Selecta Group B.V. and its subsidiaries, Amsterdam (The Netherlands)

Consolidated financial statements for the year ended 30 September 2017 and report of the independent auditor

Table of Contents

Consolidated financial statements 3
Consolidated statement of profit or loss 3
Consolidated statement of comprehensive income 4
Consolidated balance sheet 5
Statement of changes in consolidated equity 6
Consolidated cash flow statement 7
Notes to the consolidated financial statements 8
1. General Information 8
2. Basis of preparation 8
3. Summary of significant accounting policies 8
4. Use of estimates and key sources of estimation uncertainties 17
5. Segmental reporting 19
6. Revenue 21
7. Materials and consumables used 21
8. Employee benefits expense 21
9. Depreciation and amortisation 22
10. Other operating expenses 22
11. Other operating income 22
12. Finance cost results net 22
13. Income taxes 23
14. Property, plant and equipment 24
15. Goodwill 25
16. Intangible assets 28
17. Non-current financial assets 30
18. Inventories 30
19. Trade receivables 30
20. Other current assets 32
21. Cash and cash equivalents 32
22. Loans due to parent undertaking / borrowings 32
23. Finance lease liabilities 34
24. Post-employment benefits 34
25. Provisions 39
26. Deferred income taxes 40
27. Trade payables 43
28. Other current liabilities 43
29. Equity 44
30. Financial risk management 45
31. Financial instruments 50
32. Business combinations 52
33. Disposals 55
34. Assets and liabilities held for sale 56
35. Share based payments 56
36. Commitments for expenditures 56
37. Contingent liabilities and contingent assets 57
38. Related parties 57
39. Changes in scope of consolidations 58
40. Events after the balance sheet date 59
41. Subsidiaries 59
Approval of the consolidated financial statements 62
Report of the Independent Auditor to the Board of Directors on the consolidated financial statements 63

*These consolidated financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V. prepared in accordance with Dutch GAAP

Consolidated financial statements

Consolidated statement of profit or loss

	Notes	*Year ended 30 September 2017 € (000's)*	*Year ended 30 September 2016 € (000's)*
Revenue	6	761'354	736'405
Materials and consumables used	7	(243'983)	(231'124)
Employee benefits expense	8	(228'599)	(234'063)
Depreciation and amortisation expense	9	(93'236)	(92'014)
Other operating expenses	10	(230'417)	(206'166)
Other operating income	11	21'788	19'639
Gain on the disposal of subsidiaries	33	3'619	5'900
Loss before finance results net and income tax		**(9'473)**	**(1'423)**
Finance costs	12	(103'735)	(85'816)
Finance income	12	7'461	4'362
Loss before income tax		**(105'746)**	**(82'877)**
Income taxes	13	4'036	5'110
Net loss for the period, attributable to equity holders of the parent		**(101'710)**	**(77'767)**

Consolidated statement of comprehensive income

	Notes	Year ended 30 September 2017 € (000's)	Year ended 30 September 2016 € (000's)
Net loss for the period		**(101'710)**	**(77'767)**
Items that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement gain on post-employment benefit obligations	24	16'749	94
Income tax relating to re-measurement gain on post-employment benefit obligations		(3'121)	102
		13'628	**196**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss			
Effective portion of changes in fair value of cash flow hedges		-	50
Release of hedging reserve through profit and loss	29.2	2'090	1'279
Income tax relating to changes in fair value of cash flow hedges	29.2	(554)	(339)
Foreign exchange translation differences for foreign operations	29.2	16'677	(1'297)
		18'213	**(307)**
Other comprehensive income net of tax		**31'841**	**(111)**
Total comprehensive income attributable to equity holders of the parent		**(69'869)**	**(77'878)**

