries Inc.	7.80%
Other	
Coolblue B.V.	20.00%

Information relating to estimated value of the subsidiaries and minority interests of HAL Holding N.V.

As of December 31, 2016

General

This section provides additional information about the investment portfolio of HAL Holding N.V. ('the Company').

For the purpose of this section, book value includes goodwill and loans to the investee companies. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to unquoted investments, estimated value is based upon a number of assumptions. Values as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of the Company's portfolio for this section is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis.

Quoted investments

Quoted investments are valued at the closing price on the statement of financial position date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, according to one of the following bases:

- Cost (less any provisions required);
- Recent transactions in the investee company;
- Earnings multiple;
- Other.

Cost

New investments are generally valued at cost during the first 12 months or, if later, until the availability of the first set of audited financial statements post completion of the acquisition. However, provisions against cost will be made if the performance of the investment is significantly below the expectations on which the acquisition was based.

After this initial period, investments can also remain valued at cost in the following situations:

- If an investment is loss-making and therefore the use of an earnings multiple does not seem appropriate, an investment is valued at cost less a provision in case of a possible diminution of value.
- If comparable quoted companies are not primarily valued on an earnings basis, an investment is valued at cost including any adjustments deemed appropriate.

After the twelve-month period the investments are, generally, valued based on an earnings multiple. It is possible that the multiple applied is lower than the multiple paid at the time of the acquisition.

Recent transactions in the investee company

In case of a recent significant and at arm's length share transaction in an investee company, the share price involved in this transaction can be used to value the investment.

Earnings multiple

Valuations using an earnings multiple are principally based on the following method:

The EBITA (earnings before interest, tax and amortization) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt and preferred shares of the investee company. The following factors may, among other things, be considered when selecting multiples:

- the multiple paid at the time of the investment;
- the multiples the Company generally would be prepared to pay for comparable investments;
- multiples of a meaningful sample of comparable quoted companies. When referring to multiples of comparable companies, a discount of at least 25% is taken into account for limited marketability, unless there is a strong possibility of a short-term realization.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has failed or is expected to fail its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation investments

	Estimated value	Book value	**Difference**
Quoted investments	9,147.7	4,019.1	**5,128.6**
Unquoted investments	1,021.5	793.2	**228.3**
	10,169.2	4,812.3	**5,356.9**
Unquoted investments			
Value based on a multiple of EBITA	624.0	394.5	**229.5**
Valued using other methods	397.5	398.7	**(1.2)**
	1,021.5	793.2	**228.3**

Estimated value less book value of the unquoted investments amounted to € 228 million at the end of 2016 (2015: € 159 million) respectively € 2.91 and € 2.08 per Share.

The EBITA multiples applied vary from 7 to 8. Realized multiples may be materially different. With respect to Broadview Holding B.V. and Timber and Building Supplies Holland N.V. a multiple of 7 was applied, consistent with 2015.

Quoted investments

	December 31, 2016		
	Interest in common shares	Share price	Market value
Share price in euro			
GrandVision N.V.	76.72%	20.91	4,080.7
Koninklijke Vopak N.V.	48.15%	44.88	2,761.9
Koninklijke Boskalis Westminster N.V.	35.45%	32.99	1,521.4
Safilo Group S.p.A.	41.61%	7.96	207.5
SBM Offshore N.V.	15.54%	14.92	494.7
Share price in U.S. dollar			
Chart Industries Inc.	7.80%	36.02	81.5
			9,147.7

No discount was applied to the above market prices.

Supplemental information

General

The consolidated financial statements of HAL Trust include the financial statements of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). This section provides supplemental information where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method. This was the accounting treatment until the application of IFRS 10, effective January 1, 2014, which requires consolidation of these entities. In all other respects, the accounting policies applied are consistent with those applied to the consolidated financial statements. The inclusion of this information is considered appropriate and useful as the control model with respect to the entities where the Company's ownership interest exceeds 50% is materially different from the model with respect to Vopak and Safilo. Moreover, the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. The following supplemental information also preserves comparability with consolidated financial statements prior to 2014.

The following pro forma consolidated statements are included as supplemental information:

- Statement of Financial Position
- Statement of Income
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

The pro forma consolidated statements of financial position and income as well as the statement of changes in equity, include a bridge from the consolidated financial statements (including consolidation of Vopak and Safilo) to these pro forma statements.

A number of notes has been added to the above statements in order to provide additional information on the effect of the inclusion of Vopak and Safilo in the consolidated financial statements. These notes are based on the notes to the consolidated financial statements on pages 34 through 107. Certain notes are summarized for practical purposes.

Pro forma Consolidated Statement of Financial Position

As of December 31

In millions of euro	*Notes*	**Consolidated 2016**	Effect exclusion Vopak/Safilo	**Pro forma 2016**	Pro forma 2015
Non-current assets					
Property, plant and equipment	2	**5,082.1**	(3,780.6)	**1,301.5**	1,229.9
Investment properties		**8.3**	-	**8.3**	13.3
Intangible assets	3	**2,421.8**	(407.6)	**2,014.2**	2,231.8
Investments in associates and joint arrangements	5	**2,536.0**	318.1	**2,854.1**	2,727.0
Other financial assets	6	**757.1**	(110.3)	**646.8**	474.1
Derivatives		**101.2**	(94.2)	**7.0**	-
Pension benefits	10	**72.1**	-	**72.1**	74.7
Deferred tax assets	9	**151.8**	(112.5)	**39.3**	67.4
Total non-current assets		**11,130.4**	(4,187.1)	**6,943.3**	6,818.2
Current assets					
Other financial assets	6	**3.6**	-	**3.6**	19.9
Inventories	8	**768.3**	(246.4)	**521.9**	500.8
Receivables	7	**845.8**	(324.8)	**521.0**	446.1
Marketable securities and deposits		**229.9**	-	**229.9**	164.6
Derivatives		**43.2**	(37.9)	**5.3**	3.4
Other current assets		**426.9**	(185.1)	**241.8**	192.0
Cash and cash equivalents		**3,143.6**	(415.0)	**2,728.6**	2,029.7
Assets held for sale		**26.6**	(26.6)	**-**	50.0
Total current assets		**5,487.9**	(1,235.8)	**4,252.1**	3,406.5
Total assets		**16,618.3**	(5,422.9)	**11,195.4**	10,224.7
Equity					
Share capital		**1.6**	-	**1.6**	1.5
Other reserves		**322.6**	-	**322.6**	167.9
Retained earnings		**7,300.5**	(25.3)	**7,275.2**	6,528.6
Equity attributable to owners of parent		**7,624.7**	(25.3)	**7,599.4**	6,698.0
Non-controlling interest		**2,134.2**	(1,698.0)	**436.2**	345.8
Total equity		**9,758.9**	(1,723.3)	**8,035.6**	7,043.8
Non-current liabilities					
Deferred tax liabilities	9	**450.8**	(289.2)	**161.6**	180.6
Pension benefits	10	**285.8**	(201.9)	**83.9**	72.5
Derivatives		**83.6**	(71.7)	**11.9**	-
Provisions	11	**53.6**	(35.2)	**18.4**	27.0
Debt and other financial liabilities	12	**3,128.3**	(2,153.9)	**974.4**	1,244.1
Total non-current liabilities		**4,002.1**	(2,751.9)	**1,250.2**	1,524.2
Current liabilities					
Provisions	11	**89.1**	(52.8)	**36.3**	49.9
Accrued expenses	13	**859.2**	(252.1)	**607.1**	665.3
Income tax payable		**123.6**	(66.5)	**57.1**	45.3
Accounts payable		**832.0**	(361.1)	**470.9**	301.0
Derivatives		**14.1**	(12.6)	**1.5**	15.8
Debt and other financial liabilities	12	**939.3**	(202.6)	**736.7**	579.4
Total current liabilities		**2,857.3**	(947.7)	**1,909.6**	1,656.7
Total equity and liabilities		**16,618.3**	(5,422.9)	**11,195.4**	10,224.7

Pro forma Consolidated Statement of Income

For the year ended December 31

In millions of euro	*Notes*	**Consolidated 2016**	Effect exclusion Vopak/Safilo	**Pro forma 2016**	Pro forma 2015
Revenues	14	**8,033.1**	(2,535.6)	**5,497.5**	5,174.7
Income from marketable securities and deposits		**18.5**	-	**18.5**	6.8
Share of results from associates and joint ventures	15	**(119.1)**	192.8	**73.7**	293.6
Income from other financial assets		**16.7**	(6.5)	**10.2**	25.5
Income from real estate activities		**2.1**	-	**2.1**	2.3
Other income	16	**849.3**	(287.6)	**561.7**	34.8
Total income		**8,800.6**	(2,636.9)	**6,163.7**	5,537.7
Usage of raw materials, consumables and other inventory		**2,171.2**	(306.3)	**1,864.9**	1,702.6
Employee expenses	17	**2,339.8**	(667.5)	**1,672.3**	1,602.8
Depreciation and impairments of property, plant, equipment and investment properties		**486.8**	(297.0)	**189.8**	189.3
Amortization and impairments of intangible assets		**109.8**	(39.8)	**70.0**	79.5
Other operating expenses	18	**2,055.4**	(804.3)	**1,251.1**	1,131.9
Total expenses		**7,163.0**	(2,114.9)	**5,048.1**	4,706.1
Operating profit		**1,637.6**	(522.0)	**1,115.6**	831.6
Financial expense		**(215.5)**	167.4	**(48.1)**	(51.1)
Other financial income		**63.6**	(47.3)	**16.3**	54.6
Profit before income tax		**1,485.7**	(401.9)	**1,083.8**	835.1
Income tax expense	19	**(207.9)**	84.7	**(123.2)**	(120.5)
Net profit		**1,277.8**	(317.2)	**960.6**	714.6
Attributable to:					
Owners of parent		**871.0**	(0.3)	**870.7**	629.6
Non-controlling interest		**406.8**	(316.9)	**89.9**	85.0
		1,277.8	(317.2)	**960.6**	714.6
Average number of Shares outstanding *(in thousands)*		**77,420**	-	**77,420**	75,195
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*					
- basic and diluted		**11.25**	-	**11.25**	8.13
Dividend per Share*(in euro)*		**7.10***	-	**7.10***	6.50

* Proposed

Pro forma Consolidated Statement of Comprehensive Income

For the year ended December 31

In millions of euro	*Notes*	**Pro forma 2016**	Pro forma 2015
Net profit		**960.6**	714.6
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Actuarial results on post-employment benefit obligations	10	**(12.1)**	16.1
Income tax		**3.5**	(4.5)
Associates and joint ventures - share of OCI, net of tax	5	**(16.6)**	48.8
		(25.2)	60.4
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of available-for-sale financial assets		**151.8**	43.0
Income tax on change in fair value		**(4.3)**	-
Effective portion of cash flow hedges		**3.7**	5.3
Income tax on cash flow hedges		**(0.4)**	(0.3)
Translation of foreign subsidiaries, net of hedges		**(24.0)**	4.4
Other movements*		**1.9**	-
Associates and joint ventures - share of OCI, net of tax	5	**19.0**	55.7
		147.7	108.1
Other comprehensive income for the year, net of tax		**122.5**	168.5
Total comprehensive income for the year, net of tax		**1,083.1**	883.1
Total comprehensive income for the year, attributable to:			
- Owners of parent**		**1,001.8**	805.1
- Non-controlling interest		**81.3**	78.0
		1,083.1	883.1

* Other movements mainly relate to recycling of currency translation results due to the divestment of AudioNova International B.V.

