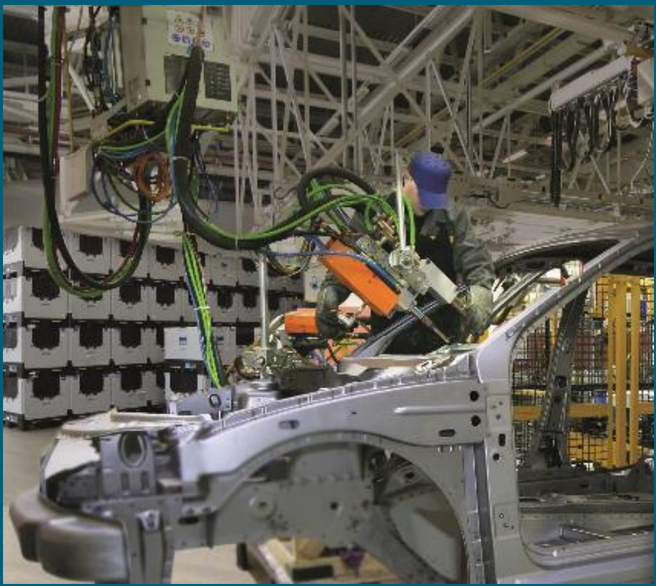

Schoeller Allibert Group B.V.

Annual report 2017

Schoeller Allibert

Schoeller Allibert Group B.V.

Annual financial report – 31 December 2017

Consolidated financial statements

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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 2017.

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, the USA and sales locations in emerging markets, such as South America and Asia.

Mission statement

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

Markets: we focus on seven key segments being agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling through our customers.

Products: we offer a comprehensive range of standard and tailor-made RTP packaging solutions across ten key product segments being Foldable Large Containers, Foldable Small Containers, Rigid Pallet Containers, Beverage crates and trays, Stackable and Stack/Nest handheld boxes, United Nations pails, Foldable Intermediate Bulk Containers, Pallets and Dollies.

Services: as well as standard models we offer a bespoke innovative design and engineering service.

Benefits of our products: high quality, durable and sustainable enabling our customers to enhance supply chain efficiency and profitability, lower transport cost, reduce waste and enhance green branding.

Operations: lean manufacturing and supply chain operations focussed on right first-time quality products delivered on-time and in-full.

Support functions: efficient and effective, focussed on the customer and adding value.

People: the inclusive environment where all employees have all the tools they need to perform to their best, are recognised and valued, are encouraged to learn and grow and to contribute to continuously improving our performance.

Financial: we aim to enhance shareholder value and provide the required returns in the long term.

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.

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. Customers audit our QESH management system including quality of manufactured products for them conforming to the agreed specifications.

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 three production sites: Spain, Germany and the Netherlands). The accredited process, which covers the recycling of food-grade and High-Density Polyethylene ('HDPE') and Polypropylene Copolymer ('PPC') 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.

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.

People

Schoeller Allibert employs approximately 2000 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. It includes a Whistleblower scheme, a Do's and Don'ts paragraph and a Social Media instruction. This code came into force on 1 January 2015. It is approved by the Works Council and is reviewed on a regular base.

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. Key Financial Results

The table below shows the Group's key consolidated financial results for the year ended 31 December 2017 and 2016:

EUR'000	2017	2016
Revenue before adjusting items	520,106	518,760
Revenue growth before adjusting items	0.3%	-6.6%
EBITDA before adjusting items	58,154	57,894
EBITDA before adjusting items as a % of revenue	11.2%	11.2%
Loss before income taxes	(16,821)	(14,057)
Net capital expenditure	29,669	21,391
Net capital expenditure as a % of revenue	5.7%	4.1%
Cash generated from operations (2016 pro-forma)*	46,077	53,639

* Cash generated from operations (pro-forma) for 2016 has been adjusted for the impact of the change in the factoring agreements.

The table below shows the Group's key other financial metrics as at 31 December 2017 and 2016:

EUR'000	2017	2016
Net working capital	(22,935)	(10,813)
Cash and cash equivalents	34,835	51,402
Total net loans and borrowings	201,812	177,492

* Net working capital for 2017 is adjusted for the Swedish tax liability (EUR 10,686 thousand) and accrued interest (EUR 867 thousand).

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

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

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

Revenue before adjusting items

The table below shows the Group's operating segment revenue for the year ended 31 December 2017 and 2016:

EUR'000	2017	2016
Northern Europe	196,717	188,255
Southern Europe	116,259	113,210
UK and rest of Europe	95,496	97,241
United States of America	36,435	46,532
All Other Segments	75,199	73,522
Total revenue before adjusting items	**520,106**	**518,761**

Revenue in Northern Europe increased by EUR 8,462 thousand, or 4.5%, from EUR 188,255 thousand for 2016 to EUR 196,717 thousand for 2017. This growth in revenue was primarily attributable to orders in beverage and industrial manufacturing as well as the commencement of the production in the new factory in Belgium.

Revenue in Southern Europe increased by EUR 3,047 thousand, or 2.7%, from EUR 113,210 thousand for 2016 to EUR 116,259 thousand for 2017. The Region showed growth in agriculture, food and automotive markets.

Revenue in the UK and rest of Europe decreased by EUR 1,745 thousand, or 1.8%, from EUR 97,241 thousand for the 2016 to EUR 95,496 thousand for 2017. This decrease was primarily attributable to the foreign exchange rates, in particularly pound sterling.

Revenue in the USA decreased by EUR 10,097 thousand, or 21.7%, from EUR 46,532 thousand for 2016 to EUR 36,435 thousand for 2017. This decrease was attributable mainly to the use of a higher proportion of regrind material.

Revenue in all Other Segments increased by EUR 1,677 thousand, or 2.3%, from EUR 73,522 thousand for 2016 to EUR 75,199 thousand for 2017. This increase is attributable to higher revenues from the Services business as well as stronger sales of moulds.

EBITDA before adjusting items

EBITDA before adjusting items refers to earnings before interest, tax, depreciation, amortisation and adjusting items, and is a key financial measure used by the Management to assess operational performance. It excludes the impact of adjusting items, such as costs incurred in the realization of cost reduction programs, which are items that are material, non-recurring and significant in nature and amount. Refer to Note 3.23 to the financial statements for further guidance about adjusting items.

EUR'000	2017	2016
Total EBITDA before adjusting items	**58,154**	**57,894**

EBITDA before adjusting items increased by EUR 260 thousand, or 0.4% to EUR 58,154 thousand for 2017 compared to EUR 57,894 thousand for 2016. The higher EBTIDA resulting from the higher revenue from the majority of the markets was largely offset by lower profitability from poolers in Europe and the US.

The following table shows a breakdown of EBITDA before adjusting items by operating segment for the year ended 31 December 2017 and 2016:

EUR'000	2017	2016
Northern Europe	19,921	20,995
Southern Europe	11,507	9,886
UK and rest of Europe	10,384	10,104
United States of America	1,564	3,911
All Other Segments	14,777	12,999
Total EBITDA before adjusting items	**58,154**	**57,895**

Net finance income/expense

Net finance expense for 2017 was EUR 22,620 thousand (expense for 2016: EUR 32,211 thousand). This decrease was primarily due to lower interest cost amounting to EUR 19,475 thousand for 2017 (for 2016 interest amounted to: EUR 29,058 thousand), partially offset by higher financial result. Lower interest cost is driven by the optimisation of the

Company's capital structure, following the refinancing of the Company in October 2016, offset by the interest to the amount of EUR 992 thousand related to the lost Swedish tax case (explained in detail in Note 13: Income tax expense).

Profit before income taxes

The loss before income taxes was EUR 16,821 thousand for 2017 (2016: the loss of EUR 14,057 thousand), with the year-on-year change driven amongst others by the negative impact of the customer settlement in the amount of USD 11.0 million in 2017, compensated by lower depreciation and amortisation charges and lower net finance expense.

Net capital expenditure

Net capital expenditure was EUR 29,669 thousand outflow for 2017 (2016: EUR 21,391 thousand outflow), which represented 5.7% of revenue for 2017 (4.1% for 2016). The increase was driven by investments in breakthrough projects undertaken in 2017 (the launch of new IBC range and the new factory in Belgium).

Cash generated from operations

Cash generated from operations during the year ended 31 December 2017 amounted to a EUR 46,077 thousand inflow (2016 EUR 89,546 thousand inflow).

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 were derecognized from the Group's balance sheet. The following pro-forma figures show the cash flow figures as if the Group had non-recourse factoring in place from the beginning of 2016, for the year ended 31 December 2016.

The difference between 2016 reported and pro-forma figures represent the movement in the factoring balances of EUR 35,907 thousand from 31 December 2015 to 31 December 2016 for the year ended 31 December 2016.

	2017	2016	2016 - proforma
EUR'000			
Change in trade and other receivables	1,137	40,050	4,143
Cash generated from operations	46,077	89,546	53,639
Repayment of borrowings	(6,182)	(210,618)	(174,711)

Net working capital

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

As of 31 December 2017, the receivables from related parties were equal to EUR 170 thousand (31 December 2016: EUR 961 thousand) and the payables due from related parties were equal to EUR 861 thousand (31 December 2016: EUR 395).

As of 31 December 2017, the Group had negative net working capital of EUR 22,466 thousand, adjusted for the Swedish tax liability of EUR 10,686 thousand and related accrued interest of EUR 867 thousand (31 December 2016 negative net working capital of EUR 10,813 thousand). The decrease in the net working capital was mainly due to higher trade and other payable levels as of 31 December 2017.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. As 31 December 2017 the Group had EUR 34,835 thousand (31 December 2016: EUR 51,402 thousand) of net cash on its balance sheet.

