360°

Schoeller Allibert Group B.V.
Returnable Plastic Packaging Solutions

Annual financial report
31 December 2018

Schoeller Allibert

Innovating your logistics for a better world

Introduction

The Board of Directors hereby presents its Annual report for the financial year ended 31 December 2018.

Schoeller Allibert is one of the world's largest manufacturers of returnable plastic packaging for material handling.

Key figures

Turnover
over € 500 million

EBITDA
over € 50 million

Over 2,000 employees

Over 10,000 customers
worldwide

13 factories

Over 50 countries
served

2018 at a glance

- Schoeller Allibert's new CEO Ludo Gielen

- New product: Combo Excelsior®
- Combo Fructus® - WorldStar packaging award winner 2019
- New Magnum Optimum® 1208
- New Agrimax® Big Box in the US

Annual financial report – 31 December 2018

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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 2018.

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 60 years. We have a rich heritage being formed from key players. 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 summarised 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.

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). 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 CO_2 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.

Leading in innovation

Continuous innovation is at the heart of our business. We see it as our task to ensure our clients are prepared for future challenges. 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. In today's competitive markets, advantages resulting from smart design will rapidly translate into improved performance and considerable benefits.

Foldable containers that are stronger but weigh less will result in less fuel consumption during transport. Containers with 10% more transport volume and 30% less return volume when folded can make the difference in highly competitive markets like the automotive industry or agriculture.

Many of the major innovations in plastic packaging systems were developed by Schoeller Allibert. We invented products like foldable large containers, such as the Magnum Optimum®, and bottle crates with in-mould labels. In addition, we invented and optimised production techniques like injection moulding and mirror welding, each time resulting in lighter, stronger and cleaner crates and containers. We take care of all the necessary steps, creating a sustainable packaging cycle.

Recognising its commitment to innovation, in 2018 the Company won several awards, including for the successful launch of fourth generation 'gold and silver' beer crates with Warsteiner and for its next generation large foldable container product lines: Excelsior®, Fructus® and Magnum Optimum®.

Schoeller Allibert's engineers are currently focused on the development of the next generation of handheld containers for e-commerce solutions and products such as fruit and vegetables – the 4th generation of foldable small containers. The new generation will be ultra-flat, helping to save significant logistic costs during empty returns. They will also be lighter, easier to handle and capable of being equipped with smart tracking devices. The Company believes that the launch of these containers will trigger off the shift of end users to returnable solutions, reducing the massive volumes of cardboard.

Schoeller Allibert will also provide a recycling service for customers who want to take advantage of digitalisation in the logistics system. The implementation of smart crate technologies will lead to the reduction of losses for all pool providers. Schoeller Allibert is developing rechargeable beacons and creating new features to enable the crates to recharge themselves and provide information on their location. This, combined with new materials and special stacking and nesting profiles, will enable retailers to significantly reduce the space required for stackable folding crates and provide greater insight into their supply chains. The potential advantages for pooling companies by changing to this new crate are significant and will enable them to be even more competitive for their retailer and grower customers. The beacons will likely allow the poolers to offer their services without collecting deposits, leading to considerable savings for growers and retailers.

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 and we measure it with relevant metrics and KPIs. Results are discussed and reported to senior management during the Board Meetings and improvement actions are scheduled, implemented and evaluated during Management reviews.

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.

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 Ludo Gielen	Chief Executive Officer	(appointed 17 October 2018)
Mr Ian Degnan	Chief Financial Officer	(appointed 24 June 2015)

Mr Pierre McNeil	Chief Executive Officer	(14 June – 16 October 2018)
Mr Ian Robinson	Chief Executive Officer	(until 13 June 2018)

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 gender split in the Board but instead focuses on the competencies of new Board members bearing in mind the value of diversity. Schoeller Allibert is committed to taking into account diversity (including gender diversity) for succession planning, training and development.

People

Schoeller Allibert employs over 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 recognised 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.

The Group 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 Whistle-blower 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 basis.

In 2018, the Group started strengthening its top management structure at the highest level. We are confident this will accelerate the execution of our strategy and provide more continuity and ensure the succession of the top of the organisation. In addition, in 2018 it was decided to start a Talent Management Program in 2019 for the entire Group.

Safe workplace

Schoeller Allibert values creating a safe and healthy working environment for employees and we realize that safety is a matter of appropriate behaviour 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.

2. Key Financial Results

The table below shows the Group's key consolidated financial results for the year ended 31 December 2018 and 2017:

EUR'000	2018	2017
Revenue	519,088	*492,828
Revenue growth	5.3%	-2.3%
Operating profit	19,397	5,692
Operating profit as % revenue	3.7%	1.2%
EBITDA	52,225	58,154
EBITDA as a % of revenue	10.1%	11.8%
Loss before income taxes	(4,090)	(16,821)
Net capital expenditure	20,678	29,669
Net capital expenditure as a % of revenue	4.0%	6.0%
Cash generated from operations	36,857	46,077

*As a result of retrospective IFRS 15 adoption, revenue was reduced by EUR 15,625 thousand from reported in 2017 Annual report.

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

EUR'000	2018	2017
*Net working capital	(16,311)	(22,935)
Cash and cash equivalents	8,634	34,835
Total net loans and borrowings	226,819	201,812

*Net working capital is adjusted for the Swedish tax liability of EUR 4,366 (2017: EUR 10,686 thousand) and accrued interest of 389 (2017: 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

The table below shows the Group's operating segment revenue for the year ended 31 December 2018 and 2017:

EUR'000	2018	2017
Northern Europe	219,602	194,998
Southern Europe	117,866	116,259
UK and rest of Europe	98,149	95,496
United States of America	33,511	35,729
All Other Segments	49,960	*50,347
Total revenue	**519,088**	**492,828**

*As a result of retrospective IFRS 15 adoption, revenue was reduced by EUR 15,625 thousand from reported in 2017 Annual report.

Revenue in Northern Europe increased by 12.6%, from EUR 195 million for 2017 to EUR 219.6 million for 2018. This growth in revenue was primarily attributable to orders in beverage, automotive and agriculture markets, partially offset by lower pooling volumes.

Revenue in Southern Europe increased by 1.4%, from EUR 116.3 million for 2017 to EUR 117.9 million for 2018. The Region showed growth in agriculture, food and automotive markets, partially offset by lower turnover in retail.

Revenue in the UK and rest of Europe increased by 2.8%, from EUR 95.5 million for 2017 to EUR 98.1 million for 2018. This increase was primarily attributable to orders in food and automotive markets, partially offset by lower turnover with pooling customers.

Revenue in the USA decreased by 6.2%, from EUR 35.7 million for 2017 to EUR 33.5 million for 2018 due to lower pooling volumes in 2018.

Revenue in all Other Segments decreased by 0.8%, from EUR 50.3 million for 2017 to EUR 50.0 million for 2018. This decrease is attributable to lower revenues from the Services business.

Operating result

EUR'000	2018	2017
Operating profit	19,397	**5,692**

Operating profit increased by EUR 13.7 million, to EUR 19.4 million for 2018 compared to EUR 5.7 million for 2017. The higher profit resulted mainly from the fact that 2017 operating profit was negatively impacted by the customer settlement to the amount of EUR 10.9 million as well as EUR 7.8 million cost related to the exit of JP Morgan Chase.

The following table shows a breakdown of operating profit by geographic segment for the year ended 31 December 2018 and 2017:

EUR'000	2018	2017
Northern Europe	10,186	8,581
Southern Europe	5,740	7,151
UK and rest of Europe	(495)	6,767
United States of America	(9,388)	(9,277)
All Other Segments	13,353	(7,530)
Operating profit	**19,397**	**5,692**

EBITDA– reconciliation

The Company discloses EBITDA as a non-IFRS performance measure. The Group defines EBITDA as the operating result for the year excluding depreciation, amortisation, adjusting items and shareholder management fees. Items are disclosed as adjusting where it is necessary to do so to provide further understanding of the financial performance of the Group. As such, items are presented as adjusting if management finds these to meet the following criteria: material non-recurring and require separate disclosure due to the significance of their nature or amount.

Adjusting items relate to material non-recurring items of income and expense arising from circumstances or events such as: business combinations; closure of manufacturing locations; litigation settlements and certain shareholder exit fees.

EUR'000	2018	2017
Operating profit	19,397	**5,692**
Adjusting items	10,115	23,637
Shareholder management fees	1,250	-
Depreciation	19,845	24,180
Amortisation	1,618	4,645
EBITDA	52,225	58,154

Adjusting items decreased by EUR 13.5 million from EUR 23.6 million for 2017 to EUR 10.1 million in 2018.

Adjusting items for 2018 relate to non-recurring items arising from:

- EUR 4.2 million of employee benefits from the exit of JP Morgan Chase (including severance) and additionally pension costs;
- EUR 2.1 million provision for possible commercial settlements;
- EUR 3.2 million related mostly to other restructuring activities;
- EUR 0.6 million fees and due diligence activities related to the exit of JP Morgan Chase.

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;
- 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.

Depreciation expense decreased by EUR 4.3 million, to EUR 19.8 million for 2018 compared to EUR 24.2 million for 2017, driven by some of the moulds being fully depreciated by the end of 2017 as well as the extension of useful lives of machinery and moulds.

Amortisation expense decreased by EUR 3.0 million, to EUR 1.6 million for 2018 compared to EUR 4.6 million for 2017, mainly driven by some of the intangible assets being fully depreciated by the end of 2017.

Net finance expense

Net finance expense for 2018 was EUR 23.6 million (expense for 2017: EUR 22.6 million). This increase was primarily due to accelerated amortisation of deferred financing cost. 2017 also included the interest to the amount of EUR 1.0 million related to the lost Swedish tax case.

Profit before income taxes

The loss before income taxes was EUR 4.1 million for 2018 (2017: loss of EUR 16.8 million), with the year-on-year change driven amongst others by the negative impact of the customer settlement in the amount of EUR 10.9 million in 2017.

Net capital expenditure

Net capital expenditure was EUR 20.7 million outflow for 2018 (2017: EUR 29.7 million outflow), which represented 4% of revenue for 2018 (6% for 2017). The decrease was driven by investments in breakthrough projects undertaken in 2017 (the launch of the new IBC range and the new factory in Belgium).

Cash generated from operations

Cash generated from operations during the year ended 31 December 2018 amounted to a EUR 36.9 million inflow (2017 EUR 46.1 million inflow).

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 2018, the receivables from related parties were equal to EUR nil million (31 December 2017: EUR 0.2 million) and the payables due from related parties were equal to EUR 0.6 million (31 December 2017: EUR 0.9 million).

As of 31 December 2018, the Group had negative net working capital of EUR 16.3 million (2017: EUR 22.9 million), adjusted for the Swedish tax liability of EUR 4.4 million (2017: EUR 10.7 million) and related accrued interest of EUR 0.4 million (2017: EUR 0.9 million). The increase in the net working capital was mainly due to higher inventories and lower trade and other payable levels as of 31 December 2018.

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 2018 the Group had EUR 8.6 million (31 December 2017: EUR 34.8 million) of net cash on its balance sheet.

As at 31 December 2018, the Group had one revolving credit facility of EUR 30 million (31 December 2017: EUR 30 million). The unused part of the facility as at 31 December 2018 amounted to EUR 15.5 million (31 December 2017: EUR 18.7 million).

Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which increased by 12.4% to EUR 226.8 million as at 31 December 2018 (31 December 2017: EUR 201.8 million), 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 appetite and management

The Group sees many opportunities and possibilities to achieve its objectives. To achieve our strategic goals, the Group is prepared to accept certain risks. Our risk appetite depends on the nature of risks identified in three areas.

