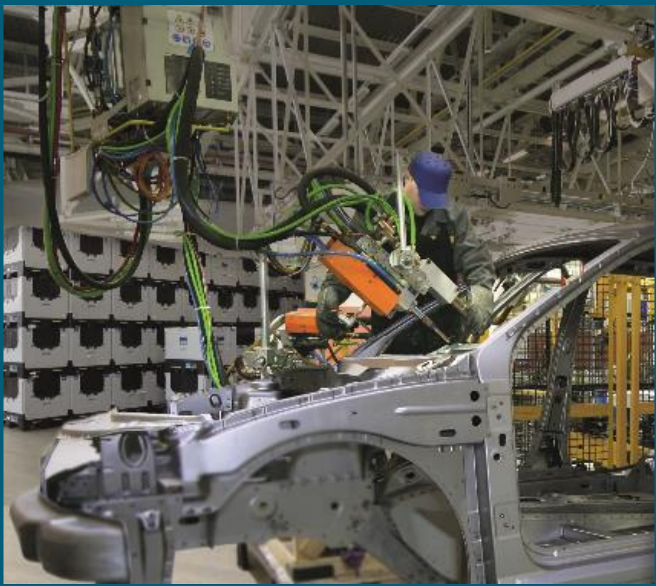



Schoeller Allibert Group BV.

Second Quarter 2018

Schoeller Allibert Group BV.
Second Quarter 2018
Condensed consolidated interim financial statements

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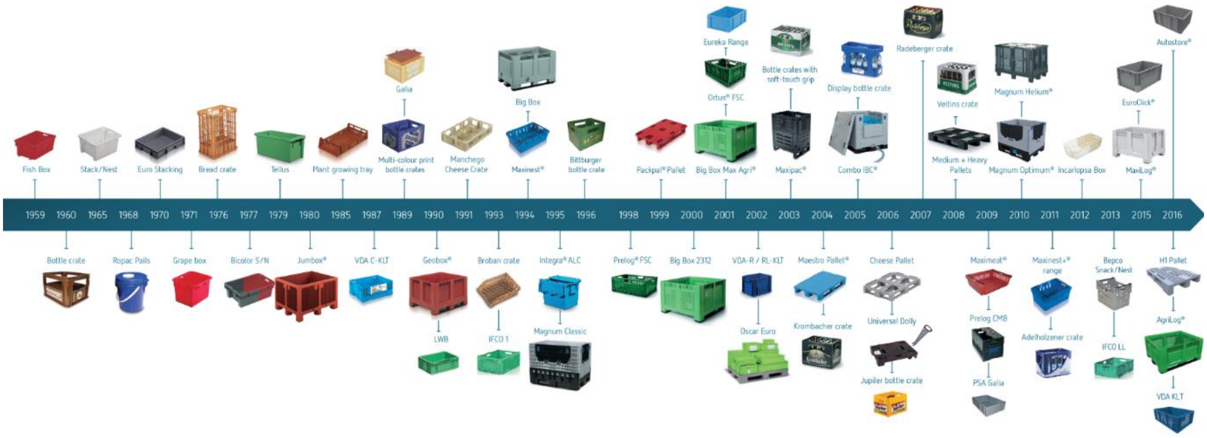
Cautionary statement: The operating and financial review and certain other sections of this document contain forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated.

Schoeller Allibert at a glance

Schoeller Allibert is Europe's largest manufacturer of plastic returnable transit packaging. Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling.



2,000 employees

Present in over 50 countries

12 factories in Europe, 1 in the US

Principal Activities

Schoeller Allibert Group BV. (the "Company") and its subsidiaries (collectively, the "Group" or "Schoeller Allibert") is Europe's largest manufacturer of plastic containers and returnable transit packaging (RTP). Schoeller Allibert offers a wide range of products to meet the storage, handling and distribution needs of large and medium sized companies on a local, regional and global level. Schoeller Allibert employs approximately 2,000 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

Schoeller Allibert's products include tough stacking containers, rigid pallet containers (RPCs) for secure distribution, heavy-duty rigid and folding large containers (FLCs), pallets and dollies which have been designed to protect small, large or unusually shaped components; to timely deliver goods and, thanks to foldable or stackable units to save valuable space on return journeys. Manufactured to precise dimensions, to fit and function seamlessly with all handling equipment, Schoeller Allibert's containers are the ideal handling medium for automated warehouses and distribution centers. They promote a reliable and consistent flow, withstanding heavy unit loads and allow fast movement through automated storage and retrieval systems, thereby helping customers to speed handling operations, reduce logistics costs and eliminate packaging waste.

Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling. With more than 50 years of experience in developing industrial reusable packaging, Schoeller Allibert has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customized industrial reusable packaging solutions that address industry specific handling, logistics, storage and retrieval requirements.

Key Financial Results

The table below shows the Group's key consolidated financial results for the three and six months ended 30 June 2018 and 2017:

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Revenue	139,845	120,000	251,027	234,126
Revenue growth	16.5%	-11.2%	7.2%	-6.2%
Operating profit	5,605	(6,388)	6,490	(4,334)
Operating profit as % revenue	4.0%	-5.3%	2.6%	-1.9%
Adjusted EBITDA *	13,093	14,949	21,511	25,472
Adjusted EBITDA as a % of revenue	9.4%	12.5%	8.6%	10.9%
Profit (loss) before income taxes	1,042	(12,405)	(4,473)	(16,225)
Net capital expenditure	4,149	1,758	8,402	7,937
Net capital expenditure as a % of revenue	3.0%	1.5%	3.3%	3.4%
Cash generated from operations	9,998	25,572	8,347	22,999

*Non-IFRS financial measure. Refer to Adjusted EBITDA reconciliation, of this document.

The table below shows the Group's key other financial metrics as at 30 June 2018 and 31 December 2017:

	AS AT 30 JUNE	AS AT 31 DECEMBER
EUR'000	2018	2017
Net working capital*	(13,477)	(22,935)
Cash and cash equivalents	10,214	34,835
Total net loans and borrowings	225,104	201,812

* Net working capital for June 2018 is adjusted for the Swedish tax liability of EUR 7,173 thousand (December 2017: EUR 10,686 thousand) and accrued interest of EUR 599 thousand (December 2017: EUR 719 thousand).

Net working capital is defined as current assets (excluding cash and cash equivalents and receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and payables due from related parties).

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts.

Net loans and borrowings are defined as total current and non-current loans and borrowings less cash and cash equivalents.

Operating and Financial Review

Revenue

The table below shows the Group's operating segment revenue for the three and six months ended 30 June 2018 and 2017:

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Northern Europe	54,177	45,184	99,074	80,911
Southern Europe	33,605	31,913	60,397	58,997
UK and rest of Europe	25,588	26,089	43,899	46,448
United States of America	9,275	(1,958)	15,833	12,439
All Other Segments	17,199	18,771	31,824	35,331
Total revenue	139,845	120,000	251,027	234,126

Operating segments are aggregated to the following reportable segments which include:

- Northern Europe: the Netherlands, Belgium, Germany, Austria and Switzerland.
- Southern Europe: France, Italy, Spain and Portugal.
- UK and rest of Europe: the United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, Serbia, Turkey, Sweden, Finland, Latvia, Ukraine and Russia.
- United States of America: the USA.
- All Other Segments: Services business and International businesses, which are comprised of the sale of moulds and RTP products into emerging markets, and Head Office.

Revenue in Northern Europe increased by EUR 8,993 thousand, or 19.9%, to EUR 54,177 thousand for the three months ended 30 June 2018 from EUR 45,184 thousand for the three months ended 30 June 2017. This growth in revenue was primarily attributable to beverage, automotive and agriculture markets.

Revenue in Southern Europe increased by EUR 1,692 thousand, or 5.3%, from EUR 31,913 thousand for the three months ended 30 June 2017 to EUR 33,605 thousand for the three months ended 30 June 2018. This growth in revenue was driven mainly by automotive and food processing markets.

Revenue in the UK and rest of Europe decreased by EUR 501 thousand, or 1.9%, from EUR 26,089 thousand for the three months ended 30 June 2017 to EUR 25,588 thousand for the three months ended 30 June 2018. This decrease was primarily attributable to lower sales to the beverage customers.

Revenue in the USA increased by EUR 11,233 thousand, from negative EUR 1,958 thousand for the three months ended 30 June 2017 to EUR 9,275 thousand for the three months ended 30 June 2018. This increase was attributable to the fact that the revenue for the three months ended June 2017 was impacted by the settlement of the customer dispute in the pooling sector of EUR 9,934 thousand.

Revenue in all Other Segments decreased by EUR 1,583 thousand, or 8.4%, from EUR 18,782 thousand for the three months ended 30 June 2017 to EUR 17,199 thousand for the three months ended 30 June 2018. This increase is primarily attributable to lower revenues from the Services business.

Operating result

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Operating profit	5,605	(6,388)	6,490	(4,334)

Operating profit increased by EUR 11,994 thousand, to EUR 5,605 thousand for the three months ended 30 June 2018 compared to negative EUR 6,388 thousand for the three months ended 30 June 2017. The higher profit resulted mainly from the fact that the revenue for the three months ended June 2017 was impacted by the settlement of the customer disputes in the pooling sector of EUR 10,746 thousand.

