Schoeller Allibert Group B.V.

Annual report 2016

Schoeller Allibert

Contents

Report of the Board of Directors

The Board of Directors (the ‘Board’, the ‘Management Board’ or the ‘Management’ of Schoeller Allibert Group B.V. (‘Schoeller Allibert’, the ‘Group’ or the ‘Company’) hereby presents its Annual report for the financial year ended 31 December 2016.

1. Company profile

Schoeller Allibert is one of the world's largest manufacturers of returnable plastic packaging for material handling. We have been inventing, developing, designing and manufacturing Returnable Transit Packaging (RTP) for more than 50 years. We have a rich heritage being formed from key players: Schoeller, Wavin, Perstorp, Arca, Linpac, Allibert, Paxton and Stucki amongst others. Schoeller Allibert has production and sales locations throughout Europe and the USA and sales locations in emerging markets, such as South America and Asia. We are the European market leader. Schoeller Allibert Group B.V. was incorporated on 24 June 2015 and subsequently acquired the shares in Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. Further details about these transactions can be found in notes 1.1 and 2.1 of the financial statements.

1.1 Mission statement

The elements of the Company's mission statement are summarized in the overview below:

1.2 Quality policy

Schoeller Allibert is proud to be an ISO certified company with most of our sites conforming to the following ISO standards:

- ISO 9001: Quality
- ISO 14001: Environment
- ISO 22000: Food Safety
- ISO 50001: Energy

Schoeller Allibert strives to continuously improve its products, services and processes. Customer satisfaction is Schoeller Allibert's number one priority. Because customers work on an increasingly global basis with Schoeller Allibert, we are working with one certified QA system in the USA and EMEA (Europe, Middle East & Africa). We are busy implementing this in our Asian sites as well. Schoeller Allibert keeps its customers at the forefront of their markets.

Our aim in relation to quality control is to:

- Create lean operations, which deliver high value products to the market on time and in full.
- Work to a continuous improvement process conforming to the PDCA (Plan-Do-Check-Act) principle.
- Check our processes by means of internal, corporate and external audits. We also ask our customers to audit us frequently.

1.3 Sustainability and recycling

In a world that depends upon logistics and transport, all shipped in packaging materials, we need to reduce the environmental stress caused by packaging waste. At Schoeller Allibert, we believe RTP systems are the answer, and we are at the forefront of this development.

Schoeller Allibert, supports the United Nations environment campaign and we produce 100% recyclable packaging. We design our products in order to optimize their life span (up to 10 years in industrial conditions). Our production processes contribute to CO2 reduction. Using our products guarantees safe transport of our customer's goods (UN homologation) by road, rail, and air.

It is our ambition to design and produce our products with respect for the environment. Our targets are:

- To reduce our energy consumption per kg of finished product.
- To promote the use of recycled material.
- Contributing towards a reduction in CO2 emissions.
- Ensuring certification of all sites to ISO 14001.

In respect of this and our food safety certifications, our products fully meet the requirements for transport and packaging of organic food.

Food industries and retail can now have their old returnable transit packaging (RTP) recycled into new high-quality food grade containers, thanks to Schoeller Allibert's European Food Safety Authority (EFSA) accredited recycling process (in 4 production sites). The accredited process, which covers the recycling of food-grade HDPE and PP crates into new containers for food contact, has been developed in order to help food processing companies and retailers to meet increasing stringent sustainability targets. No pollution, no waste. We take care of all the necessary steps, creating a 100% sustainable packaging cycle.

1.4 Governance and management structure

The Management Board of the Company is responsible for the management of the Schoeller Allibert Group. The Management Board provides leadership to the Group and focuses on long-term development and important strategic decisions.

The Management Board of the Company consists of:

Mr Ian Robinson	Chief Executive Officer	(appointed 24 June 2015)
Mr Ian Degnan	Chief Financial Officer	(appointed 24 June 2015)
Mr Ludo Gielen	Chief Marketing & Innovation Officer	(appointed 18 September 2015)

Management Board members are appointed by the General Meeting of Shareholders. The Articles of Association provide that the General Meeting of Shareholders may suspend or dismiss Management Board members at any time. The General Meeting of Shareholders determines the remuneration and other terms of employment of each Management Board member.

The Dutch Management and Supervision (Public and Private Companies) Act took effect on 1 January 2013. One of the provisions of this Act lays down a target participation rate of at least 30% for both men and women on the Management Board. Although Schoeller Allibert values diversity, the Management Board currently has no female Board members. The Company does not set a policy on the desirable male/female split in the Board but instead focuses on the competencies of new Board members bearing in mind the value of diversity in the Boards.

1.5 People

Schoeller Allibert employs approximately 1,900 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

We believe that human resources are one of the keys to our success. We strive to create an inclusive environment where all employees have the tools they need to perform to their best ability, are recognized and valued, are encouraged to learn and grow such that they contribute to continuously improving our performance. Further to this goal, we have adopted policies and procedures that are designed to support effective recruitment and retention and provide incentives to skilled employees and managers. Our performance measurement system, which is one factor in our incentive programs, is designed to provide managers and employees with regular feedback on their performance and to encourage high quality work.

Schoeller Allibert values creating a safe and healthy working environment for employees and we realize that safety is a matter of appropriate behavior in the first place. Training and safety investigations are used as tools to increase safety awareness and assure improvements in safety measures. To safeguard and monitor this we have a Group ISO certificate for all of our operations. Internal audits for quality assurance and safety are carried out by our own trained inspectors and result in meeting the ISO and safety standards.

The Group has established a code of conduct that sets out the basic principles that underlie all the actions of the companies of the Schoeller Allibert Group. This code came into force on 1 January 2015.

1.6 Research and development

We believe we have the largest R&D department in the industry and as a result this helps us retain our position as market leader. In our central innovation function we have the capability to design, develop, test and implement new products and we employ recognised experts in these activities that use leading technology and software to achieve this.

2. Financial results

2.1 Results and cash flow

Revenues decreased 6.6% from EUR 555.4 million in 2015 to EUR 518.8 million in 2016. The revenue declined in the UK driven by lower orders in the retail sector as well as depreciation of British Pound following the decision to exit the EU. The Netherlands saw substantial declines in the beverage and pooling markets including the transfer of a major customer contract to Germany and Spain. In addition, Spain showed strong growth due to new customers and large orders from existing customers.

During the year raw material prices were relatively stable, showing a slightly upward trend during the second half of the year. Such raw material price fluctuations are generally passed through to our customers.

EBITDA before adjusting items improved from EUR 53.6 million in 2015 to EUR 57.9 million in 2016. This was driven by improved margins and the impact of cost control.

Operating result before adjusting items improved from EUR 19.8 million in 2015 to EUR 23.3 million in 2016 as a result of the improvement in EBITDA and lower amortization expenses offset by higher depreciation expenses.

The cost of adjusting items (before tax) in 2016 amounted to EUR 5.4 million which is EUR 5.8 million lower than in 2015. The decrease comes mainly from no fees for abandoned refinancing and no post-merger integration costs in 2016.

Net finance costs increased to EUR 32.2 million in 2016, from EUR 19.8 million in 2015. Net interest expense amounted to EUR 28.7 million compared to EUR 23.7 million in 2015, partly driven by the redemption fees for the senior secured loans. The change in exchange rates of the Euro against mainly British Pound and US Dollar resulted in exchange rate gains EUR 1.1 million (exchange rate gains of EUR 6.7 million in 2015).

Net cash flow from operating activities increased from EUR 26.3 million in 2015 to EUR 71.5 million in 2016. This improvement was driven by the improved working capital. During 2016, the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements, the Group transfers substantially all the risks and rewards on the factored receivables to the factor. Consequently, the liability related to receivables factored under the new agreement are derecognized from the Group's balance sheet. If the change of the factoring agreement were to be excluded, the net cash flow from operating activities would amount to EUR 35.7 million in 2016. Capital expenditure on fixed assets (excluding investments funded through finance leases) amounted to EUR 24.2 million (2015: EUR 28.3 million). A substantial part of these investments relate to moulds and new machinery. The net change in cash and cash equivalents, including translation difference was an increase of EUR 38.8 million, driven by the EUR 17.9 million net proceeds from the issue of the bond.

2.2 Financial position

The Group has a negative equity as at 31 December 2016 of EUR 63.2 million (31 December 2015: negative equity of 151.3 million). The Group is financed using various sources of financing:

- EUR 210 million 8% Senior Secured Notes
- Two factoring agreements
- Finance leases
- Overdrafts
- Revolving Credit Facility

In October 2016, the Group issued EUR 210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted EUR 106.9 million of shareholder funding into equity via a share premium contribution. Additionally, the Group refinanced and obtained a EUR 30 million Revolving Credit Facility. Moody's upgraded the Group's rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

2.3 Financial performance indicators

The most important performance indicators for the Group are Revenue and EBITDA. Both of these are reviewed and discussed in detail on a monthly basis between the Management Board and the Regional Directors.

3. Risk section

The Group sees many opportunities and possibilities to achieve its objectives. However, the Group also identifies the following main risks related to its strategy.

3.1 Strategic and operational risks

Macroeconomic downturns may have an adverse effect on our business, financial condition and results of operations

Macroeconomic factors in the geographies in which we operate affect our results of operations. An economic downturn across the end-markets and geographic areas where our customers use our products may substantially reduce demand for our products and result in decreased sales volumes. Management continues to diversify the geographical markets in which we operate to reduce the sensitivity of our results to changes in a specific economic environment. Furthermore, the spread of our customer base over various industries reduces the impact of negative changes in the economic climate.

The loss of key customers or a decrease in customers' orders may have an adverse effect

Although we have a broad and diverse customer base, certain of our products are sold to a small number of customers, some of whom rely on us exclusively for the supply of such products, and we depend on those customers for our sales of those products. Our top ten customers accounted for approximately 31% of our revenues, with the largest customer (by revenue) accounting for approximately 22% of our revenue in the year ended 31 December 2016. The Group has a strong focus on product quality, cost efficiency and product innovation and considers these key aspects to add value to the business of our customers, thereby reducing the risk of losing key customers.

3.2 Financial risks

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). Financial risks are managed through a combination of central functions, internal controls and monitoring.

The Group is currently not using derivative financial instruments to hedge certain risks. A central treasury function has particular responsibility for liquidity risk, including preparation of weekly cash forecasts.

Internal controls include clear responsibilities on the part of operational and financial management for the maintenance of good financial controls and the production of accurate and timely management information, and clearly laid down appropriate authorization levels and segregation of accounting duties to the extent possible depending on the size of the individual locations.

The Management regularly reviews the monthly reporting of trading results, balance sheets, cash flows and medium term forecasts and uses these to monitor the performance and identify risks within individual business units at an appropriate stage and level.

Credit risk

The Group's credit risk arises primarily from its receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, has an influence on credit risk. The Group has strict policies regarding credit and payment terms which are closely monitored at local and corporate level. Credit limits are established for most of the customers. These limits are periodically reviewed. Transactions with customers that fail to meet the Group's credit policy are monitored. This risk assessment can result in these customers only transacting with the Group on a prepayment basis. Also, the Group has credit insurance policies in place for specific regions or customer groups.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group tries to mitigate the liquidity risk by focusing on cash flow generation, working capital developments and expected operational expenses. The Group uses a system of cash flow forecasting per operating company for the assessment and monitoring of cash flow requirements.

Based on the budget and forecast, the Management has prepared an analysis of the projected cash flows covering at least 12 months as from the date of these financial statements. This projected cash flow shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities.

Foreign exchange risk

The Group operates in different countries and uses the Euro as its reporting currency. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Revenues and expenses are translated to Euro at the average exchange rate for the applicable period for inclusion in the consolidated financial statements. The business generates substantial revenues, expenses and liabilities in jurisdictions outside the Euro zone. Currency fluctuations of especially the British Pound, the US Dollar and Swedish Krona could materially affect the combined 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 does not use forward exchange contracts nor currency swaps to hedge forecasted cash flow transactions.

Cash flow interest rate risk

The Group sensitivity to cash flow interest rate risk is limited as the Group is mainly financed by EUR 210 million Senior Secured Notes which have a fixed rate of 8%. Fixed rate Senior Secured Notes expose the Group to fair value interest rate risk. The Group has not hedged any of the interest rate exposure.

4. Outlook and going concern

The economic situation in Europe, the main area in which we operate, remains uncertain with low economic growth and political uncertainty.

In spite of economic climate, we expect 2017 to show a growth in revenues compared to 2016 coming from growth of some of our largest customers. We also expect to benefit from the investments in and introduction of new products. Capital expenditure in 2017 is expected to be on a higher level compared to 2016 focusing on innovation (e.g. the lauch of a new IBC range), commencement of a new facility in Belgium and modernisation of our manufacturing footprint.

The Company incurred a net loss for the year 2016 of EUR 14.2 million (2015: net loss of EUR 12.9 million) and has a negative equity as at 31 December 2016 of EUR 63.2 million (2015: negative equity of EUR 151.3 million). In 2016, the negative equity amounted to 22% of the Group’s total assets (2015: 46%). This condition might trigger questions in relation to the Group’s ability to continue as a going concern and ability to realise its assets and discharge its liabilities in the normal course of business.

The Board investigates the going concern assumption when preparing the financial statements. These investigations take into account the financial statements under review, financial budgets, capital needs, financial assets and commitments, loan agreements, available facilities and cash-generating assets of the Company, as well as the general economic conditions, prevailing and expected market conditions, the political climate and other significant sustainability matters. The Board assessment of conditions include, but are not limited to:

- In October 2016, the Group issued EUR 210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted EUR 106.9 million of shareholder funding into equity. Additionally, the Group refinanced and obtained a EUR 30 million Revolving Credit Facility. Moody’s upgraded the Group’s rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

- Based on the budget and forecast, management has prepared an analysis of the projected cash flow for 12 months as from the date of these financial statements. This projected cash flow includes remedial and mitigating actions and shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities assuming a stable operating environment. Sufficient headroom has been built into both the cash flows as well as the EBITDA forecasts.

Based on the above mentioned facts, in particular the fact that the maturity profile of the debt has been extended to 2021, and the upside in both the cash flows and the EBITDA forecasts, management believes that the application of the going concern assumption for the 2016 consolidated financial statements is appropriate.

5. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the consolidated financial statements for the year ended 31 December 2016.