- strategic risks
- operational risks
- financial and regulatory risks

Strategic risks

We are willing take strategic risks related to breakthrough innovations and developing new products in plastic packaging and many of the game-changing solutions in the industry were actually developed by Schoeller Allibert. The Group also believes that the benefits of investing in sustainability outweigh the risks.

The major strategic risks we face are:

- We are dependent on the successful development of new products and overhaul of existing products.

Our future results and our competitive position depend on our capacity to identify, develop, manufacture, market and sell new or improved products that appeal to our customers. We aim to introduce new products and relaunch and extend existing product lines on a regular basis, which involves capital expenditures to purchase new injection moulding machines and moulds. The failure to launch a product successfully may give rise to increased costs and may affect customer perception of our other products. In addition, launching new or modified products might result in cannibalization of sales of our existing products.

We continuously monitor customer preferences and market trends, offer a range of products to satisfy a wide spectrum of end uses and devote significant resources to developing and marketing new products in close cooperation with our customers, as well as to expanding and improving existing product lines.

- Macroeconomic downturns

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

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 28% (29% in 2017) of our revenues, with the largest customer (by revenue) accounting for approximately 13% (19% in 2017) of our revenue in the year ended 31 December 2018.

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.

Operational risks

The Group is committed to ensuring a safe working environment for our employees and we have robust monitoring and mitigation processes in place in this respect.

The Group takes Operational risk in delivering complex products to our customers, and manages this by investing in our people, assets and IT systems and operates processes designed to manage the operational risks associated with manufacturing complex products to a high quality.

The major operational risks we face are:

- Volatile raw material costs

The raw materials upon which we depend in our production are virgin (new) and regrind (recycled) plastic, mostly Polypropylene Copolymer (PPC') and High-Density Polyethylene (''HDPE''). The prices of these raw materials tend to be highly variable and represent a substantial portion of our operating expenses.

The Group monitors the developments in raw material prices closely. We do not operate a hedging policy to mitigate the risk of adverse changes in the price of the raw materials, but instead aim to pass price changes on. The majority of our revenue is typically derived from contracts or other arrangements that allow us to pass-through raw material cost increases.

- The loss of key employees

We rely heavily on our experienced regional managers and our research and development engineers. Attracting and retaining key members of our regional or executive management and key operational expertise is vital to the success of our business and operations.

- Disruptions to our IT systems or failure to implement required IT development

We rely on our information technology systems to effectively manage and operate many of our key business functions, including our supply management, product manufacturing and distribution, order processing and other business processes.

The Group is continuously working on IT process improvements and standardisation of IT systems.

Financial and regulatory risks

The Group follows the principle of prudence in its financial strategy. This applies to our approach in assessing new investments and the risks in generating adequate returns as well as the financial controls and processes we have in place to monitor risks related to our performance. We assess sensitivities of the Group's performance to external factors during forecasting process and strategic plan updates.

The Group complies with laws and regulations of the countries where it operates as well as its internal policies such as the Code of Conduct.

The major financial and regulatory risks we face are:

- Variety of financial risks: credit risk, liquidity risk and market risk

The Group's exposure to the financial risks and its risk management strategies are described in detail in Note 33 – Financial risk management.

- Financial reporting risk

Financial reporting risk arises mainly from inconsistent and delayed reporting process, which could negatively impact decision making in the Group.

The Group has a strong finance function at the corporate level and has been continuously harmonising policies and procedures for internal, financial and IT controls, training financial operational staff as well as exchanging best practices and internal risk assessments.

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.

- Our business is highly regulated

The risk of non-compliance with statutory laws and regulations applies to all countries where Schoeller Allibert operates and significant costs may need to be incurred to maintain the compliance.

- Product liability claims

The sale of our products involves a risk of product liability claims against us by our customers and third parties

Our quality and environmental management system provides for, among other things, in-process control systems and inspection of our products at our in-house test centres. Our framework agreements with large customers generally limit our liability to product replacements, repairs or refunds.

Risk management and controls

Managing effective risk and control environment is incorporated in our daily operations. We are continuously working on updating our control systems in response to the Group's changing business and regulatory environment.

The risks described above, divided into three areas, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial may also materially and adversely affect our business or operations.

Risks facing our business in 2018 and beyond

In 2018, the Group faced three major strategic risks: lower orders in the pooling sector, the deterioration of the trading in the UK following the Brexit vote and the launches of major new products.

We believe that the pooling volumes we saw in 2018, especially in the US are below the historical trend and impacted by customer specific issues. In our view, the causes are short-term and the underlying fundamental economics of the pooling sector remain unchanged. We expect the volumes to return to the historical growth trend, but the timing of this is uncertain.

Also our UK business experienced a difficult year, with strong competitive pressure on pricing in commodity products as well as operational difficulties related to Brexit uncertainties on the labour market. While the UK situation stabilised during 2018 the timing of any recovery remains uncertain. The Company would expect only limited impact from a disorderly Brexit and has taken appropriate mitigating actions. Most of our UK business is manufactured in the UK and the main risk is in relation to ensuring continued supplies of resin. Arrangements have been made with resin suppliers to mitigate this risk for a period of time with buffer stocks. Additionally, production planning has been put in place for any export customers of our UK factory and buffer stock of any imported finished goods to the UK have been put in place.

2018 in Schoeller Allibert was a year of major new product launches, which includes the risk of complicated project execution and in planning and executing operations and supply chain. To mitigate these risks, we have been expanding our corporate functions responsible for planning and supply chain.

4. Business outlook

The Management believe that the years 2017-2018 were milestones for the Company which laid the foundation for its future profitability and cash flows. In the last 24 months, there have been significant levels of capital expenditure focusing on innovation. The Group has developed and launched 42 successful new products for eight different end-markets, from new beer crates to foldable large and small containers. Sales of these new products contributed to the revenue growth in 2018 and also led to the diversification of Company's customer portfolio, helping to mitigate the revenue decline from pooling customers and unfavourable trading conditions in the UK.

The Management expects revenue and profits to grow in the years 2019-2023, benefiting from the investments of prior years as well as recovery of pooling customer volumes.

5. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the Annual report for the year ended 31 December 2018.

Hoofddorp, 3 April 2019

The Board of Directors:

L.S.C. Gielen

I.A. Degnan

Financial Statements 2018

Consolidated Statement of profit or loss

EUR'000	Note	2018	Restated 2017
Revenue	7	519,088	*492,828
Other income	8	384	1,261
Total Revenue		**519,472**	**494,089**
Raw materials and consumables used		(272,673)	*(257,763)
Costs for subcontracting		(2,188)	(2,818)
Employee benefit expense	9	(118,698)	(116,348)
Other operating expense	10	(85,053)	(82,644)
Depreciation expense	13	(19,845)	(24,180)
Amortisation expense	14	(1,618)	(4,645)
Total operating expenses		**(500,074)**	**(488,397)**
Operating profit		**19,397**	**5,692**
Finance income	11	325	742
Finance expense	11	(23,965)	(23,361)
Net finance expense	11	**(23,640)**	**(22,620)**
Share in result of equity accounted investments	15	153	106
Loss before income taxes		**(4,090)**	**(16,821)**
Income tax	12	(6,931)	(4,289)
Loss for the period		**(11,021)**	**(21,110)**
Attributable to:			
Owners of the Company		(10,952)	(21,175)
Non-controlling interests		(69)	64

*As a result of retrospective IFRS 15 adoption, revenue and raw materials and consumables were reduced by EUR 15,625 thousand from reported in 2017 Annual report. Detailed disclosure provided in Note 5.

The Notes on pages 23 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

EUR'000	Note	2018	2017
Loss for the period		**(11,021)**	**(21,110)**
Items that will not be reclassified to profit or loss:			
Remeasurements of retirement benefit obligations, net of tax		376	(638)
Remeasurements of retirement benefit obligations gross	22	443	(971)
Tax effect on remeasurements of retirement benefit obligations	22	(67)	333
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations, net of tax		(43)	(2,957)
Total comprehensive loss for the period, net of income tax		**(10,688)**	**(24,705)**
Attributable to:			
Owners of the Company		(10,598)	(24,768)
Non-controlling interests		(90)	63
Total comprehensive loss for the period		(10,688)	(24,705)

The Notes on pages 23 to 64 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

EUR'000	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	13	126,263	120,474
Intangible assets	14	6,516	6,697
Equity accounted investments	15	663	514
Other financial assets	16	8,082	4,078
Deferred income tax assets	24	13,525	20,615
Total non-current assets		**155,049**	**152,379**
Current assets			
Inventories	17	33,877	28,613
Trade and other receivables	18	55,551	61,474
Current income tax assets		2,317	3,805
Prepayments	19	9,839	9,860
Derivative financial instruments		44	
Cash and cash equivalents	20	14,899	34,835
Total current assets		**116,525**	**138,587**
TOTAL ASSETS		**271,574**	**290,966**
EQUITY			
Share capital	26	-	-
Share premium	26	106,979	106,979
Other reserves	26	(145,267)	(145,245)
Accumulated deficit	26	(60,820)	(50,246)
Equity attributable to owners of the Company	26	(99,108)	(88,511)
Non-controlling interests		515	606
Total equity		**(98,593)**	**(87,905)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	225,360	222,351
Employee benefits	22	7,778	6,544
Provisions	23	784	1,055
Deferred income tax liabilities	24	1,716	2,407
Total non-current liabilities		**235,637**	**232,357**
Current liabilities			
Loans and borrowings	21	5,040	7,458
Bank overdrafts	20	6,265	-
Provisions	23	1,827	2,116
Current income tax liabilities		5,244	15,149
Derivative financial instruments	33	-	126
Trade and other payables	25	116,153	121,666
Total current liabilities		**134,529**	**146,515**
Total liabilities		**370,167**	**378,872**
TOTAL EQUITY AND LIABILITIES		**271,574**	**290,966**

The Notes on pages 23 to 64 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
Note 26							
As at 1 January 2018	**-**	**106,979**	**(145,245)**	**(50,246)**	**(88,511)**	**606**	**(87,905)**
Comprehensive income/(loss) for the year:							
Profit/(loss) for the year	-	-	-	(10,952)	(10,952)	(69)	(11,021)
Other comprehensive expense for the year:							
Gain on remeasurement of net defined benefit liability, net of income tax: Note 22	-	-	-	376	376	-	376
Foreign currency translation differences - foreign operations; net of income tax	-	-	(22)	-	(22)	(21)	(43)
Total comprehensive loss for the year	**-**	**-**	**(22)**	**(10,575)**	**(10,598)**	**(90)**	**(10,688)**
As at 31 December 2018	**-**	**106,979**	**(145,267)**	**(60,820)**	**(99,108)**	**515**	**(98,593)**

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Note 26							
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 remeasurement of net defined benefit liability, net of income tax: Note 22	-	-	-	(638)	(638)	-	(638)
Foreign currency translation differences - foreign operations; net of income tax	-	-	(2,955)	-	(2,955)	(2)	(2,957)
Total comprehensive income/(loss) for the year	**-**	**-**	**(2,955)**	**(21,813)**	**(24,768)**	**63**	**(24,705)**
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.