The following table shows a breakdown of operating result by geographic segment for the three and six months ended 30 June 2018 and 2017:

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Northern Europe	3,238	1,414	3,108	480
Southern Europe	3,187	1,723	4,421	3,169
UK and rest of Europe	(439)	2,193	(2,290)	1,296
United States of America	(2,044)	(13,596)	(6,475)	(14,907)
All Other Segments	1,663	1,878	7,726	5,627
Operating result	5,605	(6,388)	6,490	(4,334)

Adjusted EBITDA– reconciliation

The Company discloses Adjusted EBITDA as a non-IFRS performance measure. The Group defines Adjusted EBITDA as the operating result for the year excluding depreciation, amortisation and impairment and adjusting items. Items are disclosed as adjusting where it is necessary to do so to provide further understanding of the financial performance of the Group. As such, items are presented as adjusting if management finds these to meet the following criteria:

- material;
- non-recurring; and
- require separate disclosure due to the significance of their nature or amount.

Adjusting items relate to material non-recurring items of income and expense arising from circumstances or events such as:

- business combinations;
- closure of manufacturing locations;
- litigation settlements;
- certain shareholder exit fees; etc.

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Operating result	5,605	(6,388)	6,490	(4,334)
Adjusting items	2,718	13,287	4,532	14,091
Depreciation and impairment expense	4,388	6,643	9,739	13,310
Amortisation and impairment expense	382	1,407	750	2,404
Adjusted EBITDA	13,093	14,949	21,511	25,472

Adjusting items decreased by EUR 10,569 from EUR 13,287 thousand for three months ended 30 June 2017 to EUR 2,718 thousand for three months ended 30 June 2018. Adjusting items for the three months ended 30 June 2018 relate to non-recurring items arising from EUR 1,707 of employee benefits concerning severance costs resulting from restructuring activities, EUR 1,011 thousand related mostly to other restructuring activities. Adjusting items for three months ended 30 June 2017 relate to non-recurring items arising from EUR 10,746 thousand related to the customer disputes in the pooling sector, EUR 1,043 thousand of employee benefits concerning severance costs resulting from restructuring activities, EUR 796 thousand related mostly to other restructuring activities and EUR 697 thousand fees related to due diligence activities.

Depreciation expense decreased by EUR 2,255 thousand, to EUR 4,388 thousand for the three months ended 30 June 2018 compared to EUR 6,643 thousand for the three months ended 30 June 2017, driven by some of the moulds being fully depreciated by the end of 2017 as well as the extension of useful lives of machinery and moulds.

Amortisation expense decreased by EUR 1,025 thousand, to EUR 382 thousand for the three months ended 30 June 2018 compared to EUR 1,407 thousand for the three months ended 30 June 2017, mainly driven by some of the intangible assets being fully depreciated by the end of 2017.

Net finance expense

Net finance expense for the three months ended 30 June 2018 was EUR 4,563 thousand (expense for the three months ended 30 June 2017: EUR 5,963 thousand). This decrease was primarily due to favourable foreign exchange developments in 2018. The three months ended 30 June 2017 include EUR 991 thousand interest related to the lost Swedish tax case.

Profit (loss) before income taxes

The profit before income taxes was EUR 1,042 thousand for the three months ended 30 June 2018 (the three months ended 30 June 2017: the loss of EUR 12,405 thousand). The three months ended 30 June 2017 include EUR 10,746 thousand related to the customer disputes in the pooling sector.

Cash generated from operations

Cash generated from operations during the three months ended 30 June 2018 amounted to a EUR 9,997 thousand inflow (the three months ended 30 June 2017 EUR 25,572 thousand inflow).

Net capital expenditure

Net capital expenditure was EUR 4,149 thousand outflow for the three months ended 30 June 2018 (the three months ended 30 June 2017: EUR 1,758 thousand outflow), which represented 3.0% of revenue for the three months ended 30 June 2018 (1.5% for the three months ended 30 June 2017). The increase was driven by timing of investments and new finance leases.

Net working capital

Net working capital is defined as current assets (excluding cash and cash equivalents and receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and payables due from related parties).

As of 30 June 2018, the receivables from related parties were equal to EUR 256 thousand (31 December 2017: EUR 170 thousand) and the payables due from related parties were equal to EUR 879 thousand (31 December 2017: EUR 861).