As at 31 December 2017, the Group had one revolving credit facility of EUR 30 million (31 December 2016: EUR 30 million). The unused part of the facility as at 31 December 2017 amounted to EUR 18.7 million (31 December 2016: EUR 24.1 million).

Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which increased by 13.7% to EUR 201,812 thousand as at 31 December 2017 (31 December 2016: EUR 177,492 thousand), mostly driven by lower cash balances, new finance leases granted, compensated by the repayments of loans and finance leases.

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

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 29% (31% in 2016) of our revenues, with the largest customer (by revenue) accounting for approximately 18% (22% in 2016) of our revenue in the year ended 31 December 2017. 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 selectively uses derivative financial instruments to hedge certain foreign currency 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 selectively uses forward exchange contracts 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 Company incurred a net loss for the year 2017 of EUR 21.1 million and has a negative equity as at 31 December 2017 of EUR 87.9 million. At the same time, Schoeller Allibert generated EUR 46.1 million cash from operations, has a stable financing structure with the Senior Secured Notes due in 2021 and a solid cash position with access to the revolving credit facility. Additionally the acquisition of a 75% controlling interest in REMA Investments BV by Brookfield Business Partners L.P. for EUR 205 million (refer to Note 5) demonstrates that the shareholders see a positive equity value ('equity cushion').

The Management believes that in 2017 the Company reached a few milestones ensuring its future profitability and cash flows. Firstly, the Group grew its total revenue and EBITDA, despite the revenue loss from the pooling customers and unfavorable trading conditions in the UK, exacerbated by the depreciation of the pound sterling. At the same time, the Company diversified its customer portfolio. Secondly, during 2017 Schoeller Allibert successfully settled two historical liabilities: a customer dispute in the pooling sector and the tax case in Sweden. Thirdly, in 2017 the Group saw a significant level of capital expenditure focusing on innovation (e.g. the launch of a new IBC range), the new manufacturing facility in Belgium and modernisation of our manufacturing footprint. Lastly, on the backdrop of stable economic situation in the Eurozone and the US, Management expects 2018 to show a growth in revenues compared to 2017 coming from growth of some of our largest customers and benefit from the investments in and introduction of new products.

Based on the above mentioned facts, Management believes that the application of the going concern assumption for the 2017 consolidated financial statements is appropriate.

5. Events after the reporting date

On 5th January 2018, Brookfield Business Partners L.P. together with institutional partners entered into an agreement to acquire a 75% controlling interest in Rema Investments B.V. (the ultimate parent of the Schoeller Allibert Group BV) for EUR 205 million from an indirect subsidiary of JP Morgan Chase. Brookfield shall facilitate Schoeller Industries BV increasing their ownership by 5% at closing. Closing of the transaction remains subject to customary conditions, including, among others, regulatory approvals and is expected to occur in the second quarter of 2018.
The Management Board and certain employees are entitled to a bonus upon closing of the acquisition by Brookfield Business Partners L.P. An amount of EUR 5.7 million has been provided for these bonuses in 2017.
The holders of EUR 210 million in 8% Senior Secured Notes due in 2021 may tender their notes for repurchase following the occurrence of a change of control as stipulated in the terms of the notes. The Company has put in place adequate planning and resources to manage such a change of control event if and when it occurs. This includes the options of meeting the portability criteria, requesting consent or backstopping the Bondholders put option.

Hoofddorp, 26th March 2018

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

Consolidated Financial Statements

Consolidated Statement of profit or loss

EUR'000	Note			2017			2016
		Before adjusting items	Adjusting items	Total	Before adjusting items	Adjusting items	Total
Revenue	8	520,106	(11,653)	508,453	518,760	-	518,760
Other income	9	1,180	81	1,261	360	2,371	2,731
*Raw materials and consumables used		(273,300)	(88)	(273,388)	(266,954)	-	(266,954)
*Costs for subcontracting		(2,818)	-	(2,818)	(3,452)	-	(3,452)
Employee benefit expense	10	(110,339)	(6,009)	(116,348)	(109,224)	(3,396)	(112,620)
*Other operating costs	11	(76,675)	(5,969)	(82,644)	(81,596)	(4,337)	(85,932)
Operating expenses excluding depreciation, amortisation and impairment		**(463,132)**	**(12,065)**	**(475,197)**	**(461,226)**	**(7,733)**	**(468,959)**
EBITDA		**58,154**	**(23,637)**	**34,517**	**57,894**	**(5,362)**	**52,532**
Depreciation and Impairment expense		(24,180)	-	(24,180)	(26,844)	-	(26,844)
Amortisation and impairment expense		(4,645)	-	(4,645)	(7,705)	-	(7,705)
Operating result		**29,329**	**(23,637)**	**5,692**	**23,345**	**(5,362)**	**17,983**
Finance income	12	742	-	742	1,480	-	1,480
Finance expense	12	(23,361)	-	(23,361)	(33,691)	-	(33,691)
Net finance expense		**(22,620)**	**-**	**(22,620)**	**(32,211)**	**-**	**(32,211)**
Share in result of equity accounted investments		106	-	106	172	-	172
Profit /(loss) before income taxes		**6,816**	**(23,637)**	**(16,821)**	**(8,695)**	**(5,362)**	**(14,057)**
Income tax	13	(5,577)	1,288	(4,289)	(974)	795	(179)
Profit/(loss) for the period		**1,239**	**(22,349)**	**(21,110)**	**(9,669)**	**(4,567)**	**(14,236)**
Attributable to:							
Owners of the Company				(21,175)			(14,670)
Non-controlling interests				64			435

* For 2017 comparability, 2016 Raw materials, cost for subcontracting and Other operating cost line have been adjusted.

The Notes on pages 18 to 56 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

EUR'000	2017	2016
Loss for the period	**(21,110)**	**(14,236)**
Items that will not be reclassified to profit or loss:		
Remeasurements of retirement benefit obligations	(638)	53
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(2,957)	(4,697)
Total comprehensive loss for the period, net of income tax	**(24,705)**	**(18,880)**
Attributable to:		
Owners of the Company	(24,768)	(19,309)
Non-controlling interests	63	429
Total comprehensive loss for the period	(24,705)	(18,880)

The Notes on pages 18 to 56 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

EUR'000	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	14	120,474	106,974
Intangible assets	15	6,697	9,216
Equity accounted investments	16	514	422
Other financial assets	17	4,078	2,036
Deferred income tax assets	25	20,615	10,400
Total non-current assets		**152,379**	**129,048**
Current assets			
Inventories	18	28,613	23,105
Trade and other receivables	19	61,474	64,562
Current income tax assets		3,805	4,179
Prepayments and accrued income	20	9,860	14,954
Cash and cash equivalents	21	34,835	53,295
Total current assets		**138,587**	**160,096**
TOTAL ASSETS		**290,966**	**289,144**
EQUITY			
Equity attributable to owners of the Company		(88,511)	(64,065)
Non-controlling interests		606	865
Total equity		**(87,905)**	**(63,200)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	22	222,351	217,666
Employee benefits	23	6,544	4,872
Provisions	24	1,055	2,103
Deferred income tax liabilities	25	2,407	5,468
Total non-current liabilities		**232,357**	**230,109**
Current liabilities			
Loans and borrowings	22	7,458	3,295
Bank overdraft	21	-	1,894
Provisions	24	2,116	3,884
Current income tax liabilities		15,149	3,357
Derivative financial instruments	33	126	-
Trade and other payables	26	121,666	109,806
Total current liabilities		**146,515**	**122,236**
Total liabilities		**378,872**	**352,345**
TOTAL EQUITY AND LIABILITIES		**290,966**	**289,144**

The Notes on pages 18 to 56 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2017	**-**	**106,979**	**(147,405)**	**(23,639)**	**(64,065)**	**865**	**(63,200)**
Reclassification	-	-	5,115	(4,794)	321	(321)	-
Comprehensive income/(loss) for the year:							
Profit/(loss) for the year	-	-	-	(21,175)	(21,175)	64	(21,110)
Other comprehensive expense for the year:							
Loss on remeasurment of net defined benefit liability, net of income tax	-	-	-	(638)	(638)	-	(638)
Foreign currency translation differences - foreign operations; net of income tax	-	-	(2,955)	-	(2,955)	(2)	(2,957)
Total comprehensive loss for the year	**-**	**-**	**(2,955)**	**(21,813)**	**(24,768)**	**63**	**(24,705)**
Balance as at 31 December 2017	**-**	**106,979**	**(145,245)**	**(50,246)**	**(88,511)**	**606**	**(87,905)**

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

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
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 expense 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 profit/(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)**

The Notes on pages 18 to 56 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

EUR'000	Note	2017	2016
Loss for the year		**(21,110)**	**(14,236)**
Adjustments for:			
Depreciation and impairment	14	24,180	26,844
Amortisation and impairment	15	4,645	7,705
Profit on sale of property, plant and equipment	9	(1,261)	(2,731)
Impairment loss on trade receivables	19	738	757
Net finance costs		22,665	30,914
Tax expense	13	4,289	179
Share of results of equity accounted investments	16	(106)	(172)
Change in:			
Inventories		(5,827)	1,344
Trade and other receivables	27.3	1,137	40,050
Prepayments and accrued income		4,690	3,209
Trade and other payables		13,407	(2,617)
Provisions and employee benefits		(1,369)	(1,701)
Cash generated from operations		**46,077**	**89,546**
Interest received	12	56	205
Interest paid		(20,806)	(15,214)
Income tax paid		(5,548)	(3,085)
Net cash inflow from operating activities		**19,779**	**71,452**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	27.1	2,311	4,125
Proceeds from long term loans receivable		94	-
New long term loans receivable granted		(2,144)	(189)
Acquisition of property, plant and equipment	27.2	(29,851)	(24,199)
Acquisition of intangible assets		(2,129)	(1,317)
Dividends from associates	16	15	57
Net cash (outflow) from investing activities		**(31,704)**	**(21,522)**
Cash flows from financing activities			
Payment of transaction costs related to loans and borrowings		(691)	(9,640)
Proceeds from borrowings		7,803	213,586
Repayment of borrowings	27.3	(6,182)	(210,618)
Payment of finance lease liabilities		(5,203)	(3,049)
Net cash (outflow) from financing activities		**(4,272)**	**(9,721)**
Net change in cash and cash equivalents		(16,197)	40,208
Cash and cash equivalents at beginning of period		51,402	12,641
Effect of exchange rate fluctuations on cash and cash equivalents		(369)	(1,448)
Cash and cash equivalents at end of period		**34,835**	**51,401**

The Notes on pages 18 to 56 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 BV. ("SAG" or "the Company") is a company limited by shares incorporated and 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 BV. was incorporated on 24 June 2015.