The Notes on pages 23 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

EUR'000	Note	2018	2017
Loss for the year		**(11,021)**	**(21,110)**
Adjustments for:			
Depreciation of property, plant and equipment	13	19,845	24,180
Amortisation of intangible assets	14	1,618	4,645
Profit on sale of property, plant and equipment	8	(384)	(1,261)
Impairment loss on trade receivables	18	148	738
Net finance costs		23,346	22,665
Tax expense	12	6,931	4,289
Share of results of equity accounted investments	15	(153)	(106)
Change in:			
Inventories		(5,125)	(5,827)
Trade and other receivables		5,960	1,137
Prepayments and accrued income		30	4,690
Trade and other payables		(5,145)	13,407
Provisions and employee benefits		805	(1,369)
Cash generated from operations		**36,857**	**46,077**
Interest received	11	95	56
Interest paid		(21,619)	(20,806)
Income tax paid		(9,014)	(5,548)
Net cash inflow from operating activities		**6,319**	**19,779**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	27.1	524	2,311
Proceeds from sale of intangible assets		113	-
Proceeds from long term loans receivable		4	94
New long term loans receivable granted		(3,950)	(2,144)
Acquisition of property, plant and equipment	27.2	(19,764)	(29,851)
Acquisition of intangible assets		(1,551)	(2,129)
Dividends from associates	15	4	15
Net cash (outflow) from investing activities		**(24,620)**	**(31,704)**
Cash flows from financing activities			
Payment of transaction costs related to loans and borrowings		(978)	(691)
Proceeds from borrowings		212	7,803
Repayment of borrowings		(2,957)	(6,182)
Payment of finance lease liabilities		(3,966)	(5,203)
Net cash (outflow) from financing activities		**(7,689)**	**(4,272)**
Net change in cash and cash equivalents		(25,990)	(16,197)
Cash and cash equivalents at beginning of period		34,835	51,402
Net effect of exchange rate fluctuations on cash and cash equivalents		(211)	(369)
Cash and cash equivalents at end of period	20	**8,634**	**34,835**

The Notes on pages 23 to 64 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

1.1 The Company and the Group

SCHOELLER ALLIBERT GROUP B.V. ("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 B.V. was incorporated on 24 June 2015.

Schoeller Allibert Group B.V. is registered with the Dutch Commercial Register under number 63586894.

Schoeller Allibert Group B.V. is a subsidiary of Schoeller Packaging B.V., a company incorporated in the Netherlands that is owned 70% by BCP IV RTP Holdings Ltd., ultimately 100% held by Brookfield Asset Management Inc., and 30% by Schoeller Industries B.V., 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.

This is the first set of the Group's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied.

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 2018. 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 authorised for issue by the Board of Directors 3 April 2019.

2.3 Going concern

The Company incurred a net loss for the year 2018 of EUR 11 million and has a negative equity as at 31 December 2018 of EUR 98.6 million. At the same time, Schoeller Allibert generated EUR 36.9 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 controlling interest in the Group's parent Schoeller Packaging B.V. by Brookfield Business Partners L.P. for EUR 205 million demonstrates that the shareholders see a positive equity value ('equity cushion'). As at 31 December 2018, the Group had access to a committed credit facility of up to EUR 65 million from Brookfield, subject to shareholder consent. The Group did not use the facility as at 31 December 2018.

The Management believe that the years 2017-2018 were milestones for the Company which laid the foundation for its future profitability and cash flows. In the last 24 months, there have been significant levels of capital expenditure focusing on innovation. The Group has developed and launched 42 successful new products for eight different end-markets, from new beer crates to foldable large and small containers. Sales of these new products contributed to the revenue growth in 2018 and also led to the diversification of Company's customer portfolio, helping to mitigate the revenue decline from pooling customers and unfavourable trading conditions in the UK.

Based on the above mentioned facts, Management believes that the application of the going concern assumption for the 2018 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 FVOCI – equity instruments, 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 22,
- 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 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:
- has the power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by the Company, other vote holders or other parties,
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Intercompany transactions, balances, income and expenses, and unrealised gains and losses on such transactions, have been eliminated on consolidation.

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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised 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 recognised 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 recognised 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.

Transaction 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

These consolidated financial statements are presented in EUR, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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 recognised 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:

- 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;
- 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
- All resulting exchange differences are recognised 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 recognised 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 derecognised. 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	7-20 years
Own moulds	5-8 years
Other fixed assets	3-10 years

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

In 2018, after conducting the benchmark study, the outcome of which was that the economic lives the Group assigned to fixed assets were at the low end of the range of the companies in the industry, the Company prospectively adjusted useful lives. The change resulted in depreciation charge lower by approximately EUR 6 million in 2018 in comparison to the prior years.

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 capitalised 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 recognised 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 and contractual rights	9-10 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. An impairment loss in respect of goodwill is not reversed.

3.9 Financial instruments

Classification

Classification of non-derivative financial assets

The Group classifies its financial assets in the following categories: amortised cost and FVOCI – equity instruments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

Financial assets at amortised cost 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 16, Note 18 and Note 20).

FVOCI – equity instruments

FVOCI – equity instruments 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 FVOCI – equity instruments comprise unlisted equity investments (Note 16).

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

Financial assets at amortised cost are recognised initially on the date that they originate. All other financial assets are recognised initially on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets at amortised cost 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 derecognised 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 derecognised. In a factoring of receivables with recourse the Group recognizes the factoring arrangement as a financing transaction, that is, a liability is recognised for the amounts received from the factor.

FVOCI – equity instruments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. FVOCI – equity instruments are that are not listed and whose fair value cannot be measured reliably are stated at cost. Changes in the fair value of FVOCI – equity instruments are recognised in other comprehensive income. When FVOCI – equity instruments 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 FVOCI – equity instruments are instruments are recognised 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 FVOCI – equity instruments, they are carried at cost.

Non-derivative financial liabilities

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 recognised 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 capitalised as a pre-payment for liquidity services and amortised 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 control of the financial asset is transferred. When the Group has not transferred 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 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

The Group has two types of financial assets that are subject to the expected credit loss (ECL) model:
- trade receivables
- receivables and loans to related parties

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical credit losses experienced period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

An impairment loss in respect of trade receivables 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised through profit or loss.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was an objective evidence that an impairment had been incurred but not yet was been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:
- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

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 recognised 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, recognised 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 recognised 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 recognised as finance expense.

Restructuring

A provision for restructuring is recognised 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 recognised 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 items recognised directly in equity or in Other Comprehensive Income. In this case, the tax is also recognised 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 recognised 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.

Unrecognised 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 it transfers control over goods 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 control 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 service

Revenue from rendering of services comprises the revenue from leasing returnable transit packaging products to customers and revenue from logistical services. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed.

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 recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised 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 recognised 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 recognised 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 recognised in 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-zone 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 neighbouring countries. The following countries are included in this reportable segment: United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, 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 on a regular basis.

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 "Holding/eliminations" 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, only limited number of measures on assets 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 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.

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 23 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 12 and 24.

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

Defined benefit plans

The Group makes contributions to defined benefit pension plans for qualifying employees in a number of European countries. The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of intangible assets

Intangible assets in the Group are carried at cost less straight-line amortisation over the estimated useful life of the assets concerned. Where applicable, trade names are recognised and amortised over the expected useful life of 20 years. The cost of internally generated goodwill and trade names is expensed. For the customer bases and contractual rights, useful life has been estimated and currently ranges between 9 and 10 years. Impairment tests are performed when there are indications that they are required. Software developed by third parties is capitalised at cost, provided its technical feasibility has been demonstrated. External costs for internally developed software, provided it satisfies a number of criteria including technical feasibility, are also capitalised. Maintenance contracts and licensing agreements relating to existing software are capitalised and amortised over the term of the contract. Software is amortised on a straight-line basis over the estimated useful life of 3 years.

Estimated useful lives of fixed assets

The majority of the Company's fixed assets relate to injection moulding machines and moulds, which are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. The determination of useful lives requires some managerial judgement.

In 2018, after conducting the benchmark study, the outcome of which was that the economic lives the Group assigned to fixed assets were at the low end of the range of the companies in the industry, the Company prospectively adjusted useful lives. The change resulted in depreciation charge lower by approximately EUR 6 million in 2018 in comparison to the prior years.

3.24 Prior period errors

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

4. New standards and interpretations not yet adopted

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised 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 recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change, with only some additional disclosure required from next year.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Leases in which the Group is a lessee

The Group reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

Firstly, on initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets. Based on a review of the Group's finance leases as at 31 December 2018, the Group have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

Secondly, the standard will affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of EUR 35.9 million, see note 28. The preliminary assessment indicates that Group expects to recognise additional right-of-use assets of approximately EUR 34.5 million on 1 January 2019, and additional lease liabilities of EUR 34.5 million (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018) in relation to operating leases. The Group has selected the modified retrospective approach and will therefore not restate prior years presented in the Group's financial statements upon adoption in 2019.

The Group expects that EBITDA will increase by approximately EUR 9 million as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

The Group considers the result of the shift between cash flows from operating activities and cash flows from financing activities as not significant to disclose in 2018 Annual report, also taking into account the impact of the new lease contract we intent to enter in 2019.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

Leases in which the Group is a lessor

The Group expects no impact for other leases in which the Group is a lessor.

Modified retrospective approach

The Group has selected to apply IFRS 16 using the modified retrospective approach.

As a lessee, the Group elects to use a number of practical expedients. Under this approach, the Group does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16 as an adjustment to equity at the beginning of the current period. The cumulative effect on equity at the date of initial application, however, is expected be limited since we apply the option two under the modified retrospective approach and consider that the number of prepaid/accrued payments is not significant based on the results of the review of details provided by our subsidiaries.

As a lessor, the Group will not make any adjustments on transition.

The actual impact of adopting the standard on 1 January 2019 may change due to the fact that the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

Other standards and interpretations

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5. New and amended IFRS Standards that are effective for the current year

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

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

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduced new requirements for:

- Classification and measurement of financial assets and liabilities
- Impairment of financial assets
- General hedge accounting

Classification and measurement of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had an effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Therefore, the Group decided to adopt the standard retrospectively and the retrospective adoption of IFRS 9 did not have impact on operating result nor opening balances in any prior years. It should be clarified that IFRS 9 is retrospectively adopted on January 1, 2018, applying the practical expedient not to restate comparative information.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

EUR'000	Original classification IAS 39	New classification IFRS 9	2017 Reported in the Annual report 2017	2017 Retrospective adoption of IFRS 9
Financial assets				
Forward exchange contracts used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	-	-
Equity securities	Available-for-sale	FVOCI – equity instrument	43	43
Trade and other receivables	Loans and receivables	Amortised cost	61,474	61,474
Cash and cash equivalents	Loans and receivables	Amortised cost	34,835	34,835
Financial liabilities				
Forward exchange contracts used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	126	126
Bank overdrafts	Other financial liabilities	Other financial liabilities	-	-
Senior secured notes	Other financial liabilities	Other financial liabilities	210,000	210,000
Other credit institutions	Other financial liabilities	Other financial liabilities	8,177	8,177
Finance lease liabilities	Other financial liabilities	Other financial liabilities	18,469	18,469
Trade payables	Other financial liabilities	Other financial liabilities	64,194	64,194

Impairment of financial assets

IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on trade receivables. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables which is applied by the Group.

The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 does not result in an additional allowance for impairment of trade receivables.

IFRS 9 requires entities to recognise ECL for all financial assets held at amortised cost, including most intercompany receivables and loans from related parties. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 does not result in an additional allowance for impairment of intercompany receivables and loans from related parties.