Hoofddorp, 29th March 2017

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

(Signed copy of the financial statements is available at the headquarters at Taurusavenue 35, Hoofddorp, The Netherlands)

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

	Note	For the year ended 31 December					
		2016			2015		
		Before adjusting items EUR'000	Adjusting items EUR'000	Total EUR'000	Before adjusting items EUR'000	Adjusting items EUR'000	Total EUR'000
Revenue	8	518,760	-	518,760	555,427	-	555,427
Other income	9	360	2,371	2,731	228	-	228
Raw materials and consumables used		(259,044)	-	(259,044)	(283,779)	-	(283,779)
Costs for subcontracting and other external charges		(15,883)	-	(15,883)	(23,003)	-	(23,003)
Employee benefits	10	(109,224)	(3,396)	(112,620)	(114,033)	(1,952)	(115,986)
Other operating costs	11	(77,075)	(4,337)	(81,411)	(81,246)	(9,274)	(90,520)
EBITDA		**57,894**	**(5,362)**	**52,532**	**53,594**	**(11,227)**	**42,368**
Depreciation expenses	14	(26,844)	-	(26,844)	(25,663)	-	(25,663)
Amortisation expenses	15	(7,705)	-	(7,705)	(8,180)	-	(8,180)
Operating result		**23,345**	**(5,362)**	**17,983**	**19,751**	**(11,227)**	**8,524**
Finance income		1,480	-	1,480	7,202	-	7,202
Finance expense		(33,691)	-	(33,691)	(27,041)	-	(27,041)
Net finance expense	12	**(32,211)**	-	**(32,211)**	**(19,839)**	-	**(19,839)**
Share of result of equity accounted investments	16	172	-	172	-	-	-
Loss before income tax		**(8,695)**	**(5,362)**	**(14,057)**	**(88)**	**(11,227)**	**(11,315)**
Income tax (expense) /income	13	(974)	795	(179)	(1,863)	322	(1,542)
Loss for the year		**(9,669)**	**(4,567)**	**(14,236)**	**(1,951)**	**(10,905)**	**(12,856)**
Loss attributable to:							
Owners of the Company				(14,670)			(12,494)
Non-controlling interests				435			(362)
				(14,236)			(12,856)

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	For the year ended 31 December 2016	2015
		EUR'000	EUR'000
Loss for the year		**(14,236)**	**(12,856)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain on remeasurement of post-employment benefit obligations	23	53	5,869
Expense tax relating to components of other comprehensive income	25	-	(2,396)
		53	3,473
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences - foreign operations		(4,698)	(5,936)
Other comprehensive income for the year, net of tax		**(4,645)**	**(2,463)**
Total comprehensive income for the year		**(18,880)**	**(15,320)**
Attributable to:			
Owners of the Company		(19,309)	(14,958)
Non-controlling interests		429	(362)
Total comprehensive income for the year		**(18,880)**	**(15,320)**

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2016 EUR'000	2015 EUR'000
Assets			
Non-current assets			
Property, plant and equipment	14	106,974	104,816
Intangible assets	15	9,216	15,608
Equity accounted investments	16	422	308
Other financial assets	17	2,036	1,533
Deferred tax assets	25	10,400	12,247
		129,048	134,513
Current assets			
Inventories	18	23,105	24,769
Trade and other receivables	19	64,562	106,245
Current income tax receivables		4,179	3,335
Prepayments and accrued income	20	14,954	19,449
Cash at bank and in hand	21	53,295	38,909
		160,096	192,708
Total assets		**289,144**	**327,221**

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (continued)

		As at 31 December	
		2016	**2015**
	Note	EUR'000	EUR'000
Equity			
Share capital		-	-
Share premium		106,979	36
Reserves		(147,405)	(142,715)
Retained deficit		(23,639)	(9,022)
Equity attributable to the owners of the Company		**(64,065)**	**(151,701)**
Non-controlling interest		865	436
Total equity		**(63,200)**	**(151,265)**
Liabilities			
Non-current liabilities			
Loans and borrowings	22	217,666	239,023
Employee benefits	23	4,872	4,706
Provisions	24	2,103	5,694
Deferred tax liabilities	25	5,468	8,959
		230,109	**258,381**
Current liabilities			
Loans and borrowings	22	3,295	42,691
Bank overdraft	21	1,894	26,267
Provisions	24	3,884	2,007
Current income tax liabilities		3,357	4,130
Trade and other payables	26	109,806	145,009
		122,236	**220,105**
Total liabilities		**352,345**	**478,486**
Total equity and liabilities		**289,145**	**327,221**

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					Non-controlling interest	
	Share capital EUR'000	Share premium	Other reserves EUR'000	Retained earnings EUR'000	Total EUR'000	Retained earnings EUR'000	Total equity EUR'000
Balance as at 1 January 2016	**-**	**36**	**(142,715)**	**(9,022)**	**(151,701)**	**436**	**(151,265)**
Profit/(loss) for the year	-	-	-	(14,670)	(14,670)	435	(14,236)
Other comprehensive income for the year:							
Gain on remeasurment of net defined benefit liability, net of income tax	-	-	-	53	53	-	53
Foreign currency translation differences - foreign operations; net of income tax	-	-	(4,691)	-	(4,691)	(7)	(4,697)
Total comprehensive loss for the year	**-**	**-**	**(4,691)**	**(14,617)**	**(19,308)**	**428**	**(18,879)**
Share premium contribution	-	106,943	-	-	106,943	-	106,943
Total transactions with owners, recognized directly in Equity	**-**	**106,943**	**-**	**-**	**106,943**	**-**	**106,943**
Balance as at 31 December 2016	**-**	**106,979**	**(147,405)**	**(23,639)**	**(64,065)**	**865**	**(63,200)**

** For details about the share premium contribution, refer to Note 31 to the consolidated financial statements.*

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

	Attributable to owners of the Company							Non-controlling interest	
	Parent investment EUR'000	Translation reserve EUR'000	Share capital EUR'000	Share premium EUR'000	Other reserves EUR'000	Retained earnings EUR'000	Total EUR'000	Retained earnings EUR'000	Total equity EUR'000
Balance as at 1 January 2015	**(135,469)**	**(1,274)**	**-**	**-**	**-**	**-**	**(136,743)**	**286**	**(136,457)**
Incorporation of SA Group B.V.*	135,469	1,274	-	36	(136,779)	-	-	-	-
Balance after incorporation	**-**	**-**	**-**	**36**	**(136,779)**	**-**	**(136,743)**	**286**	**(136,457)**
Loss for the year	-	-	-	-	-	(12,494)	(12,494)	(362)	(12,856)
Other comprehensive income for the year:									
Gain on remeasurment of net defined benefit liability, net of income tax	-	-	-	-	-	3,473	3,473	-	3,473
Foreign currency translation differences - foreign operations; net of income tax	-	-	-	-	(5,936)	-	(5,936)	-	(5,936)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(5,936)**	**(9,022)**	**(14,957)**	**(362)**	**(15,320)**
Sales of interest to non-controlling interest	-	-	-	-	-	-	-	512	512
Total transactions with owners, recognized directly in Equity	-	-	-	-	-	-	-	512	512
Balance as at 31 December 2015	**-**	**-**	**-**	**36**	**(142,715)**	**(9,022)**	**(151,701)**	**436**	**(151,265)**

** on 24 June 2015, SA Group BV was incorporated and the items included in the line Parent investment were allocated to the various equity components*

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	2016 EUR'000	2015 EUR'000
		For the year ended 31 December	
Loss for the year		(14,236)	(12,856)
Adjustments for:			
Depreciation	14	26,844	25,663
Amortisation	15	7,705	8,180
Profit on sale of property, plant and equipment	9	(2,731)	(228)
Impairment loss on trade receivables		757	188
Net finance costs		30,914	17,947
Income tax expense/(income)	13	179	1,542
Share of result of equity accounted investments	16	(172)	-
		49,261	40,435
Change in:			
Inventories		1,344	6,482
Trade and other receivables	27.4	40,050	2,927
Prepayments and accrued income		3,209	1,939
Trade and other payables		(2,617)	(2,458)
Provisions and employee benefits		(1,701)	(4,850)
Cash generated from operations		**89,546**	**44,475**
Interest received	12	205	515
Interest paid		(15,214)	(16,592)
Income tax paid		(3,085)	(2,080)
Net cash generated from operating activities		**71,452**	**26,318**
Cash flows from investing activities			
Dividends received from equity accounted investments	16	57	51
Proceeds from sale of property, plant and equipment	27.1	4,125	1,197
Proceeds from sale intangible assets		-	(71)
Proceeds from sale of equity accounted investment	16	-	59
Repayment of long term receivables		(189)	(95)
Acquisition of property, plant and equipment	27.2	(24,199)	(28,302)
Acquisition of intangible assets	15	(1,317)	(478)
Net cash used in investing activities		**(21,522)**	**(27,639)**
Cash flows from financing activities			
Payment of transaction costs related to borrowings		(9,640)	(2,867)
Proceeds from loans and borrowings		213,586	847
Repayment of borrowings	27.4	(210,618)	(6,002)
Repayment of finance lease liabilities		(3,049)	(2,832)
Net cash from/(used in) financing activities		**(9,721)**	**(10,855)**
Net (decrease)/increase in cash and cash equivalents		**40,208**	**(12,176)**
Cash and cash equivalents at the beginning of the year	21	12,641	23,994
Translation differences on cash and cash equivalents		(1,448)	823
Cash and cash equivalents at the end of the year		**51,402**	**12,641**

The Notes on pages 20 to 73 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information and background

1.1 The Company and the Group

SCHOELLER ALLIBERT GROUP B.V. ("SAG" or "the Company") is a company domiciled in the Netherlands, having its statutory seat in Amsterdam. The address of the Company's registered office is Taurusavenue 35, 2132 LS, Hoofddorp. Schoeller Allibert Group B.V. was incorporated on 24 June 2015.

The Company is a subsidiary of Schoeller Allibert Participations B.V. ("SAP"), a company incorporated in the Netherlands. The ultimate parent is REMA Investments B.V., a company incorporated in the Netherlands, which is owned for 60% by REMA Investments Coöperatief U.A. (ultimately owned by JP Morgan Chase) and for 40% by Schoeller Industries B.V. The largest group in which the results of the Company and the Group will be consolidated is that headed by REMA Investments Coöperatief U.A., incorporated in the Netherlands.

On 14 July 2015, the Company received the shares in Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. as part of a share premium contribution from SAP. After this transaction, Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. are wholly owned subsidiaries of the Company. Reference is also made to paragraph 2.1.

Because, the Company did not exist prior to 24 June 2015 no consolidated financial information was prepared by the Company for the period before that date. The financial information before 24 June 2015 was derived from the aggregation of the consolidated financial statements of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. and their direct and indirect subsidiaries, as all these entities were under the control of REMA Investments Coöperatief U.A. for the entire period.

The Company and its direct and indirect subsidiaries are collectively referred to as the 'Group', and individually as "Group entities". The Group is primarily involved in developing, producing and selling plastic returnable transport packaging solutions.

1.2 Composition of the Group

The significant entities that are part of the Group are disclosed in Note 32.

2. Basis of preparation

2.1 General

Because, the Company did not exist prior to 24 June 2015 no consolidated financial information was prepared by the Company for the period before that date. Because the Company and its direct subsidiaries Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. are under common control of REMA Investments Coöperatief U.A., the acquisition of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. by the Company was accounted for as a common control transaction in accordance with sections B1 to B4 of IFRS 3.

The financial information before 24 June 2015 was derived from the aggregation of the consolidated financial statements of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. and their direct and indirect subsidiaries.

The accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 3. These policies have been consistently applied to all the years presented, unless otherwise stated.

All amounts are presented in EUR’000, unless stated otherwise. The balance sheet and income statement references have been included. These refer to the Notes.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”) for the year starting 1 January 2016. As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).
These consolidated financial statements were authorized for issue by the Board of Directors 29th March 2017.

2.3 Going concern

The economic situation in Europe, the main area in which we operate, remains uncertain with the economic recovery remaining fragile.

In spite of the economic climate, we expect 2017 to show a growth in revenues compared to 2016 coming from growth of some of our largest customers. We also expect to benefit from the investment in and introduction of new products. Capital expenditure in 2017 is expected to be on a higher level compared to 2016 focusing on innovation (e.g. the lauch of a new IBC range), commencement of a new facility in Belgium and modernisation of our manufacturing footprint.

The Company incurred a net loss for the year 2016 of EUR 14.2 million (2015: net loss of EUR 12.9 million) and has a negative equity as at 31 December 2016 of EUR 63.2 million (2015: negative equity of EUR 151.3 million). In 2016, the negative equity amounted to 22% of the Group’s total assets (2015: 46%). This condition might trigger questions in relation to the Group’s ability to continue as a going concern and ability to realise its assets and discharge its liabilities in the normal course of business.

The Board investigates the going concern assumption when preparing the financial statements. These investigations take into account the financial statements under review, financial budgets, capital needs, financial assets and commitments, loan agreements, available facilities and cash-generating assets of the Company, as well as the general economic conditions, prevailing and expected market conditions, the political climate and other significant sustainability matters. The Board assessment of conditions include, but are not limited to:

- In October 2016, the Group issued EUR 210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted EUR 106.9 million of shareholder funding into equity. Additionally, the Group refinanced and obtained a EUR 30 million Revolving Credit Facility. Moody’s upgraded the Group's rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

- Based on the budget and forecast, management has prepared an analysis of the projected cash flow for 12 months as from the date of these financial statements. This projected cash flow includes remedial and mitigating actions and shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities assuming a stable operating environment. Sufficient headroom has been built into both the cash flows as well as the EBITDA forecasts.

Based on the above mentioned facts, in particular the fact that the maturity profile of the debt has been extended to 2021, and the upside in both the cash flows and the EBITDA forecasts, management believes that the application of the going concern assumption for the 2016 consolidated financial statements is appropriate.

3. Summary of significant accounting policies

3.1 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for:

- the net defined benefit liability, which is the difference between the present value of the defined benefit obligation and the fair value of plan assets, as explained in Note 23.
- the available for sale assets, which are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

The methods used to measure fair values are disclosed in Note 3.11.

Prepayments and accrued income are released to the profit or loss account upon receipt of goods or services.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its direct and indirect subsidiaries. The list of individual legal entities included within these consolidated financial statements is provided in note 32. Entities have been classified as subsidiary or associate as described below.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group until the date that control ceases.

Intercompany transactions, balances, income and expenses, and unrealized gains and losses on such transactions, have been eliminated on consolidation. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date, adjusted for the share of non-controlling interests in profit or loss and other comprehensive income since the date of acquisition.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in 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 / received and the relevant share acquired / sold of the carrying value of net assets of the subsidiary is recorded in net investment.

(d) Disposal of subsidiaries

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

3.3 Equity accounted investments

Equity accounted investments represent associates, which are entities over which the Group has significant influence but not control, over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost (including transaction costs), and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition until the date on which significant influence ceases. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit/ (loss) of equity accounted investments" in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the statement of profit or loss.

3.4 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the consideration transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised fair values of the identifiable assets acquired and liabilities assumed.

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. When the thus determined goodwill is negative, a bargain purchase gain is recognised immediately in profit or loss. Goodwill on the acquisition of equity accounted investees is included in the carrying amount of such equity accounted investees.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.
Adjustments to the fair value of the consideration transferred and the provisional fair values of identifiable assets and liabilities in a business combination, identified within 12 months of the date of acquisition, are recognised retrospectively (and comparative information is revised), provided that the new information relates to conditions that existed at the date of acquisition.

3.5 Foreign currencies

(a) Functional currency and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro ("EUR"), which is the Group's presentation currency and also the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the respective functional currency of Group entities 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 statement of profit or loss as Finance income or expense.

(c) Foreign operations

The results and financial position of all foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities (including goodwill and fair value adjustments arising on the acquisition of a foreign entity) for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each statement of profit or loss are translated using the rate on the dates of the transactions (for practical reasons, an average exchange rate is used unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii. all resulting exchange differences are recognized in other comprehensive income.

Foreign currency differences are recognised in other comprehensive income, and presented in the translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3.6 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss within “Other income”.

(b) Subsequent expenditure

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

(c) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Items of property, plant and equipment are depreciated from the date that they are installed or completed and are ready for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

- Buildings	20 - 30 years
- Machinery and equipment	5 - 10 years

- Own Moulds 3 - 10 years
- Other fixed assets 3 -10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated.