The Company is a subsidiary of Schoeller Allibert Participations BV. ("SAP"), a company incorporated in the Netherlands. The ultimate parent is REMA Investments BV., a company incorporated in the Netherlands that is indirectly owned for 75% by REMA Investments Coöperatief UA, which in turn is owned by various independent private equity funds, ultimately 100% held by JP Morgan Chase; and indirectly for 25% by Schoeller Industries BV., a company incorporated in the Netherlands that is active in supply chain systems.

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

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 2017. 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 26th March 2018.

2.3 Going concern

The Company incurred a net loss for the year 2017 of EUR 21.1 million and has a negative equity as at 31 December 2017 of EUR 87.9 million. At the same time, Schoeller Allibert generated EUR 46.1 million cash from operations, has stable financing structure with the Senior Secured Notes due in 2021 and solid cash position with an access to the revolving credit facility. Additionally the acquisition of a 75% controlling interest in REMA Investments BV by Brookfield Business Partners L.P. for EUR 205 million (refer to Note 36) demonstrates that the shareholders see a positive equity value ('equity cushion').
The Management believes that in 2017 the Company reached a few milestones ensuring its future profitability and cash flows. Firstly, the Group grew its total revenue and EBITDA, despite the revenue loss from the pooling customers and unfavourable trading conditions in the UK, exacerbated by the depreciation of the pound sterling. At the same time, the Company diversified its customer portfolio. Secondly, during 2017 Schoeller Allibert successfully settled two historical liabilities: a customer dispute in the pooling sector and the tax case in Sweden. Thirdly, in 2017 the Group saw a significant level of capital expenditure focusing on innovation (e.g. the launch of a new IBC range), the new manufacturing facility in Belgium and modernisation of our manufacturing footprint. Lastly, on the backdrop of stable economic situation in the Eurozone and the US, Management expects 2018 to show a growth in revenues compared to 2017 coming from growth of some of our largest customers and benefit from the investments in and introduction of new products.
Based on the above mentioned facts, Management believes that the application of the going concern assumption for the 2017 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 available for sale assets, which are initially recognised at fair value plus transaction costs and are subsequently carried at fair value,
- 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 derivative financial instruments, which are recognised at fair value and 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.

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.

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.

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.

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 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

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.

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.

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

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".

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.

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:

	Useful life
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. The Company is in the process of reviewing and prospectively adjusting useful lives. Land is not depreciated.

3.7 Intangible assets

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.

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.

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.

Amortisation

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:

	Useful life
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

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.

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).

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.

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.

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.

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 a separate line.

3.14 Leases

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.

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 statement of profit or loss 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.

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.

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.

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.

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.

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.

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.

Claims

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

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

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.

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.

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

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, ranging from the delivery and collection of the goods being arranged by the customer from Schoeller Allibert's premises to the Company delivering the goods at customer's premises.

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 and fair value changes) 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

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.

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 2017 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 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

- The majority of the Group's financial assets and liabilities are currently measured at amortized cost and will continue to be measured at amortized cost under the new standard;
- The Group has a small amount of derivative financial instruments which are valued at fair value through profit and loss and will continue to be measured at fair value through profit and loss under the new standard;

The new impairment model of IFRS 9 requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect an impact on the loss allowance for trade receivables or any of its other financial assets.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

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 recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Company has assessed the effects of applying the new standard on the Group's financial statements and has concluded that the application of IFRS 15 may result in the identification of some minor separate performance obligations in relation storage and transportation. However, this is not anticipated to significantly affect the timing of the recognition of revenue going forward.

Mandatory for financial years commencing on or after 1 January 2018. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparatives will not be restated.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of EUR 34.8 million, see note 28. The group estimates that approximately 5-10% of these relate to payments for short-term and low value leases which will be recognized on a straight-line basis as an expense in profit or loss.

However, the group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.

IFRS 16 is mandatory for years beginning on or after 1 January 2019 and the Group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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.

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.

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.

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. The Company is in the process of reviewing and prospectively adjusting useful lives of property, plant and equipment.

6. Segment reporting

YEAR ENDED 31 DECEMBER 2017

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Unallocated	Eliminations	Total
Total segment revenue	215,777	140,462	117,180	36,435	75,245	13,991	(78,985)	520,106
Inter-segment revenue	(19,061)	(24,204)	(21,684)	-	(63)	(13,974)	78,985	-
Total revenue from external customers before adjusting items	**196,717**	**116,259**	**95,496**	**36,435**	**75,182**	**17**	**-**	**520,106**
EBITDA before adjusting items	**19,921**	**11,507**	**10,384**	**1,564**	**8,904**	**5,873**	**-**	**58,154**
Adjusting items	(2,335)	(1,281)	87	(723)	(1,438)	(17,947)	-	(23,637)
Depreciation	(8,990)	(3,074)	(3,697)	(10,086)	(2,624)	4,291	-	(24,180)
Amortisation	(16)	0	(8)	(32)	(398)	(4,190)	-	(4,645)
Operating result	**8,581**	**7,151**	**6,767**	**(9,277)**	**4,443**	**(11,973)**	**-**	**5,692**
Share in result of equity accounted investments								106
Net finance cost								(22,620)
Income tax expense								(4,289)
Loss for the period								**(21,111)**

YEAR ENDED 31 DECEMBER 2016

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Unallocated	Eliminations	Total
Total 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	-
Total revenue from external customers before adjusting items	**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**	**-**	**57,895**
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)
Amortisation	(153)	(0)	(17)	(48)	(56)	(7,430)	-	(7,705)
Operating result	**12,638**	**6,673**	**6,631**	**(7,232)**	**2,978**	**(3,704)**	**-**	**17,984**
Share in result of equity accounted investments								172
Net finance cost								(32,212)
Income tax expense								(179)
Loss for the period								**(14,236)**

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

EUR'000	2017	2016
Northern Europe	60,895	53,528
Southern Europe	47,683	49,474
UK and Rest of Europe	43,401	46,903
USA	20,597	21,600
All Other Segments	21,165	21,572
Unallocated	14,525	23,681
Segment assets	**208,266**	**216,758**
	25,208	13,635

EUR'000	2017	2016
Other non-current assets		
Other receivables and other current assets	57,491	58,751
Total assets	**290,966**	**289,144**

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 before adjusting items from external customers by country:

EUR'000	2017	2016
Germany	163,112	157,324
United Kingdom	86,306	93,340
France	64,063	61,576
Spain	46,581	44,212
United States of America	36,435	46,532
The Netherlands	23,717	19,905
Other countries	99,892	95,871
Total revenue before adjusting items	**520,106**	**518,760**

Revenues from the individual countries included in Other countries are each below 7% in both 2017 and 2016.

Revenues of EUR 95,618 thousand (2016: EUR 114,589 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:

EUR'000	2017	2016
Germany	23,639	12,364
United Kingdom	18,868	15,176
France	14,460	11,424
Spain	11,370	9,191
United States of America	15,782	19,580
The Netherlands	20,011	26,770
Other countries	23,042	21,686
Total non-current assets	**127,171**	**116,189**

Non-current assets in the individual countries included in Other countries relate mainly to the property, plant and equipment in Switzerland, Poland and Belgium.

7. Adjusting items

EUR'000	2017	2016
Revenue	11,653	-
Other income	(81)	(2,371)
Raw material costs	88	-
Employee benefits	6,009	3,396
Other operating costs	5,969	4,337
Total adjusting expenses	**23,637**	**5,362**

Adjusting items in 2017 relate to non-recurring items arising from:

- EUR 10.9 million related to the commercial settlement with the customer in the pooling sector. Initially the parties had agreed to put the matter forward to an Arbitration Court for resolution, but in June 2017, following successful settlement discussions with the customer, both parties agreed not to proceed with arbitration and the Company made a payment of USD 11.0 million to the customer in October 2017;
- EUR 0.5 million of employee benefits concerning severance costs resulting from restructuring activities;
- EUR 3.3 million related mostly to other restructuring activities;
- EUR 1.2 million for historical claims settlements.
- EUR 7.8 million fees and due diligence activities related to the exit of JP Morgan Chase.

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.

8. Revenue

EUR'000	2017	2016
Sale of goods	435,691	453,382
Services rendered	72,762	65,378
Total Revenue	**508,453**	**518,760**

Sales of goods relates to revenue from the sale of plastic returnable transport packaging in the business to business market.