** For both reporting periods there are no differences in other comprehensive income attributable to the owner of parent between the consolidated and the pro forma consolidated statements of comprehensive income.

Pro forma Consolidated Statement of Changes in Equity

In millions of euro	Attributable to owners of parent: Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 2015	1.5	4,974.4	58.6	5,034.5	88.9	**5,123.4**
Net profit for the year	-	629.6	-	629.6	85.0	**714.6**
Other comprehensive income for the year	-	59.6	115.9	175.5	(7.0)	**168.5**
Total comprehensive income for the year	-	689.2	115.9	805.1	78.0	**883.1**
Capital increase/(decrease)	-	-	-	-	3.4	**3.4**
Effect purchase of non-controlling interest*	-	(40.3)	-	(40.3)	(11.4)	**(51.7)**
Sale non-controlling interest GrandVision N.V	-	893.5	6.7	900.2	185.9	**1,086.1**
Dividend paid to minority shareholders	-	-	-	-	(19.7)	**(19.7)**
Share-based compensation	-	20.7	-	20.7	20.6	**41.3**
Treasury shares	-	(2.2)	-	(2.2)	-	**(2.2)**
Dividend paid	-	(20.9)	-	(20.9)	-	**(20.9)**
Reclassification	-	13.3	(13.3)	-	-	**-**
Other	-	0.9	-	0.9	0.1	**1.0**
Transactions with the owners of parent recognized directly in equity	-	865.0	(6.6)	858.4	178.9	**1,037.3**
Balance on December 31, 2015	1.5	6,528.6	167.9	6,698.0	345.8	**7,043.8**
Balance on January 1, 2016	1.5	6,528.6	167.9	6,698.0	345.8	**7,043.8**
Net profit for the year	-	870.7	-	870.7	89.9	**960.6**
Other comprehensive income for the year	-	(23.6)	154.7	131.1	(8.6)	**122.5**
Total comprehensive income for the year	-	847.1	154.7	1,001.8	81.3	**1,083.1**
Capital increase/(decrease)	-	-	-	-	4.9	**4.9**
Effect of acquisitions and disposals	-	2.8	-	2.8	23.8	**26.6**
Dividend paid to minority shareholders	-	-	-	-	(20.8)	**(20.8)**
Share-based compensation	-	5.9	-	5.9	1.2	**7.1**
Treasury shares	-	(1.7)	-	(1.7)	-	**(1.7)**
Dividend paid	0.1	(107.5)	-	(107.4)	-	**(107.4)**
Transactions with the owners of parent recognized directly in equity	0.1	(100.5)	-	(100.4)	9.1	**(91.3)**
Balance on December 31, 2016	1.6	7,275.2	322.6	7,599.4	436.2	**8,035.6**

* Mainly relates to the purchase of own shares by GrandVision N.V.

Equity reconciliation	
Equity attributable to owners of parent per consolidated statement of financial position	7,624.7
Equity attributable to owners of parent per pro forma consolidated statement of financial position	7,599.4
Difference	25.3

The difference is due to purchase price accounting adjustments as a result of the retrospective application of IFRS 10 to Vopak and Safilo.

Pro forma Consolidated Statement of Cash Flows

For the year ended December 31

In millions of euro	*Notes*	**Pro forma 2016**	Pro forma 2015
Cash flows from operating activities			
Profit before taxes		**1,083.8**	835.1
Depreciation and impairments		**189.8**	189.3
Amortization and impairments	3	**70.0**	79.5
Badwill recognized on acquisitions		**-**	(33.9)
(Profit)/loss on sale of property, plant, equipment and investment properties		**(0.8)**	(13.3)
(Profit)/loss on sale of other financial assets and marketable securities		**(15.8)**	(4.9)
Results from associates and joint ventures, net of impairments	15	**(73.7)**	(328.4)
(Profit)/loss on assets and liabilities held for sale	16	**(561.7)**	-
Net financial expense		**31.8**	(3.5)
Other movements in provisions and pension benefits		**(9.8)**	1.0
Dividend from associates and joint ventures	5	**76.0**	60.8
Changes in working capital		**(26.4)**	(44.3)
Cash generated from operating activities		**763.2**	737.4
Other financial income received		**10.3**	8.7
Finance cost paid, including effect of hedging		**(43.9)**	(44.5)
Income taxes paid		**(123.6)**	(80.6)
Net cash from operating activities		**606.0**	621.0
Cash flows from investing activities			
Acquisition of associates and subsidiaries, net of cash acquired	4	**(227.0)**	(244.5)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	16	**1,055.0**	16.4
Proceeds from sale of/(acquisition of) other intangibles		**(41.1)**	(36.1)
Purchase of property, plant, equipment and investment properties		**(307.6)**	(234.6)
Proceeds from sale of property, plant, equipment and investment properties		**11.6**	42.1
Proceeds from/(acquisition of) other financial assets	6	**(44.9)**	2.6
Proceeds from/(acquisition of) marketable securities and deposits, net		**(17.7)**	(34.0)
Net cash from/(used in) investing activities		**428.3**	(488.1)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**218.1**	306.5
Repayment of debt and other financial liabilities		**(474.2)**	(614.8)
Net proceeds and repayments in short-term financing		**97.2**	226.1
Sale non-controlling interest GrandVision N.V.		**-**	1,086.1
Other non-controlling interest transactions		**(19.3)**	(68.0)
Movement in treasury shares		**(1.7)**	(2.2)
Dividend paid		**(107.5)**	(20.9)
Net cash from/(used in) financing activities		**(287.4)**	912.8
Increase/(decrease) in cash and cash equivalents		**746.9**	1,045.7
Cash and cash equivalents at beginning of year		**2,029.7**	876.8
Effect of exchange rate changes, reclassifications and accounting policy change		**(48.0)**	107.2
Cash and cash equivalents retranslated at beginning of year		**1,981.7**	984.0
Net increase/(decrease) in cash and cash equivalents		**746.9**	1,045.7
Cash and cash equivalents at end of period		**2,728.6**	2,029.7

All amounts in millions of euro, unless otherwise stated

1. Segmentation

The consolidated financial statements are significantly affected by the consolidation of Vopak and Safilo. Accordingly, the segmented information on a basis whereby Vopak and Safilo are not consolidated is materially different. This section provides segmented information excluding the effect of the consolidation of Vopak and Safilo.

Operating income by segment

	2016	2015
Optical retail	**410.3**	390.3
Unquoted	**156.6**	164.8
Quoted minority interests	**59.3**	277.1
Real estate	**0.8**	2.0
Liquid portfolio	**18.5**	6.9
Total operating income	**645.5**	841.1
Reconciling items:		
- Amortization and impairment	**(70.0)**	(79.5)
- Other	**540.1**	70.0
Operating result as per the pro forma consolidated statement of income	**1,115.6**	831.6
Financial expense, net	**(31.8)**	3.5
Profit before tax as per the pro forma consolidated statement of income	**1,083.8**	835.1

The other reconciling items include corporate general and administrative expenses as well as non-recurring gains and losses (excluding those of Boskalis).

The composition of revenues by segment is as follows:

	2016	2015
Optical retail	**3,316.1**	3,204.9
Unquoted	**2,181.4**	1,969.8
	5,497.5	5,174.7

The composition of assets by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**2,957.9**	2,928.2
Unquoted	**2,365.8**	2,424.6
Quoted minority interests	**3,047.9**	2,928.9
Real estate	**46.1**	19.6
Liquid portfolio	**2,665.9**	1,814.5
Reconciling items	**111.8**	108.9
	11,195.4	10,224.7

The composition of investments in associates and joint ventures by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**36.4**	40.5
Unquoted	**227.6**	128.9
Quoted minority interests	**2,553.2**	2,557.6
Real estate	**36.9**	-
	2,854.1	2,727.0

The composition of capital expenditures by segment is as follows:

	2016	2015
Optical retail	**183.5**	307.2
Unquoted	**262.0**	109.0
Real estate	**1.0**	12.7
Reconciling items	**0.2**	0.2
	446.7	429.1

Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets. The reconciling items represent corporate capital expenditure.

The composition of liabilities by segment is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**1,771.8**	1,916.9
Unquoted	**1,320.0**	1,253.0
Real estate	**0.4**	1.8
Liquid portfolio	**0.9**	1.1
Reconciling items	**66.7**	8.1
	3,159.8	3,180.9

Reconciling items include corporate earn-out liabilities.

The composition of revenues by geographical area is as follows:

	2016	2015
Europe	**5,074.3**	4,836.3
North-America	**122.4**	41.1
Asia	**20.4**	23.5
Other	**280.4**	273.8
	5,497.5	5,174.7

The composition of property, plant and equipment, investment properties, intangible assets and investment in associates and joint ventures by geographical area is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Europe	**5,779.7**	5,808.1
North-America	**186.5**	179.2
Asia	**40.8**	40.6
Other	**171.1**	174.1
	6,178.1	6,202.0

2. Property, plant and equipment

The amount of property, plant and equipment as per the consolidated financial statements (€ 5,082.1 million) is significantly affected by the consolidation of Vopak and Safilo and in particular the tank storage terminals of Vopak (€ 3,226.0 million at the end of 2016).

The table below provides information on property, plant and equipment excluding the assets of Vopak and Safilo.

	Land and buildings	Vessels	Equipment	**Total**
Cost value	760.7	494.5	1,566.4	**2,821.6**
Accumulated depreciation	(443.9)	(111.6)	(1,181.4)	**(1,736.9)**
Balance on January 1, 2015	316.8	382.9	385.0	**1,084.7**
Investments	62.9	45.7	113.4	**222.0**
Consolidation	90.9	-	19.8	**110.7**
Disposals	(5.0)	(19.6)	(3.3)	**(27.9)**
Depreciation and impairments	(55.7)	(28.1)	(105.5)	**(189.3)**
Exchange differences	6.2	33.9	(10.4)	**29.7**
Balance on December 31, 2015	416.1	414.8	399.0	**1,229.9**
Cost value	899.2	530.0	1,637.2	**3,066.4**
Accumulated depreciation	(483.1)	(115.2)	(1,238.2)	**(1,836.5)**
Balance on December 31, 2015	416.1	414.8	399.0	**1,229.9**
Investments	73.4	110.1	123.1	**306.6**
Consolidation	5.2	-	6.6	**11.8**
Disposals	(4.6)	-	(5.4)	**(10.0)**
Depreciation and impairments	(53.0)	(33.2)	(103.2)	**(189.4)**
Reclassification*	(29.9)	-	(18.9)	**(48.8)**
Exchange differences	(6.1)	12.2	(4.7)	**1.4**
Balance on December 31, 2016	401.1	503.9	396.5	**1,301.5**
Cost value	809.1	653.1	1,585.8	**3,048.0**
Accumulated depreciation	(408.0)	(149.2)	(1,189.3)	**(1,746.5)**
Balance on December 31, 2016	401.1	503.9	396.5	**1,301.5**

* Reclassifications primarily to assets held for sale

3. Intangible assets

The intangible assets are significantly affected by the consolidation of Vopak and Safilo. This section provides information on the intangible assets excluding those of Vopak and Safilo.