General hedge accounting

The Group only has an insignificant hedge position in US dollar and does not hedge on regular basis. These derivatives do not qualify for hedge accounting are accounted for as trading instruments. Changes in the fair value of these financial instruments are recognised immediately in the income statement

IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15 'Revenue from Contracts with Customers' as per 1 January 2018. For implementation the full retrospective method is applied, meaning that the 2017 comparative financial information has been restated. The Company concluded that IFRS 15 did not impact the timing of revenue recognition. However, the amount of recognised revenue is impacted by a change in the principal versus agent considerations as explained below. The Company has evaluated the available practical expedients for application of the standard and concluded that these options have no significant impact on the Company's revenue recognition. The practical expedients have therefore not been applied.

The majority of the Company's revenue is derived from the sale of plastic returnable transport packaging in the business to business market. For goods shipped to customers, control transfers to the customer ranging from the moment the goods are produced and put at stock in the warehouse, until delivery of the goods at customer's premises. The Company previously recognised revenue as control passed, and therefore the adoption of IFRS 15 has no effect on when revenue is recognised. A smaller part of the Company's revenue is derived from rendering of services comprising the revenue from leasing returnable transit packaging products to customers and revenue from logistical services.

Under IFRS15, when a third party is involved in providing goods or services to a customer, the company must determine whether its performance obligation is to provide the good or service itself. A company makes this determination by evaluating the nature of its promise to the customer. A company is a principal if it controls the promised good or service before transferring it to the customer. A company is an agent if its only role is to arrange for another entity to provide the goods or services.

The Company performed a detailed assessment of the impact of IFRS 15 on its revenue recognition. Each contract was assessed for changes to IAS 18 revenue recognition practices by reviewing the five step approach included in IFRS15. Furthermore, other specific terms and conditions were reviewed for impact under IFRS 15. Based on the Company's review, the Company concluded, for one of the activities performed by its Services business line that it acts as an agent and therefore should record revenue net.

The IFRS 15 changes have no impact on operating profit. In table below the impact of IFRS 15 on the 2017 figures is reflected:

EUR'000	2018	2017 Reported in the Annual report 2017	Effect of IFRS 15 adjustments	2017 Retrospective adoption of IFRS 15
Sale of goods	474,101	435,691	-	435,691
Services rendered	44,987	72,762	(15,625)	57,137
Total revenue	519,088	508,453	(15,625)	492,828
Raw materials and consumables	(272,673)	(273,388)	15,625	(257,763)
Operating profit	19,397	5,692	-	5,692

6. Segment reporting

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
External customers	219,602	117,866	98,149	33,511	49,960	-	519,088
Intersegment	26,378	27,935	25,008	-	7,370	(86,691)	-
Total Revenue	245,980	145,801	123,157	33,511	57,330	(86,691)	519,088
						-	
Operating result	**10,186**	**5,740**	**(495)**	**(9,388)**	**13,353**	**-**	**19,397**
Other							153
Net finance cost							(23,640)
Income tax expense							(6,931)
Loss for the period							**(11,021)**

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	*All other Segments	Eliminations	Total
External customers	194,998	116,259	95,496	35,729	50,347	-	492,828
Intersegment	19,061	24,204	21,684	-	14,037	(78,985)	-
Total Revenue	**214,058**	**140,462**	**117,180**	**35,729**	**64,383**	**(78,985)**	**492,828**
Operating result	**8,581**	**7,151**	**6,767**	**(9,277)**	**(7,530)**	**-**	**5,692**
Other							106
Net finance cost							(22,620)
Income tax expense							(4,289)
Loss for the period							**(21,110)**

*As a result of retrospective IFRS 15 adoption, revenue and raw materials and consumables were reduced by EUR 15,625 thousand from reported in 2017 Annual report.

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

EUR'000	2018	2017
Northern Europe	71,092	60,895
Southern Europe	46,848	47,683
UK and Rest of Europe	37,263	43,401
USA	24,081	20,597
All Other Segments	15,149	*21,165
Holding	14,881	14,525
Segment assets	**209,313**	**208,266**
Other non-current assets	22,270	25,208
Other receivables and other current assets	39,991	57,491
Total assets	**271,574**	**290,966**

Entity-wide disclosures

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

Revenues from external customers by country:

EUR'000	2018	2017
United Kingdom	63,462	*70,681
The Netherlands	28,782	14,490
United States of America	33,511	35,729
Germany	161,109	161,393
France	63,107	64,063
Spain	45,957	46,581
Other countries	123,160	99,892
Revenue	**519,088**	**492,828**

*As a result of retrospective IFRS 15 adoption, revenue and raw materials and consumables were reduced by EUR 15,625 thousand from reported in 2017 Annual report.

Revenues from the individual countries included in Other countries are each below 7% in both 2018 and 2017.

Revenues of EUR 63,124 thousand (2017: EUR 95,618 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	2018	2017
United Kingdom	16,838	18,868
The Netherlands	19,631	20,011
United States of America	16,848	15,782
Germany	27,621	23,639
France	15,213	14,460
Spain	13,312	11,370
Other countries /Holding	23,315	23,042
Total non-current assets	**132,779**	**127,171**

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. Revenue

EUR'000	2018	2017
Sale of goods	474,101	435,691
Services rendered	44,987	*57,137
Revenue	**519,088**	**492,828**

*As a result of retrospective IFRS 15 adoption, revenue and raw materials and consumables were reduced by EUR 15,625 thousand from reported in 2017 Annual report.

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.

8. Other income

EUR'000	2018	2017
Other income	384	1,261
Total other income	**384**	**1,261**

In 2018, other income included a gain on the sale of assets in the USA.

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

9. Employee benefit expense

EUR'000	2018	2017
Wages and salaries	82,269	83,621
Social security contributions	18,177	17,326
Temporary personnel	15,510	12,863
Contributions to defined contribution plans	2,205	2,112
Expenses related to defined benefit plans (Note 23)	536	426
Total employee benefit expense	**118,698**	**116,348**

The remuneration of the Management and Supervisory Board is disclosed as in Note 31.

10. Other operating expense

EUR'000	2018	2017
Energy	13,676	13,103
Maintenance and other direct cost	13,369	12,195
Freight	16,995	14,727
Indirect production	12,967	14,883
Indirect selling	11,622	11,431
Administration and other operating cost	16,424	16,305
Total other operating expense	**85,053**	**82,644**

11. Net finance expense

EUR'000	2018	2017
Interest income on loans and receivables	95	56
Net foreign exchange gain	230	686
Finance income	**325**	**742**
Interest expense on borrowings	(19,085)	(19,475)
Amortisation deferred financing fees	(2,762)	(1,786)
Other financial expenses	(2,118)	(2,100)
Finance expense	**(23,965)**	**(23,361)**
Net finance cost	**(23,640)**	(22,620)

12. Income tax expense

EUR'000	2018	2017
Current income tax		
Current tax on results of the year	(2,146)	(3,056)
Adjustment in respect of prior years	1,502	(14,309)
Total current income tax	**(644)**	**(17,365)**
Deferred tax (note 24)		
Origination and reversal of temporary differences	1,315	907
Impact of change in tax rate	(444)	(178)
Release or utilisation of tax losses or recognition of unrecognised losses	(7,158)	12,347
Total deferred tax	**(6,287)**	**13,076**
Income tax expense	**(6,931)**	**(4,289)**

In 2017, the Group lost its long running tax case in Sweden before the Administrative Court of Appeal and incurred the tax charge of EUR 10,686 thousand, included in the adjustment in respect of prior years.

In 2018, the Company derecognised deferred tax assets related to net operating losses mainly in the Netherlands, while it recognised the deferred tax asset related to net operating losses in other jurisdiction based on 2019-2021 profit projections per legal entity. The net effect on the 2018 result was derecognition of EUR 7,158 thousand.

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:

		2018		2017
	%	EUR'000	%	EUR'000
Loss for the year before tax		**(4,090)**		**(16,821)**
Tax using the Company's domestic tax rate	25.0%	1,023	25.0%	4,205
Change in tax rate	10.9%	(444)	1.1%	(178)
Non-taxable income	-20.6%	843	-23.3%	3,916
Non-deductible expenses	49.7%	(2,032)	9.2%	(1,543)
Utilisation or release of tax losses	125.2%	(5,123)	4.5%	(758)
Current year tax losses for which no deferred tax is recognised	115.7%	(4,732)	43.4%	(7,306)
Recognition of previously unrecognised losses	-46.3%	1,893	-78.0%	13,123
Re-assessment in respect of prior years	-36.7%	1,502	85.1%	(14,309)
Other	-3.4%	139	8.6%	(1,439)
Income tax expense	**169.4%**	**(6,931)**	**25.5%**	**(4,289)**

*Includes certain insignificant presentation adjustments versus last year.

13. Property, plant and equipment

EUR'000	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
Property, plant and equipment at cost					
As at 1 January 2018	49,857	423,742	36,719	13,694	524,013
Transfers*	168	(2,949)	(3,210)	(20,494)	(26,485)
Additions	436	6,959	3,895	13,981	25,270
Disposals	(277)	(9,351)	(2,150)	0	(11,778)
Translation differences	230	3,497	(9)	200	3,918
As at 31 December 2018	**50,414**	**421,897**	**35,245**	**7,380**	**514,936**
As 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)
As at 31 December 2017	**49,857**	**423,742**	**36,719**	**13,694**	**524,013**
Depreciation					
As at 1 January 2018	31,187	343,376	28,977	-	403,541
Transfers*	(53)	(23,629)	(2,803)	-	(26,485)
Depreciation for the year	1,233	15,068	3,544	-	19,845
Disposals	(277)	(9,232)	(2,129)	-	(11,638)
Translation differences	70	3,336	6	-	3,412
As at 31 December 2018	**32,160**	**328,920**	**27,595**	**-**	**388,675**
As 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)
As at 31 December 2017	**31,187**	**343,376**	**28,977**	**-**	**403,540**

*Transfers relate to fully depreciated assets that in the prior year we presented on a net basis or the assets fully depreciated no longer in use.

Carrying amounts

As at 31 December 2018	**18,254**	**92,977**	**7,651**	**7,380**	**126,263**
As at 31 December 2017	**18,669**	**80,366**	**7,742**	**14,067**	**120,474**

Depreciation and impairment

In 2018, after conducting the benchmark study, the outcome of which was that the economic lives the Group assigned to fixed assets were at the low end of the range of the companies in the industry, the Company prospectively adjusted useful lives. The change resulted in depreciation charge lower by approximately EUR 6 million in 2018 in comparison to the prior years.

No impairment triggers have been identified in 2018, an impairment analysis have been performed by the Group and the Group have not recognised any impairment related to its property, plant and equipment.

Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see Note 21).

EUR'000	2018	2017
Machinery and equipment	20,214	22,831

See also Note 21 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.

14. Intangible assets

EUR'000	Trade names	Customer relations and contractual rights	Software	Other assets	Total
Intangibles assets at cost					
As at 1 January 2018	**11,298**	**16,410**	**5,824**	**6,413**	**39,945**
Transfers*	(10)	(15,516)	(284)	(6,236)	(22,047)
Additions	-	-	1,551	-	1,551
Disposals	-	(219)	(169)	-	(388)
Translation differences	(0)	(54)	(3)	157	100
As at 31 December 2018	**11,287**	**621**	**6,918**	**334**	**19,160**
As at 1 January 2017	13,011	129,261	4,258	14,284	160,814
Transfers*	(1,713)	(111,329)	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)
As at 31 December 2017	**11,298**	**16,410**	**5,824**	**6,413**	**39,945**
Amortisation					
As at 1 January 2018	**6,916**	**16,411**	**3,633**	**6,288**	**33,248**
Transfers*	(10)	(15,516)	(284)	(6,123)	(21,934)
Amortisation for the year	444	(0)	1,170	4	1,618
Disposals	-	(219)	(169)	-	(388)
Translation differences	(0)	(54)	(3)	157	100
As at 31 December 2018	**7,350**	**622**	**4,346**	**326**	**12,644**
As at 1 January 2017	8,191	126,242	3,045	14,120	151,598
Transfers*	(4,294)	(108,747)	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)
As at 31 December 2017	**6,916**	**16,411**	**3,633**	**6,288**	**33,248**

*Transfers relate to fully amortised assets that in the prior year we presented on a net basis or the assets fully amortised no longer in use.