Consolidated balance sheet

	Notes	30 September 2017 € (000's)	30 September 2016 € (000's)
Non-current assets			
Property, plant and equipment	14	362'041	187'708
Goodwill	15	667'441	482'562
Trademarks	16	324'147	286'301
Customer contracts	16	318'306	135'750
Other intangible assets	16	20'795	17'884
Deferred income tax assets	26	18'192	21'032
Non-current financial assets	17	6'354	2'766
Defined benefit plan assets	24	33'698	-
Derivative financial instruments	31	-	6'218
Total non-current assets		**1'750'973**	**1'140'221**
Current assets			
Inventories	18	80'711	38'702
Trade receivables	19	75'093	40'939
Derivative financial instruments	31	7'884	-
Other current assets	20	52'945	33'699
Cash and cash equivalents	21	134'782	66'871
Assets classified as held for sale	34	5'446	-
Total current assets		**356'862**	**180'210**
Total assets		**2'107'835**	**1'320'431**
Equity and liabilities			
Equity			
Share capital	29	187	187
Share premium	29	279'566	279'566
Additional paid-in capital	29	415'999	236'829
Currency translation reserve	29	(111'220)	(127'897)
Hedging reserve	29	-	(1'536)
Retained earnings	29	(427'959)	(339'877)
Equity attributable to equity holders of the parent		**156'573**	**47'272**
Non-current liabilities			
Loans due to parent undertaking	22	319'888	282'176
Borrowings	22	922'995	591'565
Derivative financial instruments	31	-	10'316
Finance lease liabilities	23	30'357	20'040
Post-employment benefit obligations	24	11'016	23'464
Provisions	25	35'770	6'220
Other non-current liabilities		1'018	-
Deferred income tax liabilities	26	187'587	131'261
Total non-current liabilities		**1'508'632**	**1'065'042**
Current liabilities			
Derivative financial instruments	31	6'211	1'428
Finance lease liabilities	23	11'681	8'076
Trade payables	27	191'723	107'710
Provisions	25	23'368	4'975
Current income tax liabilities		920	2'934
Other current liabilities	28	206'150	82'996
Liabilities associated with assets held for sale	34	2'577	-
Total current liabilities		**442'630**	**208'118**
Total liabilities		**1'951'262**	**1'273'160**
Total equity and liabilities		**2'107'835**	**1'320'431**

Statement of changes in consolidated equity

	Share capital € (000's)	*Share premium € (000's)*	*Additional paid-in capital € (000's)*	*Currency translation reserve € (000's)*	*Hedging reserve € (000's)*	*Retained earnings € (000's)*	*Equity attribut-able to equity holders of the parent € (000's)*
Balance at 1 October 2015	**187**	**279'191**	**220'529**	**(126'600)**	**(2'526)**	**(262'306)**	**108'475**
Other comprehensive income	-	-	-	(1'297)	990	196	(111)
Net loss	-	-	-	-	-	(77'767)	(77'767)
Total comprehensive income	-	-	-	*(1'297)*	*990*	*(77'571)*	*(77'878)*
Capital contribution	-	*375*	*16'300*	-	-	-	*16'675*
Balance at 1 October 2016	**187**	**279'566**	**236'829**	**(127'897)**	**(1'536)**	**(339'877)**	**47'272**
Other comprehensive income	-	-	-	16'677	1'536	13'628	31'841
Net loss	-	-	-	-	-	(101'710)	(101'710)
Total comprehensive income	-	-	-	*16'677*	1'536	*(88'082)*	(69'869)
Capital contribution	-	-	*179'170*	-	-	-	*179'170*
Balance at 30 September 2017	**187**	**279'566**	**415'999**	**(111'220)**	**-**	**(427'959)**	**156'573**