Movements for goodwill and other intangibles are as follows:

	Goodwill	Rights of use and key money	Trade-marks	Software	Other	**Total**
Cost value	2,095.8	255.2	374.1	118.1	224.2	**3,067.4**
Accumulated amortization and impairments	(601.4)	(45.5)	(140.8)	(63.1)	(150.9)	**(1,001.7)**
Balance on January 1, 2015	1,494.4	209.7	233.3	55.0	73.3	**2,065.7**
Investments	157.8	1.5	0.9	29.8	4.4	**194.4**
Consolidation	-	1.3	19.0	0.4	42.8	**63.5**
Purchase price accounting adjustments	(6.6)	-	(4.9)	0.9	5.7	**(4.9)**
Disposals	-	(0.2)	-	(0.3)	-	**(0.5)**
Amortization and impairments	(10.1)	(1.5)	(30.6)	(19.5)	(17.8)	**(79.5)**
Exchange differences and other	(3.5)	(2.1)	2.7	2.2	(6.2)	**(6.9)**
Balance on December 31, 2015	1,632.0	208.7	220.4	68.5	102.2	**2,231.8**
Cost value	2,243.5	218.1	391.8	213.3	271.5	**3,338.2**
Accumulated amortization and impairments	(611.5)	(9.4)	(171.4)	(144.8)	(169.3)	**(1,106.4)**
Balance on December 31, 2015	1,632.0	208.7	220.4	68.5	102.2	**2,231.8**
Investments	95.8	1.7	-	38.1	3.5	**139.1**
Consolidation	-	1.9	11.0	13.7	76.9	**103.5**
Purchase price accounting adjustments	(3.6)	-	(2.3)	-	5.4	**(0.5)**
Disposals	-	(0.7)	-	(1.4)	(0.1)	**(2.2)**
Amortization and impairments	(2.3)	(1.9)	(24.6)	(21.8)	(19.4)	**(70.0)**
Reclassification*	(306.9)	-	(54.4)	(4.2)	(7.0)	**(372.5)**
Exchange differences and other	(14.8)	1.5	(2.4)	(0.2)	0.9	**(15.0)**
Balance on December 31, 2016	1,400.2	211.2	147.7	92.7	162.4	**2,014.2**
Cost value	2,014.0	222.5	343.7	259.3	351.1	**3,190.6**
Accumulated amortization and impairments	(613.8)	(11.3)	(196.0)	(166.6)	(188.7)	**(1,176.4)**
Balance on December 31, 2016	1,400.2	211.2	147.7	92.7	162.4	**2,014.2**

* Reclassifications primarily to assets held for sale

The Other category consists of:

	Dec. 31, 2016	Dec. 31, 2015
Customer relationships	**122.8**	59.3
Other	**39.6**	42.9
	162.4	102.2

4. Acquisitions

Below a summary is included of the acquisitions during 2016, excluding the acquisitions made by Vopak and Safilo.

Cash paid	**97.5**
Fair value of previously held equity interests	**50.2**
Fair value of net assets acquired	**(81.4)**
Non-controlling interest recognized at fair value	**29.5**
Goodwill	**95.8**

Reconciliation to cash flow statement:

	Total
Cash paid for the above acquisitions	**97.5**
Cash adjustment prior year acquisitions	**(2.5)**
Cash acquired	**(9.1)**
Cash outflow due to acquisition of subsidiaries, net of cash acquired	**85.9**
Acquisition of associates and joint arrangements	**141.1**
Cash outflow due to acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	**227.0**

5. Investments in associates and joint arrangements

The amount of investments in associates and joint arrangements in the consolidated financial statements is significantly affected by the consolidation of Vopak. Vopak has a significant amount of associates and joint arrangements on its balance sheet (€ 1,091.7 million at the end of 2016).

This section provides information about the investments in associates and joint arrangements excluding the investments in associates and joint arrangements of Vopak and Safilo.

The movement of investments accounted for using the equity method is as follows:

	Associates	Joint ventures	**Total**
Share of net assets	2,304.1	-	**2,304.1**
Goodwill less accumulated impairments	115.5	-	**115.5**
Balance on January 1, 2015	2,419.6	-	**2,419.6**
Investments	17.8	-	**17.8**
Disposals	(44.8)	-	**(44.8)**
Share of results	328.4	-	**328.4**
Share of other comprehensive income	104.5	-	**104.5**
Dividends	(60.8)	-	**(60.8)**
Reclassification*	(49.9)	-	**(49.9)**
Exchange differences and other	12.2	-	**12.2**
Balance on December 31, 2015	2,727.0	-	**2,727.0**
Share of net assets	2,607.5	-	**2,607.5**
Goodwill less accumulated impairments	119.5	-	**119.5**
Balance on December 31, 2015	2,727.0	-	**2,727.0**
Investments	165.8	30.0	**195.8**
Consolidation	0.6	-	**0.6**
Disposals	(28.9)	-	**(28.9)**
Share of results	73.7	-	**73.7**
Share of other comprehensive income	2.4	-	**2.4**
Dividends	(76.0)	-	**(76.0)**
Reclassification**	(49.9)	5.0	**(44.9)**
Exchange differences and other	2.5	1.9	**4.4**
Balance on December 31, 2016	2,817.2	36.9	**2,854.1**
Share of net assets	2,591.3	36.9	**2,628.2**
Goodwill less accumulated impairments	225.9	-	**225.9**
Balance on December 31, 2016	2,817.2	36.9	**2,854.1**

* Reclassifications primarily to assets held for sale

** Reclassifications primarily to business combinations and from investment property

The amounts recognized in the statement of financial position consist of:

	Dec. 31, 2016	Dec. 31, 2015
Publicly traded	**2,553.2**	2,557.6
Other	**300.9**	169.4
	2,854.1	2,727.0

The difference between the market value of the Company's share in its publicly traded associates and the book value is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Market value	**4,490.9**	4,375.2
Book value	**(2,553.2)**	(2,557.6)
	1,937.7	1,817.6

6. Other financial assets

The amount of other financial assets as per the consolidated financial statements (€ 760.7 million at the end of 2016) is affected by the consolidation of Vopak and Safilo.

The table below provides information on other financial assets excluding the assets of Vopak and Safilo.

	Dec. 31, 2016	Dec. 31, 2015
Investments in quoted securities	**576.3**	371.4
Purchased debt portfolios	**-**	25.4
Other loans	**45.2**	56.7
Other	**28.9**	40.5
	650.4	494.0
Current	**3.6**	19.9
Non-current	**646.8**	474.1
	650.4	494.0

The category Other includes non-current deposits and receivables.

Investments in quoted securities include:

	Dec. 31, 2016	Dec. 31, 2015
Equity interest in SBM Offshore N.V. (15.54%, 2015: 15.04%)	**494.7**	371.4
Equity interest in Chart Industries Inc. (7.8%, 2015: 0.0%)	**81.6**	-
	576.3	371.4

Amounts included in the cash flow statement comprise:

	Dec. 31, 2016	Dec. 31, 2015
Purchase of shares in SBM Offshore N.V.	**(14.2)**	(3.4)
Purchase of shares in Chart Industries Inc.	**(56.5)**	-
Other	**25.8**	6.0
Changes in other financial assets in cash flow statement	**(44.9)**	2.6

The purchased debt portfolios are recorded using the effective interest rate method and related to bad debt portfolios purchased by InVesting B.V.

7. Receivables

The amount of receivables in the consolidated financial statements (€ 845.8 million at the end of 2016) is significantly affected by the consolidation of Vopak and Safilo.

This section provides information on the receivables, excluding those of Vopak and Safilo.

	Dec. 31, 2016	Dec. 31, 2015
Trade receivables	**543.5**	464.8
Allowance for doubtful accounts	**(22.5)**	(18.7)
	521.0	446.1

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Up to 3 months	**120.9**	123.3
Between 3 and 6 months	**16.9**	11.3
Between 6 and 9 months	**6.2**	7.0
Over 9 months	**17.2**	12.0
	161.2	153.6

8. Inventories

The amount of inventories in the consolidated financial statements (€ 768.3 million at the end of 2016) is significantly affected by the consolidation of Vopak and Safilo. This section provides information on the inventories, excluding those of Vopak and Safilo.

The composition of the inventories is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Raw materials	**41.4**	49.2
Work in progress	**21.3**	22.9
Finished goods	**497.5**	477.7
Write-down to net realizable value	**(38.3)**	(49.0)
	521.9	500.8

9. Deferred taxes

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

	Carry-forward losses	PP&E	Intangibles	Inventories	Employee benefits	Other	Offset assets and liabilities	**Total**
Assets	107.2	7.1	8.0	6.9	19.9	28.8	(106.3)	**71.6**
Liabilities	-	(45.4)	(143.6)	(9.1)	(9.5)	(31.7)	106.3	**(133.0)**
Net book value on January 1, 2015	107.2	(38.3)	(135.6)	(2.2)	10.4	(2.9)	-	**(61.4)**
Credited/(charged) to net income	(12.6)	4.8	9.1	0.1	(2.9)	(3.6)	-	**(5.1)**
Credited/(charged) to other comprehensive income	-	-	-	-	(4.5)	(0.3)	-	**(4.8)**
Acquisition/divestiture	0.5	(17.4)	(19.7)	(3.5)	0.1	0.7	-	**(39.3)**
Other movements	-	-	-	-	-	(0.3)	-	**(0.3)**
Reclassifications	0.7	(2.3)	(8.1)	(0.1)	-	8.6	-	**(1.2)**
Exchange differences	(1.4)	(2.1)	2.9	(0.1)	-	(0.4)	-	**(1.1)**
Net book value on December 31, 2015	94.4	(55.3)	(151.4)	(5.8)	3.1	1.8	-	**(113.2)**
Assets	94.4	9.4	7.9	7.3	15.2	26.2	(93.0)	**67.4**
Liabilities	-	(64.7)	(159.3)	(13.1)	(12.1)	(24.4)	93.0	**(180.6)**
Net book value on January 1, 2016	94.4	(55.3)	(151.4)	(5.8)	3.1	1.8	-	**(113.2)**
Credited/(charged) to net income	(10.2)	(0.9)	14.5	(1.5)	0.1	4.3	-	**6.3**
Credited/(charged) to other comprehensive income	-	-	-	-	3.5	(4.7)	-	**(1.2)**
Acquisitions and purchase price accounting adjustments	3.3	-	(23.0)	-	-	-	-	**(19.7)**
Divestitures	4.4		2.5			2.5	-	**9.4**
Other movements	0.3	0.4	-	-	-	0.1	-	**0.8**
Reclassifications*	(23.1)	2.1	11.7	-	(0.1)	4.8	-	**(4.6)**
Exchange differences	0.9	(0.5)	(0.2)	(0.1)	(0.2)	-	-	**(0.1)**
Net book value on December 31, 2016	70.0	(54.2)	(145.9)	(7.4)	6.4	8.8	-	**(122.3)**
Assets	70.0	10.5	6.9	6.6	17.8	25.7	(98.2)	**39.3**
Liabilities	-	(64.7)	(152.8)	(14.0)	(11.4)	(16.9)	98.2	**(161.6)**
Net book value on December 31, 2016	70.0	(54.2)	(145.9)	(7.4)	6.4	8.8	-	**(122.3)**

* Reclassifications primarily relate to reclassification to assets held for sale, and related liabilities, and adjustments for prior year offsetting within fiscal unities

Unused tax losses, excluding those of Vopak and Safilo, for which deferred tax assets have not been recognized are as follows:

Expiration	**2016**	2015
2016	**-**	0.1
2017	**0.1**	14.7
2018	**9.2**	6.8
2019	**10.7**	10.0
2020	**13.8**	20.1
2021 and further years	**163.6**	100.5
No expiration date	**291.1**	255.8
	488.5	408.0
Amounts including Vopak and Safilo	**704.7**	625.8

10. Pension benefits

The pension obligations are significantly affected by the consolidation of Vopak. The present value of the funded obligations and the fair value of the plan assets as per the consolidated financial statements are € (1,376.1) million, respectively € 1,294.2 million whereas excluding Vopak these amounts are significantly lower. This section therefore provides additional information on the pension obligations, excluding those of Vopak and Safilo.