Revenue from rendering of services comprises the revenue from leasing returnable transit packaging products to customers and revenue from logistical services.

9. Other income

EUR'000	2017	2016
Other income	1,261	2,731
Total Other income	**1,261**	**2,731**

In 2017, other income included the sale of RTP product and accelerated rental income of customer contracts in Services business.

In 2016, other income included the gain on sale of land and a building in Spain and production equipment in France and the UK.

10. Employee benefit expense

EUR'000	2017	2016
Wages and salaries	83,621	78,719
Social security contributions	17,326	16,588
Temporary personnel	12,863	14,322
Contributions to defined contribution plans	2,112	2,671
Expenses related to defined benefit plans (Note 23)	426	321
Total employee benefit expense	**116,348**	**112,620**

The increase in wages and salaries is driven by the recognition of bonus for the Management board and certain employees upon closing of the acquisition by Brookfield Business Partners L.P.

11. Other operating costs

EUR'000	2017	2016
Energy	13,103	13,619
*Maintenance and other direct cost	12,195	15,465
*Freight	14,727	12,430
Indirect production	14,883	12,422
Indirect selling	11,431	11,827
*Administration and other operating cost	16,305	20,169
Total other operating cost	**82,644**	**85,932**

* For 2017 comparability, 2016 maintenance, freight and administration and other operating cost lines have been adjusted.

Total other operating costs include an amount of EUR 1,034 thousand (2016: EUR 144 thousand) relating to Research and Development expenses which do not meet the capitalisation criteria.

12. Net finance expense

EUR'000	2017	2016
Interest income on loans and receivables	56	356
Net foreign exchange gain	686	1,124
Finance income	**742**	**1,480**
Interest expense on borrowings	(19,475)	(29,058)
Amortization deferred financing fees	(1,786)	(4,418)
Other financial expenses	(2,100)	(215)
Finance expense	**(23,361)**	**(33,691)**
Net finance cost	**(22,620)**	**(32,211)**

13. Income tax expense

EUR'000	2017	2016
Current income tax		
Current tax on results of the year	(3,056)	(2,483)
Adjustment in respect of prior years	(14,309)	958
Total current income tax	(17,365)	**(1,525)**
Deferred tax (note 25)		
Origination and reversal of temporary differences	907	2,710
Impact of change in tax rate	(178)	(194)
Other	12,347	(1,170)
Total deferred tax	13,076	**1,346**
Income tax expense	**(4,289)**	**(179)**

On 16 June 2017, the Group lost its long running tax case in Sweden before the Administrative Court of Appeal. The case goes back to an acquisition structure used in 2005 in Sweden which at the time was accepted by the Swedish authorities. As a result, the Company has to pay the issued reassessments for the tax years 2007-2013, resulting in an approximate cash tax outflow including penalties and interest of SEK 129.3 million (EUR 13.5 million). Schoeller Allibert has filed a request to appeal the case in front of the Supreme Court of Sweden. Whether or not this request to appeal will be granted is yet uncertain, and in any case, it will not delay the Company's payment obligation. The first installment was paid to the Swedish tax authorities in August 2017. As of 31 December 2017, the Company had EUR 10,686 thousand as a current income tax liability and EUR 867 thousand as an interest accrued related to the lost Swedish tax case.

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.

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

		2017		2016
	%	EUR'000	%	EUR'000
Loss for the year before tax		**(16,821)**		**(14,057)**
Tax using the Company's domestic tax rate	25.0%	4,205	25.0%	3,514
Effect of tax rates in foreign jurisdictions	8.4%	(1,419)	-21.1%	2,963
Change in tax rate	1.0%	(167)	-0.7%	101
Non-taxable income	-23.3%	3,916	-4.1%	580
Non-deductible expenses	9.2%	(1,543)	18.5%	(2,607)
Utilisation of previously unrecognised tax losses	4.5%	(758)	1.2%	(164)
Recognition of previously unvalued losses	-78.0%	13,123	0.0%	-
Current year tax losses for which no deferred tax is recognised	43.4%	(7,306)	41.7%	(5,861)
Re-assessment in respect of prior years	85.1%	(14,309)	-6.8%	952
Other	0.2%	(31)	-2.4%	344
Income tax expense	**25.5%**	**(4,289)**	**1.3%**	**(179)**

14. Property, plant and equipment

Property, plant and equipment at cost

EUR'000	Land and buildings	Machinery and equipment	Other operational equipment	Fixed assets under construction	Total
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**
Balance at 1 January 2017	46,825	396,546	21,837	10,263	475,471
Transfers*	4,578	27,491	19,166	(19,314)	31,922
Additions	720	14,855	2,793	23,285	41,653
Disposals	(977)	(4,174)	(6,727)	(34)	(11,913)
Translation differences	(1,288)	(10,975)	(350)	(506)	(13,120)
Balance at 31 December 2017	**49,857**	**423,742**	**36,719**	**13,694**	**524,013**
Depreciation and impairments					
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	(96)	-	(130)
Balance at 31 December 2016	**27,690**	**326,527**	**14,280**	**-**	**368,498**
Balance at 1 January 2017	27,690	326,527	14,280	-	368,498
Transfers*	3,808	9,712	18,402	-	31,922
Depreciation for the year	1,272	20,016	2,888	-	24,176
Disposals	(977)	(3,603)	(6,279)	-	(10,859)
Translation differences	(605)	(9,276)	(313)	-	(10,195)
Balance at 31 December 2017	**31,187**	**343,376**	**28,977**	**-**	**403,540**
Carrying amounts					
Balance at 31 December 2016	19,135	70,019	7,558	10,262	106,974
Balance at 31 December 2017	**18,669**	**79,995**	**7,742**	**14,067**	**120,474**

*Transfers relate to fully depreciated assets that in the prior year we presented on a net basis.

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).

EUR'000	2017	2016
Machinery and equipment	22,831	12,245

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

Intangibles assets at cost

EUR'000	Trade names	Customer relations	Contractual rights	Software	Other assets	Total
Balance at 1 January 2016	13,011	74,549	64,476	3,164	14,263	169,462
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**
Balance at 1 January 2017	13,011	74,549	54,712	4,258	14,284	160,814
Transfers*	(1,713)	(74,549)	(36,780)	857	(5,419)	(117,604)
Additions	-	-	-	2,120	11	2,131
Disposals	-	-	-	(1,402)	(1,896)	(3,298)
Translation differences	(1)	-	(1,521)	(9)	(566)	(2,097)
Balance at 31 December 2017	**11,298**	**-**	**16,410**	**5,824**	**6,413**	**39,945**
Amortisation and impairments						
Balance at 1 January 2016	7,753	70,884	58,438	2,840	13,939	153,854
Amortisation for the year	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**
Balance at 1 January 2017	8,191	74,549	51,693	3,045	14,120	151,598
Transfers*	(4,294)	(74,549)	(34,198)	858	(5,421)	(117,604)
Amortisation for the year	3,019	-	437	1,141	48	4,645
Disposals	-	-	-	(1,403)	(1,894)	(3,296)
Translation differences	(0)	-	(1,521)	(8)	(564)	(2,094)
Balance at 31 December 2017	**6,916**	**-**	**16,411**	**3,633**	**6,288**	**33,248**
Carrying amounts						
Balance at 31 December 2016	4,819	-	3,019	1,213	165	9,216
Balance at 31 December 2017	**4,381**	**-**	**-**	**2,191**	**125**	**6,697**

*Transfers relate to fully amortised assets that in the prior year we presented on a net basis.

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:

EUR'000	2017	**2016**
Equity accounted investments	514	422

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 (%)	
Name of the associate	**Place of business**	2017	**2016**
Formy Tachov S.R.O.	Czech Republic	24%	24%
Schoeller Arca Time Holding Pte. Limited	Singapore	0%	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:

EUR'000	2017	2016
Balance as at 1 January	422	308
Share of profits of equity accounted investments	106	231
Dividends received	(15)	(57)
Impairment	-	(59)
Balance as at 31 December	**514**	**422**

17. Other financial assets

EUR'000	2017	2016
Long term receivables related party	3,139	1,014
Long term receivables	896	976
Available-for-sale financial assets	43	47
Other financial assets	**4,078**	**2,037**

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

EUR'000	2017	2016
Finished goods	13,099	10,636
Raw materials and consumables	12,549	7,205
Other inventories	1,983	3,735
Work in progress	981	1,530
Inventories	**28,613**	**23,105**

Other inventories represent engineering stocks, moulds and other materials which cannot be considered as raw materials or finished goods.

In 2017, inventory recognized as cost of sales amounted to EUR 410,746 thousand (2016: EUR 405,660 thousand).

In 2017, the write-down of inventories to net realisable value amounted to EUR 272 thousand (2016: EUR 626 thousand reversal of write-down). The reversal of write-downs following a change in estimates resulted in an income of EUR 272 thousand (2016: income of EUR 936 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

EUR'000	2017	2016
Trade receivables (gross)	54,213	59,347
Allowance for doubtful debts	(1,731)	(2,151)
Trade receivables (net)	**52,482**	**57,197**
Other taxes and social security contributions	8,822	6,405
Receivables due from related parties	170	961
Other receivables	8,992	**7,366**
Trade and other receivables	**61,474**	**64,562**

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.

The impairment loss on trade receivables recognized in the current year was EUR 738 thousand (2016: EUR 757 thousand) and is included in Other operating costs.

Other taxes and social security contributions include mainly VAT receivables.