3.7 Intangible assets

(a) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes direct attributable costs and an appropriate portion of relevant indirect costs or overheads. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(b) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets relate to the trade name, customer, contractual rights and software.

(c) Subsequent expenditure

Subsequent expenditures are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it increases the future economic benefits embodied in the asset and it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

(d) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives are as follows:

- Trade name 20 years
- Customer relations 9 years
- Contractual rights 10 years
- Software 3 years
- Development cost 3-7 years

Development costs are amortised over either the contractually agreed production numbers or the duration of the applicable project.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, or more frequently if events or changes in circumstances indicate a potential impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill acquired in a business combination is allocated to each of the cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of profit or loss and are allocated first to reduce the carrying amount of any goodwill allocated and then to reduce the carrying amounts of the other assets on a pro rata basis.

The Group assesses in subsequent financial periods, whether indications exist that impairment losses previously recognised for non-current assets may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset (or cash generating unit) is recalculated and its carrying amount is increased to the revised recoverable amount. The increase is recognised in the result. A reversal is recognised only if it arises from a change in the assumptions used to calculate the recoverable amount and to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Financial instruments

(a) Classification

Classification of non-derivative financial assets
The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'long term receivables', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Note 17, Note 19 and Note 21).

(ii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's available-for-sale financial assets comprise unlisted equity investments (Note 17).

Classification of non-derivative financial liabilities
The Group classifies non-derivative financial liabilities into the other financial liabilities category. The Group's non-derivative financial liabilities comprise: trade payables, loans and borrowings and bank overdrafts.

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

(b) Recognition and measurement

Non-derivative financial assets

Loans and receivables are recognized initially on the date that they originate. All other financial assets are recognized initially on the trade-date – the date on which the Group commits to purchase or sell the asset.

Loans and receivables are measured initially at fair value, and subsequently at amortised cost, using the effective interest method.

Trade receivables are stated net of allowances for unrecoverable amounts. In a non-recourse factoring arrangement, when the Group has transferred substantially all the risks and rewards of ownership of the receivables, the trade receivables are derecognized in their entirety. In a non-recourse factoring arrangement, when the Group has not transferred substantially all the risks and rewards of ownership of the receivables, the trade receivables cannot be derecognized. In a factoring of receivables with recourse the Group recognizes the factoring arrangement as a financing transaction, that is, a liability is recognized for the amounts received from the factor.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Available-for-sale assets that are not listed and whose fair value cannot be measured reliably are stated at cost. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as ‘finance income and expense’. Dividends received on available-for-sale equity instruments are recognized in the statement of profit or loss as part of other income when the Group’s right to receive payments is established. In the absence of information for determining the fair value of available-for-sale financial assets, they are carried at cost.

Non-derivative financial liabilities

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

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of 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 pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(c) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial asset is transferred. A financial asset is only transferred when the contractual rights to receive the cash flows of the financial asset are transferred, or the contractual rights to receive the cash flows of the financial asset are retained, and the Group has assumed a contractual obligation to pay these cash flows to one or more recipients in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the group has not transferred substantially all the risks and rewards and has not retained control, it shall derecognise the financial asset and separately recognise rights and obligations created or retained in the transfer. When the Group has not transferred substantially all the risks and rewards and has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.10 Impairment of financial assets

Assets carried at amortized cost
A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, the disappearance of an active market for a security or observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for financial assets at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost (loans and receivables) is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized through profit or loss.

3.11 Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes reporting instructions towards subsidiaries regarding fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing it to their existing location. Costs for self-manufactured finished products and work in progress include an appropriate share of production overhead costs based on normal production.

3.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within current liabilities as separate line.

3.14 Leases

(a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(b) Classification, recognition and measurement

Leased assets
Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases which are not recognised in the balance sheet. Lease rental payments are recognised in the income statement on a straight-line basis over the term of the lease.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The Group leases certain property, plant and equipment.

(c) Accounting as lessor

Where Group products are recognised by Schoeller Allibert Group entities (as lessor) as leased products under operating leases, they are measured at manufacturing cost. All leased products are depreciated over the period of the lease using the straight-line method down to their expected residual value.

3.15 Employee benefits

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

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

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognized as employee benefit expense as the related service is provided.

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

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount to a present value and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The current service cost of the defined benefit plan, recognized in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. This cost is included in finance expense in the statement of profit or loss.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are charged or credited to equity in Other Comprehensive Income in the period in which they arise. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of (a) when the Group can no longer withdraw the offer of those benefits and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted to their present value.

(d) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has 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.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense.

(a) Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring provisions comprise lease termination penalties and employee termination payments.

(b) Claims

A provision for claims is recognized when the Group receives legal claims and estimates that there is a probable future outflow of resources.

(c) Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.17 Current and deferred income tax

(a) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or to items recognized directly in equity or in Other Comprehensive Income. In this case, the tax is also recognized directly in equity or in Other Comprehensive income, respectively.

(b) Current tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax also includes any tax arising from the distribution of dividends.

(c) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to loss carry forwards and temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when the Group has the intention to settle the balances on a net basis.

3.18 Revenue recognition

(a) Sale of goods

Revenue from the sale of plastic returnable transport packaging in the business to business market is measured at the fair value of the consideration received or receivable and represents amounts receivable from the sale of goods delivered during the year, net of returns, trade discounts, volume rebates and value added taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement, but are generally met at the time the product is delivered to the customer.

(b) Rendering of services

Revenue from rendering of services comprises the revenue from leasing returnable transit packaging products to customers and revenue from logistical services. Revenue is recognised net of discounts, credit notes and taxes levied on sales when the service is rendered based on the contract with the customer.

3.19 Finance income and expense

Finance income comprises interest income and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, amortisation of fees relating to the arrangement of borrowings and the unwinding of the discount on provisions. Both finance income and finance costs are recognized using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.20 Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included as a deduction in arriving at the asset’s carrying amount and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

3.21 Segment reporting

The Board of Directors is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief operating decision-maker that makes strategic decisions.

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, management considers the production and sale of Returnable Transport Packaging ("RTP") products' performance per region, also called the Manufacturing business. From a product perspective, 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".

Performance of operating segments is reported to the Board of Directors on a lower regional basis but for financial statement purposes, regions are aggregated to the following reportable segments, based on the fact that they are EURO countries operating in a similar economic environment (Northern Europe and Southern Europe) and all other (mostly) European countries with various currencies:

- Northern Europe: Includes the manufacturing of RTP products and the sale thereof in the Netherlands and Belgium and Germany, Austria and Switzerland.
- Southern Europe: Includes the manufacturing of RTP products and the sale thereof in France, Italy, Spain and Portugal.
- UK and rest of Europe: Includes the manufacturing of RTP products and the sale thereof in the rest of Europe and neighboring countries. The following countries are included in this reportable segment: United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, Serbia, Turkey, Sweden, Finland, Latvia, Ukraine and Russia.
- United States of America (USA): Includes the manufacturing of RTP products and the sale thereof in the United States of America.
- All Other Segments: Includes pooling services and sale of products and technical support in Asia and South America.

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA before adjusting items. This measurement basis excludes the effects of non-recurring expenditure and income (separately disclosed as adjusting items, see Note 7).

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.

The Group does not allocate certain revenues and costs to operating segments. These unallocated items include primarily corporate overhead costs. These items are presented as "unallocated" in the segment information.

Due to the fact that no balance sheets measures per operating segment are included in the information regularly reviewed by the Board of Directors, no measures on assets or liabilities are disclosed per segment.

3.22 Preparation of the consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows (e.g. translation differences, fair value changes, conversions of debt to Net Investment) have been eliminated for the purpose of preparing this statement. Interest received and interest paid are included in operating activities. Dividends received are included in investing activities, whereas dividends paid to shareholders are included in financing activities.

Cash and cash equivalents comprise cash balances at the bank and in hand, and are used by the Group in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.23 Non-IFRS performance measures

(a) EBITDA

The Company discloses Earnings before interest, tax, depreciation and amortisation ("EBITDA") in the statement of profit or loss as a non-IFRS performance measure. The Group defines EBITDA as the result for the year, before finance income and expense, income tax, depreciation (including impairment), amortisation and share in result of equity accounted investments.

EBITDA is not a measurement under IFRS and should not be considered as an alternative to (a) net profit, (b) cash flows from operating, investing or financing activities, or as a measure of our ability to meet cash needs or (c) any other measures or performance under IFRS. EBITDA is not a direct measure of our liquidity, which is shown by the Group's consolidated statement of cash flows and should be considered in the context of our financial commitments. EBITDA may not be indicative of our historical operating results, and may not be predictive of our potential future results. Because not all companies calculate EBITDA identically, the presentation of EBITDA may not be comparable to similarly named measures of other companies.

(b) Adjusting items

Adjusting items are disclosed separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. As such, items are presented in these consolidated financial statements 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, including integration and restructuring costs;
- closure of manufacturing locations; and
- litigation settlements, etc.

4. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is currently assessing the impact resulting from the application of IFRS 9 and expects the impact to be limited.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group is currently in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

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

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Group is currently in the process of assessing the impact of IFRS 16 on the valuation of assets and liabilities and on the income statement. Based on the current operating lease commitments, the impact is expected to be material. The effect on the statement of profit or loss will merely be presentational in nature. A movement will occur from operating expenses to interest and depreciation expenses. Furthermore, a movement in the statement of cash flows will occur from operational cash flows to financing cash flows. Furthermore, balance sheet ratio's will be significantly affected.

5. Estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

5.1 Critical accounting estimates and assumptions

The assumptions and estimation uncertainties that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Recognition and measurement of provisions and contingencies
The Group is party to a number of legal proceedings arising out of business operations. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, legal counsel and other experts are consulted on matters related to litigation and taxes.

The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event a material adverse outcome is possible or an estimate is not determinable, the matter is disclosed. Also refer to Note 24 and Note 29.

(b) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax

determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Also refer to Notes 13 and 25.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(c) Estimated useful lives and residual values

For depreciation and amortization, the straight-line method is used. The useful life and residual value of property, plant and equipment and intangible assets are reviewed periodically during the life of the asset to ensure that it reflects current circumstances.

6. Segment reporting

Operating segments are aggregated into the following reportable segments:

- Northern Europe: Includes the manufacturing of RTP products and the sale thereof in the Netherlands and Belgium and Germany, Austria and Switzerland.
- Southern Europe: Includes the manufacturing of RTP products and the sale thereof in France, Italy, Spain and Portugal regions.
- UK and rest of Europe: Includes the manufacturing of RTP products and the sale thereof in the rest of Europe and neighboring countries. The following countries are included in this reportable segment: United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, Serbia, Turkey, Sweden, Finland, Latvia, Ukraine and Russia.
- United States of America (USA): Includes the manufacturing of RTP products and the sale thereof in the United States of America.
- All Other Segments: Includes pooling services and sale of products and technical support in Asia and South America.

	For the year ended 31 December 2016							
	Northern Europe	**Southern Europe**	**UK and Rest of Europe**	**USA**	**All Other Segments**	**Unallocated**	**Eliminations**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue	207,622	140,882	111,704	46,532	73,998	4,859	(66,838)	518,760
Inter-segment revenue	(19,367)	(27,672)	(14,463)	-	(18)	(5,317)	66,838	-
Revenue from external customers	188,255	113,210	97,241	46,532	73,980	(458)	-	518,760
EBITDA before adjusting items	20,995	9,886	10,104	3,911	5,553	7,446	-	57,894
Adjusting items	72	(230)	(740)	(267)	327	(4,524)	-	(5,362)
Depreciation	(8,276)	(2,983)	(2,715)	(10,828)	(2,846)	804	-	(26,844)
Amortization	(153)	(0)	(17)	(48)	(56)	(7,430)	-	(7,705)
Operating result	12,638	6,673	6,631	(7,232)	2,978	(3,704)	-	17,983
Finance income								1,480
Finance expense								(33,691)
Income tax expense								(179)
Share in result of equity accounted investments								172
Loss for the period								(14,236)

	For the year ended 31 December 2015							
	Northern Europe	**Southern Europe**	**UK and Rest of Europe**	**USA**	**All Other Segments**	**Unallocated**	**Eliminations**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue	285,115	143,595	129,312	38,503	74,170	3,699	(118,967)	555,427
Inter-segment revenue	(64,785)	(37,299)	(12,777)	-	(115)	(3,991)	118,967	-
Revenue from external customers	220,330	106,296	116,534	38,503	74,055	(292)	1	555,426
EBITDA before adjusting items*	25,486	8,322	13,362	(680)	4,627	2,428	49	53,594
Adjusting items	(2,742)	(1,324)	(233)	(81)	840	(7,686)	-	(11,226)
Depreciation	(6,941)	(2,947)	(2,989)	(10,677)	(2,843)	734	-	(25,663)
Amortization	(155)	-	(20)	(48)	(705)	(7,252)	-	(8,180)
Operating result	15,648	4,051	10,120	(11,486)	1,919	(11,776)	49	8,525
Finance income								7,202
Finance expense								(27,041)
Income tax income								(1,542)
Loss for the period								(12,856)

**2015 figures are adjusted for comparability reasons to indicate the change of the internal cost recharging, introduced in 2016. The impact is additional cost of EUR 2.5m for the US segment and EUR 1.7m for the Northern Europe Segment.*

Segment assets (being property, plant and equipment, intangible assets, inventory and trade receivables) are:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Northern Europe	53,528	87,269
Southern Europe	49,474	46,859
UK and Rest of Europe	46,903	39,627
USA	21,600	33,267
All Other Segments	21,572	17,747
Unallocated	23,681	21,844
Segment assets	216,758	246,613
Other non-current assets	13,635	14,694
Other receivables and other current assets	58,751	65,914
Total assets	**289,144**	**327,221**

A decrease in the Northern Europe and the US segment is driven by two non-recourse factoring agreements entered into in during 2016.

Entity-wide disclosures

The Group allocates the revenue from external customers to individual countries on the basis of the location in which the sale originated.

Revenues from external customers by country:

	31 December 2016	31 December 2015
	EUR'000	EUR'000
United Kingdom	93,340	107,844
The Netherlands	19,905	116,148
United States of America	46,532	38,503
Germany	157,324	88,236
France	61,576	61,599
Spain	44,212	35,968
Other countries	95,871	107,130
Total	**518,760**	**555,427**

In 2016, a major customer contract was transferred from the Netherlands to Germany.

Revenues from the individual countries included in Other countries are each below 7% in both 2016 and 2015.

Revenues of EUR 114,589 thousand (2015: EUR 115,574 thousand) are derived from a single external customer. These revenues are attributable to the Northern Europe and USA segments.

Non-current assets, comprising property, plant and equipment and intangible assets by country are as follows:

	31 December 2016	31 December 2015
	Total non-current assets	**Total non-current assets**
	EUR'000	EUR'000
United Kingdom	15,176	16,667
The Netherlands	26,770	15,680
United States of America	19,580	31,964
Germany	12,364	12,105
France	11,424	9,987
Spain	9,191	8,204
Other countries / Unallocated	21,686	25,817
Total non-current assets	**116,189**	**120,424**

Non-current assets in the individual countries included in Other countries/ unallocated are not material. The unallocated non-current assets relate to fair value adjustments on acquisition of mainly intangibles that cannot be allocated to an individual country.