-

Consolidated cash flow statement

	Notes	*Year ended 30 September 2017 € (000's)*	*Year ended 30 September 2016 € (000's)*
Cash flows from operating activities			
Loss before income tax		(105'746)	(82'877)
Depreciation and amortization expense	9	93'236	92'014
Gain on disposal of property, plant and equipment, net		(3'880)	(6'606)
Gain on disposal of subsidiaries	33	(3'619)	(5'900)
Net finance costs		96'274	81'454
Changes in working capital:			
(Increase)/Decrease in inventories		(1'136)	482
(Increase)/Decrease in trade receivables		(3'955)	(2'282)
(Increase)/Decrease in other current assets		(1'442)	600
Increase/(Decrease) in trade payables		9'723	1'418
Increase/(Decrease) in other liabilities		22'934	4'861
Income taxes (paid)/received		(2'440)	(3'000)
Net cash generated from/(used in) operating activities		**99'948**	**80'163**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	32	(83'971)	-
Proceeds from sale of subsidiaries, net of cash disposed	33	7'990	10'784
Purchases of property, plant and equipment	14	(62'926)	(58'628)
Purchases of intangible assets	16	(5'138)	(9'267)
Proceeds from sale of property, plant and equipment	14	10'295	11'311
Interest received		44	103
Net cash used in investing activities		**(133'706)**	**(45'697)**
Cash flows from financing activities			
Proceeds from capital contribution		179'707	16'675
Proceeds (+)/repayment (-) of loans and borrowings		(28'084)	28'412
Proceeds provided from factoring		5'773	-
Interest paid		(41'193)	(40'187)
Financing related financing costs paid		(8'998)	-
Other finance costs paid		-	(4'912)
Net cash used in financing activities		**107'204**	**(12)**
Net (decrease)/increase in cash and cash equivalents		**73'446**	**34'454**
Cash and cash equivalents at the beginning of the period	21	66'871	36'177
Exchange gains/(losses) on cash and cash equivalents		(4'677)	(3'760)
Cash at bank in the books of Finland classified as held for sale		(859)	-
Cash and cash equivalents at the end of the period*	**21**	**134'782**	**66'871**

*The group Balance Sheet closing position of cash and cash equivalents € 135.6 million includes € 0.9 million cash and cash equivalent at Selecta Finland which have been reclassified in the balance sheet to Disposal group held for sale as of 30 September 2017 (see note 34).

Notes to the consolidated financial statements

1. General Information

Selecta Group B.V. ("the Company") is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as "the Group" or "the Selecta Group". The Group is a pan-European vending and coffee services company.

These consolidated financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V. prepared in accordance with Dutch GAAP and the requirements of the Dutch chamber of commerce and have been prepared voluntarily by the Board of Directors.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

3. Summary of significant accounting policies

3.1. Accounting policies

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group's operations and effective for annual reporting periods beginning on 1 October 2016.

3.2. New and revised/amended standards and interpretations

There were the below three revisions and amendments to Standards or Interpretations which had been applied in the current financial year and had no material impact on the financial statements.

	Effective date	***Application by Selecta Group B.V.***
Revisions and amendments of Standards and Interpretations		
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	1 January 2016	Reporting year 2016/17
Disclosure Initiative (Amendments to IAS 1)	1 January 2016	Reporting year 2016/17
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	Reporting year 2016/17

International Financial Reporting Standards and Interpretations, whose application is not yet mandatory and that have not been adopted early

The following new or amended Standards and Interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

	Effective date	***Planned application by***

New Standards or Interpretations		
IFRS 9 *Financial Instruments*	1 January 2018	Reporting year 2018/19
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	Reporting year 2018/19
IFRIC 22 *Foreign currency transactions and advance consideration*	1 January 2018	Reporting year 2018/19
IFRS 16 *Leases*	1 January 2019	Reporting year 2019/20
IFRIC 23 *Uncertainty over income tax treatments*	1 January 2019	Reporting year 2019/20

	Effective date	***Planned application by Selecta Group B.V.***
Revisions and amendments of Standards and Interpretations		
Disclosure Initiative (Amendments to IAS 7)	1 January 2017	Reporting year 2017/18
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017	Reporting year 2017/18
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2017	Reporting year 2017/18
Annual improvements to IFRSs 2014-2016 cycle	1 January 2017/2018	Reporting year 2017/18

There are no other new or amended standards or interpretations which have been published and become effective on or after 1 October 2017 that are relevant to the Group's operations.