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

20. Prepayments and accrued income

EUR'000	2017	2016
Prepayments and accrued income	9,860	14,954

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

21. Cash and cash equivalents

EUR'000	2017	2016
Cash at bank and in hand	34,835	53,295

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

EUR'000	2017	2016
Cash at bank and in hand	34,835	53,295
Bank overdrafts	-	(1,894)
Cash and cash equivalents	**34,835**	**51,402**

The Company has one revolving facility as at 31 December 2017 amounting to EUR 30 million (2016: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 11.3 million, covered by these facilities. The unused part of these facilities as at 31 December 2017 amounted to EUR 18.7 million (2016: EUR 24.1 million).

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

Significant restrictions

Cash and short-term deposits of EUR 548 thousand (2016: EUR 439 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 630 thousand (2016: EUR 1,237 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.

EUR'000			2017			2016
	Current	Non-Current	Total	Current	Non-Current	Total
Senior secured note	-	210,000	210,000	-	210,000	210,000
Deferred financing costs	(1,709)	(4,699)	(6,408)	(1,641)	(6,291)	(7,933)
Senior secured note at amortised cost	(1,874)	205,037	203,163	(1,641)	203,709	202,068
Other credit institutions	5,876	2,302	8,177	1,547	5,346	6,893
Finance lease liabilities	3,457	15,012	18,469	3,390	8,459	11,849
Other liabilities	-	-	-	-	152	152
Factoring		-	-	-	-	-
Deferred financing costs	(166)	(264)	(429)	-	-	-
Total loans and borrowings	**7,458**	**222,351**	**229,809**	**3,295**	**217,666**	**220,962**

EUR'000	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior secured note	210,000	227,693	210,000	218,967
Other credit institutions	8,177	8,177	6,893	6,893
Finance lease liabilities	18,469	18,469	11,849	11,849
Other liabilities	-	-	152	152
Total	236,647	254,339	228,894	237,861
Deferred financing costs	(6,837)	-	(7,933)	-
Total	**229,809**	**254,339**	**220,962**	**237,861**

The Company has one revolving facility as at 31 December 2017 amounting to EUR 30 million (2016: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 11.3 million, covered by these facilities. The unused part of these facilities as at 31 December 2017 amounted to EUR 18.7 million (2016: EUR 24.1 million).

Senior Secured Notes and the Guarantors

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 2017, the Guarantors represented over 88% the Group's aggregated external revenue and over 92% of the Group's aggregated EBITDA before adjusting items. The subsidiaries who are Guarantors are indicated in Note 32.

Other credit institutions

As of 31 December 2017, loans from other credit institutions consist of loans to subsidiaries in Switzerland, Germany, the Netherlands and the UK.

There is one loan in Switzerland with an outstanding balance of CHF 4,038 thousand which accrues interest at 1.5%.

Two asset backed loans were granted in February 2016 in the Netherlands. The outstanding balances related to these loans amount to EUR 1,323 thousand and EUR 947 thousand and they accrue interest at 4.2% and 4.05% respectively.

The loan in Germany has an outstanding balance of EUR 796 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 2017 is GBP 1,474 thousand. The interest on the loan is 3.8%.

Finance lease liabilities

EUR'000	2017	2016
No later than 1 year	4,185	4,191
Later than 1 year but no later than 5 years	11,803	7,269
Later than 5 years	4,407	2,585
Gross value of finance lease liabilities	**20,395**	**14,044**
Future finance charges on finance lease liabilities	(1,925)	(2,196)
Present value of finance lease liabilities	**18,469**	**11,849**

The present value of finance lease liabilities is as follows:

EUR'000	2017	2016
No later than 1 year	3,456	3,390
Later than 1 year but no later than 5 years	10,770	5,954
Later than 5 years	4,243	2,506
Present value of finance lease liabilities	**18,469**	**11,849**

Factoring

In 2017, a new off-balance sheet receivables financing agreement was entered into, for which the Company has recognized deferred financing costs.

23. Employee benefits

EUR'000	2017	2016
Net defined benefit liability	4,919	3,519
Obligations from other long-term employee benefits	1,624	1,353
Total employee benefits	**6,544**	**4,872**

Defined benefit obligations

The Group makes contributions to defined benefit plans for qualifying employees of its subsidiaries in France, Belgium, Germany and Switzerland. The defined benefit plans are funded through 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.

EUR'000	2017	2016
Present value of obligations	(13,159)	(4,929)
Fair value of plan assets	8,240	1,411
Net defined benefit liability	**(4,919)**	**(3,519)**

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 and Switzerland the plans are insured.

The movement in the defined benefit obligation over the year is as follows:

EUR'000	2017	2016
Defined benefit obligations at 1 January	(4,929)	(4,754)
Benefits paid by the plan	149	117
Current service costs	(426)	(238)
Interest costs	(97)	(111)
Contributions plan participants	(3)	(3)
Re-measurement gains/(losses) recognized in other comprehensive income	(7,853)	59
Defined benefit obligations 31 December	**(13,159)**	**(4,929)**

The movement in the fair value of plan assets:

EUR'000	2017	2016
Fair value of plan assets at 1 January	1,411	1,308
Expected administrative expenses	5	0
Contributions paid into the plan	293	76
Contributions Plan Participants	3	3
Benefits paid by the plan	(149)	(51)
Expected return on plan assets	6	28
Re-measurement gains recognized in other comprehensive income	6,671	47
Fair value of plan assets at 31 December	**8,240**	**1,411**

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

EUR'000	2017	2016
Amount accumulated in equity at 1 January	(3,765)	(3,871)
Recognised on defined benefit obligation	(7,853)	59
Recognised on plan assets	6,671	47
Recognised during the year	(1,181)	107
Amount accumulated in Equity at 31 December	**(4,946)**	**(3,765)**

In 2017, the pension plan in Switzerland was reclassified from defined contribution to defined benefit. The related amounts have been included in the defined benefit obligation and in the fair value of plan assets through the line 're-measurement gains/(losses) recognized in other comprehensive income'.

Defined benefit expense recognized in profit or loss:

EUR'000	2017	2016
Current service costs	426	238
Interest costs defined benefit obligation	97	111
Administrative expenses	(5)	0
Interest income on plan assets	(6)	(28)
Defined benefit expense	**512**	**321**

Other employment benefits

EUR'000	2017	2016
Obligations from other long-term employee benefits		
Recognized in the statement of profit and loss	72	95
Accumulated in equity	210	(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

EUR'000	Restructuring	Claims	Total
Balance at 1 January 2017	3,261	2,725	5,986
Provisions made during the year	1,107	1,712	2,819
Provisions used during the year	(1,312)	(1,260)	(2,572)
Provisions reversed during the year	(2,267)	(491)	(2,759)
Effect of movements in exchange rates	(2)	(301)	(303)
Balance at 31 December 2017	**787**	**2,384**	**3,171**
Non-current	787	267	1,055
Current	-	2,116	2,116
Total provisions	**787**	**2,384**	**3,171**

The economic outflow of non-current provisions is expected to occur within one to three years.

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 is mainly related to the settled historical claim as well to some claims related to disputes with customers.

25. Deferred income tax assets and liabilities

EUR'000	2017	2016
Deferred income tax assets	20,615	10,400
Deferred income tax liabilities	(2,407)	(5,468)
Net deferred income tax assets	**18,208**	**4,932**

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

EUR'000	2017	2016
At 1 January	4,932	3,288
Exchange differences	(206)	298
Income statement credit	13,076	1,346
Impact of change of rate	73	-
Tax credit relating to components of other comprehensive income	333	-
At 31 December	**18,208**	**4,932**

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

	Assets		Liabilities		Net	
EUR'000	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Property, plant and equipment	1,642	3,550	889	2,719	752	830
Intangible assets	-	63	1,149	2,067	(1,149)	(2,004)
Inventories	-	48	-	-	-	48
Trade and other receivables	154	-	-	-	154	-
Loans and borrowings	496	460	3	-	493	460
Employee benefits	1,124	765	-	-	1,124	765
Trade and other payables	188		219	-	(31)	-
Provisions	91	896	80	682	11	214
Tax loss carry-forwards	15,242	3,220	-	-	15,242	3,220
Other items	1,679	1,399	67	-	1,611	1,399
Tax assets/(liabilities)	**20,615**	**10,400**	**2,407**	**5,468**	**18,208**	**4,932**

The Company recognized deferred tax assets related to losses of EUR 15,242 thousand (2016: EUR 3,220 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 2018-2020 profit projections per legal entity.
Of the EUR 15,242 thousand tax losses carried forward, approx.. 30% will be realised in the next 12 months. Depending on the future taxable results, a part of deferred tax assets relating to tax loss carry forward now considered to be recoverable after 12 months may be recoverable in the short term, whereas tax losses carry forward now considered to be recoverable within 12 months may be recoverable in the long term.