Carrying amounts

As at 31 December 2018	**3,937**	**-**	**2,571**	**8**	**6,516**
As at 31 December 2017	**4,381**	**-**	**2,191**	**125**	**6,697**

See also Note 21 for further information on intangible assets pledged as security for Senior Secured Notes.

No impairment triggers have been identified in 2018, an impairment analysis have been performed by the Group and the Group have not recognised any impairment related to its intangible assets.

15. Equity accounted investments

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

EUR'000	2018	2017
Equity accounted investments	663	514

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**	2018	2017
Formy Tachov S.R.O.	Czech Republic	24%	24%

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	2018	2017
As at 1 January	514	422
Share of profits of equity accounted investments	153	106
Dividends received	(4)	(15)
As at 31 December	**663**	**514**

16. Other financial assets

EUR'000	2018	2017
Long term receivables related party	7,078	3,139
Long term receivables	962	896
FVOCI – equity instruments	41	43
Other financial assets	**8,082**	**4,078**

FVOCI – equity instruments are related to 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.

17. Inventories

EUR'000	2018	2017
Finished goods	15,669	13,099
Raw materials and consumables	13,931	12,549
Other inventories	2,587	1,983
Work in progress	1,690	981
Inventories	**33,877**	**28,613**

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

In 2018, inventory recognised as cost of sales amounted to EUR 427,502 thousand (2017: EUR 410,746 thousand).

In 2018, the write-down of inventories to net realisable value amounted to EUR 211 thousand (2017: EUR 272 thousand). The reversal of write-downs following a change in estimates resulted in an income of EUR 123 thousand (2017: EUR 272 thousand). The write-down and reversal are included in profit or loss in the line raw materials and consumables used.

See also Note 21 for further information on inventory pledged as security for Senior Secured Notes.

18. Trade and other receivables

EUR'000	2018	2017
Trade receivables (gross)	44,018	54,213
Allowance for expected credit losses of receivables	(1,360)	(1,731)
Trade receivables (net)	**42,658**	**52,482**
Other taxes and social security contributions	12,869	8,822
Receivables due from related parties	24	170
Other receivables	**12,893**	8,992
Trade and other receivables	**55,551**	**61,474**

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

The allowance for expected credit losses of receivables is recognised in the current year was EUR 148 thousand (2017: EUR 738 thousand) and is included in Other operating costs.

Other taxes and social security contributions include mainly VAT receivables.

See also Note 21 for further information on trade receivables pledged as security for Senior Secured Notes.

19. Prepayments

EUR'000	2018	2017
Prepayments	9,839	9,860

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

20. Cash and cash equivalents

EUR'000	2018	2017
Cash at bank and in hand	14,899	34,835

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

EUR'000	2018	2017
Cash at bank and in hand	14,899	34,835
Bank overdrafts	(6,265)	-
Cash and cash equivalents	**8,634**	**34,835**

The Company has one revolving facility as at 31 December 2018 amounting to EUR 30 million (2017: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 8.3 million, covered by these facilities. The unused part of these facilities as at 31 December 2018 amounted to EUR 15.5 million (2017: EUR 18.7 million).

The Group has pledged part of its bank balances (see Note 21).

Significant restrictions

Cash and short-term deposits of EUR 192 thousand (2017: EUR 548 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 639 thousand (2017: EUR 630 thousand) of cash is not available for use as it was given as security for rental deposits, credit cards, etc.

21. 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.

EUR'000			2018			2017
	Current	Non-Current	Total	Current	Non-Current	Total
Senior secured note	-	209,800	209,800	-	210,000	210,000
Deferred financing costs	(1,709)	(2,601)	(4,310)	(1,709)	(4,699)	(6,408)
Senior secured note at amortised cost	(1,709)	207,199	205,490	(1,874)	205,037	203,163
Other credit institutions	4,247	1,531	5,778	5,876	2,302	8,177
Finance lease liabilities	2,965	16,910	19,875	3,457	15,012	18,469
Deferred financing costs	(463)	(280)	(744)	(166)	(264)	(429)
Total loans and borrowings	5,040	225,360	230,400	**7,458**	**222,351**	**229,809**

EUR'000		2018		2017
	Carrying amount	Fair value	Carrying amount	Fair value
Senior secured note	209,800	201,450	210,000	227,693
Other credit institutions	5,778	5,778	8,177	8,177
Finance lease liabilities	19,875	19,875	18,469	18,469
Other liabilities	-	-	-	-
Total	235,453	227,103	236,647	254,339
Deferred financing costs	(5,053)	-	(6,837)	-
Total	**230,400**	**227,103**	**229,809**	**254,339**

The Company has one revolving facility as at 31 December 2018 amounting to EUR 30 million (2017: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 8.3 million, covered by these facilities. The unused part of these facilities as at 31 December 2018 amounted to EUR 15.5 million (2017: EUR 18.7 million).

Senior Secured Notes and the Guarantors

On 7 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 1 April and 1 October of each year and accrues at a rate equal to 8% per annum. The maturity date of the notes is 1 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 2018, the Guarantors represented over 86% the Group's external revenue and over 94% of the Group's aggregated EBITDA. The subsidiaries who are Guarantors are indicated in Note 31.

On 19 June 2018, the amount of 8% Senior Secured Notes outstanding reduced by EUR 200 thousand, after the closure of the exchange offer on change of control following the acquisition of a controlling interest in the Group by Brookfield Business Partners L.P.

Investor Loan Facility

The company, has obtained commitment for a EUR 65 million investor loan facility from entities affiliated with Brookfield Business Partners L.P. during the year. Subsequent to year end, an investor loan agreement has been executed in which, subject to consent of the lender, amounts can be drawn up to EUR 65 million. The amounts drawn under the loan need to be repaid before December 31, 2021. The terms can be extended by the lender for 24 months. In case of non payment the amounts unpaid may be converted to shares as at December 31, 2021.

Other credit institutions

As of 31 December 2018, loans from other credit institutions consist of loans to subsidiaries in Switzerland, Germany and, the Netherlands.

There is one loan in Switzerland with an outstanding balance of CHF 3,888 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 1,128 thousand and EUR 776 thousand and they accrue interest at 4.2% and 4.05% respectively.

The loan in Germany has an outstanding balance of EUR 424 thousand and maturity date of 1 January 2020 and the effective interest rate is 5.2%.

Finance lease liabilities

EUR'000	2018	2017
No later than 1 year	3,775	4,185
Later than 1 year but no later than 5 years	15,777	11,803
Later than 5 years	2,492	4,407
Gross value of finance lease liabilities	**22,044**	**20,395**
Future finance charges on finance lease liabilities	(2,169)	(1,925)
Present value of finance lease liabilities	**19,875**	**18,469**

The present value of finance lease liabilities is as follows:

EUR'000	2018	2017
No later than 1 year	2,965	3,456
Later than 1 year but no later than 5 years	14,550	10,770
Later than 5 years	2,360	4,243
Present value of finance lease liabilities	**19,875**	**18,469**

22. Employee benefits

EUR'000	2018	2017
Net defined benefit liability	5,971	4,919
Obligations from other long-term employee benefits	1,807	1,624
Total employee benefits	**7,778**	**6,544**

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	2018	2017
Present value of obligations	(14,358)	(13,159)
Fair value of plan assets	8,387	8,240
Net defined benefit liability	**(5,971)**	**(4,919)**

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 and in the fair value of plan assets over the year is as follows:

EUR'000	2018	2017
Defined benefit obligations at 1 January	(13,159)	(4,929)
Reclassification to plan assets	215	-
Benefits paid by the plan	358	148
Plan amendments	(998)	-
Current service costs	(536)	(426)
Interest costs	(151)	(97)
Contributions plan participants	(185)	(3)
Re-measurement gains recognised in other comprehensive income	417	(7,853)
Translation differences	(319)	1
Defined benefit obligations 31 December	**(14,358)**	**(13,159)**

EUR'000	2018	2017
Fair value of plan assets at 1 January	8,240	1,411
Reclassification to plan liabilities	(215)	-
Expected administrative expenses	(12)	5
Contributions paid into the plan	329	293
Contributions Plan Participants	185	3
Interest income	53	-
Benefits paid by the plan	(343)	(148)
Expected return on plan assets	0	6
Re-measurement gains recognised in other comprehensive income	(113)	6,671
Translation differences	264	(1)
Fair value of plan assets at 31 December	**8,387**	**8,240**

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

EUR'000	2018	2017
Amount accumulated in equity at 1 January	(6,234)	(3,765)
Recognised on defined benefit obligation	417	(7,853)
Recognised on plan assets	(113)	6,671
Recognised during the year	304	(1,181)
Amount accumulated in Equity at 31 December	**(5,930)**	**(4,946)**

In 2017, the pension plan in France was amended, resulting in an increase in the defined benefit obligation of EUR 998 thousand.

Defined benefit expense recognised in profit or loss:

EUR'000	2018	2017
Current service costs	536	426
Interest costs defined benefit obligation	99	97
Administrative expenses	12	(5)
Interest income on plan assets	0	(6)
Defined benefit expense	**647**	**512**

Other employment benefits

EUR'000	2018	2017
Obligations from other long-term employee benefits		
Recognised in the statement of profit and loss	89	72
Accumulated in equity	72	210

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 recognised is determined using actuarial calculations.

23. Provisions

EUR'000	Restructuring	Claims	Total
As at 1 January 2018	787	2,384	3,171
Provisions made during the year	495	1,357	1,851
Provisions used during the year	(183)	(2,222)	(2,405)
Provisions reversed during the year	-	(191)	(191)
Unwinding of discount	-	152	152
Effect of movements in exchange rates	0	32	32
As at 31 December 2018	**1,099**	**1,512**	**2,611**
Non-current	784	-	784
Current	315	1,512	1,827
Total provisions	**1,099**	**1,512**	**2,611**

The economic outflow of non-current provisions is expected to occur within one to three years. The discount relates to an immaterial portion of claims provision and the discount rate amounts to 5.9%

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 ongoing businesses concerned.

Claims

In 2018, the provision for claims mainly consists of the provision for onerous lease contract for a vacated building. In prior years, the provision for claims included claims related to disputes with customers.

24. Deferred income tax assets and liabilities

EUR'000	2018	2017
Deferred income tax assets	13,525	20,615
Deferred income tax liabilities	(1,716)	(2,407)
Net deferred income tax assets	**11,809**	**18,208**

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

EUR'000	2018	2017
As at 1 January	18,208	4,932
Exchange differences	(188)	(206)
Income statement	(5,842)	13,254
Impact of change of rate	(444)	(178)
Tax credit relating to components of other comprehensive income	74	406
As at 31 December	**11,809**	**18,208**

*Includes certain insignificant presentation adjustments versus last year.