7. Adjusting items

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Other income	(2,371)	-
Employee benefits	3,396	1,952
Other operating costs	4,337	9,274
Total expense /(income)	**5,362**	**11,227**

Adjusting items in 2016 relate to material non-recurring items arising from:

- EUR 2.4 million income related to the sale of assets in Spain, France and the UK;
- EUR 2.1 million relate to employee severance cost as a result of closure of some parts of the business in France and the UK;
- EUR 1.3 million relate to other restructuring initiatives, mainly in Asia;
- EUR 3.3 million fees related to due diligence activities; and
- EUR 1.0 million for historical tax and claims settlements.

Adjusting items in 2015 relate to material non-recurring items of expense arising from:

- EUR 5.4 million fees for abandoned refinancing;
- EUR 1.7 million merger, acquisition and integration cost following Linpac Allibert acquisition;
- EUR 1.5 million litigation settlements (including legal fees);
- EUR 0.6 million other expenses; and
- EUR 2.0 million of employee benefits including 2.4 million severance cost, offset partially by a EUR 1.2 million gain on pension settlements.

8. Revenue

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Sale of goods	453,382	494,148
Services rendered	65,378	61,278
	518,760	**555,427**

9. Other income

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Result on sale of property, plant and equipment	2,731	228
	2,731	**228**

Other income includes the gain on sale of land and a building in Spain and production equipment in France and the UK.

10. Employee benefit expense

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Wages and salaries	78,719	79,360
Social security contributions	16,588	18,286
Contributions to defined contribution plans	2,671	1,601
Expenses related to defined benefit plans (Note 23)	321	(124)
Temporary personnel	14,322	16,863
Total employee benefit expense	**112,620**	**115,986**

11. Other operating costs

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Energy	13,619	15,380
Maintenance costs and other direct costs	21,862	23,856
Indirect production costs	13,934	14,140
Indirect selling costs	11,827	11,141
Administration costs	14,834	15,880
Other operating costs	5,336	10,123
Total other operating charges	**81,411**	**90,520**

Other operating costs include an amount of EUR 144 thousand (2015: EUR 407 thousand) relating to Research and Development expenses which do not meet the capitalisation criteria.

12. Net finance expense

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Interest income on loans and receivables	356	515
Net foreign exchange gain	1,124	6,687
Finance income	**1,480**	**7,202**
Interest expense on borrowings	(29,058)	(24,234)
Amortization deferred financing fees	(4,418)	(2,728)
Net foreign exchange (loss)	-	-
Other financial expenses	(215)	(79)
Finance expense	**(33,691)**	**(27,041)**
Finance income and expense	**(32,211)**	**(19,839)**

13. Income tax expense

	Year ended 31 December 2016	Year ended 31 December 2015
	EUR'000	EUR'000
Current income tax		
Current tax on results of the year	(2,483)	(4,183)
Re-assessment in respect of prior years	958	1,128
Total current income tax	**(1,525)**	**(3,055)**
Deferred tax (note 25)		
Origination and reversal of temporary differences	2,710	1,941
Impact of change in tax rate	(194)	81
Other	(1,170)	(508)
Total deferred tax	**1,346**	**1,513**
Income tax expense	**(179)**	**(1,542)**

In 2016, the re-assessment in respect for prior years is driven by the utilisation of certain tax attributes in the Netherlands, the UK, France, Germany and Belgium.

During 2015, the Company determined that it was able to utilize certain tax attributes in Germany that had not been taken into consideration in determining the current tax expense in the previous reporting year. The effect is presented under the heading "re-assessment in respect of prior years" under current tax expense.

The tax on the Group's result before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the combined entities as follows:

	Year ended 31 December 2016		Year ended 31 December 2015	
	%	EUR'000	**%**	EUR'000
Loss for the year before tax		(14,057)		(11,315)
Tax using the Company's domestic tax rate	25.0%	3,514	25.0%	2,829
Effect of tax rates in foreign jurisdictions	-21.1%	2,963	18.7%	(2,111)
Change in tax rate	-0.7%	101	-1.2%	140
Non-taxable income	-4.1%	580	-3.2%	362
Non-deductible expenses	18.5%	(2,607)	8.9%	(1,003)
Utilisation of previously unrecognized tax losses	1.2%	(164)	-18.1%	2,044
Tax losses for which no deferred tax asset was recognised	41.7%	(5,861)	29.7%	(3,360)
Re-assessment in respect of prior years	-6.8%	952	2.6%	(293)
Other	-2.4%	344	1.3%	(148)
Income tax expense	1.3%	**(179)**	13.6%	**(1,542)**

14. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other operational equipment	Fixed assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost					
Balance at 1 January 2015	46,172	340,067	12,969	7,281	406,490
Transfers	29	9,069	285	(9,462)	(80)
Additions	493	11,981	4,788	16,399	33,660
Disposals	(163)	(12,016)	(82)	(756)	(13,015)
Translation differences	1,656	11,004	237	185	13,082
Balance at 31 December 2015	48,188	360,105	18,197	13,647	440,137
Balance at 1 January 2016	48,188	360,105	18,197	13,647	440,137
Transfers	1,359	25,280	1,690	(13,394)	14,934
Additions	503	17,781	4,174	9,828	32,285
Disposals	(2,159)	(5,767)	(1,938)	-	(9,865)
Translation differences	(1,065)	(853)	(285)	183	(2,020)
Balance at 31 December 2016	**46,825**	**396,546**	**21,837**	**10,263**	**475,471**
Depreciation and impairments					
Balance at 1 January 2015	24,650	277,184	10,558	-	312,392
Transfers	-	6	(86)	-	(80)
Depreciation for the year	1,148	22,355	2,161	-	25,664
Disposals	(15)	(11,952)	(80)	-	(12,047)
Translation differences	577	8,619	196	-	9,392
Balance at 31 December 2015	26,361	296,211	12,749	-	335,321
Balance at 1 January 2016	26,361	296,211	12,749	-	335,321
Transfers	1,274	12,670	989	-	14,934
Depreciation for the year	1,420	22,890	2,534	-	26,844
Disposals	(1,114)	(5,460)	(1,897)	-	(8,470)
Translation differences	(251)	216	(95)	-	(130)
Balance at 31 December 2016	**27,690**	**326,527**	**14,281**	**-**	**368,498**
Carrying amounts					
At 31 December 2015	21,827	63,894	5,448	13,647	104,816
At 31 December 2016	**19,135**	**70,019**	**7,558**	**10,262**	**106,974**

Leased plant and machinery
The Group leases production equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see Note 22). At 31 December 2016 the net carrying amount of leased plant and equipment was EUR 11,219 thousand (2015: EUR 5,361 thousand), of moulds EUR 1,026 thousand (2015: EUR 1,415 thousand).

See also Note 22 for further information on property, plant and equipment pledged as security for Senior Secured Notes.

Reference is made to Note 28 for commitments on investments in property, plant and equipment.

15. Intangible assets

	Trade names	Customer relations	Contractual rights	Software	Development costs - internally generated	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost						
Balance at 1 January 2015	13,011	74,549	62,990	2,889	13,386	166,824
Transfers	-	-	-	21	-	21
Additions	-	-	-	182	254	437
Disposals	-	-	(18)	71	(96)	(43)
Translation differences	-	-	1,505	0	719	2,223
Balance at 31 December 2015	13,011	74,549	64,476	3,164	14,263	169,462
Balance at 1 January 2016	13,011	74,549	64,476	3,164	14,263	169,462
Transfers	-	-	-	-	-	-
Additions			120	1,197	-	1,317
Disposals			(10,000)	(73)	-	(10,073)
Translation differences			116	(30)	22	108
Balance at 31 December 2016	**13,011**	**74,549**	**54,712**	**4,258**	**14,284**	**160,814**
Amortization and impairments						
Balance at 1 January 2015	7,314	67,219	53,883	2,619	12,570	143,605
Transfers	-	-	-	(21)	-	(21)
Amortization for the year	439	3,665	3,069	239	768	8,180
Disposals	-	-	(18)	-	(96)	(114)
Translation differences	-	-	1,505	3	696	2,204
Balance at 31 December 2015	7,753	70,884	58,438	2,840	13,939	153,854
Balance at 1 January 2016	7,753	70,884	58,438	2,840	13,939	153,854
Transfers	-	-	-	-	-	-
Amortization	439	3,665	3,139	304	159	7,705
Disposals			(10,000)	(73)	-	(10,073)
Translation differences			116	(26)	22	112
Balance at 31 December 2016	**8,191**	**74,549**	**51,693**	**3,045**	**14,120**	**151,598**
Carrying amounts						
At 31 December 2015	5,258	3,665	6,038	323	324	15,608
At 31 December 2016	**4,819**	**-**	**3,019**	**1,213**	**165**	**9,216**

See also Note 22 for further information on intangible assets pledged as security for Senior Secured Notes.

16. Equity accounted investments

The amounts recognized in the statement of financial position are as follows:

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Equity accounted investments	422	308

The equity accounted investments balance concerns interests in Associates accounted for using the equity method. At year-end the Group had interests in the following associates:

		Ownership interest	
	Place of business	2016	2015
		%	%
Formy Tachov S.R.O.	Czech Republic	24%	24%
Schoeller Arca Time Holding Pte. Limited	Singapore	49.9%	49.9%

There are no contingent liabilities relating to the Group's interest in the associates.

Financial information for these investments is available to the Group, but the interests in these associates are all individually immaterial.

The movements in equity accounted investments were as follows:

	2016	2015
	EUR'000	EUR'000
Balance as at 1 January	308	418
Share of profits of equity accounted investments	231	-
Dividends received	(57)	(51)
Disposal	-	(59)
Impairment	(59)	-
Balance as at 31 December	**422**	**308**

17. Other financial assets

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Long term receivables related party	1,014	530
Long term receivables	976	957
Available-for-sale financial assets	47	47
	2,036	**1,533**

Available-for-sale financial assets concern some small (less than 5%) participations in unlisted equity investments. The Group's exposure to credit, currency and interest risks, and impairment losses related to loans and receivables are disclosed in Note 33.1.

18. Inventories

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Raw materials and consumables	7,205	9,898
Work in progress	1,530	1,539
Finished goods	10,636	10,004
Moulds	-	308
Other inventories	3,735	3,021
	23,105	**24,769**

Moulds represent tools for trading on a project basis, which are not being used in production. Other inventories represent engineering stocks and other materials which cannot be considered as raw materials or finished goods.

In 2016, inventory recognized as cost of sales amounted to EUR 405,660 thousand (2015: EUR 442,215 thousand). In 2016, the write-down of inventories to net realisable value amounted to EUR 626 thousand (2015: EUR 323 thousand reversal of write-down). The reversal of write-downs following a change in estimates resulted in an income of EUR 936 thousand (2015: EUR 87 thousand expense). The write-down and reversal are included in profit or loss in the line raw materials and consumables used.

See also Note 22 for further information on inventory pledged as security for Senior Secured Notes.

19. Trade and other receivables

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Trade receivables (gross)	59,347	103,489
Allowance for doubtful debts	(2,151)	(2,070)
Trade receivables (net)	57,197	101,419
Other taxes and social security contributions	6,405	3,563
Receivables due from related parties (Note 31)	961	1,263
Other receivables	7,366	4,826
Trade and other receivables	**64,562**	**106,245**

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in Note 33 on financial risk management.

See also Note 22 for further information on trade receivables pledged as security for Senior Secured Notes.

The impairment loss on trade receivables recognized in the current year was EUR 757 thousand (2015: EUR 188 thousand) and is included in Other operating costs.

Other taxes and social security contributions include mainly VAT receivables.

During 2016, the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements the Group transferred substantially all the risks and rewards of the factored receivables to the factor. Consequently, the receivables factored under this new agreement were derecognized from the Group's balance sheet. See also Note 22.

20. Prepayments and accrued income

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Prepayments and accrued income	14,954	19,449

The prepayments and accrued income include prepayments of leasing, energy and other expenses.

21. Cash and cash equivalents

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Cash at bank and in hand	53,295	38,909

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Cash at bank and in hand	53,295	38,909
Bank overdrafts	(1,894)	(26,267)
Cash and cash equivalents	**51,402**	**12,641**

The Company has one revolving facility as at 31 December 2016 amounting to EUR 30 million (2015: three facility amounting to EUR 32 million). The Group has issued bank guarantees for a total amount of EUR 5.9 million, covered by these facilities. The unused part of these facilities as at 31 December 2016 amounted to EUR 24.1 million (2015: EUR 8.9 million).

The Group has pledged part of its bank balances (see Note 22).

Significant restrictions
Cash and short-term deposits of EUR 439 thousand (2015: EUR 197 thousand) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country. In addition, EUR 1,237 thousand (2015: EUR 760 thousand) of cash is not available for use as it was given as security for rental deposits, credit cards, etc.

22. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. The Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in Note 33 on financial risk management.

	Current		Non-current		Total	
	31 December 2016 EUR'000	31 December 2015 EUR'000	**31 December 2016 EUR'000**	31 December 2015 EUR'000	**31 December 2016 EUR'000**	31 December 2015 EUR'000
Senior secured note	-	-	210,000	-	210,000	-
Deferred financing costs	(1,641)	-	(6,291)	-	(7,932)	-
Senior secured note at amortised cost	**(1,641)**	**-**	**203,709**	**-**	**202,068**	**-**
Other credit institutions	1,547	231	5,346	3,977	6,893	4,208
Finance lease liabilities	3,390	2,812	8,459	4,000	11,849	6,811
Other liabilities	-	-	152	33,870	152	33,870
Deferred financing costs		(75)	-	(94)	-	(169)
Other liabilities at amortized cost	**-**	**(75)**	**152**	**33,776**	**152**	**33,701**
Secured bank loans	-	4,994	-	93,664	-	98,658
Deferred financing costs	-	(803)	-	(896)	-	(1,700)
Bank loans at amortised cost	**-**	**4,191**	**-**	**92,768**	**-**	**96,959**
Loan note	-	-	-	49,021	-	49,021
Deferred financing costs	-	(375)	-	(468)	-	(843)
Loan note at amortized cost	**-**	**(375)**	**-**	**48,553**	**-**	**48,179**
Shareholder loans		-		55,948	-	55,948
Factoring	-	35,907		-	-	35,907
Total loans and borrowings	**3,295**	**42,691**	**217,666**	**239,023**	**220,962**	**281,713**

	Carrying amount		Fair value	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Senior secured note	210,000	-	218,967	-
Other credit institutions	6,893	4,208	6,893	4,208
Finance lease liabilities	11,849	6,811	11,849	6,811
Other liabilities	152	33,870	152	32,706
Secured bank loans	-	98,658	-	96,559
Loan note	-	49,021	-	49,021
Shareholder loans	-	55,948	-	51,909
Factoring	-	35,907	-	35,907
Total	**228,894**	**284,425**	**237,861**	**277,121**
Deferred financing costs	(7,933)	(2,711)		
Total	**220,962**	**281,713**	**237,861**	**277,121**

The Company had one revolving facility as at 31 December 2016 amounting to EUR 30 million (2015: three facility amounting to EUR 32 million). The new revolving credit facility was granted to the Group together with the issue of the Senior Secured Notes.

The Group issued bank guarantees to third party suppliers for a total amount of EUR 5.9 million, covered by these facilities. The unused part of these facilities as at 31 December 2016 amounted to EUR 24.1 million (2015: EUR 8.9 million).