The amounts recognized on the pro forma statement of financial position comprise:

	Dec. 31, 2016	Dec. 31, 2015
Pension benefit assets	**72.1**	74.7
Pension benefit liabilities	**(83.9)**	(72.5)
	(11.8)	2.2

The net pension benefits consist of:

	Dec. 31, 2016	Dec. 31, 2015
Present value of funded obligations	**(97.7)**	(90.5)
Fair value of plan assets	**162.3**	163.0
Surplus/(deficit) of funded obligations	**64.6**	72.5
Present value of unfunded obligations	**(76.4)**	(70.3)
Net asset/(liability) in the statement of financial position	**(11.8)**	2.2

The movement in the net benefits is as follows:

	2016	2015
Balance on January 1	**2.2**	(29.6)
Pension charge defined benefit plans	**(4.2)**	(6.4)
Impact of change from defined benefit to defined contribution	**-**	17.8
Contributions	**2.0**	4.9
Remeasurement effects	**(12.1)**	16.1
Exchange differences and other	**0.3**	(0.6)
Balance on December 31	**(11.8)**	2.2

The amounts recognized in the pro forma consolidated statement of income are as follows:

	2016	2015
Current service costs	**3.3**	5.4
Interest expense/(income)	**0.7**	0.8
Plan amendments, settlements and curtailments	**-**	(17.8)
Administrative costs	**0.2**	0.2
Total defined benefit costs	**4.2**	(11.4)
Other costs	**23.5**	20.8
Total, included in employee expenses	**27.7**	9.4

Other costs mainly relate to defined contribution plans and multi-employer pension plans classified as defined contribution plans.

The principal, weighted-average assumptions used were:

	Dec. 31, 2016	Dec. 31, 2015
Discount rate/return on assets	**1.82%**	2.42%
Future inflation rate	**1.73%**	1.89%
Future salary increases	**2.88%**	2.52%

The latest available mortality tables were used.

The discount rates used in the determination of defined benefit obligations and pension charges are based on high quality corporate bonds (AA-rated) with a duration matching the duration of the pension liabilities.

As of December 31, 2016, the plan assets consist of:

	Level 1	Level 2	Level 3	**Total**	**Total (%)**
Equity instruments	79.0	-	-	**79.0**	**48.7%**
Debt instruments	19.4	0.5	-	**19.9**	**12.3%**
Cash and cash equivalents	62.8	-	-	**62.8**	**38.7%**
Other	0.1	0.5	-	**0.6**	**0.3%**
	161.3	1.0	-	**162.3**	**100.0%**

As of December 31, 2015, the plan assets consisted of:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	78.3	-	-	78.3	47.9%
Debt instruments	30.5	0.7	-	31.2	19.4%
Cash and cash equivalents	53.1	-	-	53.1	32.5%
Other	0.4	-	-	0.4	0.2%
	162.3	0.7	-	163.0	100.0%

The sensitivity of the defined benefit obligation to changes in the principal, weighted-average assumptions is as follows:

		Impact on obligation	
	Change	Increase	Decrease
Discount rate/return on assets	1.00%	(28.2)	37.8
Future inflation rate	1.00%	28.1	(21.7)
Future salary increases	0.25%	1.1	(1.0)
Life expectancy	1 year	5.6	N/A

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The majority of the plans' obligations are to provide benefits for the lifetime of the members, so increases in life expectancy will result in an increase in the plans' liabilities.

11. Provisions

The provisions (current and non-current) as per the consolidated financial statements amount to € 142.7 million. This amount is significantly affected by the consolidation of Vopak and Safilo.

This section provides information on provisions excluding the amounts relating to Vopak and Safilo.

The composition and movement of the provisions is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Current	**36.3**	49.9
Non-current	**18.4**	27.0
	54.7	76.9

	2016	2015
Balance on January 1	**76.9**	53.4
Consolidation	**1.7**	6.5
Addition to provision	**38.4**	53.9
Utilized during the year	**(41.4)**	(34.9)
Reversed	**(5.6)**	(3.1)
Exchange differences	**-**	(0.2)
Reclassifications and other*	**(15.3)**	1.3
Balance on December 31	**54.7**	76.9

* Reclassifications mainly to liabilities related to assets held for sale

Provisions consist of:

	Dec. 31, 2016	Dec. 31, 2015
Restructuring and legal	**1.2**	2.0
Employee related	**12.8**	17.4
Warranties	**11.6**	13.8
Regulatory	**22.3**	21.7
Other	**6.8**	22.0
	54.7	76.9

12. Debt and other financial liabilities

The amount of debt and other financial liabilities in the consolidated financial statements (€ 4,067.6 million) is significantly affected by the consolidation of Vopak and Safilo. The amount excluding Vopak and Safilo is significantly lower as set out below.

Debt and other financial liabilities excluding Vopak and Safilo is comprised of:

	Dec. 31, 2016	Dec. 31, 2015
Debt	**1,618.8**	1,794.5
Other financial liabilities	**92.3**	29.0
	1,711.1	1,823.5

	Dec. 31, 2016	Dec. 31, 2015
Non-current debt and other financial liabilities		
Mortgage loans	**409.8**	390.4
Other loans	**479.2**	841.2
Total non-current debt	**889.0**	1,231.6
Non-current other financial liabilities	**85.4**	12.5
Total non-current debt and other financial liabilities	**974.4**	1,244.1
Current debt and other financial liabilities		
Bank overdrafts	**220.7**	347.5
Bank loans	**101.7**	154.8
Current portion of long-term debt	**65.4**	60.6
Commercial paper	**342.0**	-
Total current debt	**729.8**	562.9
Current other financial liabilities	**6.9**	16.5
Total current debt and other financial liabilities	**736.7**	579.4
Total debt and other financial liabilities	**1,711.1**	1,823.5

The summary of debt per currency is as follows:

	Dec. 31, 2016	Dec. 31, 2015
Euro	**1,249.8**	1,471.2
U.S. dollar	**365.4**	308.3
Other currencies	**3.6**	15.0
	1,618.8	1,794.5

13. Accrued expenses

Accrued expenses in the consolidated financial statements amount to € 859.2 at the end of 2016, which is significantly influenced by the consolidation of Vopak and Safilo. The accrued expenses excluding the amounts related to Vopak and Safilo consist of:

	Dec. 31, 2016	Dec. 31, 2015
Employee-related accruals	**205.2**	189.5
Customer prepayments	**42.3**	94.6
VAT and other tax liabilities	**61.9**	73.0
Deferred revenue	**59.8**	51.1
Other	**237.9**	257.1
Total accrued expenses	**607.1**	665.3

14. Revenues

Revenues included in the consolidated financial statements amount to € 8.0 billion of which € 2.5 billion is related to Vopak and Safilo.

Revenues excluding those of Vopak and Safilo can be detailed as follows:

	2016	2015
Sale of goods	**5,062.3**	4,834.0
Services	**366.2**	272.8
Franchise fees	**69.0**	67.9
	5,497.5	5,174.7

15. Share of results from associates and joint ventures

Results from associates and joint ventures as per the consolidated financial statements is affected by the inclusion of the results Vopak and Safilo, in particular by the results of the joint ventures of Vopak.

The table below provides information on the results from associates excluding those of Vopak and Safilo.

	2016	2015
Share of results	**65.8**	293.6
Revaluation upon gaining control	**7.9**	-
	73.7	293.6

16. Other income

The other income, excluding the impact from Vopak, amounts to € 561.7 million and relates primarily to the gain on disposal of the Company's shareholdings in AudioNova International B.V. (€ 491 million), InVesting B.V. (€ 39 million) and N.V. Nationale Borg-maatschappij (€ 30 million).

Proceeds from divestiture of associates, joint arrangements and subsidiaries, as disclosed in the pro forma consolidated statement of cash flows, of € 1,055.0 million primarily relate to the above transactions and distributions from partnerships managed by Navis Capital Partners Ltd. due to the sale of underlying assets.

17. Employee expenses

The table below provides information on the employee expenses excluding the employee expenses of Vopak and Safilo.

	2016	2015
Wages and salaries	**1,151.3**	1,118.8
Social security costs	**239.2**	231.3
Pension costs	**27.7**	9.4
Other	**254.1**	243.3
	1,672.3	1,602.8

The average number of persons employed by the Company and its subsidiaries, excluding Vopak and Safilo, during 2016 was 38,773 (2015: 37,757) on a full-time equivalent basis.

Reference is made to note 10 for details of the pension costs.

18. Other operating expenses

The table below provides information on the other operating expenses excluding the other operating expenses of Vopak and Safilo.

	2016	2015
Rent	**545.9**	538.9
Marketing and publicity expenses	**200.9**	204.9
Staffing expenses Atlas Professionals B.V.	**98.5**	-
Other	**405.8**	388.1
	1,251.1	1,131.9

Research and development costs expensed, excluding Vopak and Safilo, during 2016 was € 8.3 million (2015: € 3.7 million).

19. Income tax expense

Income taxes in the consolidated financial statements, and in particular the analysis of the effective tax rate, are significantly affected by the consolidation of Vopak and Safilo.

The tax charge excluding the consolidation of Vopak and Safilo can be detailed as follows:

	2016	2015
Current income taxes	**129.5**	115.4
Deferred income taxes	**(6.3)**	5.1
	123.2	120.5

The table below provides an analysis of the effective tax rate excluding the consolidation of Vopak and Safilo.

	2016	2015
Profit before income tax	**1,083.8**	835.1
Less: after-tax share of results from associates	**(73.7)**	(293.6)
Less: non-taxable other income (sale of subsidiaries and associates)	**(561.7)**	(34.8)
Adjusted profit before income tax	**448.4**	506.7
Income tax expense	**123.2**	120.5
Effective tax rate (%)	**27.5**	23.8

	2016		2015	
Composition	**Amount**	**%**	Amount	%
Weighted-average statutory tax rate	**123.8**	**27.6**	141.4	27.9
Goodwill impairment	**0.7**	**0.2**	2.6	0.5
Recognition of tax losses	**20.6**	**4.6**	12.4	2.4
Non-taxable income	**(35.6)**	**(7.9)**	(57.1)	(11.3)
Non-deductible expenses	**18.2**	**4.1**	19.8	3.9
Prior year movements	**2.5**	**0.6**	0.3	0.1
Other effects including rate changes	**(7.0)**	**(1.7)**	1.1	0.3
Effective tax (rate)	**123.2**	**27.5**	120.5	23.8

20. Share-based compensation

The amount of expenses and liabilities related to share-based compensation in the consolidated financial statements (€ 34.6 million and € 28.0 million, respectively) is also affected by the consolidation of Vopak and Safilo. The amounts excluding Vopak and Safilo are lower, as set out below.