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

	Assets		Liabilities		Net	
EUR'000	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Property, plant and equipment	1,156	1,642	868	889	288	752
Intangible assets	-	-	292	1,149	(292)	(1,149)
Other assets	2,152	1,611	-	-	2,152	1,611
Inventories	11	-	24	-	(13)	(0)
Trade and other receivables	207	154	3	-	203	154
Loans and borrowings	469	496	3	-	467	493
Employee benefits	1,272	1,124	-	-	1,272	1,124
Provisions	10	91	-	80	10	11
Trade and other payables	208	188	247	219	(38)	(31)
Other items	293	68	280	67	13	(1)
Tax loss carry-forwards	7,747	15,242	-	-	7,747	15,242
Tax assets/(liabilities)	**13,525**	**20,616**	**1,716**	**2,407**	**11,809**	**18,208**

The Company derecognised net amount of deferred tax assets related to net operating losses of EUR 7,157 thousand (2017: EUR 12,123 thousand) based on 2019-2021 profit projections per legal entity.

Of the EUR 7,747 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	**As of 1 January 2018**	**Adjustment to opening balances**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Impact of the rate**	**Translation differences**	**As of 31 December 2018**
Property, plant and equipment	752	-	(464)	6	(26)	20	288
Intangible assets	(1,149)	-	855	-	3	(0)	(292)
Other assets	1,611	(8)	607	1	(61)	3	2,152
Inventories	(0)	(1)	(12)	-	(0)	0	(13)
Trade and other receivables	154	(5)	(12)	1	66	(1)	203
Loans and borrowings	493	(4)	(22)	-	6	(6)	467
Employee benefits	1,124	-	349	67	(281)	13	1,272
Provisions	11	9	(0)	0	(10)	0	10
Trade and other payables	(31)	7	3	-	(16)	(2)	(38)
Other liabilities	1	2	10	-	-	-	13
Tax loss carry-forward	15,242		(7,157)	-	(124)	(215)	7,747
Net deferred income tax assets	**18,208**	**-**	**(5,842)**	**74**	**(444)**	**(188)**	**11,809**

EUR'000	As of 1 January 2017	Adjustment to opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Impact of the rate	Translation differences	As of 31 December 2017
Property, plant and equipment	831	(19)	254	73	(178)	(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
Other	1,399	(5)	129	-		87	1,611
Tax loss carry-forward	3,220	-	12,123	-	-	(101)	15,242
Net deferred income tax assets	**4,932**	**-**	**13,254**	**406**	**(178)**	**(206)**	**18,208**

*Includes certain insignificant presentation adjustments versus last year.

We have reassessed the value of the tax loss carry forwards in all countries and have concluded that for certain countries, like The Netherlands, we can no longer attribute value to a portion of previously valued losses. In 2018, EUR 9 million of previously recognised tax losses was utilised or released, out of which EUR 8 million release relates to the Netherlands.

Deferred income tax assets have not been recognised for tax losses to the value of EUR 206,340 thousand (2017: EUR 182,589 thousand) and relate to the following countries:

EUR'000	2018	2017
The Netherlands	69,412	52,657
United States	130,385	114,894
France	371	3,694
Other	6,172	11,343
Total losses for which no deferred tax was recognised	**206,340**	**182,589**

The Group has unrecognised unused tax losses of EUR 206.3 million (2017: EUR 182.6 million) available for offset against future taxable profits for which no deferred tax asset has been recognised because the entities concerned reported losses in either the current or prior year and no evidence exists that sufficient taxable profit will be available in the future against which the unused tax losses can be utilised. 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. For the entities in Poland, France and Belgium in aggregate EUR 3.4 million of deferred tax assets on tax losses have been reported whereas in 2018 these entities were in a tax loss situation. Management considers these losses incidental and not representative for expected future results.

The Company had net operating losses amounting to EUR 130.4m in the US. The losses may be subject to limitations arising from ownership changes under Section 382 of the Internal Revenue Code of 1986, which the Company is in the process of evaluating. We therefore may not be able to realise a tax benefit from the use of our losses in the US, whether or not we obtain profitability in that jurisdiction.

25. Trade and other payables

EUR'000	2018	2017
Trade payables	61,530	64,194
Payables due to related parties	599	861
Taxes and social security contributions	7,927	6,945
Customer prepayments	3,273	1,757
Interest payable	4,825	5,223
Accrued salaries and wages	12,247	16,929
Accrued customer bonuses	7,432	7,251
Deferred income	2,956	4,723
Other accrued expenses	15,364	13,782
Trade and other payables	**116,153**	**121,666**

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

26. Equity

Share capital and share premium

The total number of ordinary shares outstanding at 31 December 2018 was 1 share with a nominal value of 1 EUR. The full nominal value of the share was paid up upon subscription for that share.

Share premium resulted from the conversion of shareholder loans, unpaid shareholder fees and a tranche of senior facility into equity on 7 October 2016, together with the issue of the Senior Secured Notes.

Other reserves

Other reserves consist of accumulated deficit from prior years as well as all foreign currency differences arising from the translation of the financial statements of foreign operations.

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	2018	2017
Net book value of property, plant and equipment disposed	141	1,050
Gain on disposal of property, plant and equipment	384	1,261
Proceeds from disposal of property, plant and equipment	**524**	**2,311**

27.2 Acquisition of property, plant and equipment

EUR'000	2018	2017
Additions per movement schedule (note 13)	25,270	41,653
Assets acquired through finance leases	(5,506)	(11,802)
Additions per cash flow statement	**19,764**	**29,851**

28. Commitments

Capital commitments

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

EUR'000	2018	2017
Property, plant and equipment	6,680	2,173
Total capital commitments	**6,680**	**2,173**

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 2018, an amount of EUR 12,315 thousand was recognised as an expense in profit or loss in respect of operating leases (2017: EUR 10,441 thousand).

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

EUR'000	2018	2017
By date of commitments:		
Less than 1 year	10,319	8,725
1 - 5 years	23,768	22,281
> 5 years	1,825	3,751
Total	**35,911**	**34,757**

EUR'000	2018	2017
By nature of commitments:		
Land and buildings	30,059	29,458
Other	5,851	5,299
Total	**35,911**	**34,757**

Bank guarantees

The Group has issued bank guarantees for a total amount of EUR 8.3 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 Packaging B.V. As a consequence, each company in the tax group is jointly and severally liable for tax liabilities of the tax entity as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

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. However, contingencies might exist for product warranties, with no material losses 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 loss EUR 69 thousand (2017: EUR 64 thousand), of which EUR 82 thousand loss is for Logipak Schoeller Allibert Spa (2017: EUR 38 thousand profit), nil for Bosca Equipment Leasing Ltd (2017: EUR 60 thousand) and EUR 13 thousand for Schoeller Allibert GmbH (2017: EUR: 86 thousand).

The Group has a 94.9% interest in the fully consolidated subsidiary Schoeller Allibert GmbH. The holder of the 5.1% non-controlling interest is Schoeller Packaging B.V. (the direct parent of Schoeller Allibert Group B.V.), which has no specific rights to the assets, profits or dividends and has not provided specific guarantees in connection with debts or other liabilities. No dividends have been distributed to the non-controlling interest in 2018. Schoeller Allibert GmbH has EUR 6.6 million of shareholders' equity in that the minority shareholder has a 5.1% share. Profits for 2018 were EUR 0.2 million (share of non-controlling interest of approximately EUR nil). Schoeller Allibert GmbH has assets of EUR 89.5 million that are financed by equity for approximately EUR 6.6 million, by the Company (through intercompany financing) for EUR 49.2 million, and by short term liabilities to third parties for an amount of EUR 33.7 million.

31. Related party disclosure

Parent and ultimate controlling party

Schoeller Allibert Group B.V. is a subsidiary of Schoeller Packaging B.V., a company incorporated in the Netherlands that is owned for 70% by BCP IV RTP Holdings Ltd., ultimately 100% held by Brookfield Asset Management Inc., and for 30% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems.

The largest group in which the results of the Company will be consolidated is that headed by Schoeller Packaging B.V.

Identity of related parties

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

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

The members of the Supervisory Board of Schoeller Packaging B.V. and the Board of Directors of Schoeller Allibert Group B.V. 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 480 thousand (2017: EUR 253 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 and termination benefits, which were charged in the financial year to the Company and group companies for directors and former directors, amounted to EUR 5,597 thousand of which EUR 1,060 thousand relates to termination benefits and EUR 36 thousand relates to the contributions to defined contribution pension plans (2017: EUR 5,164 thousand of which EUR 40 thousand relates to pensions), and EUR 116 thousand for Supervisory Board members and former Supervisory Board members (2017: EUR 174 thousand). Directors and/or Supervisory Boards do not participate in any share based payment program.

Other related party transactions

In 2018, the consultancy fees with shareholders amounted to EUR 1,250 thousand (in 2017 no consultancy fees were incurred).

In 2018, the Group rented office premises in Germany from Schoeller Holding SE & Co.KGaA for the amount of EUR 289 thousand (2017: EUR 191 thousand).

During 2018, there were no write offs of receivables due from affiliated companies (some write-offs in 2017).

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	2018	2017
Sale of goods and services		
RTP Group	57	568
Total	**57**	**568**
Purchase of goods and services		
RTP Group	43	465
Total	**43**	**465**
Interest (income) / expense		
RTP Group	(23)	(23)
Schoeller Allibert Packaging B.V.	(40)	-
Schoeller Arca Systems Participations B.V.	-	(63)
Schoeller Allibert Participations B.V.	-	(29)
Total	**(63)**	**(115)**
Employee benefits (contributions paid into the plan)		
Stichting Pensioenfonds OWASE	1,536	1,402
Total	**1,536**	**1,402**
Dividends received		
Formy Tachov S.R.O	4	15
Total	**4**	**15**

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

EUR'000	2018	2017
Short-term receivables due from related parties		
RTP Group	23	170
Total	**23**	**170**
Long-term receivables due from related parties		
Schoeller Packaging B.V.	6,580	-
RTP Group	499	473
Schoeller Allibert Participations B.V.	-	604
Schoeller Arca Systems Participations B.V.	-	2,063
Total	**7,078**	**3,139**
Payables due to related parties		
RTP Group	599	709
Other non-significant related parties	-	152
Total	**599**	**861**

32. Principal subsidiaries

The Group had the following subsidiaries at respectively 31 December 2018.

Name	Country of the incorporation	Nature of business	Ordinary shares held by the Group (%)
*Schoeller Allibert Netherlands B.V.	The Netherlands	Manufacturing and sale of RTP	100
*Schoeller Allibert Services B.V.	The Netherlands	Sale of RTP	100
*Schoeller Allibert WCF B.V.	The Netherlands	Intermediate holding company	100
*LA Holding Ltd	United Kingdom	Intermediate holding company	100

Name	Country of the incorporation	Nature of business	Ordinary shares held by the Group (%)
*Schoeller Allibert Ltd	United Kingdom	Manufacturing and sale of RTP	100
*Logtek Ltd	United Kingdom	Pooling related services	100
*Schoeller Allibert GmbH	Germany	Manufacturing and sale of RTP	94.9
*Schoeller Allibert International GmbH	Germany	Sales of RTP and moulds	100
*Schoeller Allibert GmbH	Austria	Sale of RTP	100
*Schoeller Allibert Sp zoo	Poland	Manufacturing and sale of RTP	100
*Schoeller Allibert SAU	Spain	Manufacturing and sale of RTP	100
*Schoeller Allibert Sweden AB	Sweden	Sale of RTP	100
*Schoeller Allibert BVBA	Belgium	Sale of RTP	100
*Schoeller Allibert US, Inc.	The United States	Manufacturing and sale of RTP	100
*Schoeller Allibert France SAS	France	Sale of RTP company	100
Schoeller Allibert SIA	Latvia	Manufacturing and sale of RTP	100
Schoeller Allibert Swiss Sarl	Switzerland	Manufacturing and sale of RTP	100
Schoeller Allibert SpA	Italy	Sale of RTP	100
Schoeller Allibert Materials Handling Scandinavia AB	Sweden	Sale of RTP	100
Schoeller Allibert Oy	Finland	Sale of RTP	100
Ao Schoeller Allibert	Russia	Sale of RTP	100
Schoeller Arca Systems LLC	Ukraine	Sale of RTP	100
Schoeller Allibert Czech Republic s.r.o.	Czech Republic	Sale of RTP	100
Schoeller Allibert s.r.o.	Slovakia	Sale of RTP	100
Schoeller Allibert Webstore BVBA	Belgium	Sale of RTP	100
Schoeller Allibert International SpA	Chile	Sale of RTP	100
Schoeller Allibert Hungary Kft	Hungary	Sale of RTP	100
Schoeller Arca Systems Trading	China	Sale of RTP	100
Schoeller Allibert Srl	Romania	Sale of RTP	100
Schoeller Allibert International Mexico S.A. de C.V.	Mexico	Sales of RTP and moulds	100
Logipak Schoeller Allibert Spa	Chile	Sale of RTP and moulds	60
Schoeller Allibert Holding France SAS	France	Intermediate holding company	100
Schoeller Allibert Hong Kong Ltd	Hong Kong	Intermediate holding company	100
Renta Box SAU	Spain	Pooling related services	100
Schoeller Allibert International Middle	United Arab Emirates	Pooling related services	100
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 21.