The Group is currently reviewing its financial reporting for the new and amended standards which take effect on or after 1 October 2017 and which the Group did not voluntarily adopt early.

At present, no detailed assessment has been conducted on the effects on the Group financial statements in relation to the implementation of IFRS 15 and IFRS 16.

IFRS 16 will notably introduce a revision of the distinction applied currently between finance and operating leases. Selecta, as a lessee, will generally have to recognize right-of-use assets and leasing obligations for leases, if it has the right to use the underlying asset.

3.3. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), see note 41. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group and the IFRS.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In all the following disclosure sections, Pelican Rouge's consolidated balance sheet is integrated as part of the balance sheet positions disclosed, whereas Pelican Rouge's consolidated statement of profit and loss is apportioned to the 24 days in September consolidated under the Selecta Group, between the acquisition date and September 30, 2017 (note 32).

3.4. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3.5. Foreign currencies

Foreign currencies in individual financial statements

The functional currency of each group company is the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated in Euros ("EUR" or "€"), which is the presentation currency for the consolidated financial statements. Euro is the currency that management uses when controlling and monitoring the performance and financial position of the Group.

Transactions in currencies other than the group company's functional currency (foreign currency transactions) are recorded at the rates of exchange prevailing at the date on which the transactions were entered into, or a close approximation thereof. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items are maintained at the historical exchange rates and are not retranslated.

Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

Foreign currencies in consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve. Such exchange differences are reclassified from equity to statement of profit or loss in the period in which the foreign operation is disposed of.

The foreign currency rates applied against the Euro were as follows:

		30 September 2017		*30 September 2016*	
		Balance sheet	*Income statement*	*Balance sheet*	*Income statement*
Danish Krone	DKK	7.44	7.44	7.45	7.45
Great Britain Pound	GBP	0.88	0.87	0.86	0.78
Norwegian Kroner	NOK	9.42	9.20	8.98	9.35
Swedish Krona	SEK	9.65	9.62	9.62	9.35
Swiss Franc	CHF	1.15	1.09	1.09	1.09

3.6. Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are depreciated using the straight-line method over their estimated useful lives. Subsequent costs 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. Maintenance and repair costs are expensed as incurred.

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

Land	Infinite (no depreciation is applied)
Buildings	40 to 60 years
Vending equipment	4 to 8 years
Vehicles	5 years
Machinery & Equipment	8 years
IT Hardware	3 to 5 years

Each significant part of an item of property, plant and equipment with a useful life that is different from that of the asset to which it belongs is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are capitalised and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

3.7. Goodwill and intangible assets

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination. These cash-generating units are tested for impairment annually, and whenever there is an indication that a unit may be impaired. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their value can be measured reliably.

Trademark

The trademarks recognised by the Group have an indefinite useful life and are not amortised. The trademarks are allocated on a reasonable and consistent basis to the cash-generating units that are tested for impairment annually as described in the section on Goodwill above.

Customer contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life and are amortised over the useful life of 15 years.

Software

Software licences are recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised using the straight-line method over three-five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets and are amortised by the straight-line method over three to five years when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other software licences and software development costs are expensed as incurred. No intangible asset arising from research (or from research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

3.8. Impairment of non-current assets other than goodwill or trademark

At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets other than goodwill or trademark may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.9. Prepayments and accrued income

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year, which will not be received until after the balance sheet date. Prepayments are measured at the nominal amount of the payments. Accrued income is measured at amortised costs.

3.10. Inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value corresponds to the estimated selling price in the ordinary course of business less point-of-sales costs. A valuation allowance on inventories is recorded, when the cost of inventories is greater than their net realisable value.

3.11. Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates. Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. Agreed discounts relating to inventories are credited to the statement of profit or loss as the goods are sold. Rebates relating to inventories purchased but still held at the balance sheet date are deducted from their carrying values so that the costs of inventories are recorded net of applicable rebates. Rebates received in respect of property, plant and equipment are deducted from the costs capitalised.