As of 30 June 2018, the Group had negative net working capital of EUR 13,477 thousand, adjusted for the Swedish tax liability of EUR 7,173 EUR thousand and related accrued interest of EUR 599 thousand (31 December 2017 negative net working capital of EUR 22,935 thousand). The increase in the net working capital was mainly due to higher inventory and lower trade payable levels, offset partially by lower trade receivables balances as of 30 June 2018.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. As 30 June 2018, the Group had EUR 10,214 thousand (31 December 2017: EUR 34,835 thousand) of net cash on its balance sheet.

As at 30 June 2018, the Group had one revolving credit facility of EUR 30 million (31 December 2017: EUR 30 million). The unused part of the facility as at 30 June 2018 amounted to EUR 12.5 million (31 December 2017: EUR 18.7 million).

Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which increased by 11.5% to EUR 225,104, thousand as at three months ended 30 June 2018 (31 December 2017: EUR 201,812 thousand), mostly driven by lower cash balances.

Subsequent events

There have been no material events subsequent to the period end which require additional disclosure.

Consolidated Income Statement

EUR'000	Note	THREE MONTHS ENDED 30 JUNE 2018	THREE MONTHS ENDED 30 JUNE 2017	SIX MONTHS ENDED 30 JUNE 2018	SIX MONTHS ENDED 30 JUNE 2017
Revenue	8	139,845	120,000	251,027	234,126
Other income		27	792	61	1,046
Raw materials and consumables used		(76,055)	(69,780)	(132,112)	(123,858)
Costs for subcontracting		(694)	(633)	(1,062)	(1,838)
Employee benefit expense		(31,325)	(28,254)	(60,887)	(56,829)
Other operating costs		(21,422)	(20,462)	(40,047)	(41,267)
Depreciation and impairment expense		(4,388)	(6,643)	(9,739)	(13,310)
Amortisation and impairment expense		(382)	(1,407)	(750)	(2,404)
Operating result		5,605	(6,388)	6,490	(4,334)
Finance income		881	16	949	36
Finance expense		(5,444)	(5,979)	(11,912)	(11,872)
Net finance expense	9	(4,563)	(5,963)	(10,963)	(11,837)
Share in result of equity accounted investments		-	(54)	-	(54)
Profit (loss) before income taxes		1,042	(12,405)	(4,473)	(16,225)
Income tax (expense) income	10	(888)	(11,512)	(812)	(12,252)
Profit (loss) for the period		155	(23,917)	(5,285)	(28,477)
Attributable to:					
Owners of the Company		179	(23,849)	(5,171)	(28,412)
Non-controlling interests		(25)	(67)	(114)	(65)

Consolidated Statement of Comprehensive Income

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Profit (loss) for the period	155	(23,917)	(5,285)	(28,477)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	(650)	(2,132)	(570)	686
Total comprehensive income (loss) for the period, net of income tax	(495)	(26,049)	(5,855)	(27,791)
Attributable to:				
Owners of the Company	(486)	(25,976)	(5,733)	(3,840)
Non-controlling interests	(33)	(72)	(122)	(35)
Total comprehensive profit (loss) for the period	(519)	(26,049)	(5,855)	(3,874)

Consolidated Balance Sheet

EUR'000	Note	AS AT 30 JUNE 2018	AS AT 31 DECEMBER 2017
ASSETS			
Non-current assets			
Property, plant and equipment		122,109	120,474
Intangible assets		6,384	6,697
Equity accounted investments		514	514
Other financial assets		7,468	4,078
Deferred income tax assets		20,476	20,615
Total non-current assets		156,951	152,379
Current assets			
Inventories		38,847	28,613
Trade and other receivables		53,362	61,474
Current income tax assets		2,798	3,805
Prepayments and accrued income		9,268	9,860
Derivative financial instruments		24	-
Cash and cash equivalents		15,254	34,835
Total current assets		119,553	138,587
TOTAL ASSETS		276,504	290,966
EQUITY			
Equity attributable to owners of the Company		(94,244)	(88,511)
Non-controlling interests		483	606
Total equity		(93,760)	(87,905)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	11	223,724	222,351
Employee benefits		6,573	6,544
Provisions	13	1,143	1,055
Deferred income tax liabilities		2,226	2,407
Total non-current liabilities		233,665	232,357
Current liabilities			
Loans and borrowings	12	5,073	7,458
Bank Overdraft		5,039	-
Provisions	14	2,210	2,116
Current income tax liabilities		10,055	15,149
Derivative financial instruments		340	126
Trade and other payables		113,882	121,666
Total current liabilities		136,599	146,515
Total liabilities		370,264	378,872
TOTAL EQUITY AND LIABILITIES		276,504	290,966