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	2018	2017
Other financial assets	8,082	4,078
Trade and other receivables	55,551	61,474
Cash and cash equivalents	14,899	34,835

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.

In 2018, approximately 13% of the Group's revenue is generated from one customer (in 2017: 19%) which gives rise to some level of concentration of credit risk. The Group actively manages this risk through a combination of frequent senior management contact and credit insurance.

The allowance for expected credit losses of receivables of EUR 1.4 million (2017: EUR 1.7 million) is mainly related to receivables past due more than 90 days. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical credit losses experienced period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. A periodically review is performed whether an allowance for credit losses is needed by considering factors such as payment history, credit quality, expected lifetime losses and current economic conditions that may affect a customer's ability to pay.

The movement in the allowance for expected credit losses of receivables during the year was as follows:

EUR'000	2018	2017
As at 1 January	**1,731**	**2,151**
Impairment recognised during the year	148	738
Receivables written off during the year as uncollectible	(412)	(493)
Unused amount reversed	(120)	(633)
Translation difference	13	(32)
As at 31 December	**1,360**	**1,731**

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

EUR'000	2018	2017
Domestic	1,499	4,886
Euro-zone countries	28,296	31,712
United Kingdom	2,978	5,977
Other European countries	8,945	11,704
United States	7,079	2,092
Other regions	6,754	5,103
Total trade and other receivables	**55,551**	**61,474**

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

EUR'000	2018	2017
Neither past due nor impaired	48,245	51,138
Past due 1 – 30 days	4,870	8,078
Past due 31 – 90 days	1,091	1,774
Past due 91 – 120 days	196	17
Above 120 days	1,150	467
Total trade and other receivables	**55,551**	**61,474**

Cash and cash equivalents

The Group held gross cash and cash equivalents of EUR 14,899 thousand at 31 December 2018 (2017: EUR 34,835 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 2018, over 90% of the Group's 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 EUR 30 million revolving facility.

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

EUR'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2018				
Loans and borrowings	4,247	211,310	20	215,578
Finance lease liabilities	2,965	14,550	2,360	19,875
Trade and other payables	116,153	-	-	116,153
As at 31 December 2017				
Loans and borrowings	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

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, recognised 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 2018, approximately 65% (2017: 64%) 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			**2018**			**2017**
	EUR	**USD**	**GBP**	**EUR**	**USD**	**GBP**
Trade receivables	27,832	9,639	2,231	37,627	5,633	4,899
Cash	(125)	1,630	6,242	18,477	970	9,812
Derivative financial instruments	-	28	-	-	(7)	-
Trade payables	(44,189)	(6,059)	(9,097)	(48,893)	(4,476)	(8,705)
Net balance sheet exposure	**(16,482)**	**5,238**	**(624)**	**7,211**	**2,120**	**6,006**

The following significant exchange rates applied during the year:

		Average rate		**Spot rate**
	2018	**2017**	**2018**	**2017**
	EUR	EUR	EUR	EUR
US dollar	0.848	0.887	0.873	0.834
British pound	1.129	1.144	1.118	1.127

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%
EUR'000	**2018**	**2017**
US dollar	343	133
British pound	(52)	508

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 neither 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 FVOCI – equity instruments. 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	2018	2017
Fixed rate instruments		
Financial assets	5,522	2,705
Financial liabilities	(206,090)	(204,453)
Net fix rate instruments	**(200,567)**	**(201,748)**
Variable rate instruments		
Financial assets	1,580	604
Financial liabilities	(31,919)	(26,647)
Net variable rate instruments	**(30,339)**	**(26,043)**
Zero rate instruments		
Financial assets	71,430	97,079
Financial liabilities	(61,530)	(64,194)
Net zero rate instruments	**9,900**	**32,884**

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	2018	2017
Variable rate instruments	(303)	(260)

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 2018 and 31 December 2017.

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.

The Group monitors capital using a net leverage ratio, which is defined as debt to earnings ratio.

33.3 Fair value estimation

The fair values of financial assets and liabilities on 31 December 2018 and 2017 (based on discounted cash flows) are as follows:

EUR'000			2018			2017
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Long-term receivables	962	962	2	896	896	2
Long-term receivables related parties	7,078	7,078	2	3,139	3,139	2
Trade and other receivables	55,551	55,551	2	61,474	61,474	2
Cash and cash equivalents	14,899	14,899	1	34,835	34,835	1
Derivative financial instruments	44	44	1	-	-	1

EUR'000			2018			2017
Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior secured note	205,490	201,450	1	203,592	227,693	1
Other credit institutions	5,778	5,778	2	8,177	8,177	2
Finance lease liabilities	19,875	19,875	2	18,469	18,469	2
Loans and payables related parties	599	599	1	861	861	2
Bank overdrafts	6,265	6,265	2	-	-	2
Trade payables and other accrued items	115,554	115,554	1	120,804	120,804	2
Derivative financial instruments	-	-	1	126	126	1

34. Employees

The Group employed the following average number of employees:

	2018	2017
The Netherlands	215	202
Germany	427	399
France	394	376
Spain	188	194
The United Kingdom	408	447
Other countries	366	356
Total average number of employees	**1,998**	**1,974**

35. Fees of the independent auditor

The following fees for the financial year 2018 have been charged by Deloitte N.V. and other Deloitte member firms and affiliates to the Company, its subsidiaries and other consolidated entities:

EUR'000	Deloitte N.V.	Other Deloitte member firms	Total Deloitte
Assurance services	458	488	946
Other assurance services	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total fee	**458**	**488**	**946**

The following fees for the financial year 2017 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	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**

36. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the Annual report for the year ended 31 December 2018.

Hoofddorp, 3 April 2019

The Board of Directors:

L.S.C. Gielen

I.A. Degnan

Company Statement of Profit or Loss

EUR'000	2018	2017
Share of loss of investments after tax	8,226	(2,363)
Other income and expense after tax	(19,178)	(18,812)
Loss for the year	**(10,952)**	**(21,175)**

The Notes on pages 67 to 69 are an integral part of the company financial statements.

Company Balance sheet

(before profit appropriation)

EUR'000	Note	2018	2017
ASSETS			
Non-current assets			
Loans to subsidiaries	2	164,559	182,208
Total non-current assets		**164,559**	**182,208**
Current assets			
Trade and other receivables		-	-
Cash and cash equivalents		68	3
Total current assets		**68**	**3**
TOTAL ASSETS		**164,627**	**182,210**
EQUITY			
Share capital		-	-
Share premium		106,943	106,943
Other reserves		(7,582)	(7,939)
Accumulated deficit		(187,518)	(166,337)
Unappropriated result		(10,952)	(21,175)
Equity attributable to the owners of the Company	3	**(99,108)**	**(88,509)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	4	205,490	203,592
Provisions	5	53,310	61,889
Total non-current liabilities		**258,801**	**265,481**
Current liabilities			
Trade and other payables	6	4,935	5,238
Total current liabilities		**4,935**	**5,238**
Total liabilities		**263,735**	**270,719**
TOTAL EQUITY AND LIABILITIES		**164,627**	**182,210**

The Notes on pages 67 to 69 are an integral part of the company financial statements.

Notes to the Company Financial Statements

1. Basis of preparation

1.1 General

The company financial statements of Schoeller Allibert Group B.V. ("SAG" or "the Company") have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company financial statements are prepared with carrying amounts of investments in companies where the company has significant influence measured using the net asset value and applying the accounting policies of the consolidated financial statements.

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).

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 2018, 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 B.V.
- Schoeller Allibert Netherlands B.V.
- Schoeller Allibert WCF B.V.

The Company has one direct subsidiary – Schoeller Allibert Services B.V. The complete list of indirect subsidiaries of Schoeller Allibert Group B.V., is presented in the Note 32 to consolidated financial statements.

In relation to receivables and loans to related parties, in line with the Group's the adoption of IFRS 9, and our interpretation of the Dutch Accounting Standard 100.107A, the Group, upon identification of credit loss on an intercompany loan and/or receivable, eliminates the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

2. Loans to subsidiaries

EUR'000	2018	2017
Loans to subsidiaries	164,559	182,208

Schoeller Allibert Group B.V. has an outstanding intercompany loan with Schoeller Allibert Services B.V. This is a long term variable loan to fund the operations. Management has completed some high-level analysis, which considers forward-looking qualitative and quantitative information, to determine if the intercompany loan is low credit risk at 31 December 2018.

Management has prepared cash flow forecasts, and it expects Schoeller Allibert Services B.V. to have sufficient cash throughout that period, under a range of scenarios, to meet all of its working capital and other obligations. Consequently, Management has determined that the loan is low credit risk, the intercompany loan falls within 'stage 1' of IFRS 9's impairment model, and 12-month expected credit losses can be calculated. Management has concluded there is no 12-month expected credit loss.

3. Equity

	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
				Equity attributable to owners of the Company		
EUR'000						
As at 1 January 2018	-	106,943	(7,933)	(166,337)	(21,181)	(88,509)
Loss for the year	-	-	-	-	(10,952)	(10,952)
Other comprehensive income for the year:						
Gain on remeasurement of net defined benefit liability, net of income tax			376			376
Foreign currency translation differences - foreign operations; net of income tax	-	-	(25)	-	-	(25)
Result appropriation	-	-	-	(21,181)	21,181	-
As at 31 December 2018	**-**	**106,943**	**(7,582)**	**(187,518)**	**(10,952)**	**(99,108)**

	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
				Equity attributable to owners of the Company		
EUR'000						
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:						
Loss on remeasurement 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	-
As at 31 December 2017	**-**	**106,943**	**(7,939)**	**(166,337)**	**(21,175)**	**(88,509)**

4. Loans and borrowings

EUR'000	2018	2017
Senior secured notes	209,800	210,000
Deferred financing cost	(4,310)	(6,408)
Total loans and borrowings	**205,490**	**203,592**

See also Note 21 of the consolidated financial statements for further information on Senior Secured Notes.

5. Provisions

EUR'000	2018	2017
As at 1 January	61,889	56,237
Additions/ (Reversals)	(8,579)	5,652
As at 31 December	**53,310**	**61,889**

As mentioned in note 1.1 and note 2, the Company guaranteed the liabilities of its Dutch group companies in 2018 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.