3.12. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. An impairment loss on trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

3.13. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand, cash in points-of-sale, call deposits with banks, and other short-term, highly liquid financial assets with original maturities of three months or less.

Due to the Group's business model, significant cash balances are held at year-end on behalf of the Group by external cash collecting firms, or en route to or from such cash counting firms. These amounts are included in other current assets.

Bank overdrafts are included within current liabilities on the balance sheet.

3.14. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment properties, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and equity accounted investments are no longer accounted for using equity accounting.

3.15. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

When some or all of the expenditure required to settle a provision is expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

3.16. Loans due to parent undertaking / borrowings

Loans due to parent undertaking or borrowings are recognised initially at fair value. Borrowings are subsequently stated 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. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.17. Derivative financial instruments

The Group uses from time to time derivative financial instruments to manage its exposure to interest rate and/or foreign exchange risk.

Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date, with changes therein generally recognised in profit or loss (finance income or finance costs).

Where a derivative financial instrument is designated as a cash flow hedging instrument and the economic hedge created by the derivative financial statement is deemed to be effective, the changes in fair value are recorded in other comprehensive income and accumulated in the hedging reserve. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

In order to prove the effectiveness of the hedge the instrument is extensively documented at inception and regularly tested to ensure that it remains effective. Where the hedge, or a portion of the hedge, is deemed not to be effective, the change in fair value is recorded directly in finance income or finance costs in the statement of profit or loss.

3.18. Accruals and deferred income

Accruals and deferred income comprise expenses relating to the current year, which will not be paid until after the balance sheet date and cash received in advance, relating to the following year. Deferred income is measured at the nominal value of the payments received less, if appropriate, cumulative amortisation in accordance with IAS 18. Accruals are measured at amortised cost.

3.19. Taxation

The credit or charge for current income tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates of the countries where the Group has operations.

Deferred income taxes are accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax basis used in the computation of taxable profit.

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it can be reasonably expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities, which affects neither taxable nor accounting income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current income tax and deferred income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.20. Employee benefits

The Group maintains various defined contribution and defined benefit pension plans.

Defined benefit obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Group. These are managed by a board of trustees consisting of representatives of the employees and the employer. The organisation, management and financing of the pension plans comply with the applicable pension regulations. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or disability. These benefits are financed through employer and employee contributions.

Defined benefit plans

In the case of defined benefits pension plans, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out yearly by independent qualified actuaries.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

All re-measurement gains and losses on the net defined benefit liability are charged or credited in other comprehensive income in the period in which they occur.

When the benefits of a plan are changed or when a plan is curtailed, the resulting past service cost is generally recognised in profit or loss when the plan amendment or curtailment occurs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

In the case of defined contribution pension plans, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when the employees render the corresponding service to the Group, which normally occurs in the same year in which the contributions are paid. Payments made to state-managed plans are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

3.21. Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the client site or when goods are purchased from a machine by a customer, depending on the contract terms.

Revenue may be received directly in the form of cash from the consumer, or may be invoiced to a client periodically.

Where revenue is received in the form of cash, the amount recognised is the amount of cash received until the last date on which the cash was collected from the machine, plus an estimate of the sales between this date and the period end calculated based on historical trends.

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales between this date and the period end calculated based on historical trends.

Rendering of services

Selecta also provides services to clients in the form of machine rentals, technical services and hygiene services. Where the income is a fixed amount for the period the amount of revenue recognised is based on this fixed amount. Where the income is dependent on the work performed, the revenue is recognised based on records of technical site visits or other services provided.

Interest income

Income is recognised as interest accrues using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

3.22. Leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between repayment of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities or current liabilities as appropriate. The interest element of the finance cost is charged to the statement of profit or loss over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Other lease agreements are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3.23. Purchasing income

The Group receives certain rebates from its suppliers in respect of the purchase of vending machines and consumables. Where the rebates are received in respect of vending machines which are capitalised within property, plant and equipment, the cost of those vending machines is reduced by the amount of the rebate received. In relation to vending machines and consumables sold to customers and recognised within revenue, the cost of goods sold and the cost of inventories are reduced by the amount of the rebate received.