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:

EUR'000	Balance 1 January 2017	Adjustment to 2017 opening balances	Recognized in profit or loss	Recognized in other comprehensive income	Impact of the rate	Translation differences	Balance 31 December 2017
Property, plant and equipment	831	(19)	66	-	73	(198)	752
Intangible assets	(2,004)	-	855	-	-	-	(1,149)
Inventories	48	-	(48)	-	-	-	(0)
Trade and other receivables	-	-	154	-	-	-	154
Loans and borrowings	460	13	26	-	-	(6)	493
Employee benefits	765	-	26	333	-	-	1,124
Trade and other payables	-	32	(74)	-	-	11	(31)
Provisions	214	(21)	(182)	-	-	-	11
Tax loss carry-forward	3,220	-	12,123	-	-	(101)	15,242

EUR'000	Balance 1 January 2017	Adjustment to 2017 opening balances	Recognized in profit or loss	Recognized in other comprehensive income	Impact of the rate	Translation differences	Balance 31 December 2017
Other	1,399	(5)	129	-		87	1,611
Net deferred income tax assets	**4,932**	**-**	**13,076**	**333**	**73**	**(206)**	**18,208**

EUR'000	Balance 1 January 2016	Adjustment to 2016 opening balances	Recognized in profit or loss	Translation differences	Balance 31 December 2016
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
Net deferred income tax assets	**3,288**	**-**	**1,346**	**298**	**4,932**

Deferred income tax assets have not been recognized for tax losses to the value of EUR 182,589 thousand (2016: EUR 242,326 thousand) and relate to the following countries:

EUR'000	2017	2016
The Netherlands	52,657	89,765
United States	114,894	121,433
France	3,694	14,278
Switzerland	-	3,769
Russia	-	3,218
Other	11,343	9,863
Total losses for which no deferred tax was recognised	**182,589**	**242,326**

The Group has unrecognized unused tax losses of EUR 182.6 million (2016: EUR 242.3 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 and no other convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised was identified. 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. Unrecognised unused tax loss position may be impacted by future change of control.

We have been able to effectively utilize the unvalued losses in Switzerland and Russia during 2017. We have reassessed the value of the tax loss carry forwards in the remaining countries and have concluded that for certain countries, like The Netherlands and France, we can attribute value to a portion of previously unvalued losses. In 2017, EUR 50,068 thousand of previously unrecognised tax losses was recognised, out of which EUR 41,400 thousand relates to the Netherlands. The Group utilised EUR 2,793 thousand of valued tax losses.

26. Trade and other payables

EUR'000	2017	2016
Trade payables	64,194	55,623
Payables due to related parties	861	395
Taxes and social security contributions	6,945	5,671
Customer prepayments	1,757	1,571
Interest payable	5,223	4,581
Accrued salaries and wages	16,929	14,623
Accrued customer bonuses	7,251	8,877
Deferred income	4,723	4,373
Other accrued expenses	13,782	14,092
Trade and other payables	**121,666**	**109,806**

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.

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:

EUR'000	2017	2016
Net book value of property, plant and equipment disposed	1,050	1,395
Gain on disposal of property, plant and equipment	1,261	2,731
Proceeds from disposal of property, plant and equipment	**2,311**	**4,125**

27.2 Acquisition of property, plant and equipment

EUR'000	2017	2016
Additions per movement schedule (note 14)	41,653	32,285
Assets acquired through finance leases	(11,802)	(8,087)
Additions per cash flow statement	**29,851**	**24,198**

27.3 Impact of non-recourse factoring agreement

During 2016, the Group renewed two factoring agreements. Under these 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 53,639 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.

EUR'000	2017	2016	2016 - proforma
Change in trade and other receivables	1,137	40,050	4,143
Cash generated from operations	46,077	89,546	53,639
Repayment of borrowings	(6,182)	(210,618)	(174,711)

28. Commitments

(a) Capital commitments

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

EUR'000	2017	2016
Property, plant and equipment	2,173	8,153
Total capital commitments	**2,173**	**8,153**

(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 2017, an amount of EUR 10,441 thousand was recognized as an expense in profit or loss in respect of operating leases (2016: EUR 11,672 thousand).

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

EUR'000	2017	2016
By date of commitments:		
Less than 1 year	8,725	8,956
1 - 5 years	22,281	22,657
> 5 years	3,751	6,316
Total	**34,757**	**37,930**

By nature of commitments:

EUR'000	2017	2016
By nature of commitments:		
Land and buildings	29,458	30,853
Other	5,299	7,076
Total	**34,757**	**37,930**

(c) Bank guarantees

The Group has issued bank guarantees for a total amount of EUR 11.3 million, covered by the revolving facility amounting to EUR 30 million.

29. Contingencies

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

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.

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.

30. Transactions with non-controlling interests

Non-controlling interest for the period
The total non-controlling interest for the period is EUR 64 thousand (2016: EUR 435 thousand), of which EUR 38 thousand is for Logipak Schoeller Allibert Spa (2016: EUR 98 thousand), EUR 60 thousand loss is for Bosca Equipment Leasing Ltd (2016: EUR 255 thousand) and EUR 86 thousand for Schoeller Allibert GmbH (2016: EUR: 82 thousand). The non-controlling interest in respect of Newlogix BV is not material.

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 material non-controlling interests.
Summarized balance sheet

EUR'000	2017	2016
Current assets	668	3,375
Current liabilities	(468)	(1,883)
Total current net assets	200	1,492

EUR'000	2017	2016
Non-current assets	983	549
Non-current liabilities	(444)	(1,287)
Total non-current net assets/ (liabilities)	539	(738)
Net assets	**739**	**754**

Summarized statement of profit or loss

EUR'000	2017	2016
Revenue	1,661	4,107
Profit before income tax	36	571
Income tax	-	(71)
Profit for the year	36	500
Total Comprehensive Income	**36**	**500**

EUR'000	2017	2016
Total comprehensive income allocated to non-controlling interests	63	435

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 BV ("SAP"), a company incorporated in the Netherlands. The ultimate parent is REMA Investments BV, a company incorporated in the Netherlands that is indirectly owned for 75% by REMA Investments Coöperatief UA, which in turn is owned by various independent private equity funds, ultimately 100% held by JP Morgan Chase; and indirectly for 25% by Schoeller Industries BV, 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 UA.

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 BV 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 Board of REMA Investments BV and the Board of Directors of Schoeller Allibert Group BV are considered to be key management and related parties.

Transactions with key management and remuneration

The Group rented office premises in Belgium from a personal company of one of the members of the Board of Directors for an amount of EUR 253 thousand (2016: 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 8,367 thousand of which EUR 40 thousand relates to the contributions to defined contribution pension plans (2016: EUR 2,690 thousand of which EUR 39 thousand relates to pensions), and EUR 174 thousand for Supervisory Board members and former Supervisory Board members (2016: EUR 364 thousand). Directors and/or Supervisory Boards do not participate in any share based payment program.

Other related party transactions

In 2017, no consultancy fees were incurred by shareholders (2016: EUR 1,500 thousand). Shareholders, however, were entitled to the travel allowance totaling to EUR 300 thousand. The Group provided EUR 2,000 thousand of financing to Schoeller Arca Systems Participations BV.

In 2017, the Group rented office premises in Germany from Schoeller Holding SE & Co.KGaA for the amount of EUR 191 thousand (2016: EUR 191 thousand).

During 2017, there were some write offs of receivables due from affiliated companies (no write-offs in 2016).

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:

EUR'000	2017	2016
Sale of goods and services		
RTP Group	568	307
Total	**568**	**307**
Purchase of goods and services		
RTP Group	465	740
Total	**465**	**740**
Other operating costs		
OEP II LP	-	900
Schoeller Holding GmbH	-	900
Schoeller Plast Enterprise SAS	-	600
Total	**-**	**2,400**
Interest (income) / expense		
RTP Group	(23)	(117)
Schoeller Arca Systems Participations BV	(63)	(35)
Schoeller Allibert Participations BV	(29)	-
OEP II LP	-	1,272
Schoeller Holding GmbH	-	1,416
REMA BV	-	3,546
Rema Investments Coöperatief UA	-	1,475
JP Morgan Chase	-	3,929
Total	**(115)**	**11,486**
Employee benefits (contributions paid into the plan)		
Stichting Pensioenfonds OWASE	1,402	1,360
Total	**1,402**	**1,360**
Dividends received		
Formy Tachov S.R.O	15	59
Total	**15**	**59**

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

EUR'000	2017	2016
Short-term receivables due from related parties		
RTP Group	170	817
Other non-significant related parties	-	143
Total	**170**	**961**
Long-term receivables due from related parties		
Schoeller Allibert Participations BV	604	565
Schoeller Arca Systems Participations BV	2,063	-
RTP Group	473	450
Total	**3,139**	**1,014**

Payables due to related parties		
RTP Group	709	291
Other non-significant related parties	152	103
Total	**861**	**395**

32. Principal subsidiaries

The Group had the following subsidiaries at respectively 31 December 2017 and 31 December 2016:

Name	**Country of incorporation and place of business**	**Nature of business**	**Proportion of ordinary shares combined by the Group (%) - 2017**	**Proportion of ordinary shares combined by the Group (%) - 2016**
*Schoeller Allibert BV	The Netherlands	Manufacturing and sale of RTP	100	100
*Schoeller Allibert Services BV	The Netherlands	Sale of RTP	100	100
*Schoeller Allibert WCF BV	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 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 France SAS	France	Sale of RTP company	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
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

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares combined by the Group (%) - 2017	Proportion of ordinary shares combined by the Group (%) - 2016
Schoeller Plast Latina SA – in liquidation	Argentina	Sales of RTP and moulds	100	100
Logipak Schoeller Allibert Spa	Chile	Sale of RTP and moulds	60	60
Schoeller Arca Systems Holding Ltd	Great Britain	Intermediate holding company	100	100
Schoeller Arca Systems Holding 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
Schoeller Allibert SER. Doo Beograd – in liquidation	Serbia	Sale of RTP	100	100
Schoeller Allibert Plastik Systemleri Sanayi ve Ticaret AS – in liquidation	Turkey	Sale of RTP	100	100
Schoeller Allibert International Middle East LLC	Abu Dhabi	Pooling related services	100	100
Newlogix BV - in liquidation	The Netherlands	Dormant	100	70
Bosca Equipment Leasing Ltd (Note 1) – in liquidation	Ireland	Lease financing vehicle	-	-
Bosca Equipment Leasing (Holding) Ltd – in liquidation	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).