The provision was accounted for the subsidiary of the Company - Schoeller Allibert Services B.V, which has negative equity.

6. Trade and other payables

EUR'000	2018	2017
Trade payables	233	2
Accrued interest	4,196	4,200
Other	505	1,035
Trade and other payables	**4,934**	**5,237**

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

In 2018, the difference between equity according to the company balance sheet and equity according to the consolidated balance sheet of EUR 515 thousand, 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 69 thousand represents non-controlling interest.

			2018
EUR'000	Consolidated Financial Statements	Company Financial Statements	Difference
Total equity	(98,593)	(99,108)	515
Net loss for the year	(11,021)	(10,952)	(69)

			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

8. Employees

The Company did not have any employees during 2018 (2017: nil).

9. Proposed appropriation of loss

The General Meeting will be asked to approve that the loss of EUR 10,952 thousand is added to the Accumulated deficit.

10. Events after the reporting date

There have been no events after the reporting date that require recognition or disclosure in the Annual report for the year ended 31 December 2018.

The Company financial statements on pages 65 to 69 were authorised for issue by the Board of Directors on 3 April 2019 and were signed on its behalf:

Hoofddorp, 3 April 2019

The Board of Directors:

L.S.C. Gielen

I.A. Degnan

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 72 to 80

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Independent auditor's report

To the shareholders and the Supervisory Board of Schoeller Allibert Group B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL FINANCIAL REPORT

Our opinion

We have audited the accompanying financial statements for 2018 of Schoeller Allibert Group B.V., based in Amsterdam, The Netherlands.

In our opinion:

The accompanying consolidated financial statements in the annual financial report give a true and fair view of the financial position of Schoeller Allibert Group B.V. as at December 31, 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements included in the annual financial report give a true and fair view of the financial position of Schoeller Allibert Group B.V. as at December 31, 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet at December 31, 2018.

2. The following statements for 2018: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2018.

2. The company statement of profit and loss for 2018.

3. The notes comprising a summary of the accounting policies and other explanatory information.

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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 "Our responsibilities for the audit of the financial statements" section of our report.

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 assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 5.25 million. The materiality is based on consolidated revenue (1%). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using materiality levels determined by the judgment of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group. Component materiality did not exceed EUR 2.625 million.

We agreed with the Supervisory Board that misstatements in excess of EUR 500 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

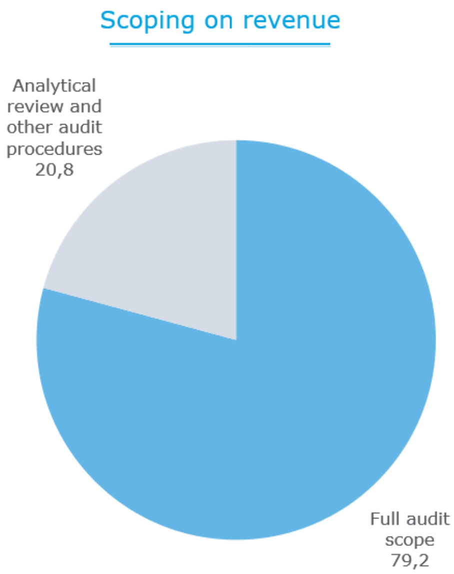
Schoeller Allibert Group B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Schoeller Allibert Group B.V.

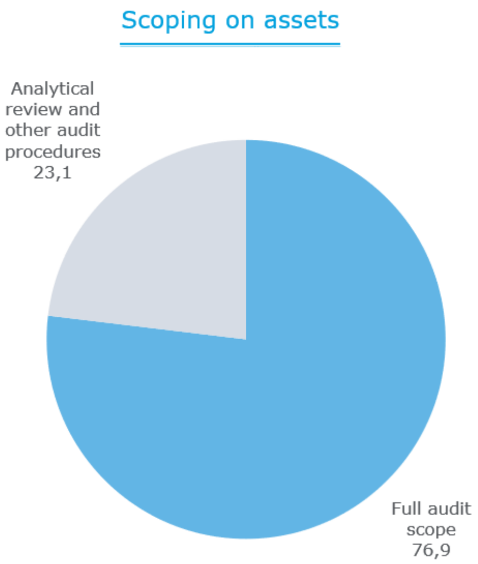
Because we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. The extent of the procedures has been determined based on size and a number of more qualitative circumstances. Examples of such circumstances are the financial performance of the foreign entities and the maturity of markets these entities are operating in.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The group engagement team directed the planning, reviewed the results of the work undertaken by component auditors and assessed and discussed the findings with the component auditors during conference calls and site visits. In the current year, the group engagement team visited 3 components. The components conducted work for components in 3 key geographical segments (The Netherlands, Europe and North America.

We selected components for which a full audit, audit of specified account balances or review had to be carried out on the component financial information.

This resulted in the coverage as presented below:





We have:

- Performed audit procedures ourselves at corporate entities and the operations in the Netherlands. We have assessed group-wide internal controls that have been implemented by the Board of Directors to monitor and manage the financial and operating performance of the various operating units and have scoped our audit procedures responding to this situation. In particular, we have conservatively allocated the materiality to the operating entities ("components") and we made a choice to increase our coverage of the components for local audit procedures (full audit or audit of specified account balances). Furthermore the group audit team performed audit procedures on the key audit areas such as consolidation, IT systems, the implementation of new reporting standards, going concern, sales and costs of goods sold, trade receivables, trade payables and testing of manual journal entries.

- Involved Deloitte experts for information technology, going concern, tax and IFRS accounting.

- Used the work of component audit teams of Deloitte for all significant international components. The group audit team provided detailed written instructions to communicate requirements, significant audit areas and create awareness for risks related to management override. Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and certain other risk characteristics. This included procedures such as visiting components, performing file reviews, attending meetings and reviewing component audit team deliverables. For smaller components we have performed analytical procedures and/or specified audit procedures.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Key audit matter	How the key audit matter was addressed in the audit and our observation
Revenue recognition The new IFRS standard 15, uses the following 5 steps: 1. Identify the contract with the customer. 2. Identify the performance obligations in the contracts. 3. Determine the transaction price. 4. Allocate the transaction price to the performance obligations in the contract. 5. Recognize revenue when a performance obligation is satisfied. Our key audit matter particularly relates to step 5. In accordance with IFRS 15.32, revenue is recognized when control is passed. Within Schoeller Allibert revenues are recognized, ranging from the moment the goods are produced and put at stock in the warehouse, until delivery the goods at customer's premises. Not all delivery conditions are explicitly agreed upon in contractual arrangements. The company has analyzed that in connection with the principles of IFRS 15 a number of revenue streams that in previous years were reported as revenues, and related cost under raw materials and consumables, now need to be reported on a net basis in sales. Management decided to apply a so-called "full retrospective" method, implying that the 2017 comparative financials are drawn up under the new principles. The revenues and raw materials in the comparative 2017 financial statements are EUR 15.6 million lower than the amounts in previous years financial statements. Details are disclosed under Note 5 to the consolidated financial statements.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies including those relating to discounts, incentives and rebates and assessing compliance with the policies in terms of IFRS15. We tested the design and implementation of internal controls and performed substantive audit procedures relating to the contractual terms and conditions and the appropriate accounting thereof. Where contractual agreements are not specific, we obtained customer acceptance confirmations. We particularly assessed sales transactions taking place shortly before and after year-end to ensure that revenues were recognized in the appropriate period. For the revenue streams impacted by the IFRS 15 implementation, we reviewed the analyses prepared by the entity and concurred with treatment as net revenues. **Observation** Based on the procedures performed centrally and those performed by the component audit teams, in the context of our audit and based on the materiality applied, we are of the opinion that the risks of a material misstatement are sufficiently addressed.

Multi-location audit Schoeller Allibert has built a large portfolio of businesses. The entities are geographically spread and operating in a variety of established and emerging markets. The operating entities are of different size and scale and vary in maturity of operating and financial processes. Most of the entities run on globally deployed ERP systems, whilst some operate other ERP systems.	We have assessed group-wide internal controls that have been implemented by the Board of Directors to monitor and manage the financial and operating performance of the various operating units and have scoped our audit procedures responding to this situation. In particular, we have conservatively allocated the materiality to the operating entities ("components") and increased our coverage by performing analytical review procedures and additional audit procedures on the non-significant components. In addition to this we have visited 3 components, amongst which quantitative and/or qualitative significant operations and to understand the business dynamics, to plan the audits with the component auditors and review their audit procedures. As group auditor we performed audit procedures related to consolidation, IT systems, the implementation of new reporting standards, going concern, sales and costs of goods sold, trade receivables, trade payables and testing of manual journal entries. **Observation** Based on the procedures performed centrally and those performed by the component audit teams, in the context of our audit and based on the materiality applied, we are of the opinion that the risks of material misstatement are sufficiently addressed.
Going concern assumption Management's assessment of the going concern assumption has been identified as a key audit matter, as it requires significant judgment. Particularly in connection with the financing structure of the company including negative equity and significant external debt funding. Management has prepared a memorandum supporting the going concern assumption for the period until April 3, 2020. The forecast includes elements of the 2019 budget for that year approved by the Supervisory Board in December 2018, and 5 year forecasts prepared in the summer of 2018.	For our audit of the going concern assumption as disclosed in note 4 to the consolidated financial statements we evaluated and tested the assumptions, methodologies, and data used by the company for the 12 months period that commences at the date of these financial statements. We included in our team going concern experts to assist us with these procedures. The project nature of the business does not lend itself for a high level of predictive accuracy of forecasted business performance. We noted that contingencies have been included in and sensitivities have been applied to the 2019 budget and strategic plan(s) for the years 2019 to 2023 to address risks of over-estimation. The company anticipates realizing significant increases in revenues, operational results (EBITDA) and cashflows.

Deloitte.

Based on this assessment the group will generate positive profits and cashflows that support the assumption of going concern. The company has also received a credit facility from a shareholder. The commitment contains regular and emergency situations under which the company is entitled to draw on this facility. Based on the companies analyses it has sufficient headroom under the existing facilities with banks and does not need to draw on this facility. As reflected in the note on going concern in the financial statements, the EUR 210 million Bond matures in 2021 and needs to be repaid or refinanced before the maturity date of October 1, 2021.	We noted a risk that these planned operational improvements do not occur at the forecasted pace or that the cash outflow resulting from the final outcome from contingent liabilities is higher than expected. In order to risk asses the projections prepared by the company we have stress tested the forecasts prepared by the company. Under a number of these scenario's (including revenues and EBITDA's at 2018 actual levels, adverse development in the Working Capital and factoring assumptions) drawing under the shareholder facility may be necessary. We understand the shareholder has made available an amount of EUR 7.6 million as a first tranche of a EUR 65 million facility to cater for Capital Expenditure. Drawing additional amounts under the facility is subject to consent by the lender and therefore we do not consider this available on demand. The company also has options available to mitigate pressure on the liquidity particularly by deferring certain R&D projects and Capital Expenditures. **Observation** Although a level of uncertainty remains, based on our stress testing and availability of the shareholder facility, we concur with management's conclusion in note 4 to the consolidated financial statements that there remain no material uncertainties with respect to going concern for the period we reviewed. In accordance with ISA 570 A15 we have not investigated periods beyond that.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL FINANCIAL REPORT

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

- Board of Directors' Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as 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 through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these 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 the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Board of Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of Schoeller Allibert Group B.V. on July 12, 2018, as of the audit for year 2018.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 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 management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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. 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.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Eindhoven, April 3, 2019

Deloitte Accountants B.V.

Signed on the original: J. Hendriks

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