3.24. Finance costs

Finance costs comprise interest expense on borrowings and finance leases calculated using the effective interest method, fair value losses on derivatives classified as held for trading and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly.

4. Use of estimates and key sources of estimation uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

Goodwill and intangible assets with indefinite useful lives

The carrying amounts of cash-generating units to which goodwill has been allocated and which include other intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. The recoverable amounts of cash-generating units are determined based on their values in use. These calculations require the use of estimates and assumptions consistent with the most up-to-date business plans that have been formally approved by management. The amounts and key assumptions used for the value in use calculations are set out in notes 15 and 16 to the consolidated financial statements.

Customer Contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life and are amortised over the determined life time of 15 years.

The Group actively monitors retention rates on customer contracts and considers other relevant factors which may provide an indication of impairment. The amounts are described in note 16 to the consolidated financial statements.

Employee benefits

The present value of the pension obligations depends on a variety of factors that are estimated annually using a number of assumptions, including the discount rate to be applied to determine the present value of defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The amounts and principal assumptions used are described in note 24 to the consolidated financial statements.

Deferred income tax assets

Deferred income tax assets on unused tax losses carried forward are recognised when it is probable that there will be future taxable profits against which the losses can be utilised. The assessment of recoverability of the recognised deferred income tax assets is based on assumptions regarding future profits and is derived from the latest budgets and business plans of the Group. The amounts are described in note 26 to the consolidated financial statements.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is based on management’s best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for warranties are ordinarily determined by product line and are based on statistics including the likelihood of a break down occurring and the average cost of repair or replacement.

The amounts are described in note 25 to the consolidated financial statements.

Sales estimations

Where sales are based on consumption in the machines, there may be a timing difference between the date on which the cash was last collected from the machines or the date on which the sales readings were taken. In this case an estimate of the sales between the date of the last cash collection or the last machine reading and the end of the period is made. The estimate is based on historical sales trends in respect of the specific client sites and machines. The estimated amount of sales which have been neither collected in cash nor invoiced to customers are recorded as Accrued income and uncollected cash in points-of-sale, as disclosed in note 20.

Inventories

Inventories include perishable products which requires the Group to make estimates regarding the amount of goods whose shelf life will expire before they are sold in order to determine the appropriate level of allowances to be recorded. Such allowances are therefore calculated with reference to the level of inventories held, average sales, and expiry dates.

Allowances for spare parts held in inventory are calculated according to the inventory turnover ratio.

Allowances for inventories are disclosed in Note 18.

5. Segmental reporting

The Group is organised and managed internally within four geographical regions. Each of these regions, which are the operating segments of the Group, offers a similar portfolio of vending products and services to consumers and customers. No operating segments have been aggregated. These segments represent the reportable segments of the Group, as follows:

Region France: includes operating entities in France.

Region West: includes operating entities in UK, Ireland, Netherlands and Belgium.

Region Central: included operating entities in Switzerland, Germany, Spain, Austria.

Region North: includes operating entities in Sweden, Finland, Denmark, Norway, Estonia, Latvia and Lithuania until 30 September 2016. The operating entities in Estonia, Latvia and Lithuania were disposed as per 1 October 2016. Selecta Finland is an asset held for sale, see note 34.

In addition to the segments identified above, the Group reports separately on its Headquarters (HQ), which includes corporate centre functions in Switzerland and in the Netherlands.

The profit/(loss) before finance results net and income taxes, depreciation and amortisation expense as the operating result of the Group's reportable segments are regularly reviewed by the Chief Executive Officer, as the Group's Chief Operating Decision Maker, to assess performance and to determine how resources should be allocated.