Consolidated Statement of Cash Flows

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Profit (loss) for the year	155	(23,917)	(5,285)	(28,477)
Adjustments for:				
Depreciation and impairment	4,388	6,642	9,740	13,311
Amortisation and impairment	382	1,407	750	2,404
Profit on sale of property, plant and equipment	(27)	(792)	(61)	(1,046)
Impairment loss on trade receivables	-	-	-	-
Net finance costs	4,396	5,790	11,101	11,663
Tax expense	888	11,512	812	12,252
Change in:				
Inventories	3,518	4,458	(10,193)	(6,649)
Trade and other receivables	(3,299)	(562)	8,305	(3,174)
Prepayments and accrued income	138	(1,746)	601	901
Trade and other payables	(840)	22,428	(7,435)	21,795
Provisions and employee benefits	301	351	12	19
Cash generated from operations	9,998	25,572	8,347	22,999
Interest received	11	16	79	36
Interest paid	(9,578)	(8,970)	(10,655)	(9,748)
Income tax paid	(1,653)	(942)	(4,979)	(2,321)
Net cash inflow from operating activities	(1,222)	15,676	(7,208)	10,966
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	58	1,275	106	1,780
Proceeds from long term loans receivable	-			-
New long term loans receivable granted	(3,058)	(535)	(3,558)	(1,041)
Acquisition of property, plant and equipment	(3,997)	(2,552)	(8,070)	(8,319)
Acquisition of intangible assets	(211)	(482)	(437)	(1,398)
Net cash (outflow) from investing activities	(7,207)	(2,294)	(11,960)	(8,978)
Cash flows from financing activities				
Payment of transaction costs related to loans and borrowings	(586)	-	(893)	(194)
Proceeds from borrowings	-	3	212	6,413
Repayment of borrowings	(1,634)	(3,226)	(2,517)	(5,976)
Payment of finance lease liabilities	(1,141)	(727)	(2,150)	(1,628)
Net cash (outflow) from financing activities	(3,361)	(3,950)	(5,349)	(1,384)
Net change in cash and cash equivalents	(11,792)	9,432	(24,519)	604
Cash and cash equivalents at beginning of period	21,991	42,681	34,835	51,402
Effect of exchange rate fluctuations on cash and cash equivalents	13	(382)	(103)	(274)
Cash and cash equivalents at end of period	10,214	51,732	10,214	51,732

Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2018	-	106,979	(145,245)	(50,245)	(88,511)	606	(87,905)
Loss for the period	-	-	-	(5,171)	(5,171)	(114)	(5,285)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(561)	-	(561)	(9)	(570)
Total comprehensive loss for the year	-	-	(561)	(5,171)	(5,733)	(122)	(5,855)
Balance as at 30 June 2018	-	106,979	(145,807)	(55,416)	(94,244)	483	(93,760)

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2017	-	106,979	(147,405)	(23,639)	(64,065)	865	(63,200)
Reclassification	-	-	5,115	(4,794)	321	(321)	-
Profit / (loss) for the year	-	-	-	(21,175)	(21,175)	64	(21,110)
Other comprehensive income for the year:							
Gain on remeasurement of net defined benefit liability, net of income tax	-	-	-	(638)	(638)	-	(638)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(2,955)	-	(2,955)	(2)	(2,957)
Total comprehensive loss for the year	-	-	(2,955)	(21,813)	(24,768)	63	(24,705)
Balance as at 31 December 2017	-	106,979	(145,245)	(50,245)	(88,511)	606	(87,905)

* Reclassification relates to the correction of opening balances for other reserves, retained earnings and non-controlling interest.

Notes to the Condensed Consolidated Interim Financial Statements

1. General information

Schoeller Allibert develops, produces and sells plastic returnable transport packaging solutions for large and medium sized companies on a local, regional and global level.

Schoeller Allibert Group BV. was incorporated on 24 June 2015 in the Netherlands. The Company and its direct and indirect subsidiaries are collectively referred to as the 'Group', and individually as "Group entities". The address of its registered office is Taurusavenue 35, 2132 LS Hoofddorp, the Netherlands.

On 15 May 2018 Brookfield Business Partners L.P. together with institutional partners acquired a controlling interest in Schoeller Allibert Group BV.

Schoeller Allibert Group BV. is a subsidiary of Schoeller Allibert Participations BV. ("SAP"), a company incorporated in the Netherlands. The ultimate parent is Schoeller Packaging BV., a company incorporated in the Netherlands that is owned for 70% by BCP IV RTP Holdings Ltd., ultimately 100% held by Brookfield Asset Management Inc., and for 30% by Schoeller Industries BV., a company incorporated in the Netherlands that is active in supply chain systems.