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:

EUR'000	2017	2016
Other financial assets	4,078	2,036
Trade and other receivables	61,474	64,562
Cash and cash equivalents	34,835	53,295

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. In 2017, approximately 18% of the Group's revenue is generated from one customer (in 2016: 22%) 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:

EUR'000	2017	2016
Domestic	4,886	11,063
Euro-zone countries	31,712	31,835
United Kingdom	5,977	8,683
Other European countries	11,704	8,553
United States	2,092	950
Other regions	5,103	3,480
Total trade and other receivables	**61,474**	**64,562**

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

EUR'000	2017	2016
Neither past due nor impaired	51,138	53,363
Past due 1 – 30 days	8,078	9,839
Past due 31 – 90 days	1,774	927
Past due 91 – 120 days	17	315
Above 120 days	467	118
Total trade and other receivables	**61,474**	**64,562**

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

EUR'000	Total Impairments	Collective Impairments	Individual Impairments
Balance at 1 January 2016	2,071	468	1,603
Adjustment to 2016 opening balances	-	167	(167)
Impairment recognised during the year	756	582	173
Receivables written off during the year as uncollectible	(650)	(466)	(184)
Translation difference	(26)	82	(107)
Balance at 31 December 2016	**2,151**	**833**	**1,318**
Adjustment to 2017 balances	-	7	(7)
Impairment recognised during the year	738	518	220
Receivables written off during the year as uncollectible	(493)	(27)	(466)
Unused amount reversed	(633)	(548)	(85)
Translation difference	(32)	(10)	(22)
Balance at 31 December 2017	**1,731**	**773**	**958**

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 34,835 thousand at 31 December 2017 (2016: EUR 53,295 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 2017, over 90% of the group cash at bank and in hand was held at financial institutions with a credit rating of A or higher.

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 an EUR 30 million revolving facility.

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

EUR'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At 31 December 2017				
Loans and borrowings (excluding finance lease liabilities)	5,876	212,024	278	218,177
Finance lease liabilities	3,456	10,770	4,243	18,469
Trade and other payables	121,666	-	-	121,666
At 31 December 2016				
Loans and borrowings (excluding 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

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.

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 2017, approximately 63% (2016: 54%) 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 might use forward exchange contracts or 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:

EUR'000			2017			2016
	EUR	USD	GBP	EUR	USD	GBP
Trade receivables	37,627	5,633	4,899	39,456	4,375	6,618
Cash	18,477	970	9,812	34,780	671	788
Derivative financial instruments	-	(7)	-	-	-	-
Trade payables	(48,893)	(4,476)	(8,705)	(29,249)	(4,969)	(8,283)
Net balance sheet exposure	**7,211**	**2,120**	**6,006**	**44,987**	**77**	**(877)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
	EUR	EUR	EUR	EUR
US dollar	0.887	0.9054	0.834	0.947
British pound	1.144	1.2258	1.127	1.164

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%
	2017	2016
EUR'000		
US dollar	133	5
British pound	508	(77)

The effect on equity and profit/loss are the same as the Group only has an insignificant hedge position in US dollar and does not hedge either US dollar nor British pound on a regular basis. A 10% strengthening of these currencies would have an equal and opposite effect.

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.

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:

EUR'000	2017	2016
Fixed rate instruments		
Financial assets	2,705	1,410
Financial liabilities	(204,453)	(202,462)
Net fix rate instruments	**(201,748)**	**(201,052)**
Variable rate instruments		
Financial assets	604	565
Financial liabilities	(26,647)	(20,788)
Net variable rate instruments	**(26,043)**	**(20,223)**

EUR'000	2017	2016
Zero rate instruments		
Financial assets	97,079	117,919
Financial liabilities	(64,194)	(55,623)
Net zero rate instruments	**32,884**	**62,296**

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

EUR'000	2017	2016
Variable rate instruments	(260)	(202)

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

Offsetting

The Group has not offset financial assets and liabilities in its consolidated balance sheet as of 31 December 2017 and 31 December 2016.

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 2017 (based on discounted cash flows) are as follows:

EUR'000	2017			2016		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Long-term receivables	896	896	2	1,990	1,990	2
Long-term receivables related parties	3,139	3,139	2	-	-	
Trade and other receivables	61,474	61,474	2	64,562	64,562	2
Cash and cash equivalents	34,835	34,835	1	53,295	53,295	1

EUR'000	2017			2016		
Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior secured note	203,592	227,693	1	202,068	218,967	1
Other credit institutions	8,177	8,177	2	6,893	6,893	2
Finance lease liabilities	18,469	18,469	2	11,849	11,849	2
Other liabilities	-	-	2	152	152	2
Loans and payables related parties	861	861	2	395	395	2
Bank overdrafts	-	-	2	1,894	1,894	2
Trade payables and other accrued items	120,804	120,804	2	109,412	109,412	2
Derivative financial instruments	126	126	1	-	-	1

34. Employees

The Group employed the following average number of employees:

	2017	2016
The Netherlands	202	170
Germany	399	415
France	376	389
Spain	194	189
The United Kingdom	447	426
Other countries	356	365
Total average number of employees	**1,974**	**1,954**

35. Fees of the independent auditor

The following fees for the financial year 2017 have been charged by PricewaterhouseCoopers Accountants N.V. and other PwC member firms and affiliates to the Company, its subsidiaries and other consolidated entities:

EUR'000	PwC Accountants N.V.	Other PwC member firms	Total PwC
Assurance services	264	517	781
Other assurance services	12	1,397	1,410
Tax advisory services	-	263	263
Other non-audit services	-	-	-
Total fee	**276**	**2,178**	**2,453**

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

EUR'000	PwC Accountants N.V.	Other PwC member firms	Total PwC
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**

36. Events after the reporting date

On 5th January 2018, Brookfield Business Partners L.P. together with institutional partners entered into an agreement to acquire a 75% controlling interest in Rema Investments B.V. (the ultimate parent of the Schoeller Allibert Group BV) for EUR 205 million from an indirect subsidiary of JP Morgan Chase. Brookfield shall facilitate Schoeller Industries BV increasing their ownership by 5% at closing. Closing of the transaction remains subject to customary conditions, including, among others, regulatory approvals and is expected to occur in the second quarter of 2018.
The Management Board and certain employees are entitled to a bonus upon closing of the acquisition by Brookfield Business Partners L.P. An amount of EUR 5.7 million has been provided for these bonuses in 2017.
The holders of EUR 210 million in 8% Senior Secured Notes due in 2021 may tender their notes for repurchase following the occurrence of a change of control as stipulated in the terms of the notes. The Company has put in place adequate planning and resources to manage such a change of control event if and when it occurs. This includes the options of meeting the portability criteria, requesting consent or backstopping the Bondholders put option.

Hoofddorp, 26th March 2018

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

Company Financial Statements

Company Statement of Profit or Loss

EUR'000	2017	2016
Addition to the provision for negative equity of investments		(151,653)
Share of loss of investments after tax	(2,363)	(6,877)
Other income and expense after tax	(18,812)	(7,789)
Loss for the year	**(21,175)**	**(166,319)**

The Notes on pages 60 to 63 are an integral part of the company financial statements.

Company Balance sheet

(before profit appropriation)

EUR'000	Note	2017	2016
ASSETS			
Non-current assets			
Financial assets	2	-	-
Loans to subsidiaries	3	182,208	196,878
Total non-current assets		**182,208**	**196,878**
Current assets			
Trade and other receivables		-	119
Cash and cash equivalents		3	2,783
Total current assets		**3**	**2,902**
TOTAL ASSETS		**182,210**	**199,780**
EQUITY			
Share capital		-	-
Share premium		106,943	106,943
Other reserves		(7,939)	(4,651)
Accumulated deficit		(166,337)	(18)
Unappropriated result		(21,175)	(166,319)
Equity attributable to the owners of the Company	4	**(88,509)**	**(64,045)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	5	203,592	202,068
Provisions	6	61,889	56,237
Total non-current liabilities		**265,481**	**258,305**
Current liabilities			
Trade and other payables	7	5,238	5,520
Total current liabilities		**5,238**	**5,520**
Total liabilities		**270,719**	**263,825**
TOTAL EQUITY AND LIABILITIES		**182,210**	**199,780**

The Notes on pages 60 to 63 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 BV ("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. References have been included in the statement of financial position and the statement of profit or loss. 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 2017, 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 Services BV
- Schoeller Allibert BV
- Schoeller Allibert WCF BV

2. Financial assets

In 2016, the shareholder of the Company contributed the shares of Schoeller Allibert Holding BV and Schoeller Arca Systems Holding BV to the Company as a share premium contribution. Because both entities had a negative equity, both subsidiaries were valued at nil at 31 December 2016. In 2017, both entities merged into Schoeller Allibert Services B.V. This entity has a negative equity and is there-fore valued at nil at 31 December 2017.

EUR'000	2017	**2016**
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	(2,363)	(6,877)
Share premium contribution	-	106,943
Foreign currency translation differences - foreign operations; net of income tax	(3,288)	(4,651)
Reclassification to/from provision	5,652	56,238
Balance as at 31 December	**-**	**-**

3. Loans to subsidiaries

EUR'000	2017	**2016**
Loans to subsidiaries	182,208	196,878

4. Equity

	Equity attributable to owners of the Company					
	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
EUR'000						
Balance as at 1 January 2017	-	106,943	(4,651)	(18)	(166,319)	(64,045)
Reclassification of opening balances			321			321
Loss for the year	-	-	-	-	(21,175)	(21,175)
Other comprehensive income for the year:						
Gain on remeasurment of net defined benefit liability, net of income tax			(638)			(638)
Foreign currency translation differences - foreign operations; net of income tax	-	-	(2,972)	-	-	(2,972)
Result appropriation	-	-	-	(166,319)	166,319	-
Balance as at 31 December 2017	**-**	**106,943**	**(7,939)**	**(166,337)**	**(21,175)**	**(88,509)**

	Equity attributable to owners of the Company					
	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
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)**

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 UA), into equity via a share premium contribution.