Result for the year ended 30 September 2017

	France *€ (000's)*	**West** *€ (000's)*	**Central** *€ (000's)*	**North** *€ (000's)*	**Total segments** *€ (000's)*	**HQ** *€ (000's)*	**IC eliminations** *€ (000's)*	**Total Group** *€ (000's)*
External revenue	191'554	122'286	318'466	129'171	**761'476**	-	(122)	**761'354**
Gain on the disposal of subsidiaries	-	-	-	-	**-**	3'619	-	**3'619**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**9'402**	**10'425**	**78'771**	**33'143**	**131'741**	**(47'978)**	**-**	**83'763**
Depreciation and amortisation expense	(16'473)	(9'618)	(25'567)	(14'582)	**(66'241)**	(26'995)	-	**(93'236)**
Loss before finance results net and income tax								**(9'473)**
Finance results, net								**(96'274)**
Loss before income tax								**(105'746)**

Result for the year ended 30 September 2016

	France € (000's)	West € (000's)	Central € (000's)	North € (000's)	Total segments € (000's)	HQ € (000's)	IC elimin-ations € (000's)	Total Group € (000's)
External revenue	184'279	107'892	304'249	139'962	**736'382**	133	(110)	**736'405**
Gain on the disposal of subsidiaries	-	-	5'900	-	**5'900**	-	-	**5'900**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**(5'439)**	**6'895**	**83'518**	**29'416**	**114'390**	**(23'799)**	**-**	**90'591**
Depreciation and amortisation expense	(17'327)	(9'804)	(24'807)	(14'226)	**(66'164)**	(25'850)	-	**(92'014)**
Loss before finance results net and income tax								**(1'423)**
Finance results, net								**(81'454)**
Loss before income tax								**(82'877)**

There is no material revenue earned between the operating segments.

In addition, revenues and non-current assets other than financial instruments and deferred tax assets are allocated according to the registered office of the related Group company as follows:

	Revenue		*Non-current assets excluding deferred tax assets and financial instruments*	
	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*	*30 September 2017 € (000's)*	*30 September 2016 € (000's)*
Switzerland	215'595	218'934	715'746	700'423
France	191'554	184'279	113'627	59'693
Sweden	96'517	100'836	34'184	31'297
UK	71'957	75'124	44'381	12'658
Germany	60'157	49'508	17'001	11'883
Netherlands	39'392	28'930	48'293	7'219
All other countries	86'182	78'794	83'672	29'524
HQ	-	-	675'877	260'274
Total	**761'354**	**736'405**	**1'732'781**	**1'112'971**

The non-current assets excluding deferred tax assets and financial instruments reported as "not allocated" consist primarily of intangible assets, including customer contracts and patents.

6. Revenue

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Revenue from publicly accessible points of sale	211'930	188'973
Revenue from privately placed points of sale	465'702	469'355
Revenue from trade sales of machines and products	51'676	50'552
Other revenue	32'045	27'525
Total revenue	**761'354**	**736'405**

Other revenue includes revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract.

7. Materials and consumables used

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Cost of materials	(259'101)	(244'818)
Rebates and discounts	15'241	13'726
Other	(123)	(32)
Total materials and consumables used	**(243'983)**	**(231'124)**

8. Employee benefits expense

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Wages and salaries	(184'272)	(189'160)
Social security	(38'905)	(36'586)
Post-employment benefits		
Defined contribution plans	(3'008)	(2'812)
Defined benefit plans	(2'415)	(5'505)
Total employee benefits expense	**(228'599)**	**(234'063)**

For further details with respect to the Group's post-employment benefit obligations, see note 24.