Expenses related to share-based compensation consist of:

	2016	2015
HAL Holding N.V.		
Share Plan*	**1.7**	1.8
GrandVision		
Equity plan*	**1.5**	3.4
Long-Term Incentive Plans 2011-2016*	**13.8**	14.3
Unquoted subsidiaries		
Cash Plans**	**7.1**	4.8
Total	**24.1**	24.3

* Equity-settled
** Cash-settled

Increases in equity for share-based compensation plans amounted to:

	2016	2015
HAL Holding N.V.		
Share Plan	**1.7**	1.8
GrandVision		
Equity plan	**1.5**	1.7
Long-Term Incentive Plans 2011-2016	**13.7**	38.3
	16.9	41.8

Liabilities recognized in relation to cash-settled share-based compensation are comprised of:

	Dec. 31, 2016	Dec. 31, 2015
GrandVision		
Long-Term Incentive Plans 2011-2016	**0.2**	0.9
Unquoted subsidiaries		
Cash Plans	**13.2**	16.1
	13.4	17.0

The current part of this liability of € 0.8 million (2015: € 6.1 million) is included under current debt and the non-current part of € 12.6 million (2015: € 10.9 million) under non-current debt.

21. Financial risk management

The financial risk management of the Company is set out in note 38 to the consolidated financial statements. In this note it is set out that the financial risks of Vopak, Safilo and the companies belonging to the optical retail and unquoted segment are not managed by the Company but by these entities.

As the financial risks of Vopak and Safilo are, in aggregate, substantial, the tables below provide quantitative information with respect to the financial risks of the Company excluding the amounts relating to Vopak and Safilo.

Credit risk
The maximum exposure to credit risk can be specified by segment as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**464.0**	477.7
Unquoted	**594.7**	579.9
Real estate	**0.2**	0.8
Liquid portfolio	**2,474.5**	1,686.8
	3,533.4	2,745.2

These financial assets can be further specified as follows:

	Dec. 31, 2016	Dec. 31, 2015
Loans	**45.2**	82.1
Trade and other receivables	**521.0**	446.1
Marketable securities and deposits	**38.7**	37.8
Derivative financial instruments	**12.3**	3.4
Other financial assets	**28.9**	40.6
Other current assets	**158.7**	105.5
Cash and cash equivalents	**2,728.6**	2,029.7
	3,533.4	2,745.2

At the end of 2016, cash and cash equivalents can be specified by segment as follows:

	Dec. 31, 2016	Dec. 31, 2015
Optical retail	**181.1**	198.3
Unquoted	**111.5**	181.4
Real estate	**0.2**	0.9
Liquid portfolio	**2,435.8**	1,649.1
	2,728.6	2,029.7

Liquidity risk
The following tables categorize the undiscounted cash flows of non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting periods to the contractual maturity date, excluding the amounts relating to Vopak and Safilo. The financial guarantee contracts are contingent liabilities.

	December 31, 2016			
	< 1 year	1-2 years	3-5 years	> 5 years
Non-derivative liabilities				
Redemption of debt	729.8	97.0	689.2	102.8
Redemption of other financial liabilities	6.9	55.5	35.3	11.8
Interest payments	22.6	18.0	33.4	9.9
Accounts payable	470.9	-	-	-
Financial guarantee contracts	8.0	6.5	3.4	2.8
Total undiscounted non-derivative financial liabilities	1,238.2	177.0	761.3	127.3
Derivative liabilities				
Gross-settled derivative liabilities outflow	151.8	-	-	-
Gross-settled derivative liabilities inflow	(150.7)	-	-	-
Total gross-settled derivative liabilities	1.1	-	-	-
Net-settled derivative liabilities	3.9	6.4	1.0	3.1
Total undiscounted derivative liabilities	5.0	6.4	1.0	3.1
Total undiscounted financial liabilities	1,243.2	183.4	762.3	130.4

	December 31, 2015			
	< 1 year	1-2 years	3-5 years	> 5 years
Non-derivative liabilities				
Redemption of debt	562.9	83.9	1,013.9	133.8
Redemption of other financial liabilities	16.5	9.7	2.8	-
Interest payments	23.0	17.3	40.0	27.1
Accounts payable	301.0	-	-	-
Financial guarantee contracts	6.3	7.4	7.4	1.8
Total undiscounted non-derivative financial liabilities	909.7	118.3	1,064.1	162.7
Derivative liabilities				
Gross-settled derivative liabilities outflow	227.4	-	-	-
Gross-settled derivative liabilities inflow	(225.2)	-	-	-
Total gross-settled derivative liabilities	2.2	-	-	-
Net-settled derivative liabilities	3.1	2.7	5.9	2.3
Total undiscounted derivative liabilities	5.3	2.7	5.9	2.3
Total undiscounted financial liabilities	915.0	121.0	1,070.0	165.0

The total debt, excluding the debt of Vopak and Safilo, as of December 31, 2016, amounted to € 1,618.8 million (2015: € 1,794.5 million). For 100% of the bank debt, the applicable covenants were complied with during 2015 and 2016.

At the end of 2016 the net cash position, consisting of current and non-current debt less cash and cash equivalents and marketable securities and deposits, excluding the amounts relating to Vopak and Safilo, amounted to € 1,340.0 million (2015: € 400.0 million net cash position). At the end of 2016, unused committed credit facilities were available to an amount of € 1,035.7 million (2015: € 813.9 million). These exclude the facilities of Vopak and Safilo.

Market risk - currency risk
The table below shows the net assets per currency (taking into account debt and hedging instruments denominated in foreign currency), excluding the exposures of Vopak and Safilo.

	Dec. 31, 2016	Dec. 31, 2015
U.S. dollar	**432.2**	316.6
U.K. pound sterling	**122.2**	167.3
Norwegian krone	**71.2**	51.4
Swedish Krona	**71.2**	69.3
Chilean peso	**58.6**	52.1
Mexican peso	**58.6**	63.2
Danish Krone	**49.9**	47.2
Hungarian forint	**43.6**	42.2
Swiss franc	**35.6**	48.0
Brazilian real	**30.3**	28.4
Other	**244.3**	269.6
	1,217.7	1,155.3

An average change in value of these currencies by 10% would have a pre-tax effect on the pro forma consolidated equity of € 121.8 million.

The market value of the currency derivative financial instruments at December 31, 2016, per the consolidated financial statements is a net liability of € 4.4 million on a notional amount of € 1,385.3 million (2015: net asset € 7.6 million, notional amount € 1,585.6 million). These amounts are primarily comprised of derivatives of Vopak and Safilo. The amount excluding Vopak and Safilo is a net asset of € 4.2 million on a notional amount of € 341.2 million (2015: net liability € 1.6 million, notional amount € 230.6 million).

Market risk - interest rate risk
As of December 31, 2016, taking into account interest rate swaps, 60% (2015: 42%) of the total debt, excluding the bank debt of Vopak and Safilo, of € 1,618.8 million (2015: € 1,794.5 million) was at fixed rates for an average period of 3.6 years (2015: 3.2 years). The weighted-average interest rate was 1.2% (2015: 1.7%).

22. Capital risk management

The capital structure as per the consolidated financial statements is significantly affected by the consolidation of Vopak and Safilo. The table below summarizes the capital structure excluding the consolidation of Vopak and Safilo.

	Dec. 31, 2016	Dec. 31, 2015
Equity	**7,599.4**	6,698.0
Non-current debt	**889.0**	1,231.6
Current debt	**729.8**	562.9
Cash and cash equivalents	**(2,728.6)**	(2,029.7)
Total capital employed	**6,489.6**	6,462.8

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies amounted to € 12,754 million on December 31, 2016. The net asset value consists of the sum of the shareholders' equity attributable to the owners of the parent (€ 7,599 million) and the difference between the market value of the ownership interests in quoted companies and their book value (as disclosed on page 110), calculated based on equity accounting and excluding the difference due to purchase price accounting adjustments (€ 5,155 million).

23. Capital and financial commitments

Capital commitments
The capital commitments in respect of property, plant and equipment under construction, excluding those of Vopak and Safilo, amounted to € 107.4 million (2015: € 115.1 million).

Financial commitments
The future minimum lease payments under non-cancellable operating leases and other commitments, excluding those of Vopak and Safilo, are as follows:

	2016	2015
No later than 1 year	**349.3**	436.8
Later than 1 year and no later than 5 years	**675.0**	740.6
Later than 5 years	**153.0**	178.0
	1,177.3	1,355.4

The lease commitments are mainly in respect of the lease of stores, offices and other buildings.

Financial Statements HAL Trust

Statement of Financial Position HAL Trust *(in millions of euro)*

	2016	2015
Assets		
Shareholding in HAL Holding N.V.	**69.3**	69.3
Trust Property	**69.3**	69.3

Statement of Comprehensive Income HAL Trust *(in millions of euro)*

	2016	2015
Dividend received from HAL Holding N.V.	**496.6**	374.4
Net Income	**496.6**	374.4

Statement of Changes in Trust Property *(in millions of euro)*

Balance on January 1, 2016	**69.3**
Dividend received from HAL Holding N.V. (in cash and in shares)	**496.6**
Distributed to unit holders (in cash and in shares)	**(496.6)**
Balance on December 31, 2016	**69.3**

Statement of Cash Flows HAL Trust *(in millions of euro)*

	2016	2015
Dividend received from HAL Holding N.V.	**(107.5)**	(20.9)
Distributed to Unit Holders	**107.5**	20.9
Net change	**-**	-

Notes to the statutory financial statements *(in millions of euro)*

The shares in HAL Holding N.V. are accounted for at historical cost. As of December 31, 2016, HAL Trust owned 78,589,572 shares of HAL Holding N.V. (2015: 76,399,596)

Distribution of Dividends

It is proposed to the Shareholders' Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favour of the proposals to approve the Financial Statements for 2016 and to pay a dividend of € 7.10 per Share outstanding of which € 3.55 per Share shall be payable in Shares in the share capital of HAL Holding N.V. and € 3.55 per Share in cash.

It is proposed to direct the Trustee:

- to issue by way of stock dividend distribution to each HAL Trust Shareholder: such number of Shares as shall be based on the Conversion ratio, the number of Shares held by such HAL Trust Shareholder and the dividend per HAL Trust Share of € 3.55 payable in shares (refer to the explanatory notes to the agenda items 2(d) and 4 of the Notice to Trust Shareholders);
- to pay a cash dividend of € 3.55 per HAL Trust Share;
  and
- to convey to HAL Holding N.V. prior to June 20, 2017, for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio.