2. Basis of Preparation

The interim financial information for the six months ended 30 June 2018 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the audited Annual Report of Schoeller Allibert Group BV. for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

3. Going concern

The Company incurred a net loss for the period ended 30 June 2018 of EUR 5.2 million and has a negative equity as at 30 June 2018 of EUR 93.8 million. At the same time, Schoeller Allibert has a stable financing structure with the Senior Secured Notes due in 2021 and a solid cash position with access to the revolving credit facility. Additionally the recent acquisition of a controlling interest in Schoeller Packaging BV. by Brookfield for EUR 205 million demonstrates that the shareholders see a positive equity value ('equity cushion').

The Management believes that there are a few factors ensuring the Company's future profitability and cash flows. Firstly, the Company keeps on diversifying its customer portfolio. Secondly, the Group continues to focus on innovation as well as expansion and modernisation of its manufacturing footprint. Lastly, on the backdrop of stable economic situation in the Eurozone and the US, Management expects 2018 to show a growth in revenues compared to 2017 coming from growth of some of our largest customers and benefit from the investments in and introduction of new products.

Based on the above mentioned facts, Management believes that the application of the going concern assumption for the Second Quarter 2018 interim consolidated financial statements is appropriate.

4. Auditor involvement

The content of this interim financial report has not been audited by our external auditor Deloitte.

5. Accounting policies

The accounting policies applied are consistent with those applied in the audited Annual Report 2017 of Schoeller Allibert Group BV, except for the extension of useful lives of some items of property, plant and equipment and the adoption of new and amended standards as set out below.

Two new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards.

- IFRS 9 Financial instruments, and
- IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial Instruments

The adoption of IFRS 9 did not have a significant impact on the Group's interim financial statements for the period ended 30 June 2018. The majority of the Group's financial assets and liabilities continue to be measured at amortized cost under the new standard and the Group's derivative financial instruments continue to be valued at fair value through profit and loss under IFRS 9. The Group assessed its financial assets loss allowance under the requirements of IFRS 9, which did not result in a significant impact as at 30 June 2018.

IFRS 15 Revenue from Contracts with Customers

The Group adopted IFRS 15 using the modified retrospective approach. Application of the new standard resulted in the identification of some minor separate performance obligations in relation storage and transportation, which did not have significant effect on the timing of revenue recognition.

6. Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements in accordance with generally accepted accounting principles under IAS 34 requires the Group to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the condensed consolidated interim financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal the related actual results. Actual results may differ significantly from these estimates, the effect of which is recognized in the period in which the facts that give rise to the revision become known.

In preparing these Second Quarter condensed consolidated interim financial statements, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same (being income taxes, employee benefits, provisions and contingent liabilities and estimated useful lives and residual values) as those that applied to the audited Annual Report 2017 of Schoeller Allibert Group BV.

7. Financial risk management

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2017 of Schoeller Allibert Group BV.

The Group operates internationally and generates foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the Euro, the Group's reporting currency. The main exchange rates are shown below:

			2018			2017
	June Closing	Three Month Average	Six Month Average	June Closing	Three Month Average	Six Month Average
British pound	0.8861	0.8793	0.8811	0.8793	0.8638	0.8609
US dollar	1.1658	1.1933	1.2054	1.1412	1.1060	1.0871
Swiss franc	1.1569	1.1708	1.1669	1.0930	1.0838	1.0773

Revenues and expenses are translated to Euro at the average exchange rate for the applicable period for inclusion in the condensed consolidated interim financial statements. The business generates substantial revenues, expenses and liabilities in jurisdictions outside the Euro zone.

For the six months ended 30 June 2018, approximately 65% of revenue before adjusting items was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and British pound could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

The Group's companies are also exposed to foreign currency transactional risks on revenues and expenses that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group tries to mitigate the risks of transactional currency exposures by natural hedges. The Group may use forward exchange contracts or currency swaps to hedge forecasted foreign exchange cash flow transactions.

8. Segment Information

The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions. The Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Board of Directors considers the business from both a geographic and product perspective. Geographically, the Management considers the production and sale of Returnable Transport Packaging ("RTP") products' performance per region, also called the Manufacturing business. From a product perspective, the Management separately considers the Services activities of the Group. The Group's manufacturing activities represent the primary business of the Group. As the operating segments of the Services business and the individual operating segments are not meeting the aggregation criteria or individual reporting thresholds, these are all reported in "All Other Segments".

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of profit or loss.