(a) Senior Secured Notes and the Guarantors

	31 December 2016 EUR'000			**31 December 2015** EUR'000		
	Senior secured note	Deferred financing fees	Senior secured note at amortized cost	Senior secured note	Deferred financing fees	Senior secured note at amortized cost
Senior secured note	210,000	(7,932)	202,068	-	-	-

On 7th October 2016, the Group issued EUR 210,000 thousand 8% Senior Secured Notes due in 2021. Interest on the Notes is paid semi-annually in arrears on 1st April and 1st October of each year and accrues at a rate equal to 8% per annum. The maturity date of the notes is 1st October 2021. The Notes are listed and permitted to deal with at The Channel Island Securities Exchange Authority Limited.

The Notes are the Group's general senior obligations and rank *pari passu* in right of payment with any existing and future obligations that are not subordinated in right of payment to the Notes, including the Revolving Credit facility. No financial covenants apply to the Notes unless a change of control occurs.

The Notes are guaranteed on a senior secured basis by some of the Group subsidiaries located in the Netherlands, the United Kingdom, France, Germany, Austria, Poland, Spain, Sweden, Belgium and the United States (Guarantors) and are secured by first-ranking security interest over the same assets that secure the Revolving Credit Facility (collateral). As of 31 December 2016, the Guarantors represented over 87% the Group's aggregated external revenue and over 91% of the Group's aggregated EBITDA before adjusting items. The subsidiaries who are Guarantors are indicated in Note 32.

The proceeds from the Senior Secured Notes were used to repay the secured bank loans (A1 and B1 loan), the loan note, other debt and for general corporate purposes.

(b) Other credit institutions

As of 31 December 2016, loans from other credit institutions consist of loans to subsidiaries in Switzerland, Germany, the Netherlands and the UK.

There are two loans in Switzerland: the loan (mortgage) with an outstanding balance of CHF 2,050 thousand which is repayable at CHF 200 thousand per annum and accrues interest at 1.7% and the loan of CHF 650 thousand which is repayable at CHF 50 thousand per annum and accrues interest at 2.5%.

Two asset backed loans were granted in February 2016 in the Netherlands. The outstanding balances related to these loans amount to EUR 1,510 thousand and EUR 1,112 thousand and they accrue interest at 4.2% and 4.05% respectively.

The loan in Germany has an outstanding balance of EUR 1,149 thousand and maturity date of 1 January 2020 and the effective interest rate is 5.2%.

The loan in the UK is short-term in nature. The amount outstanding as of 31 December 2016 is GBP 525 thousand. The interest on the loan is 3%.

(c) Finance lease liabilities

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	4,191	3,653
Later than 1 year but no later than 5 years	7,269	3,960
Later than 5 years	2,585	919
	14,044	8,532
Future finance charges on finance lease liabilities	(2,196)	(1,721)
Present value of finance lease liabilities	**11,849**	**6,811**

The present value of finance lease liabilities is as follows:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
No later than 1 year	3,390	2,812
Later than 1 year but no later than 5 years	5,954	3,154
Later than 5 years	2,506	846
	11,849	**6,811**

(d) Shareholder loans and B2 facility

On the 7th October 2016, together with the issue of the Senior Secured Notes, the Group's shareholders decided to convert Shareholders loans to the amount of EUR 60,969 thousand and facility B2 amounting to EUR 10,164 thousand (granted by REMA Investments – see Note 31) into equity via a share premium contribution.

(e) Factoring

During 2016, the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements, the Group transfers substantially all the risks and rewards on the factored receivables to the factor. Consequently, the liability related to receivables factored under the new agreement are derecognized from the Group's balance sheet.

23. Employee benefits

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Net defined benefit liability (a)	3,519	3,447
Obligations from other long-term employee benefits (b)	1,353	1,258
	4,872	**4,706**

(a) Defined benefit obligations

The Group makes contributions to defined benefit plans for qualifying employees of its subsidiaries in France, Belgium and Germany. The defined benefit plans are funded though payments to insurance companies or trustee-administered funds, determined by actuarial calculations. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Present value of obligations	(4,929)	(4,754)
Fair value of plan assets	1,411	1,308
Total deficit of defined benefit pension plans	**(3,519)**	**(3,447)**

In France, the plan is partially insured. In Germany, the plan is provided via an insurance company for a limited number of employees. In Belgium, the plan is insured.

Up to September 2015, a plan with multi-employer pension fund in the Netherlands (Stichting Pensioenfonds OWASE) (hereafter "OWASE") qualified as a defined benefit pension plan. In 2015 OWASE amended the pension plan such that the amended plan qualified as a defined contribution pension plan. The Company determined that in September 2015 all criteria were met to recognize the result upon settlement of the previous (defined benefit pension) plan. From that point onwards, the OWASE plan is treated and accounted for as a defined contribution plan.
The movement in the defined benefit obligation over the year is as follows:

	2016	**2015**
	EUR'000	EUR'000
Defined benefit obligations at 1 January	(4,754)	(80,971)
Benefits paid by the plan	117	895
Current service costs	(238)	(877)
Interest costs	(111)	(887)
Contributions plan participants	(3)	(164)
Re-measurement gains recognized in other comprehensive income	59	5,672
Plan settlement	-	71,579
Defined benefit obligations 31 December	**(4,929)**	**(4,754)**

The movement in the fair value of plan assets:

	2016	**2015**
	EUR'000	EUR'000
Fair value of plan assets at 1 January	1,308	71,031
Expected administrative expenses	-	(63)
Contributions paid into the plan	76	500
Contributions Plan Participants	3	164
Benefits paid by the plan	(51)	(895)
Expected return on plan assets	28	791
Re-measurement gains recognized in other comprehensive income	47	196
Plan settlement	-	(70,417)
Fair value of plan assets at 31 December	**1,411**	**1,308**

Re-measurement gains and losses recognised in other comprehensive income (before tax effect)

	2016	2015
	EUR'000	EUR'000
Amount accumulated in equity at 1 January	(3,871)	(9,740)
Recognised on defined benefit obligation	59	5,672
Recognised on plan assets	47	196
Recognised during the year	107	5,869
Amount accumulated in Equity at 31 December	**(3,765)**	**(3,871)**

Defined benefit expense recognized in profit or loss:

	2016	2015
	EUR'000	EUR'000
Current service costs	238	877
Interest costs defined benefit obligation	111	887
Administrative expenses	-	64
Interest income on plan assets	(28)	(791)
Plan settlement	-	(1,161)
	321	**(124)**

(b) Other employment benefits

	2016	2015
	EUR'000	EUR'000
Obligations from other long-term employee benefits		
Recognized in the statement of profit and loss	95	413
Accumulated in equity	(53)	-

Other employee benefits include jubilee provisions, based on granted and built up rights of employees to receive jubilee benefits. It also contains certain partial retirement plans. The amount recognized is determined using actuarial calculations.

24. Provisions

	Restructuring	Claims	Total
	EUR'000	EUR'000	EUR'000
Balance at 1 January 2016	3,309	4,392	7,701
Provisions made during the year	1,480	464	1,944
Provisions used during the year	(1,533)	(1,201)	(2,733)
Provisions reversed during the year	4	(1,136)	(1,132)
Unwinding of discount	-	138	138
Effect of movements in exchange rates	-	68	68
Balance at 31 December 2016	**3,261**	**2,725**	**5,986**
Non-current	858	1,244	2,103
Current	2,403	1,481	3,884
	3,261	**2,725**	**5,986**

The economic outflow of non-current provisions is expected to occur within one to three years. There is an impact of discounting on the claims provision.

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. It does not include any amount for the future performance of the on-going businesses concerned.

Claims
The provision for claims mainly consist of the provision for obligations related to some minor claims related to disputes with personnel and a claim from a former supplier for outstanding invoices for delivery of goods, shortfall and tooling fees, inventory and interest. The Company also provided for the expected exposure of a claim of a customer.

25. Deferred income tax assets and liabilities

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Deferred income tax assets	10,400	12,247
Deferred income tax liabilities	(5,468)	(8,959)
Net deferred income tax assets	**4,932**	**3,288**

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

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
At 1 January	3,288	4,228
Exchange differences	298	(58)
Income statement charge	1,346	1,513
Tax charge / (credit) relating to components of other comprehensive income	-	(2,396)
At 31 December	**4,932**	**3,288**

Deferred income tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Property, plant and equipment	3,550	4,398	2,719	3,929	**830**	**468**
Intangible assets	63	73	2,067	4,486	**(2,004)**	**(4,413)**
Inventories	48	26	-	6	**48**	**20**
Loans and borrowings	460	802	-	-	**460**	**802**
Employee benefits	765	1,067	-	-	**765**	**1,067**
Provisions	896	1,070	682	435	**214**	**635**
Tax loss carry-forwards	3,220	4,652	-	-	**3,220**	**4,652**
Other items	1,399	161	-	104	**1,399**	**57**
Tax assets	10,400	12,247	5,468	8,959	**4,932**	**3,288**

The Company recognized deferred tax assets of EUR 3,220 thousand (2015: EUR 4,652 thousand) for which utilization is dependent on future taxable profits whilst the related entities have incurred losses in either the current or preceding years. The assessment upon which the deferred tax assets are recognized is based on 2017 profit projections per legal entity.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Balance 1 January 2015	**Recognized in profit or loss**	**Recognized in Other Comprehensive income**	**Translation differences**	**Balance 31 December 2015**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Property, plant and equipment	637	(116)	-	(53)	468
Intangible assets	(6,546)	2,133	-	-	(4,413)
Inventories	52	(32)	-	-	20
Loans and borrowings	2,318	(1,516)	-	-	802
Employee benefits	2,747	716	(2,396)	-	1,067
Provisions	501	133	-	1	635
Tax loss carry-forward	4,273	455	-	(76)	4,652
Other	246	(260)	-	71	57
Total	**4,228**	**1,513**	**(2,396)**	**(57)**	**3,288**

	Balance 1 January 2016	**Adjustment to 2015 opening balances**	**Recognized in profit or loss**	**Translation differences**	**Balance 31 December 2016**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Property, plant and equipment	468	494	(274)	143	831
Intangible assets	(4,413)	(111)	2,520	-	(2,004)
Inventories	20	39	(11)	-	48
Loans and borrowings	802	(137)	(205)	-	460
Employee benefits	1,067	(280)	(22)	-	765
Provisions	635	(594)	175	(3)	214
Tax loss carry-forward	4,652	(232)	(1,357)	157	3,220
Other	57	821	520	1	1,399
	3,288	**-**	**1,346**	**298**	**4,932**

Deferred income tax assets have not been recognized for tax losses to the value of EUR 242,326 thousand (2015: EUR 279,205 thousand) and relate to the following countries:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
The Netherlands	89,765	124,925
United States	121,433	108,199
France	14,278	21,570
Switzerland	3,769	15,970
Russia	3,218	3,976
Other	9,863	4,565
	242,326	**279,205**

The Group has unrecognized unused tax losses of EUR 248.0 million (2015: EUR 279.2 million) available for offset against future taxable profits for which no deferred tax asset has been recognized because the entities concerned reported losses in either the current or prior year. The losses have various expiry dates. The losses in the US have an indefinite expiry date and losses in the Netherlands will expire in one to six years.

In 2016, no previously unrecognised tax losses were recognised (2015: EUR 455 thousand). Additionally EUR 1,357 thousand recognised tax losses were derecognised in 2016 (2015: EUR nil) as a result of a change in estimates of subsidiary's future results from operating activities.

26. Trade and other payables

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Trade payables	55,623	58,340
Payables due to related parties (note 31)	395	32,616
Taxes and social security contributions	5,671	5,019
Customer prepayments	1,571	918
Interest payable	4,581	878
Accrued salaries and wages	14,623	14,205
Accrued customer bonuses	8,877	6,396
Deferred income	4,373	6,971
Other accrued expenses	14,092	19,665
	109,806	**145,009**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in the Note 33 on financial risk management.

Payables due to related parties consist mainly of the unpaid shareholder fees. On the 7th October 2016, together with the issue of the Senior Secured Notes, the Group's shareholders decided to convert unpaid shareholder fees to the amount of EUR 35,811 thousand into equity via a share premium contribution. At 31 December 2016, pension contributions of EUR 40 thousand were outstanding (2015: nil).

27. Statement of cash flows

27.1 Proceeds from disposal of property, plant and equipment

In the statement of cash flows proceeds from disposal of property, plant and equipment comprise of the following:

	2016	2015
	EUR'000	EUR'000
Net book value of property, plant and equipment disposed	1,394	969
Gain on disposal of property, plant and equipment	2,731	228
Proceeds from disposal of property, plant and equipment	**4,125**	**1,197**

27.2 *Acquisition of property, plant and equipment*

	2016	2015
	EUR'000	EUR'000
Additions per movement schedule (note 14)	32,286	33,660
Assets acquired through finance leases	(8,087)	(4,994)
Other	-	(364)
Additions per cash flow statement	**24,199**	**28,302**

27.3 Non-cash transaction: Conversion of shareholder loans and unpaid fees into equity

On the 7th October 2016, together with the issue of the Senior Secured Notes, the Group's shareholders decided to convert Shareholders loans to the amount of EUR 60,969 thousand, unpaid shareholder fees to the amount of EUR 35,811 thousand and the B2 facility, a tranche of the senior facility amounting to EUR 10,164 thousand (granted by REMA Investments Coöperatief U.A), into equity via a share premium contribution.

27.4 Impact of non-recourse factoring agreement

	2016	**2016 -pro-forma**	**Difference**
	EUR'000	EUR'000	EUR'000
Net cash generated from operating activities	71,472	35,565	35,907
Repayment of borrowings	(210,618)	(174,711)	(35,907)

During 2016, the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements, the Group transferred substantially all the risks and rewards of the factored receivables to the factor. Consequently, the receivables factored under this new agreement and factoring liabilities were derecognized from the Group's balance sheet.

If the change of the factoring agreement were to be excluded, the net cash flow from operating activities would amount to EUR 35,565 thousand in 2016 and the repayment of the borrowing would amount to EUR 174,711 thousand. The difference between 2016 reported and 2016 pro-forma flow figures represents factoring balances as of 31 December 2015.

28. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	31 December 2016	**31 December 2015**
	EUR'000	**EUR'000**
Property, plant and equipment	8,153	12,324

(b) 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, such as forklifts and copiers under cancellable operating lease agreements.

During 2016, an amount of EUR 11,672 thousand was recognized as an expense in profit or loss in respect of operating leases (2015: EUR 9,739 thousand).

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

	31 December 2016	31 December 2015
	EUR'000	EUR'000
No later than 1 year	8,956	10,070
Later than 1 year and no later than 5 years	22,657	22,940
Later than 5 years	6,316	9,206
Total	**37,930**	**42,217**

By nature of commitments:

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Land and Buildings	30,853	36,927
Other	7,076	5,290
	37,930	**42,217**

29. Contingencies

(a) 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 B.V. As a consequence, each company in the tax group is jointly and severally liable for tax liabilities of the tax entity as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

(b) Warranties

The Group does not provide for warranties, since no major claims have been received or payments made in connection with product warranty issues in recent years. As a result, contingencies exist for product warranties, though no material losses are expected.