Shareholders holding their shares through Euroclear Nederland will be paid via affiliated banks and security brokers. To the other Shareholders payment of the dividend due is made directly, in accordance with the conditions agreed upon with these Shareholders.

The text of Article VII, Section 7.1 of the Trust Deed reads:

Profits of the Trust. The profits of the Trust in respect of a Financial Year as they appear in the profit and loss account of the Trust as approved by an Ordinary Resolution as provided in Section 14.3 shall be applied as follows:

(A) FIRST: out of the profits such dividend as may be determined by Ordinary Resolution shall be distributed to the Trust Shareholders in proportion to the number of Units represented by the Shares held by such Trust Shareholders

(B) SECOND: the remaining part of the profits, if any, shall be retained as Trust Property.

Independent Auditor’s Report

To the Trustee and Shareholders of HAL Trust

Report on the financial statements

Our opinion

In our opinion the accompanying consolidated financial statements and stand-alone financial statements give a true and fair view of the consolidated financial position of HAL Trust (the ‘Trust’) and its subsidiaries (together the ‘Group’) and the stand-alone financial position of the Trust as of December 31, 2016, and of their consolidated and stand-alone financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

What we have audited
The consolidated financial statements and the stand-alone financial statements (collectively referred to as the ‘financial statements’) are included on pages 21 to 141.

The financial statements comprise:

- the consolidated and stand-alone statements of financial position as at December 31, 2016;
- the consolidated statement of income for the year ended December 31, 2016;
- the consolidated and stand-alone statements of comprehensive income for the year ended December 31, 2016;
- the consolidated statement of changes in equity and the stand-alone statement of changes in trust property for the year ended December 31, 2016;
- the consolidated and stand-alone statements of cash flows for the year ended December 31, 2016; and
- the notes to the consolidated and stand-alone financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report.

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

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Our audit approach

The Group is comprised of several components and therefore we considered our Group audit scope and approach as set out in the ‘How we tailored our group audit scope’ section of our report. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Executive Board of HAL Holding N.V. made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Board of HAL Holding N.V. that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at Group and at component levels included the appropriate skills and competencies which were needed for the audit. We included specialists in the areas of IT, valuation, pensions, share-based compensation and taxes in the audit teams.

The outline of our audit approach was as follows:

Materiality	• Overall materiality: € 36.6 million which represents 5% of profit before tax (adjusted for specific non-recurring items and non-controlling interest).
Group scoping	• We conducted our audit work at the Trust and HAL’s corporate entities and 16 components, as described in the section ‘How we tailored our group audit scope’. • Each of the 16 components was audited by a local component audit team with whom the group audit team has been in frequent contact. Site visits were conducted for 9 components including the individually financially significant components Koninklijke Vopak N.V. (‘Vopak’), Safilo Group S.p.A. (‘Safilo’) and GrandVision N.V. (‘GrandVision’). • Audit coverage: 97% of consolidated revenue, 91% of consolidated total assets and 87% of profit before tax.
Key audit matters	• Valuation of goodwill • Accounting for acquisitions and divestments • Valuation of tank terminal assets and joint ventures and associates

Materiality

The scope of our audit was influenced by our application of materiality, which is further explained in the section ‘Auditor’s responsibility for the audit of the financial statements’ of our report. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€ 36.6 million
How we determined it	5% of adjusted profit before tax
Rationale for the materiality benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the Group. We adjusted profit before tax to exclude the effect of specific non-recurring items from our benchmark. Adjusted profit before tax therefore excludes specific non-recurring items including the gains realized on divestments of € 846.7 million, impairments of € 363.2 and certain other items of € (40.7) million as disclosed in note 2 to the consolidated financial statements. At the request of the Executive Board of HAL Holding N.V., we further reduced materiality by excluding the effect of profits attributable to non-controlling interest from our benchmark insofar as they are not already excluded by the specific non-recurring items above. In 2016 this amount totals to € 310.5 million.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The materiality allocated across components was in the range of € 0.2 million to € 20.0 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Executive Board and the Supervisory Board of HAL Holding N.V. that we would report to them misstatements identified during our audit above € 250,000 other than for Vopak and Safilo as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. In relation to Vopak and Safilo, we agreed with the Executive Board and Supervisory Board of HAL Holding N.V. that we would report to them misstatements identified during our audit above € 1,000,000 and € 350,000, respectively.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have communicated the key audit matters and a summary of the audit procedures we performed on those matters, to the Supervisory Board of HAL Holding N.V. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill *See notes 5 and 36 of the consolidated financial statements for the Executive Board's disclosures of related accounting policies, judgements and estimates.*	
The goodwill on the consolidated statement of financial position of the Group totals to € 1,511.4 million. Of this amount, € 1,197.0 million relates to the segment 'Optical retail', € 203.2 million to the segment 'Unquoted' and the remainder relates to the segment 'Quoted minority interests'. In assessing whether these amounts are recoverable, management used the highest of the value in use (VIU) and the fair value less cost of disposal (FVLCOD). In determining the VIU, management made important assumptions relating to matters such as growth rates of revenue, anticipated gross margin improvements and weighted average cost of capital rates. For the FVLCOD assessment, the main assumption applied is the sales multiple to be used for a particular market. We considered this area to be important for our audit given the level of management judgement involved in assessing the recoverable amounts through either continued use or sale. In 2016, management's annual impairment assessment led to the recognition of an impairment of goodwill of € 4.2 million (note 36).	Our audit procedures included, amongst others, an evaluation of the Group's policies and procedures applied in the annual impairment goodwill test to identify potential impairments of goodwill balances. For management's VIU calculations, we have evaluated and challenged component management's key cash flow assumptions, including but not limited to growth rates of revenue and anticipated gross margin improvements, and corroborated them by comparing to internal forecasts and long-term and strategic plans that were approved by component management and the respective supervisory boards. We also performed historic trend analyses to assess the quality of the component's forecasting process and involved valuation experts in the audit team to assist us in auditing the weighted average cost of capital applied for each cash-generating unit. For the FVLCOD calculations, we involved valuation experts in the audit team to assist us in evaluating the reasonableness of management's applied sales multiples by comparing them with recent market transactions and listed peer companies. Furthermore we have tested the adequacy of the related disclosures in notes 5 and 36.

Key audit matter	How our audit addressed the key audit matter
Accounting for acquisitions and divestments *See notes 6, 7 and 15 of the consolidated financial statements for the Executive Board's disclosures of related accounting policies, judgements and estimates.*	
During 2016 certain entities controlled by the Trust entered into various acquisition or divestment agreements with several unrelated parties. The combined purchase amount of these acquisitions in 2016 totals to € 301.3	Our audit procedures on business combinations included an assessment of the purchase agreements, the process that management has undertaken to determine the allocation of the purchase price, including but not limited to,

million, and the combined sales proceeds for the divestments in 2016 totals to € 1,519.7 million. The accounting for acquisitions requires significant judgement by management in allocating the purchase consideration to assets acquired and liabilities assumed based on their respective fair values. This includes, but is not limited to, assessing the fair value of intangible fixed assets acquired including trademarks and customer databases totaling to € 103.5 million. The remaining unallocated balance determined the value of goodwill, which in 2016 totaled to € 95.8 million. The accounting for divestments also requires management's judgement on matters such as whether the transaction is pending, completed, or highly probable at the statement of financial position date, which in turn drives income recognition or warrants classification as 'held for sale'. In addition, for each of the acquisitions or divestments, certain contractual conditions included in the share purchase/sale agreements may require specific accounting treatment and/or disclosure.	understanding the scope of work, assessing the qualifications, competence and objectivity of the valuation experts engaged by the Group and evaluating the process and oversight performed by the Group's finance team on harmonizing the accounting policies. Furthermore, we audited the fair value measurements prepared by management and their valuation experts, including assessing the key valuation assumptions used (such as weighted average cost of capital rates, royalty rates and attrition rates). We validated and/or benchmarked key data used in the valuation model such as retention assumptions for the valuation of customer databases and pre acquisition carrying values. For each significant divestment, we have read the sales contract to assess the transaction details including specific conditions, the agreed sales proceeds and any other key terms or conditions. We also evaluated whether all prerequisite conditions to complete the sale have been satisfied, so as to assess the recognition of the transaction as (i) a sale; (ii) as assets and liabilities held for sale (in the event the sale is highly probable); or (iii) as a disclosure item only (in the event the sale is not highly probable). For sales transactions recognized during the year, we recalculated the recognized capital gains and assessed the de-recognition of assets and liabilities at the date control was transferred to the buyer. Furthermore, we assessed the adequacy of the related disclosures included in notes 6, 7 and 15 to the financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of tank terminal assets and joint ventures and associates	
See notes 3, 7 and 36 of the consolidated financial statements for the Executive Board's disclosures of related accounting policies, judgements and estimates.	
Vopak controls a number of tank storage terminals with a total carrying value of € 3,226.0 million (note 3). Furthermore, Vopak has an interest in a number of joint ventures and associates, with a total carrying value of	We assessed and tested the policies and procedures to identify triggering events for potential impairment of terminal assets, joint ventures and associates. For the terminal locations, joint ventures and associates that triggered impairment testing, we assessed the

€ 1,091.7 million (note 5 of the Supplemental Information).

This area is significant to our audit as the determination as to whether or not these assets are overstated (carried at more than their recoverable amounts) is subject to significant management judgement. Such judgement focuses predominantly on future cash flows, which are dependent on economic conditions, the continued attractiveness of the terminal location for users along the major shipping routes and local market circumstances and as such inherently surrounded by uncertainties. For terminal projects in which a new terminal is built on undeveloped land these uncertainties are even more prominent.

As described in note 36 of the consolidated financial statements, Vopak recognized (net) impairments on joint ventures, associates and terminal assets in an amount totaling € 65.4 million. The Group has provided disclosures for its key accounting estimates in note 36 of the consolidated financial statements, which includes the uncertainties in relation to the recoverable value of the tank storage assets, joint ventures and associates.

policies and procedures regarding impairment testing, we challenged primary cash flow assumptions and corroborated them by comparing to commercial contracts, available market reports and historic trend analyses (value in use), or in certain situations to market multiples from recent tank terminal sales transactions in the region or (non-binding) sales agreements with unrelated parties in the event of potential divestments (fair value less costs of disposal).

Valuation experts were involved to validate the weighted average cost of capital by country as applied by the company.

In addition we assessed that the main assumptions and related uncertainties are appropriately reflected in the disclosures in note 36 of the consolidated financial statements.

How we tailored our group audit scope

HAL Trust holds 100% of the shares of HAL Holding N.V., a Curacao based limited liability company, that manages the group of entities included in the financial statements. The financial information of HAL Holding N.V. and this group of entities are included in the financial statements of HAL Trust. As indicated on page 159 to 162, the Executive Board and the Supervisory Board reside at the level of HAL Holding N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

We conducted audit work at HAL Trust, HAL's corporate entities and 16 of its components. A full scope audit was performed at three components as we determined these components to be individually financially significant to the Group. These three components are: Vopak (The Netherlands), Safilo (Italy) and GrandVision (The Netherlands). Additionally, two components were selected for full scope audit procedures based on our scoping determinations. At the request of the Executive Board and the Supervisory Board of HAL Holding N.V., we undertook full scope audits at 11 additional components. For the Trust and HAL Holding N.V., the group engagement team performed the audit work. For all other components that are in scope of the Group audit, the group audit team used component auditors, who are familiar with the local laws and regulations, to perform this audit work.