5. Loans and borrowings

EUR'000	2017	2016
Senior secured notes	210,000	210,000
Deferred financing cost	(6,408)	(7,932)
Total loans and borrowings	**203,592**	**202,068**

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

6. Provisions

EUR'000	2017	2016
Balance as at 1 January	56,237	-
Additions	5,652	56,237
Disposal	-	-
Balance as at 31 December	**61,889**	**56,237**

As mentioned in note 1.1 and note 2, the Company guaranteed the liabilities of its Dutch group companies in 2017 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

EUR'000	2017	2016
Trade payables	2	1,201
Accrued interest	4,200	4,200
Other	1,035	119
Trade and other payables	**5,237**	**5,520**

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

In 2017, the difference between equity according to the company balance sheet and equity according to the consolidated balance sheet of EUR 0.6 million, which represents non-controlling interest. Likewise, the difference in the loss according to the company income statement and the loss according to the consolidated income statement of EUR 0.1 million represents non-controlling interest.

			2017
EUR'000	Consolidated Financial Statements	Company Financial Statements	Difference
Total equity	(87,905)	(88,509)	604
Net loss for the year	(21,110)	(21,175)	65

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 BV and Schoeller Arca Systems Holding BV.

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

9. Employees

The Company did not have any employees during 2017 (2016: nil).

10. Proposed appropriation of loss

The General Meeting will be asked to approve that the loss of EUR 20,647 thousand is added to the retained deficit.

11. Events after the reporting date

On 5th January 2018, Brookfield Business Partners L.P. together with institutional partners entered into an agreement to acquire a 75% controlling interest in Rema Investments B.V. (the ultimate parent of the Schoeller Allibert Group BV) for EUR 205 million from an indirect subsidiary of JP Morgan Chase. Brookfield shall facilitate Schoeller Industries BV increasing their ownership by 5% at closing. Closing of the transaction remains subject to customary conditions, in-cluding, among others, regulatory approvals and is expected to occur in the second quarter of 2018.
The Management Board and certain employees are entitled to a bonus upon closing of the acquisition by Brookfield Business Partners L.P. An amount of EUR 5.7 million has been provided for these bonuses in 2017.
The holders of EUR 210 million in 8% Senior Secured Notes due in 2021 may tender their notes for repurchase following the occurrence of a change of control as stipulated in the terms of the notes. The Company has put in place adequate planning and resources to manage such a change of control event if and when it occurs. This includes the options of meeting the portability criteria, requesting consent or backstopping the Bondholders put option.

The Company financial statements on pages 57 to 63 were authorized for issue by the Board of Directors on 26th March 2018 and were signed on its behalf:

Hoofddorp, 26th March 2018

The Board of Directors:

I. Robinson

I.A. Degnan

L.S.C. Gielen

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 66 to 75.

Independent auditor's report

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

Report on the financial statements 2017

Our opinion

In our opinion:

- Schoeller Allibert Group B.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 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;
- Schoeller Allibert Group B.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 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 2017 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 balance sheet as at 31 December 2017;
- the following statements for 2017: 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 balance sheet as at 31 December 2017;
- 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.

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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.

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

Independence

We are independent of Schoeller Allibert Group B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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 is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important 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 judgement in applying accounting policies and the key sources of estimation uncertainty. Given the management judgement involved in the valuation of deferred tax assets for carried forward losses, we considered this to be a key audit matter as set out in the section 'Key audit matters' of this report.

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

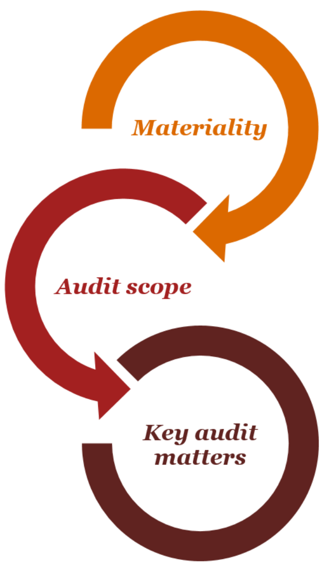
Subsequent to the balance sheet date, on 5 January 2018, Brookfield Business Partners L.P. together with institutional partners entered into an agreement to acquire a 75% controlling interest in REMA Investments B.V. (the ultimate parent of Schoeller Allibert Group B.V.) for EUR 205 million from an indirect subsidiary of JP Morgan Chase. As a result of this transaction, the following topics were areas of focus, but not considered to be key audit matters: completeness of employee benefit liabilities, classification and valuation of financing instruments and the appropriateness of going concern assumption.

Other areas of focus, that were also not considered to be key audit matters were the application and presentation of adjusting items, the accounting for the settlement of two historical disputes, the impact and disclosure of IFRS 9 and IFRS 15, the 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 outline of our audit approach was as follows:



Materiality

- Overall materiality: €3.0 million

Audit scope

- We conducted audit work on twelve components in seven countries.
- Site visits were conducted in four countries: Germany, the United States of America, the United Kingdom and Switzerland.
- Audit coverage: 78% of consolidated revenue, 76% of consolidated total assets and 75% of EBITDA.

Key audit matters

- Recoverability of deferred taxes
- 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'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the 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, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€3.0 million (2016: €3.2 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used the average of 1% of total revenues and 2.5% of total 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, of equal importance, for the Company. Consequently, we used the average of 1% of total revenues and 2.5% of total EBITDA as a basis for determining our materiality. Both performance indicators are also reviewed on a monthly basis by the board of directors, as also disclosed in note 2 of the report of the board of directors.
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 thousand (2016: €160 thousand) 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.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.

The group audit focused on the 12 components in Germany, France, Spain, the United Kingdom, Poland, the Netherlands and the United States of America. One component in Germany is individually financially significant to the Group. The other 11 components were selected for audit of their complete set of financial information to achieve appropriate coverage. 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. Additionally, 31 components were selected for specified audit procedures on cash and cash equivalents.

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

Revenue	78%
Total assets	76%
EBITDA	75%

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 three 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. The group engagement team visited, together with a member of group management, local management and the component auditors in Germany, the United States of America, the United Kingdom and Switzerland. 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 throughout the audit to share knowledge, 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 and group-wide pending litigations & claims.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the 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. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, 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 separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

As the refinancing of the Company and corresponding transactions were completed in 2016, the prior year 'Refinancing' key audit matter is no longer applicable. The prior year 'Swedish tax dispute' key audit matter is also no longer applicable, since this dispute is settled in June 2017. We have identified one new key audit matter, being the valuation of deferred tax assets for carried forward losses. The other key audit matter, 'de-recognition of factored receivables', is consistent with prior year in view of its magnitude and the judgement involved in whether substantially all risks and rewards of the ownership of the trade receivables are transferred to the factoring agencies.

Key audit matter	***How our audit addressed the matter***
Valuation of deferred tax assets for carried forward losses *Note 3.17 and note 25 to the consolidated financial statements* The Company recognized deferred tax assets related to carried forward losses in the amount of €15.2 million (2016: €3.2 million) for which utilization is dependent on future taxable profits. The increase of €12.0 million is primarily caused by the recognition of the €10.4 million deferred tax asset in the Netherlands. The assessment upon which the deferred tax assets are recognized is based on 2018-2020 profit projections per legal entity. Furthermore, the Company has unrecognized unused tax losses of €182.6 million (2016: €242.3 million) available to offset against future taxable profits for which no deferred tax assets have been recognized because the entities concerned reported losses in either the current or prior year and no other convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised was identified. The losses have various expiry dates. Given the magnitude and the management judgement involved in the valuation of deferred tax assets for carried forward losses, this was considered a key audit matter.	We have tested the Dutch and international deferred tax assets for carried forward losses with the support of our (international) tax specialists by means of, amongst others: • understanding the budgeting and forecasting processes of the Company; • assessed the probability of future cash flows included in the 2018-2020 projections and whether the future cash flows are in line with approved budgets; • challenged management on the 2018-2020 horizon; • recalculated the deferred tax assets; and • tested the accuracy and completeness of unused losses. We furthermore assessed the adequacy of the disclosure note 3.17 and note 25 to the consolidated financial statements. Based on our audit procedures, no material exceptions were noted.
De-recognition of factored receivables *Note 3.9 and note 19 to the consolidated financial statements* The Company has since 2016 been in the process of renewing factoring agreements and entering into new factoring agreements as part of its liquidity risk management strategy. In accordance with IAS 39 an entity derecognises an asset if it transfers substantially all the risks and rewards of ownership of the trade receivables. Conversely, an 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 since all risks and rewards of ownership of the trade receivables are substantially transferred to the factor.	We assessed the 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. Based on our audit procedures we concur with management’s conclusion 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 and note 19 to the consolidated financial statements.

Key audit matter	How our audit addressed the matter
Given the magnitude and the judgement 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.	

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; and
- 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 the 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 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was 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 directors' report and the other information in accordance with Part 9 of 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, representing a total period of uninterrupted engagement appointment of three years.

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, 26 March 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. van Meijel RA

Appendix to our auditor's report on the financial statements 2017 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.

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