(c) Legal proceedings

The Group is involved in some legal proceedings and other claims. In the judgement of management, no losses in excess of provisions made, which would be material in relation to the Group's financial position, are likely to arise in respect of these matters, although their occurrence may have a significant effect on periodic results. Also see Note 24.

(d) Customer dispute

In 2015, one of the Company's subsidiaries reached a settlement with one of its customers. At the end of 2016, it became apparent that parties have different views on the scope and extent of the settlement. Parties have agreed to put the matter forward to an Arbitration Court for resolution. A decision of this court is expected in the second half of 2017. Should the Arbitration Court conclude in favour of the other party, then the maximum damages for the Company would amount to EUR 18 million. Management's view, supported by external legal advice, is that the Company's interpretation of the settlement's scope and extent is correct and that there is no basis for the other party's claim for damages.

(e) Swedish tax dispute

The Group has a contingent liability for the claim by the Swedish Tax Authorities (STA) related to the former branch of Schoeller Arca Systems Services B.V. in Sweden, Schoeller Arca Systems Services B.V. (Netherlands) Filial Sverige (the "Swedish branch"). As of 31 December 2016, the total amount of the contingent liability amounted to EUR 12.6 million and EUR 0.9 million of interest.

The Swedish branch was registered in Sweden in December 2004 and subsequently purchased the Arca Systems International Group in February 2005. This purchase was financed through borrowings under a EUR 267 million senior facilities agreement. The Swedish tax authorities have denied deductions made by the Swedish branch in respect of exchange rate adjustments and interest expenses arising in connection with the amounts owed under the senior facilities agreement in respect of financial years 2007-2012. In addition to the ongoing dispute, the STA has also denied the deductions of interest and foreign exchange results in the 2013 tax return. The outcome of this court case will therefore effect 2013 as well.

The STA take the position that the deductions cannot be made at the branch level. This is based on a number of arguments, including that the shares in Arca Systems International Group could not be attributed to the Swedish branch, either because the Swedish branch did not have sufficient substance at the time of the acquisition, or because ownership of shares could not be attributed to a branch. The argument that ownership of shares could not be attributed to a branch is based on the Swedish tax authority's interpretation of the 2008 Organisation for Economic Co-operation and Development Report on the Attribution of Profits to Permanent Establishments (the "2008 OECD Report"), and takes the position that shares can only be allocated to the branch for Swedish tax purposes if at the relevant time, the branch had significant personnel to enable it to make decisions on the acquisition and disposal of the shares and the incurrence of the related acquisition debt.

Furthermore, penalties were imposed based on the allegation that the Swedish branch did not disclose the attribution of the shares of Arca Systems International Group in its tax return, and therefore provided erroneous tax returns. The Lower Administrative Court has ruled in favor of the Swedish tax authority and the matter is currently on appeal with the Upper Administrative Court ("Appeals Court").

The appeal is based on a number of arguments, including that the denial of the deductions is contrary to the Netherlands/Sweden Double Tax Treaty, which states that a branch shall not be subject to any more burdensome tax law or regulations than it would be under domestic law in relation to an entity incorporated in that state. Further arguments are that the 2008 OECD Report had not been published at the time the Swedish branch was established, and so cannot be applied retroactively in this case, that the Lower Court erred in its interpretation of the primary purpose of the Swedish branch, and that the Swedish branch was indeed adequately resourced at the time of the acquisition for its primary purpose, being much broader than the primary purpose stated by the Lower Court in its decision. The Group has also argued that the Swedish tax authority had been informed of the Swedish branch's funding structure in a letter dated September 2006 and as a result, the penalties for providing erroneous tax returns have been incorrectly imposed and there is a higher burden of proof on the STA. In addition, the Group has argued that the Swedish tax authority's interpretation of the 2008 OECD Report is incorrect, and that this position is supported by Swedish case law and a favorable 2004 advance ruling given by the Swedish tax authority in respect of a case against SCA Treasury B.V. Holland, Stockholm Filial with a fact pattern similar to Schoeller Allibert (the "SCA case").

During the first half of 2016, although the case was essentially ready to go to court, the Group extended its argumentation to include Swedish national law aspects in more detail. Schoeller Allibert did this to align the case with the SCA case, both in terms of substance and timing. We did this because, in the SCA case, the taxpayer obtained a tax ruling allowing the same acquisition structure. Both the Branch and the STA submitted new statements to the court during 2016 and according to received information by the court the case has been ready to be tried by the court since late 2016. Initially the case was intended to be tried by the court in January 2017. However, according to the Group advisors the court will try several similar cases at the same time and due to this all, or some, of the cases have been postponed until April/May 2017. The Branch has therefore also decided to supplement its claim with an expert opinion to substantiate the Branch's argumentation in the process before a final assessment and verdict by the court. Based on the discussions with the Court, the STA will be informed of the contents of the expert opinion and might take additional time to respond. The latest estimated timing for the case to be tried in Court, according to the Court is April/May 2017.

The Group believes, and its tax advisors have advised the Group that the arguments put forward by the Branch are strong. It must nevertheless be acknowledged that the issues tried in the case at hand are very complex and that the specific circumstances have not been tried before by the Supreme Administrative court of Appeal. Also, there are now a couple of similar cases decided on by the Administrative Courts of Appeal, where the courts have ruled in favour of the STA. Having said that, it must be noted that all cases are different and will be judged on their own merits, and in this respect the Group has strong arguments. Bringing it all together, it is still difficult to foresee the outcome with any certainty.

30. Transactions with non-controlling interests

(a) Disposal of interest in a subsidiary

During 2015, the Group sold a 5.1% shareholding in Schoeller Allibert GmbH at book value to a related party – Schoeller Arca Systems Participations B.V. After this sale, the Group retains a 94.9% shareholding in Schoeller Allibert GmbH.

(b) Non-controlling interest for the period

The total non-controlling interest for the period is EUR 435 thousand (2015: EUR 362 thousand loss), of which EUR 98 thousand is for Logipak Schoeller Allibert Spa (2015: EUR 53 thousand), EUR 255 thousand is for Bosca Equipment Leasing Ltd (2015: EUR 384 thousand loss) and EUR 82 thousand for Schoeller Allibert GmbH (2015: EUR: 32 thousand loss). The non-controlling interest in respect of Newlogix B.V. is not material.

(c) Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information of subsidiaries, in the aggregate, that have non-controlling interests.

Summarized balance sheet

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Current assets	3,375	4,420
Current liabilities	(1,883)	(1,144)
Total current net assets	1,492	3,276
Non-current assets	549	30,874
Non-current liabilities	(1,287)	(33,951)
Total non-current net liabilities	(738)	(3,077)
Net assets / (liabilities)	**754**	**199**

Summarized statement of profit or loss

	2016	**2015**
	EUR'000	EUR'000
Revenue	4,107	2,407
Profit / (Loss) before income tax	571	(240)
Income tax	(71)	(11)
Profit / (Loss) for the year	500	(251)
Total Comprehensive Income/(Loss)	**500**	**(251)**

	2016	**2015**
	EUR'000	EUR'000
Total comprehensive income allocated to non-controlling interests	435	(362)

The information above is the amount before inter-company eliminations.

31. Related party disclosure

Parent and ultimate controlling party

The Company is a subsidiary of Schoeller Allibert Participations B.V. (“SAP”), a company incorporated in the Netherlands. The ultimate parent is REMA Investments B.V., a company incorporated in the Netherlands that is owned for 60% by REMA Investments Coöperatief U.A., which in turn is owned by various independent private equity funds (One Equity Partners -“OEP”), ultimately 100% held by JP Morgan Chase; and for 40% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems.

The largest group in which the results of the Company will be consolidated is that headed by REMA Investments Coöperatief U.A.

Identity of related parties

The Group has a related party relationship with its (ultimate) shareholders and some of their affiliated companies (amongst others with RTP Holdings China B.V. and its subsidiaries ('RTP Group')). The Group also has a related party relationship with associates.

The multi-employer pension fund Stichting Pensioenfonds OWASE is also a related party.

The members of the Supervisory Boards of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. and Board of Directors of the Company and of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. are considered to be key management and related parties.

Transactions with key management and remuneration

The Group has rented office premises in Belgium from a personal company of one of the Board of Directors members for an amount of EUR 93 thousand (2015: EUR 93 thousand). There have been no further transactions with key management or any family members of key management. No loans or guarantees have been provided to key management or any family member of such persons.

The emoluments, including pension obligations, which were charged in the financial year to the Company and group companies for directors and former directors, amounted to EUR 2,690 thousand of which EUR 39 thousand relates to pensions (2015: EUR 5,178 thousand of which EUR 57 thousand relates to pensions), and EUR 364 thousand for Supervisory Board members and former Supervisory Board members (2015: EUR 427 thousand). Directors and/or Supervisory Boards do not participate in any share based payment program.

Other related party transactions

In 2016, consultancy fees for shareholders amounted to EUR 1.5 million (2015: EUR 2 million). In addition, shareholders were entitled to the travel allowance totaling to EUR 300 thousand. Unpaid fees had an interest rate of 8%, for which during 2016 an amount of EUR 2,536 thousand (2015: EUR 1,690 thousand) interest expense is charged to the Group until 7th October 2016. On the 7th October 2016, together with the issue of the Senior Secured Notes, the Group’s shareholders decided to convert unpaid shareholder fees to the amount of EUR 35,811 thousand, shareholder loans of EUR 60,969 thousand and facility B2, a tranche of the senior facility amounting to EUR 10,164 thousand (granted by REMA Investments Coöperatief U.A), into equity via a share premium contribution. At the same time, it was agreed that shareholder fees would be waived till 2018. Therefore, total unpaid fees as per 31 December 2016 amounted to nil (2015: EUR 31,601 thousand).

The Group had a license fee contract with Schoeller Plast Enterprise A/S, which incurred an annual cost to the amount of EUR 600 thousand (2015: EUR 600 thousand). There is no contractual amount outstanding for 2017.

During 2016, there were no write offs of receivables due from affiliated companies (no write-offs in 2015). All outstanding balances with these related parties are priced on an arm's length basis. None of the balances are secured.

The following transactions were carried out with related parties:

	2016	**2015**
	EUR'000	EUR'000
(a) Sale of goods and services		
RTP Group	307	1,014
(b) Purchase of goods and services		
RTP Group	740	1,539
(c) Other operating costs		
OEP II LP	900	1,150
Schoeller Holding GmbH	900	1,150
Schoeller Plast Enterprise SAS	600	600
(d) Interest (income) / expense		
RTP Group	(117)	-
Schoeller Arca Systems Participations B.V.	(35)	-
OEP II LP	1,272	797
Schoeller Holding GmbH	1,416	893
REMA B.V.	3,546	4,104
Rema Investments Coöperatief U.A.	1,475	1,769
JP Morgan Chase	3,929	-
(e) Employee benefits (contributions paid into the plan)		
Stichting Pensioenfonds OWASE	1,360	432
(f) Dividends received		
Formy Tachov S.R.O	59	51

The following balances with related parties were outstanding at 31 December:

	2016	**2015**
	EUR'000	EUR'000
(a) Short-term receivables due from related parties		
RTP Group	817	1,087
Other non-significant related parties	143	177
	961	1,263
(b) Long-term receivables due from related parties		
Schoeller Arca Systems Participations BV	565	-
RTP Group	450	-
	1,014	-
(b) Borrowings from related parties - long term		
JP Morgan Chase	-	49,021
REMA B.V.	-	35,448
Rema Investments Coöperatief U.A.	-	30,665
	-	115,134

(c) *Payables due to related parties*

RTP Group	291	422
Other non-significant related parties	103	593
OEP II LP	-	14,803
Schoeller Holding GmbH	-	16,798
	395	32,616

32. Principal subsidiaries

The Group had the following subsidiaries at 31 December 2016:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares combined by the Group (%) - 2016	Proportion of ordinary shares combined by the Group (%) - 2015
*Schoeller Allibert Holding B.V.	The Netherlands	Intermediate holding company	100	100
*Arca Systems Holding B.V.	The Netherlands	Intermediate holding company	100	100
*Schoeller Allibert B.V.	The Netherlands	Manufacturing and sale of RTP	100	100
*Schoeller Allibert Services B.V.	The Netherlands	Sale of RTP	100	100
*Trepak Image Systems B.V.	The Netherlands	Sale of RTP	100	100
*Smart Carriers Services B.V.	The Netherlands	Pooling related services	100	100
*Smart Carriers Services Europe B.V.	The Netherlands	Intermediate holding company	100	100
*Schoeller Allibert Pallets B.V.	The Netherlands	Intermediate holding company	100	100
*Schoeller Allibert Participations II B.V.	The Netherlands	Intermediate holding company	100	100
*Schoeller Arca Systems Holding B.V.	The Netherlands	Intermediate holding company		
*Schoeller Arca Systems Services B.V.	The Netherlands	Intermediate holding company	100	100
*Schoeller Allibert Poland B.V.	The Netherlands	Intermediate holding company	100	100
*Smart Carriers UK Holding Ltd	United Kingdom	Intermediate holding company	100	100
*LA Holding Ltd	United Kingdom	Intermediate holding company	100	100
*Schoeller Allibert Ltd	United Kingdom	Manufacturing and sale of RTP	100	100
*Logtek Ltd	United Kingdom	Pooling related services	100	100
*Schoeller Allibert SAS	France	Manufacturing and sale of RTP	100	100
*Arca France SAS	France	Intermediate holding company	100	100
*Schoeller Arca Systems SAS	France	Sale of RTP	100	100
*Schoeller Allibert GmbH	Germany	Manufacturing and sale of RTP	94.9	94.9
*Schoeller Allibert International GmbH	Germany	Sales of RTP and moulds	100	100
*Schoeller Allibert GmbH	Austria	Sale of RTP	100	100
*Schoeller Allibert Sp zoo	Poland	Manufacturing and sale of RTP	100	100
*Schoeller Allibert SAU	Spain	Manufacturing and sale of RTP	100	100
*Schoeller Allibert Sweden AB	Sweden	Sale of RTP	100	100
*Schoeller Allibert BVBA	Belgium	Sale of RTP	100	100
*LA USA Inc	The United State	Sale of RTP	100	100
*Schoeller Allibert US, Inc.	The United States	Manufacturing and sale of RTP	100	100
Schoeller Allibert SIA	Latvia	Manufacturing and sale of RTP	100	100
Schoeller Allibert Swiss Sarl	Switzerland	Manufacturing and sale of RTP	100	100
Schoeller Allibert SpA	Italy	Sale of RTP	100	100
Schoeller Allibert Materials Handling Scandinavia AB	Sweden	Sale of RTP	100	100
Schoeller Allibert Oy	Finland	Sale of RTP	100	100
Zao Schoeller Allibert	Russia	Sale of RTP	100	100
Schoeller Arca Systems LLC	Ukraine	Sale of RTP	100	100
Schoeller Allibert s.r.o.	Czech Republic	Sale of RTP	100	100

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares combined by the Group (%) - 2016	Proportion of ordinary shares combined by the Group (%) - 2015
Schoeller Allibert s.r.o.	Slovakia	Sale of RTP	100	100
Schoeller Allibert Webstore BVBA	Belgium	Sale of RTP	100	100
Schoeller Allibert International SpA	Chile	Sale of RTP	100	100
Schoeller Arca Systems Ltd	Great Britain	Sale of RTP	100	100
Schoeller Allibert Kft	Hungary	Sale of RTP	100	100
Schoeller Arca Systems Trading (Shanghai) Co. Ltd	China	Sale of RTP	100	100
Schoeller Allibert Srl	Romania	Sale of RTP	100	100
Schoeller Allibert International Mexico S.A. de C.V.	Mexico	Sales of RTP and moulds	100	100
Schoeller Plast Latina SA	Argentina	Sales of RTP and moulds	100	100
Logipak Schoeller Allibert Spa	Chile	Sale of RTP and moulds	60	60
Schoeller Allibert Swiss Holding Sarl	Switzerland	Intermediate holding company	100	100
Schoeller Arca Systems Holding Ltd	Great Britain	Intermediate holding company	100	100
Schoeller Arca Systems Holding SAS	France	Intermediate holding company	100	100
Arca Holding France SAS	France	Intermediate holding company	100	100
Schoeller Allibert Hong Kong Ltd	Hong Kong	Intermediate holding company	100	100
Renta Box SAU	Spain	Pooling related services	100	100
Smart Carriers Services North America LLC	The United States	Pooling related services	100	100
Schoeller Allibert SER. Doo Beograd – in liquidation	Serbia	Sale of RTP	100	100
Schoeller Arca Systems Srl – in liquidation	Italy	Sale of RTP	100	100
Schoeller Allibert Plastik Systemleri Sanayi ve Ticaret AS – in liquidation	Turkey	Sale of RTP	100	100
BLB B.V	The Netherlands	Liquidated	0	100
Newlogix B.V.	The Netherlands	Dormant	70	70
Bosca Equipment Leasing Ltd (Note 1)	Ireland	Lease financing vehicle	-	-
Bosca Equipment Leasing (Holding) Ltd	Ireland	Intermediate holding company	-	-

*Denotes a guarantor entity. Further financial information on guarantor /non-guarantor entities is available in Note 22

All subsidiary undertakings are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held.