In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor. Where the work was performed by component auditors, the group audit team determined the level of involvement it needed to have in the audit work at those components, to be able to conclude whether sufficient appropriate audit evidence had been obtained, to support our opinion on the financial statements as a whole. The group engagement team visited local management and the component auditors of Vopak (The Netherlands), Safilo (Italy) and GrandVision (The Netherlands) given the significance of these components. For each of these components the group audit team has held several meetings with and reviewed the audit files of the component auditors and assessed the sufficiency and appropriateness of the work performed by the component auditors.

The group audit team also attended the meetings of the component auditors with local management where the outcome of the component audit was discussed for Koninklijke Ahrend B.V. (The Netherlands), Timber and Building Supplies Holland N.V. (The Netherlands), Anthony Veder Group N.V. (The Netherlands), Broadview Holding B.V. (The Netherlands), Orthopedie Investments Europe B.V. (The Netherlands) and Atlas Professionals B.V. (The Netherlands). The group audit team reviewed all reports regarding the audit approach and audit findings of the component auditors.

In total, by performing these procedures, we achieved the following coverage on the financial line items:

Audit coverage per financial statements line item*	
Revenue	**97%**
Total assets	**91%**
Profit before tax	**87%**

* In our audit coverage percentages we included the portions of the full scope components on a 100% basis. Taken together, and excluding our group analytical procedures, our audit coverage defined in percentages in the table above is based on the full scope audits performed as described above.

None of the remaining components represented more than 3% of total group revenue or 9% of total group assets. For those remaining components the group audit team performed analytical procedures to corroborate the assessment that there were no significant risks of material misstatements within those locations. In instances where the remaining component was a quoted entity, the group audit team also performed reconciliations to the audited financial statements.

By performing these procedures, sufficient and appropriate audit evidence has been obtained on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Other information

The Executive Board of HAL Holding N.V. is responsible for the other information, which comprises the report of the Trust Committee, the report of the Supervisory Board of HAL Holding N.V. and the report of the Executive Board of HAL Holding N.V., which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS, and for such internal control as the Executive Board of HAL Holding N.V. determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board of HAL Holding N.V. is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for supervising the procedures followed by the Executive Board of HAL Holding N.V. in the preparation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures of the Group and of the Trust, made by the Executive Board of HAL Holding N.V.
- Conclude on the appropriateness of the HAL Holding N.V. Executive Board's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the Group financial statements.

We communicate with the Supervisory Board of HAL Holding N.V. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board of HAL Holding N.V. with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board of HAL Holding N.V., we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Watson-Brown.

Hamilton, Bermuda, March 30, 2017

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Five-Year Summary Consolidated Statement of Financial Position

In millions of euro	**2016***	2015*	2014	2013	2012
Non-current assets					
Property, plant and equipment	**1,301.5**	1,229.9	1,084.7	983.1	908.1
Investment properties	**8.3**	13.3	1.4	32.2	40.5
Intangible assets	**2,014.2**	2,231.8	2,065.7	1,885.3	1,939.4
Investments in associates and joint arrangements	**2,854.1**	2,727.0	2,419.6	2,148.8	1,841.0
Other financial assets	**653.8**	474.1	399.7	516.6	375.5
Pension benefits	**72.1**	74.7	64.8	75.7	65.0
Deferred tax assets	**39.3**	67.4	71.6	76.9	56.8
Total non-current assets	**6,943.3**	6,818.2	6,107.5	5,718.6	5,226.3
Current assets					
Other financial assets	**8.9**	23.3	0.9	0.1	69.6
Inventories	**521.9**	500.8	410.0	364.1	353.9
Receivables	**521.0**	446.1	382.1	339.8	374.6
Marketable securities and deposits	**229.9**	164.6	141.1	81.8	88.9
Other current assets	**241.8**	192.0	203.5	193.1	239.0
Cash and cash equivalents	**2,728.6**	2,029.7	876.8	474.9	311.2
Assets held for sale	**-**	50.0	-	-	230.7
Total current assets	**4,252.1**	3,406.5	2,014.4	1,453.8	1,667.9
Total assets	**11,195.4**	10,224.7	8,121.9	7,172.4	6,894.2
Equity attributable to owners of parent	**7,599.4**	6,698.0	5,034.5	4,640.8	4,153.3
Non-controlling interest	**436.2**	345.8	88.9	79.6	53.4
Non-current liabilities					
Deferred tax liabilities	**161.6**	180.6	133.0	138.3	151.0
Provisions	**102.3**	99.5	119.2	109.0	106.5
Debt and other financial liabilities	**986.3**	1,244.1	1,488.4	1,079.1	1,132.5
Total non-current liabilities	**1,250.2**	1,524.2	1,740.6	1,326.4	1,390.0
Current liabilities					
Provisions	**36.3**	49.9	28.6	27.5	33.8
Accrued expenses	**607.1**	665.3	599.5	501.2	531.6
Income tax payable	**57.1**	45.3	27.2	35.8	40.2
Accounts payable	**470.9**	301.0	289.6	254.4	261.1
Debt and other financial liabilities	**738.2**	595.2	313.0	306.7	430.8
Total current liabilities	**1,909.6**	1,656.7	1,257.9	1,125.6	1,297.5
Total equity and liabilities	**11,195.4**	10,224.7	8,121.9	7,172.4	6,894.2
Equity per share *(in euro)*	**96.80**	87.82	68.00	64.86	59.86
Net asset value per share at market value of quoted companies *(in euro)*	**162.46**	172.80	103.71	102.38	104.56

* Figures used are based on the pro forma consolidated financial statements

Five-Year Summary Consolidated Statement of Income

In millions of euro	**2016***	2015*	2014	2013	2012
Revenues	**5,497.5**	5,174.7	4,546.5	4,249.7	4,048.9
Earnings from marketable securities and deposits	**18.5**	6.8	2.8	15.5	5.8
Share of results of associates	**73.7**	293.6	316.6	308.8	266.8
Income from other financial assets	**10.2**	25.5	9.1	36.1	13.3
Income from real estate activities	**2.1**	2.3	10.9	12.2	38.6
Other income	**561.7**	**34.8**	-	-	-
Total Income	**6,163.7**	5,537.7	4,885.9	4,622.3	4,373.4
Raw materials, consumables used and changes in inventories	**1,864.9**	1,702.6	1,426.4	1,346.8	1,304.8
Employee expenses	**1,672.3**	1,602.8	1,416.0	1,357.2	1,258.4
Depreciation and impairments property, plant and equipment and investment properties	**189.8**	189.3	166.2	165.8	155.2
Amortization and impairments intangible assets	**70.0**	79.5	75.2	109.7	70.3
Other operating expenses	**1,251.1**	1,131.9	1,103.1	1,056.4	1,039.6
Total expenses	**5,048.1**	4,706.1	4,186.9	4,035.9	3,828.3
Operating profit	**1,115.6**	831.6	699.0	586.4	545.1
Financial income and (expense)	**(31.8)**	3.5	(25.1)	(49.1)	(50.1)
Profit before income tax	**1,083.8**	835.1	673.9	537.3	495.0
Income tax expense	**(123.2)**	(120.5)	(97.8)	(50.1)	(86.5)
Profit before non-controlling interest	**960.6**	714.6	576.1	487.2	408.5
Non-controlling interest	**(89.9)**	(85.0)	(19.7)	(14.4)	0.8
Net profit	**870.7**	629.6	556.4	472.8	409.3
Earnings per Share *(in euro)*	**11.25**	8.13	7.40	6.49	5.80
Dividend per Share *(in euro)*	**7.10****	6.50	5.05	4.10	3.90

* Figures used are based on the pro forma consolidated financial statements

** Proposed

Financial Statements
HAL Holding N.V.

Statement of Financial Position HAL Holding N.V. *(in millions of euro)*

	2016	2015
Non-current assets		
Financial assets	**6,100.3**	5,311.4
Current assets		
Other current assets	**1.2**	0.9
Cash and deposits	**1,526.2**	1,415.7
Total assets	**7,627.7**	6,728.0
Equity	**7,624.7**	6,724.9
Current liabilities		
Accrued expenses	**3.0**	3.1
Total equity and liabilities	**7,627.7**	6,728.0

Statement of Income HAL Holding N.V. *(in millions of euro)*

	2016	2015
Income from financial assets	**890.7**	659.0
General and administrative expenses	**(10.8)**	(10.4)
	879.9	648.6
Financial income/(expense)	**(8.9)**	(18.6)
Net income	**871.0**	630.0

Notes to the company financial statements HAL Holding N.V. *(in millions of euro)*

The company financial statements of HAL Holding N.V. have been prepared in accordance with book 2 of the Civil Code applicable for Curaçao. For details concerning the accounting principles in respect of the statement of financial position and statement of income, reference is made to the consolidated financial statements of HAL Trust (which are identical to the consolidated financial statements of HAL Holding N.V.) except for investments in subsidiaries which are carried at net asset values.

Financial assets

Balance on January 1, 2016	5,311.4
Income	890.7
Increase/(decrease) in loans, net	(232.9)
Exchange differences, valuation differences and equity adjustments	131.1
Balance on December 31, 2016	6,100.3

Equity

The movement for 2016 of Shareholders' equity is included on pages 27 and 59.

On December 31, 2016 and 2015, 78,589,572 and 76,399,596 Shares respectively were outstanding, with a nominal value of € 0.02 each, and all were held by HAL Trust.

The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year. In 2016, a net balance of 9,425 Shares were purchased for € 1.7 million.

A 2015 dividend of € 495.8 million (excluding dividend on treasury shares) or € 6.50 per Share was distributed on June 18, 2016 (2015: € 374.4 million or € 5.05 per Share), of which € 107.5 million in cash and € 388.3 million in stock. The conversion ratio of 1:27.3 resulted in 2,189,976 new Shares being issued.

The Company owned 86,676 HAL Trust Shares as of December 31, 2016. These shares are to hedge the obligation to allot – under certain conditions – 20,000 shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors
The 2016 fixed remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million in total (2015: € 0.4 million)

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2016 is as follows:

In millions of euro	**2016**
Net income according to the Statutory Statement of Income	871.0
Available for distribution to Shareholders	871.0
Proposed distribution	
In accordance with Article 31 (1), 0.03 euro for each of the 78,589,572 Shares	2.4
Available to the General Meeting of Shareholders in accordance with Article 31 (2)	868.6
Retained in accordance with Article 30	(313.0)
Available for distribution	558.0
After approval of the dividend proposal of € 7.10 per Share by the General Meeting of Shareholders of HAL Holding N.V., the dividend shall be distributed to HAL Trust for 78,589,572 Shares at € 7.10 per Share	558.0

The above references to Articles refer to the Articles of Association of the Company.

The dividend shall be payable in Shares in the share capital of the Company for an amount of € 3.55 per Share and € 3.55 per Share in cash. The conversion ratio for the dividend in Shares will be determined on June 13, 2017, after the close of trading on Euronext in Amsterdam.