Due to the fact that no balance sheet measures per operating segment are included in the information regularly reviewed by the Board of Directors, no measures on assets per segment are disclosed in Second Quarter condensed consolidated interim financial statements.

The segment results for the three and six months ended 30 June 2018 and 2017 are as follows:

THREE MONTHS ENDED 30 JUNE 2018

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	61,538	40,568	30,686	9,275	18,426	(20,648)	139,845
Inter-segment revenue	(7,361)	(6,964)	(5,098)	-	(1,226)	20,648	-
Total revenue from external customers	54,177	33,605	25,588	9,275	17,199	-	139,845
Operating result	3,238	3,187	(439)	(2,044)	1,663	-	5,605
Net finance cost							(4,563)
Income tax expense							(888)
Profit for the period							155

THREE MONTHS ENDED 30 JUNE 2017

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	49,828	36,873	30,986	(1,958)	20,210	(15,938)	120,000
Inter-segment revenue	(4,644)	(4,960)	(4,896)	-	(1,438)	15,938	-
Total revenue from external customers	45,184	31,913	26,089	(1,958)	18,771	-	120,000
					-	-	
Operating result	1,414	1,723	2,193	(13,596)	1,878	-	(6,388)
Share in result of equity accounted investments							(54)
Net finance cost							(5,963)
Income tax expense							(11,512)
Loss for the period							(23,917)

SIX MONTHS ENDED 30 JUNE 2018

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	111,535	73,536	53,790	15,833	33,937	(37,604)	251,027
Inter-segment revenue	(12,461)	(13,139)	(9,892)	-	(2,112)	37,604	-
Total revenue from external customers	99,074	60,397	43,899	15,833	31,824	-	251,027
					-	-	
Operating result	3,108	4,421	(2,290)	(6,475)	7,726	-	6,490
Net finance cost							(10,963)
Income tax expense							(812)
Loss for the period							(5,285)

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
							SIX MONTHS ENDED 30 JUNE 2017
Total segment revenue	89,198	69,209	54,277	12,439	39,691	(30,689)	234,126
Inter-segment revenue	(8,287)	(10,213)	(7,828)	-	(4,360)	30,689	-
Total revenue from external customers	80,911	58,997	46,448	12,439	35,331	-	234,126
					-	-	
Operating result	480	3,169	1,296	(14,907)	5,627	-	(4,334)
Share in result of equity accounted investments							(54)
Net finance cost							(11,837)
Income tax expense							(12,252)
Loss for the period							(28,477)

9. Net finance cost

	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
EUR'000	2018	2017	2018	2017
Interest income on loans and receivables	11	16	79	36
Net foreign exchange gain	1,257	-	870	-
Finance income	1,268	16	949	36
Interest expense on borrowings	(4,771)	(5,190)	(9,467)	(10,021)
Amortisation deferred financing fees	(672)	(427)	(1,209)	(864)
Net foreign exchange (loss)	-	555	-	(1)
Other financial expenses	(388)	(918)	(1,236)	(986)
Finance expense	(5,831)	(5,979)	(11,912)	(11,872)
Net finance cost	(4,563)	(5,963)	(10,963)	(11,837)

Net finance expense for the three months ended 30 June 2018 was EUR 4,563 thousand (expense for the three months ended 30 June 2017: EUR 5,963 thousand). This decrease was due to a favourable foreign exchange developments, lower interest cost as well as lower financial expense. Three and six months ended 30 June 2017 include EUR 991 thousand interest related to the lost Swedish tax case.

The net foreign exchange results are mainly attributable to the fluctuations of the Euro against the US dollar, British pound, Swiss franc and Swedish krona.

10. Income tax expense

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the six months ended 30 June 2018 amounted EUR 812 thousand (six months ended 30 June 2017 income tax expense: EUR 12,252 thousand). Six months ended 30 June 2017 include EUR 12,479 recognition of current income tax liability related to the tax case lost before the Swedish Administrative Court of Appeal.

In relation to the lost Swedish tax case, as of 30 June 2018 the Company had EUR 7,173 thousand as a current income tax liability and EUR 599 thousand as accrued interest on its balance sheet.

11. Loans and borrowings

The carrying amounts of loans and borrowings are as follows:

	AS AT 30 JUNE			AS AT 31 DECEMBER		
			2018			2017
EUR'000	Current	Non-current	Total	Current	Non-current	Total
Senior secured note	-	209,800	209,800	-	210,000	210,000
Other credit institutions	4,206	1,921	6,127	5,876	2,302	8,177
Finance lease liabilities	2,809	16,583	19,392	3,457	15,012	18,469
Deferred financing costs	(1,942)	(4,580)	(6,522)	(1,874)	(4,963)	(6,837)
Total loans and borrowings	5,073	223,724	228,797	7,458	222,352	229,809

Movements during the period

As of 30 June 2018, the Group was financed via various sources of financing: Senior Secured Notes, other loans, non-recourse factoring arrangements, finance leases and a revolving credit facility.