Note 1: As per 24 February 2014, the Group includes Bosca Equipment Leasing Limited (‘Bosca’) in the Group’s consolidated financial statements. This company has been providing operational leases for equipment. Based on substantial changes in the characteristics of the agreements relating to Bosca, management determined that it controls the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

33. Financial risk management

33.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk; cash flow interest rate risk and price risk).

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Other financial assets	2,036	1,533
Trade and other receivables	64,562	106,245
Cash and cash equivalents	53,295	38,909

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, has an influence on credit risk. On the statement of financial position date there were no significant geographic concentrations of credit risk.

The Group has strict policies regarding credit and payment terms which are closely monitored at local and corporate level. Credit limits are established for most of the customers. These limits are periodically reviewed. Transactions with customers that fail to meet the Group's credit policy are monitored. This risk assessment can result in these customers only transacting with the Group on a prepayment basis. In addition, the Group has credit insurance policies in place for specific regions or customer groups.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Approximately 22% of the Group's revenue is generated from one customer, which gives rise to a level of concentration of credit risk. The Group actively manages this risk through a combination of frequent senior management contact and credit insurance.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Domestic	11,063	37,989
Euro-zone countries	31,835	37,040
United Kingdom	8,683	12,256
Other European countries	8,553	8,641
United States	950	5,397
Other regions	3,480	4,922
	64,562	**106,245**

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Neither past due nor impaired	53,363	86,354
Past due 1 – 30 days	9,839	17,720
Past due 31 – 90 days	927	1,703
Past due 91 – 120 days	315	164
Above 120 days	118	304
	64,562	**106,245**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Total Impairments	**Collective Impairments**	**Individual Impairments**
	EUR'000	EUR'000	EUR'000
Balance at 1 January 2015	2,562	584	1,978
Impairment loss recognized	217	(5)	222
Amounts written off	(708)	(111)	(597)
Balance at 31 December 2015	2,071	468	1,603
Adjustment to 2015 balances	-	167	(167)
Impairment loss recognized	756	582	173
Amounts written off	(650)	(466)	(184)
Translation difference	(26)	82	(107)
Balance at 31 December 2016	**2,151**	**833**	**1,318**

The creation and release of the provision for individual impairments is triggered of by the evidence of uncollectible trade receivables, including ongoing discussions with customers.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Cash and cash equivalents
The Group held gross cash and cash equivalents of EUR 53,295 thousand at 31 December 2016 (2015: EUR 38,908 thousand), which represents its maximum credit exposure on these assets.

The primary objective of the Group's capital management is to ensure that it maintains stronger credit rating. As of 31 December 2016, over 90% of the group cash at bank and in hand was held at financial institutions with a credit rating of A or higher.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group tries to mitigate the liquidity risk by focusing on cash flow generation, working capital developments and expected operational expenses. The Group uses a system of cash flow forecasting per operating company for the assessment and monitoring of cash flow requirements.

Based on the budget and forecast, the Management has prepared an analysis of the projected cash flows covering at least 12 months as from the date of these financial statements. This projected cash flow shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities.

The Group is largely financed through a Senior Secured Notes financing which were issued in October 2016 and with maturity date in 2021. The arrangement consist of EUR 210 million long term notes and EUR 30 million revolving facilities.

The maturity dates relating to Loans and borrowings and Trade and other payable can be summarized as follows:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**No fixed date**	**Total**
At 31 December 2016	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and borrowings (excluding factoring and finance lease liabilities)	1,547	214,150	1,348	-	217,045
Finance lease liabilities	3,390	5,954	2,506	-	11,849
Trade and other payables	109,806	-	-	-	109,806
At 31 December 2015					
Loans and borrowings (excluding factoring and finance lease liabilities)	5,225	180,533	-	55,948	241,706
Finance lease liabilities	2,812	2,898	1,102	-	6,811
Factoring	35,907	-	-	-	35,907
Trade and other payables	145,009	-	-	-	145,009

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and raw material prices will affect the Group's income or the value of its holdings of financial instruments.

(i) Foreign exchange risk

The Group operates in different countries and uses the Euro as its reporting currency. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

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

In 2016, approximately 54% (2015: 58%) of revenue was generated in 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 Pound Sterling could materially affect the combined 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 does not use forward exchange contracts nor currency swaps to hedge forecasted cash flow transactions.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

	2016			2015		
	EUR	**USD**	**GBP**	**EUR**	**USD**	**GBP**
Trade receivables	39,456	4,375	6,618	96,526	11,338	15,952
Cash	34,780	671	788	13,356	1,911	9,224
Trade payables	(29,249)	(4,969)	(8,283)	(44,658)	(4,812)	(5,298)
Net balance sheet exposure	**44,987**	**77**	**(877)**	**65,224**	**8,437**	**19,878**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2016	**2015**	**2016**	**2015**
	EUR 1:	EUR 1:	EUR 1:	EUR 1:
USD	0.9054	0.9057	0.9469	0.9185
GBP	1.2258	1.3813	1.1641	1.3625

A strengthening (weakening) of the Euro against the USD and GBP at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Weakening of 10%	
	2016	**2015**
	EUR'000	EUR'000
USD	5	581
GBP	(77)	2,031

The effect on equity and profit/loss are the same as the Group does not hedge foreign exchange transaction. A 10% strengthening of these currencies would have an equal and opposite effect.

(ii) Price risk

The Group has limited exposure to equity securities price risk because of investments held by the Group and classified on the combined statement of financial position as available-for-sale. The Group's investments are unlisted equity investments.

The raw material upon which we depend in our production is virgin (new) and regrind (recycled) plastic, mostly Polypropylene Copolymer ('PPC') and High-Density Polyethylene ('HDPE'). The prices of these raw materials tend to be cyclical and highly variable and represent a substantial portion of our cost. Our supply agreements typically provide for market-based pricing. The majority of our revenue is typically derived from contracts or other arrangements that allow us to pass-through raw material cost increases, mostly with a time lag of approximately six weeks.

(iii) Fair value and cash flow interest rate risk

The Group sensitivity to cash flow interest rate risk is limited as the Group is mainly financed by EUR 210 million Senior Secured Notes which have a fixed rate of 8%. Fixed rate Senior Secured Notes expose the Group to fair value interest rate risk. The Group has not hedged any of the interest rate exposure.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016	2015
	EUR'000	EUR'000
Fixed rate instruments		
Financial assets	1,410	1,263
Financial liabilities	(202,462)	(147,750)
	(201,052)	(146,487)
Variable rate instruments		
Financial assets	565	-
Financial liabilities	(20,788)	(241,869)
	(20,223)	(241,869)
Zero rate instruments		
Financial assets	117,919	145,424
Financial liabilities	(55,623)	(68,505)
	62,296	76,919

An increase of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2016	2015
	EUR'000	EUR'000
Variable rate instruments	(202)	(2,419)

The effect on equity and profit or loss statement are the same as the Group does not hedge interest rates.

Following the issue of Senior Secured Notes in October 2016, the Group significantly limited its cash flow interest rate risk.

(d) Offsetting

The Group has not offset financial assets and liabilities in its consolidated balance sheet as of 31 December 2016 and 31 December 2015.

33.2 Capital management

The Group's objective is to ensure that it maintains capital ratios required to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's objectives when managing capital, which comprises its paid in capital and borrowings, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

33.3 Fair value estimation

The fair values of financial assets and liabilities on 31 December 2016 (based on discounted cash flows) are as follows:

	31 December 2016			31 December 2015		
	Carrying amount EUR'000	**Fair value** EUR'000	**Fair value hierarchy**	**Carrying amount** EUR'000	**Fair value** EUR'000	**Fair value hierarchy**
Financial assets						
Long-term receivables	1,990	1,990	2	1,487	1,487	2
Trade and other receivables	64,562	64,562	2	106,245	106,245	2
Cash and cash equivalents	53,295	53,295	1	38,909	38,909	1

	Carrying amount EUR'000	**Fair value** EUR'000	**Fair value hierarchy**	**Carrying amount** EUR'000	**Fair value** EUR'000	**Fair value hierarchy**
Financial liabilities						
Senior secured note	202,068	218,967	1	-	-	n/a
Other credit institutions	6,893	6,893	2	4,208	4,208	2
Finance lease liabilities	11,849	11,849	2	6,811	6,811	2
Other liabilities	152	152	2	33,870	32,706	2
Loans and payables related parties	395	395	2	88,564	84,524	2
Bank overdrafts	1,894	1,894	2	26,267	26,267	2
Trade payables and other accrued items	109,412	109,412	2	112,393	112,393	2
Secured bank loans	-	-	n/a	95,947	96,559	2
Loan note	-	-	n/a	49,021	49,021	2
Factoring	-	-	n/a	35,907	35,907	2

34. Employees

The Group employed the following number of employees at the end of the year:

	2016	**2015**
The Netherlands	156	208
Germany	394	382
France	358	397
Spain	193	175
The United Kingdom	439	459
Other countries	364	290
Total	**1,904**	**1,912**

The Group employed the following average number of employees:

	2016	2015
The Netherlands	170	195
Germany	415	397
France	389	366
Spain	189	185
The United Kingdom	426	458
Other countries	365	329
Total	**1,954**	**1,930**

35. Fees of the auditor

The following fees for the financial year 2016 have been charged by PwC Accountants N.V. and other PwC member firms and affiliates to the Company, its subsidiaries and other consolidated entities:

	PwC Accountants N.V.	Other PwC member firms	Total PwC
	EUR'000	EUR'000	EUR'000
Assurance services	457	672	1,129
Other assurance services	4	3,142	3,146
Tax advisory services	-	247	247
Other non-audit services	-	-	-
Total fee	**461**	**4,060**	**4,522**

The following fees for the financial year 2015 have been charged by PwC Accountants N.V. and other PwC member firms and affiliates to the Company, its subsidiaries and other consolidated entities:

	PwC Accountants N.V.	Other PwC member firms	Total PwC
	EUR'000	EUR'000	EUR'000
Assurance services	223	517	740
Other assurance services	12	-	12
Tax advisory services	8	436	444
Other non-audit services	-	-	-
Total fee	**243**	**953**	**1,196**

36. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the consolidated financial statements for the year ended 31 December 2016.

The consolidated financial statements on pages 2 to 73 were authorized for issue by the Board of Directors on 29th March and were signed on its behalf:

Hoofddorp, 29th March 2017

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

(Signed copy of the financial statements is available at the headquarters at Taurusavenue 35, Hoofddorp, The Netherlands)

Company Financial Statements

Company Statement of Profit or Loss

	For the year ended 31 December	For the period 24 June to 31 December
	2016	**2015**
	EUR'000	EUR'000
Addition to the provision for negative equity of investments	(151,653)	-
Share of profit of investments after tax	(6,877)	-
Other income and expense after tax	(7,789)	(18)
Loss for the year	**(166,319)**	**(18)**

The Notes on pages 77 to 81 are an integral part of the company financial statements.

Company Statement of Financial Position (before profit appropriation)

	Note	As at 31 December	
		2016	**2015**
		EUR'000	EUR'000
Assets			
Non-current assets			
Financial assets	2	-	-
Loans to subsidiaries	3	196,878	2,209
		196,878	**2,209**
Current assets		**-**	**-**
Trade and other receivables		119	105
Cash and cash equivalents		2,783	-
		2,902	**105**
Total assets		**199,780**	**2,314**
Equity			
Share capital		-	-
Share premium		106,943	-
Reserves		(4,651)	-
Retained deficit		(18)	-
Unappropriated result		(166,319)	(18)
Equity attributable to the owners of the Company	**4**	**(64,045)**	**(18)**
		-	**-**
Liabilities		**-**	**-**
Non-current liabilities		**-**	**-**
Loans and borrowings	**5**	202,068	-
Provisions	**6**	56,238	-
Loans from subsidiaries		-	600
		258,305	**600**
Current liabilities		**-**	**-**
Trade and other payables	**7**	5,520	1,732
		5,520	**1,732**
Total liabilities		**263,825**	**2,332**
Total equity and liabilities		**199,780**	**2,314**

The Notes on pages 77 to 81 are an integral part of the company financial statements.

Notes to the Company Financial Statements

1. Basis of preparation

1.1 General

The company financial statements of SCHOELLER ALLIBERT GROUP B.V. ("SAG" or "the Company") have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of the Company should be read in conjunction with the consolidated financial statements.

All amounts are presented in EUR'000, unless stated otherwise. The balance sheet and income statement references have been included. These refer to the Notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In 2016, the Company guaranteed the liabilities of the following of its Dutch group companies in accordance with the provisions of the article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code. As a consequence, these companies are exempt from publication requirements:

- Schoeller Allibert Holding B.V.
- Schoeller Allibert Services B.V.
- Schoeller Allibert B.V.
- Schoeller Allibert Participations II B.V.
- Schoeller Allibert Poland B.V.
- Schoeller Allibert Pallets B.V.
- Trepak Image Systems B.V.
- Arca Systems Holding B.V
- Smart Carriers Services B.V.
- Smart Carriers Services Europe B.V.

2. Financial assets

The shareholder of the Company contributed the shares of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. to the Company as a share premium contribution. Because both entities have a negative net equity these subsidiaries were valued at nil at 31 December 2015. No provision for the negative net equity was recognised as at 31 December 2015 since the Company guaranteed the liabilities of its Dutch group companies in accordance with the provisions of the article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code in 2016 and not as at 31 December 2015.