HAL Trust Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders. The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.
The Board consist of Messrs. D.C. Meerburg, *Chairman*, C. MacIntyre, A.R. Anderson, M.P.M. de Raad and H. van Everdingen, *members*.
The Trustee is the legal owner of the assets of the Trust, which consist of Shares in HAL Holding N.V., Curaçao.
The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.
The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.
The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, C. MacIntyre, A.R. Anderson, M. van der Vorm and A.A. van 't Hof, *members*.
This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs. P.J. Kalff, M. van der Vorm and A.A. van 't Hof.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. The objective of such regrouping is to replace HAL Holding N.V. with a company situated in another jurisdiction. To achieve this, HAL Holding N.V. may transfer its assets to that new company in exchange for a repurchase of shares. The Trust Committee also has the power to appoint another Trustee, if necessary. Finally, the Trust Committee has some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

A Curaçao public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of Curaçao as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards as adopted by the European Union.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of € 0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 18, 2011. The function of Trustee is exercised by HAL Trustee Limited. In addition, the trust deed grants certain powers to HAL Trust Committee Limited. For further information on HAL Trustee Ltd. and HAL Trust Committee Limited, see page 158. The Trust Shares are listed and traded on Euronext in Amsterdam.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held in Rotterdam prior to the General Meeting of Shareholders of HAL Holding N.V.

The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meeting of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision-making process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Supervisory Board;
2. approval of the financial statements;
3. granting discharge to the members of the Executive Board and the Supervisory Board;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Supervisory Board;
5. remuneration of supervisory directors;
6. appointment of the external auditor;
7. decisions about the distribution of profits following payment of the primary dividend on shares, as set out in the articles of association, and after the taking of certain reserves by the Executive Board subject to the approval of the Supervisory Board;
8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's objectives, strategy and policy. The Executive Board is accountable to the Supervisory Board and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for the financing of the Company.

The number of members of the Executive Board is determined by the Supervisory Board. At present the Executive Board consists of three members. All members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition they can be suspended by the Supervisory Board.

With the approval of the Supervisory Board the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Supervisory Board, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Supervisory Board determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Supervisory Board who also decides on additional benefits. The members of the Executive Board do not participate in any option scheme and do not receive any personal loans or guarantees from the Company.

Supervisory Board

The Supervisory Board is responsible for the supervision of the policies of the Executive Board and the general affairs of the Company and its business. It also assists the Executive Board by providing advice. In discharging its role the Supervisory Board is guided by the interests of the

Company and its business and shall take into account the relevant interests of all those involved in the Company. The Supervisory Board is responsible for the quality of its own performance.

The Supervisory Board consists of at least five members. The Supervisory Board can determine that the Board consists of more members. At present the Board has five members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board. A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Supervisory Board has chosen a chairman and a vice chairman from among its members.

All tasks and duties of the Supervisory Board are exercised on a collegiate and full-board basis. The Supervisory Board has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which may possibly jeopardize the independent exercise of the position of supervisory director.

The Supervisory Board has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the supervisory directors have sufficient expertise to carry out the tasks of the Supervisory Board taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Supervisory Board provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the Company.

The Executive Board and the Supervisory Board will provide all shareholders and other parties in the financial markets who find themselves in an equal position with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board sees to it that the Executive Board fulfils this responsibility.

The consolidated financial statements of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In addition HAL Holding N.V. publishes interim reports in accordance with the relevant provisions of the law and the listing requirements of Euronext in Amsterdam. All financial information is also published on the web site www.halholding.com. The financial statements are signed by the members of the Executive Board and the Supervisory Board. The Supervisory Board discusses the financial statements with the external auditor prior to signing of the statements by the supervisory directors.

Reference is made to the Report of the Supervisory Board (page 7) and the report of the Executive Board (page 9). These reports explain the implications and the measures that have been taken as a consequence of the application of IFRS 10 which requires the Company to consolidate the financial statements of Koninklijke Vopak N.V. (‘Vopak’) and Safilo Group S.p.A. (‘Safilo’). As explained in these reports, the Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and attendance rights to the Audit Committee meetings of Vopak and the Control, Sustainability and Risk Committee meetings of Safilo of an independent financial expert appointed by the Company. This independent financial expert reports to the Company if there are any matters which should be brought to the attention of the Company prior to the signing of the financial statements.

The assessment that the Company’s financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo is based on the external audit of these companies and the involvement of the independent financial expert referred to above. The Executive Board and the Supervisory Board felt that it was necessary to take the measures outlined above, in order to provide additional comfort to the Executive Board when discharging itself of its responsibility for financial statements of the Company and to the Supervisory Board when discharging itself of its responsibilities to supervise the Executive Board and to review and sign the annual financial statements.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Supervisory Board prepares a nomination for the appointment of the external auditor. HAL Holding N.V. has no internal audit function.

Material remuneration for instructions to the external auditor other than for auditing activities requires the approval of the Supervisory Board in respect of which the Board will consult with the Executive Board.

The external auditor is represented at the meetings of Trust Shareholders.

Information in respect of members of the Supervisory Board

M. van der Vorm (58) is a Dutch citizen. Mr. van der Vorm was appointed member of the Supervisory Board of HAL Holding N.V. in 2014. In 2016 he was appointed Chairman. His current term is from 2014-2020. Mr. van der Vorm was Chairman of the Executive Board of HAL Holding N.V. from 1993-2014.

M.P.M. de Raad (72) is a Dutch citizen. In 2006 he was appointed member of the Supervisory Board of HAL Holding N.V. His current term is from 2013-2018. Mr. de Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V. Mr. de Raad is currently member of the Supervisory Board of Metro AG (Germany) and chairman of the Supervisory Board of Tias Business School.

L.J. Hijmans van den Bergh (53) is a Dutch citizen. In 2013 he was appointed member of the Supervisory Board of HAL Holding N.V. In 2016 he was appointed vice-Chairman. His current term is from 2014-2019. Mr. Hijmans van den Bergh is a partner of De Brauw Blackstone Westbroek N.V. which is one of the legal advisers of HAL Holding N.V. Mr. Hijmans van den Bergh is not involved in the provision of legal services by De Brauw Blackstone Westbroek N.V. to HAL Holding N.V. Prior to joining De Brauw Blackstone Westbroek N.V., Mr. Hijmans van den Bergh was a member of the Management Board of Royal Ahold N.V. He is a member of the Supervisory Councils of Air Traffic Control the Netherlands and the Netherlands Cancer Institute/ Antoni van Leeuwenhoek Hospital.

G.J. Wijers (66) is a Dutch citizen. In 2014 he was appointed member of the Supervisory Board of HAL Holding N.V. His current term is from 2014-2017. He is a former Minister of Economic Affairs, former Senior Partner at the Boston Consulting Group and former CEO of Akzo Nobel N.V. He is Chairman of the Supervisory Board of Heineken N.V. and Deputy Chairman of Royal Dutch Shell Plc.
It will be proposed to re-elect Mr. Wijers for the period 2017-2022.

C.O. van der Vorm (46) is a Dutch citizen. In 2015 he was appointed member of the Supervisory Board of HAL Holding N.V. His current term is from 2015-2021. He is based in London and serves as a managing director of Southberg Holdings Ltd., which is active in agricultural operations in South America and Eastern Europe.

HAL Trust

established in Bermuda

Notice to Trust Shareholders

We hereby invite you to attend the meeting of Trust Shareholders of HAL Trust, which will be held on Thursday, May 18, 2017, at 11:00 a.m. in the Rotterdamse Schouwburg, Schouwburgplein 25, Rotterdam. The agenda of the meeting is as follows:

1. Opening
2. Instructions for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V., to be held on Friday, May 26, 2017, with regard to the following items on the agenda:
   (a) Report of the Executive Board of HAL Holding N.V.
   (b) Report of the Supervisory Board of HAL Holding N.V.
   (c) Approval of the financial statements of HAL Holding N.V.
   (d) Dividend payment against the profits of 2016 in the amount of € 7.10 per Share as published in the Annual Report 2016, of which € 3.55 per Share shall be payable in Shares in the share capital of HAL Holding N.V., and € 3.55 per Share in cash and, with the approval of the Supervisory Board, to direct and authorize the Executive Board to effectuate such share issue and cash payments. If applicable, cash payments will be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled based on the Conversion ratio
   (e) Election Supervisory Director. It is proposed to re-elect Mr. G.J. Wijers
   (f) Discharge of the members of the Executive Board in respect of their duties of management during the financial year 2016
   (g) Discharge of the members of the Supervisory Board in respect of their duties of supervision during the financial year 2016
3. Approval of the financial statements of HAL Trust
4. (i) Proposal to distribute a dividend against the profits of 2016 of € 7.10 per Share of which € 3.55 per Share shall be payable in HAL Trust Shares, and € 3.55 per Share in cash subject to (ii) below:
   (ii) to direct the Trustee:
   (a) to issue by way of stock dividend distribution to each HAL Trust Shareholder such number of HAL Trust Shares as shall be based on the Conversion ratio, the number of HAL Trust Shares held by such HAL Trust Shareholder and the dividend per Share of € 3.55 payable in Shares; and
   (b) to convey to HAL Holding N.V., prior to June 20, 2017, for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio.
5. Report of the Trust Committee
6. Other business
7. Closing

Shareholders who wish to attend the meeting must notify this not later than May 11, 2017, through their bank or intermediary, to ABN AMRO Bank N.V.; at the office of Conyers, Dill & Pearman, Clarendon House, 2 Church Street, Hamilton, Bermuda; or at the office of HAL Holding N.V., 5 Avenue des Citronniers, MC 98000 Monaco, and must receive a written confirmation of their entitlement to HAL Trust Shares, which confirmation will at the same time serve as a permit providing admission to the meeting. Attention is drawn to the fact that Shareholders who will not be able to attend the meeting but wish to be represented at the meeting must provide a written proxy. For the sake of good order it is pointed out that proxy holders will only be admitted to the meeting against surrender of the confirmation of entitlement referred to above together with a duly signed proxy statement.

This notice is enclosed with the 2016 Annual Report which is presented to you in accordance with Section 14.4 of the trust deed of HAL Trust.

HAL Trustee Ltd.
Hamilton, Bermuda, April 5, 2017

Explanatory notes to agenda item 2.d and 4

It is proposed to distribute a dividend of € 7.10 per HAL Trust Share against the profits of 2016 and that this dividend will be paid in HAL Trust Shares for € 3.55 per HAL Trust Share and in cash for € 3.55 per HAL Trust Share. The Conversion ratio for the dividend in HAL Trust Shares will be determined on the basis of the volume weighted average share price during the period May 24, 2017, through June 13, 2017, (the 'Conversion ratio'), and will be announced on June 13, 2017, after the close of business of Euronext in Amsterdam. The value of the stock dividend, at the above volume weighted average share price, will be virtually the same as the value of the cash dividend. The number of shares acquired after conversion will be rounded down whereby any fraction of a Share will be settled in cash. The newly issued Shares will carry dividend rights for 2017 and subsequent years.

Dividend rights will not be traded on Euronext in Amsterdam.

The time-table is as follows:

2017	
May 22	Ex-dividend date
May 23	Dividend record date
June 13 (after close of trading)	Determination and publication Conversion ratio
June 20	Delivery of Shares and payment of cash dividend

The distribution of dividend in Shares is free of charge for Shareholders.