Total loans and borrowings decreased by EUR 1,013 thousand to EUR 228,797 thousand, mainly due to repayments of loans, partially offset by new finance leases.

As at 30 June 2018, the Group had one revolving credit facility of EUR 30 million (31 December 2017: EUR 30 million). The unused part of the facility as at 30 June 2018 amounted to EUR 12.5 million (31 December 2017: EUR 18.7 million).

12. Commitments

Operating lease commitments

The Group leases various offices, factories and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The land and buildings leases were entered into many years ago as combined leases of land and buildings. The Group determined that the land and building elements of the warehouse and factory leases are operating leases. The rent paid to the landlord is increased to market rent at regular intervals, and the Group does not participate in the residual value of the land and buildings. As a result it was determined that substantially all the risks and rewards of the land and buildings are with the landlord.

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

During the six months ended 30 June 2018 an amount of EUR 5,562 thousand was recognized as an expense in profit or loss in respect of operating leases (six months ended 30 June 2017: EUR 5,114 thousand).

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

By date of commitments:

	AS AT 30 JUNE	AS AT 31 DECEMBER
EUR'000	2018	2017
Less than 1 year	9,744	8,725
1 - 5 years	24,300	22,281
> 5 years	2,075	3,751
Total	36,119	34,757

By nature of commitments:

EUR'000	**2018**	**2017**
Land and buildings	30,515	29,458
Other	5,604	5,299
Total	36,119	34,757

13. Provisions

	AS AT 30 JUNE	AS AT 31 DECEMBER
EUR'000	2018	2017
Restructuring	1,029	787
Claims	2,324	2,384
Total Provisions	3,352	3,171

Restructuring

The restructuring provision reflects the directors' best estimates of the cost to fulfil internally announced plans. These costs are directly related to the plans, and include the cost of employee settlements and plant closures. It does not include any amount for the future performance of the on-going businesses concerned.

Claims

The provision for claims is mainly related to the settled historical claim as well as claims related to disputes with customers.

14. Contingencies

Dutch fiscal unity

The wholly owned subsidiaries established in The Netherlands constitute a tax group for the purpose of corporate income tax together with the shareholder Schoeller Allibert Participations BV. As a consequence, each company in the tax group is jointly and severally liable for tax liabilities of the tax group as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

Guarantees to Dutch Group companies

The Group guarantees the liabilities of its Dutch group companies in accordance with the provisions of article 403, paragraph 1, Book 2, Part 9.

15. Related party transactions

There have been no changes in the nature of the related party transactions in the three months ended 30 June 2018 as compared to the year ended 31 December 2017.

16. Seasonality of Operations

Although the Group's business is not significantly impacted by seasonality, there is a limited impact in line with the Group's end markets. For example, in the latter part of the year, the Group has higher sales to the retail industry in preparation of the holiday season and before the harvest season, the Group has higher sales to the agriculture industry.

17. Fair value of financial instruments

The principles used by the Management to measure fair value of financial assets and liabilities as at 31 December 2017 are disclosed in in Annual report Schoeller Allibert Group BV. The fair values of financial assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows.

	AS AT 30 JUNE			AS AT 31 DECEMBER		
EUR'000			2018			2017
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Long-term receivables	733	733	2	896	896	2
Long-term receivables related parties	6,693	6,693	2	3,139	3,139	2
Trade and other receivables	53,362	53,362	2	61,474	61,474	2
Cash and cash equivalents	15,254	15,254	1	34,835	34,835	1
Derivative financial instruments	24	24	1	-	-	1

	AS AT 30 JUNE			AS AT 31 DECEMBER		
EUR'000			2018			2017
Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior secured note	204,247	214,657	1	203,592	227,693	1
Other credit institutions	6,127	6,127	2	8,177	8,177	2
Finance lease liabilities	19,392	19,392	2	18,469	18,469	2
Loans and payables related parties	879	879	2	861	861	2
Bank overdrafts	5,039	5,039	1	-	-	1
Trade payables and other accrued items	113,003	113,003	2	120,804	120,804	2
Derivative financial instruments	340	340	1	126	126	1

18. Events after the balance sheet date

There have been no material events subsequent to the period end which require additional disclosure.

Hoofddorp, 13 August 2018

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