	2016	**2015**
	EUR'000	EUR'000
Balance as at 1 January	-	-
Addition to the provision for negative equity of investments up until 31 December 2015	(151,653)	-
Share of profit of investments after tax	(6,877)	-
Share premium contribution	106,943	-
Foreign currency translation differences - foreign operations; net of income tax	(4,651)	-
Reclassification to provision	56,238	-
Balance as at 31 December	**-**	**-**

3. Loans to subsidiaries

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Loans to subsidiaries	196,878	2,209

4. Shareholders' equity

			Attributable to owners of the Company			
	Share capital	**Share premium**	**Other reserves**	**Retained deficit**	**Unappropriated result**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2016	-	-	-	-	(18)	**(18)**
Loss for the year	-	-	-	-	(166,319)	**(166,319)**
Other comprehensive income for the year:						
Foreign currency translation differences - foreign operations; net of income tax	-	-	(4,651)	-	-	**(4,651)**
Result appropriation	-	-	-	(18)	18	-
Transactions with shareholders:						
Share premium contribution	-	106,943	-	-	-	**106,943**
Balance as at 31 December 2016	**-**	**106,943**	**(4,651)**	**(18)**	**(166,319)**	**(64,045)**

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Reserves**	**Retained deficit**	**Unappropriated result**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 24 June 2015	-	-	-	-	-	-
Loss for the year					(18)	(18)
Transactions with shareholders:						
Share premium contribution	-	-	-	-	-	-
Balance as at 31 December 2015	-	-	-	-	**(18)**	**(18)**

Ordinary shares

The authorized share capital consists of 1 share with a nominal value of EUR 1,-. The total share capital issued amounts to EUR 1,- and is fully paid.

Share premium

On the 7th October 2016, together with the issue of the Senior Secured Notes, the Group's shareholders decided to convert Shareholders loans to the amount of EUR 60,969 thousand, unpaid shareholder fees to the amount of EUR 35,811 thousand and the B2 facility, a tranche of the senior facility amounting to EUR 10,164 thousand (granted by REMA Investments Coöperatief U.A), into equity via a share premium contribution.

5. Loans and borrowings

	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Senior secured notes	210,000	-
Deferred financing cost	(7,932)	-
Total loans and borrowings	**202,068**	**-**

See also Note 22 of the consolidated financial statements for further information on Senior Secured Notes.

6. Provisions

	2016	**2015**
	EUR'000	EUR'000
Balance as at 1 January	-	-
Additions	56,238	-
Balance as at 31 December	**56,238**	**-**

As mentioned in note 1.1 and note 2, the Company guaranteed the liabilities of its Dutch group companies in 2016 in accordance with the provisions of the article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code and as such recorded a provision in relation to these guarantees.

7. Trade and other payables

	31 December 2016	31 December 2015
	EUR'000	EUR'000
Trade payables	1,201	1,732
Deferred financing cost	4,200	-
Other	119	-
Total trade and other payables	**5,520**	**1,732**

8. Difference in equity and loss between the company and consolidated financial statements

In 2016, the difference between equity according to the company balance sheet and equity according to the consolidated balance sheet of EUR 0.8 million, which represents non-controlling interest. The difference in the loss according to the company income statement and the loss according to the consolidated income statement of EUR 152.1 million is due to the fact that in 2016 the company became liable for the obligations of Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V.

In 2015, the difference between equity according to the company balance sheet and equity according to the consolidated balance sheet of EUR 151.2 million, as well as the loss according to the company income statement and the loss according to the consolidated income statement of EUR 12.8 million is due to the contribution of the shares in Schoeller Allibert Holding B.V. and Schoeller Arca Systems Holding B.V. during the year and the fact that the company is not liable for the obligations of these entities.

	31 December 2016		
	Consolidated Financial Statements	**Company Financial Statements**	**Difference**
	EUR'000	EUR'000	EUR'000
Total equity	(63,200)	(64,045)	845
Net loss for the year	(14,236)	(166,319)	152,084

	31 December 2015		
	Consolidated Financial Statements	**Company Financial Statements**	**Difference**
	EUR'000	EUR'000	EUR'000
Total equity	(151,265)	(18)	(151,247)
Net loss for the year	(12,856)	(18)	(12,838)

9. Employees

The Company did not have any employees during 2016 (2015: nil).

10. Proposed appropriation of loss

The General Meeting will be asked to approve that the loss of EUR 166,319 thousand is added to the retained deficit.

11. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the company financial statements for the year ended 31 December 2016.

The Company financial statements on pages 75 to 81 were authorized for issue by the Board of Directors on 29th March 2017 and were signed on its behalf:

Hoofddorp, 29th March 2017

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

(Signed copy of the financial statements is available at the headquarters at Taurusavenue 35, Hoofddorp, The Netherlands)

Other information

Provisions in the Articles of Association relating to result appropriation

The results as determined through the adoption of the financial statements shall be at the disposal of the General Meeting. The General Meeting may decide to make a distribution, to the extent that the shareholders' equity exceeds the reserves that must be maintained by law.

A resolution to make a distribution shall not take effect as long as the Management Board has not given its approval. The Management Board may only withhold such approval if it knows or should reasonably foresee that, following the distribution, the Company will be unable to continue paying its due and payable debts.

Independent auditor's report

This report is set on pages 84 to 93.

Independent auditor's report

To: the general meeting of Schoeller Allibert Group B.V.

Report on the financial statements 2016

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Schoeller Allibert Group B.V. as at 31 December 2016 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Schoeller Allibert Group B.V. as at 31 December 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Schoeller Allibert Group B.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Schoeller Allibert Group B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the following statements for 2016: the consolidated statement of profit or loss and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2016;
- the company statement of profit or loss for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

Ref.: e0398995

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Schoeller Allibert Group B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

Schoeller Allibert Group B.V. is an industrial manufacturing company producing returnable plastic packaging for material handling. The Group comprises of several components and therefore we considered our group audit scope and approach as set out in 'The scope of our group audit' section. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

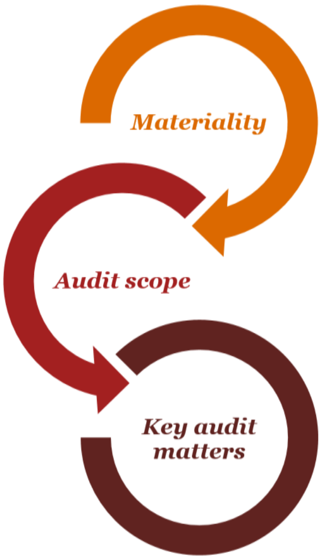
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Board of Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 5.1 to the financial statements the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the estimation uncertainty relating to the outcome of the Swedish tax dispute and its potential material impact, we considered this to be a key audit matter as set out in the key audit matter section of this report.

Furthermore, we identified the refinancing and the de-recognition of factored trade receivables as key audit matters because of, respectively the complexity and materiality of the refinance transactions and the judgement involved in whether substantially all risks and rewards of the ownership of the trade receivables are transferred to the factoring agencies.

Besides the key audit matters, other areas of focus were the application and presentation of adjusting items, valuation of trade receivables, existence and valuation of inventories, the assessment of management's identification of impairment triggers and the appropriateness of revenue recognition. 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 Board of Directors 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 competences which are needed for the audit of an industrial manufacturing company. We included specialists in the areas of IT, tax and financial instruments in our team.

The outlines of our audit approach were as follows:



Materiality

- Overall materiality: € 3.2 million which represents the average of 1% of total revenues and 2.5% of EBITDA.

Audit scope

- We conducted audit work on 12 components in 7 countries.
- Site visits were conducted in 4 countries: Spain, Poland, Germany and France.
- Audit coverage: 78% of consolidated revenue, 74% of consolidated total assets and 80% of EBITDA.

Key audit matters

- Refinancing.
- Swedish tax dispute.
- De-recognition of factored receivables.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€3.2 million (2015: €3.4 million).
How we determined it	The average of 1% of total revenues and 2.5% of EBITDA.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. Revenue and EBITDA are considered to be important performance indicators for the Company. Both are reviewed in detail on a monthly basis by the Board of Directors, as also disclosed in note 2.3 of the report of the Board of Directors. On this basis we believe that both revenues and EBITDA are equally important metrics for our determination of materiality.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.8 million and €2.0 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above €160,000 (2015: €167,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Schoeller Allibert Group B.V. is the parent company of a Group of entities. The financial information of this Group is included in the consolidated financial statements of Schoeller Allibert Group B.V.

The group audit focused on the 12 components in Germany, France, Spain, the United Kingdom, Poland, the Netherlands and the United States. Germany is individually financially significant to the Group. 11 components were selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements. Due to the composition and spread of the Group and the number of components, none of these 11 components contributes more than 15% to the Company's total revenues or EBITDA. All 12 components were subjected to audits of their complete set of financial information. Additionally, 36 components were selected for specified audit procedures on cash and cash equivalents to build an element of unpredictability in our audit.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	78%
Total assets	74%
EBITDA	80%

None of the remaining components represented more than 4% of total Group revenue or total Group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the 3 components in the Netherlands the group engagement team performed the audit work. For the components outside the Netherlands we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. The group engagement team visits the component teams on a rotational basis, also considering materiality and the risk profiles of the components.

In the current year the group engagement team visited, together with a member of group management, local management and the component auditors in Spain, Poland, Germany and France. During these visits we updated our understanding of the business by, amongst others, attending a factory tour, discussing the year to date results, challenged positions taken by the management and evaluated the work performed by the component auditors.

For all components in scope of our group audit, we held multiple conference calls with the component auditors throughout the audit to share knowledge, instruct the component auditors, discuss the audit approach and evaluate the audit findings.

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. These complex items include the accounting for and presentation of factoring agreements, refinancing agreements and group-wide pending litigations & claims.

By performing the procedures above at components, combined with additional procedures at Group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

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 matter***
Refinancing *Note 22 (a) and note 31 to the consolidated financial statements* On 7 October 2016 the Company issued 8% secured notes due on 1 October 2021 amounting to €210 million on the Channel Islands Securities Exchange ('CISE') Authority Limited. The gross proceeds from this transaction are used to (i) repay certain existing indebtedness of the Group, (ii) to pay the (estimated) fees and expenses incurred in connection with the transaction and (iii) for capital investments in the Group. Together with the issuance of the secured notes, the Group's shareholders decided to convert €35.8 million unpaid shareholder fees and €61 million shareholder loans into equity via a share premium contribution. Furthermore, debt in the amount of €10.2 million was waived by shareholder REMA Investments Coöperatief U.A. ('REMA Investments'), by means of a share premium contribution. Refer to note 22 (d) and note 31 to the consolidated financial statements.	Our substantive audit procedures included, amongst others: • an assessment of the bond offering memorandum to gain an understanding of the characteristics of the secured notes; • testing the existence of the secured notes by verifying the CISE website; • reconciling the proceeds and repayments to the bank statements to assess the cash in- and outflow; • assessment of the contractual arrangements of the repayments to verify the validity and substance of the transactions. From the aforementioned substantive audit procedures, we noted that the transactions are appropriately reflected in the consolidated financial statements. With respect to the (estimated) fees and expenses incurred in connection with the transaction, we verified those with the actual invoices (after balance sheet date) and/or contracts to assess (i) the accuracy of the expenses, (ii) the completeness of the related accrual and (iii) the accuracy of the capitalized expenses.

Key audit matter	How our audit addressed the matter
As a result of the aforementioned transactions, the Company's consolidated equity improved to €63.2 million negative (31 December 2015: €151.3 million negative). Considering the complexity and materiality of these refinance transactions, this was considered to be a key audit matter.	No material exceptions were noted. The journal entries in relation to (i) conversion of debt into equity and (ii) the fact that the debt to REMA Investments was waived were assessed by us by means of verifying the journal entries to the supporting contractual arrangements. We concur with the fact that both transactions are recognized in the statement of changes in equity since both transactions are transactions with shareholders.
Swedish tax dispute *Note 29 (e) to the consolidated financial statements* As disclosed in note 29 (e) to the consolidated financial statements, the Swedish branch of a Group entity was denied an interest deduction in respect of the tax years 2011 and 2012 and was given an 'additional assessment' in respect of the years 2007 to 2010 following a tax audit by the Swedish Tax Authority ('STA') in 2013. The Swedish branch was closed down and de-registered in March 2015. The total amount currently at risk as at 31 December 2016, including interest and penalties, is approximately €13.5 million. As of today, the decision from the Court is expected to be taken in the upcoming months. Given the strength of the appeal the Company considers the likelihood that the Higher Administrative Court will rule in favour of the Company to be more likely than not. As a result, no provision has been recognised in the financial statements. The matter has been treated and disclosed as a contingent liability. This tax dispute is a key audit matter considering the estimation uncertainty of the outcome and its potential material impact.	Our audit procedures included, amongst others, understanding and evaluating the process that management has undertaken to assess the uncertain tax position. This includes, but is not limited to: • understanding and evaluating the scope of work and assessing the qualifications and competence of the tax experts engaged by the Company; • understanding and evaluating the process and oversight performed by group management related to this uncertain tax position; and • assessing both the position paper prepared by management as well as the tax letter prepared by the tax experts engaged by the Company. We challenged the Company's position based on our understanding of the dispute and assessment of the tax letter received from the tax experts engaged by the Company. Based on the facts and circumstances, we concur with management's position. We furthermore assessed the appropriateness of note 29 (e) to the consolidated financial statements concerning this tax dispute. No material exceptions were noted.
De-recognition of factored receivables *Note 3.9 (b), note 19 and note 22 (e) to the consolidated financial statements* The Company replaced and amended in respectively February and September 2016, both (existing) factoring agreements under which trade receivable balances are factored. In accordance with IAS 39 a company derecognises an asset if it transfers substantially all the risks and rewards of ownership of the trade receivables.	We assessed both factoring agreements against the criteria in IAS 39. This assessment was focused, but not limited, on the credit and late payment risk in order to determine whether the Company transferred substantially all the risks and rewards of ownership of the trade receivables to the factoring agencies. We, furthermore, determined whether the de-recognised trade receivables were in scope of the factoring agreements to ensure appropriate de-recognition.

Key audit matter	How our audit addressed the matter
Conversely, the entity continues to recognise the asset if it retains substantially all the risks and rewards of ownership of the asset. As of the date of the new and amended factoring agreements, the Company is derecognizing the trade receivable balances which are factored under these agreements. Given the magnitude and the judgment involved in whether substantially all risks and rewards of the ownership of the trade receivables are transferred to the factoring agencies, this was considered a key audit matter.	Based on our audit procedures we concluded that the Company does transfer substantially all risks and rewards of ownership of the trade receivables to the factor and as such, we concur with management's position that de-recognition is allowed for the factored trade receivables as of the date of the new and amended factoring agreements. We furthermore assessed the adequacy of the disclosure note 3.9 (b), note 19 and note 22 (e) to the consolidated financial statements. No material exceptions were noted.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the board of directors;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures were substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the report of the board of directors and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Schoeller Allibert Group B.V. by the board of directors on 3 August 2015 following the passing of a resolution by the shareholders. Consequently, we are the auditors of Schoeller Allibert Group B.V. for two consecutive years now.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 29 March 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. van Meijel RA

Appendix to our auditor's report on the financial statements 2016 of Schoeller Allibert Group B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control;
- obtaining 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 Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company'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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of Group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected Group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors 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 provide the board of directors 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 board of directors, we determine those matters that were of most significance in the audit of the financial statements of 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, not communicating the matter is in the public interest.