9. Depreciation and amortisation

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Depreciation of property, plant and equipment	(64'690)	(65'304)
Amortisation of intangible assets	(28'546)	(26'710)
Total depreciation and amortisation	**(93'236)**	**(92'014)**

10. Other operating expenses

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Maintenance	(60'123)	(61'204)
Administration expenses	(50'199)	(30'331)
Travel and representation	(7'175)	(7'408)
Vending rent	(88'901)	(85'543)
Other rent	(13'413)	(13'211)
Loss on disposal of tangible assets	(374)	(899)
Other operating expenses	(10'232)	(7'570)
Total other operating expenses	**(230'417)**	**(206'166)**

11. Other operating income

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Suppliers marketing contributions	10'126	10'795
Gain on disposal of tangible assets	4'167	7'504
Other operating income	7'496	1'340
Total other operating income	**21'788**	**19'639**

12. Finance cost results net

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Interest on loan due to parent undertaking	(40'474)	(35'579)
Interest on loans	(40'813)	(39'159)
Finance lease interest expense	(970)	(1'146)
Other interest and finance expense	(7'337)	(5'227)
Hedge reserve recycled from OCI	(2'090)	(1'279)
Foreign exchange gain/(loss) (net)	(12'051)	(3'426)
Total finance costs	**(103'735)**	**(85'816)**

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Change in fair value of derivative financial instruments	7'402	4'249
Interest income	59	113
Total finance income	**7'461**	**4'362**

13. Income taxes

Income tax expense comprises:

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Current income tax expense	(694)	(2'763)
Deferred income tax income	4'730	7'873
Total income tax income	**4'036**	**5'110**

The total tax charge for the periods can be reconciled to the accounting profit as follows:

	Year ended 30 September 2017 € (000's)	*Year ended 30 September 2016 € (000's)*
Loss before income tax	(105'746)	(82'877)
Applicable tax rate	25.4%	33.8%
Expected tax credit	26'859	28'019
Effect of income that is exempt from taxation	-	1'968
Effect of expenses not deductible for tax purposes	(333)	(2'196)
Effect of taxable losses for the period not recognised as deferred tax assets	(22'189)	(22'785)
(Write-off) / Recognition of previously unrecognised tax losses and deferred tax assets	(85)	(549)
Income tax expense of previous years	(216)	653
Income tax income recognised in statement of profit or loss	**4'036**	**5'110**

The applicable tax rate used above in the tax reconciliation is based on the weighted average tax rates applicable in the countries in which the Group operates. This is derived from a summation of the individual tax rates and pre-tax profits and losses in each country, and is not the same as the medium to long term effective tax rate of the Group.

14. Property, plant and equipment

	Freehold land and buildings € (000's)	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Cost					
Balance at 30 September 2015	**7'787**	**597'989**	**22'544**	**44'875**	**673'195**
Additions	45	61'570	2'130	3'276	**67'021**
Disposals	(3'567)	(46'870)	(4'640)	(2'124)	**(57'201)**
Reclassifications *	(257)	733	(48)	(661)	**(233)**
Effects of foreign currency exchange differences	(140)	(7'916)	(238)	(262)	**(8'556)**
Balance at 30 September 2016	**3'868**	**605'506**	**19'748**	**45'104**	**674'226**
Additions	39	65'666	3'169	2'916	**71'791**
Disposals	-	(51'715)	(3'580)	(1'357)	**(56'652)**
Acquisitions through business combinations	11'673	148'070	2'505	19'198	**181'447**
Disposals through sale of subsidiaries	-	(7'664)	(102)	(228)	**(7'994)**
Reclassifications to assets held for sale	-	(8'403)	(629)	(246)	**(9'277)**
Effects of foreign currency exchange differences	(19)	(11'514)	(120)	(782)	**(12'435)**
Balance at 30 September 2017	**15'561**	**739'946**	**20'992**	**64'606**	**841'105**
Accumulated depreciation and impairment					
Balance at 30 September 2015	**(6'199)**	**(421'513)**	**(18'139)**	**(33'763)**	**(479'614)**
Depreciation expense	(158)	(60'777)	(1'501)	(2'868)	**(65'304)**
Disposals	2'740	43'359	4'403	1'995	**52'497**
Reclassifications *	131	(853)	(121)	724	**(119)**
Effects of foreign currency exchange differences	107	5'588	116	211	**6'022**
Balance at 30 September 2016	**(3'379)**	**(434'196)**	**(15'242)**	**(33'701)**	**(486'518)**
Depreciation expense	(348)	(59'564)	(1'390)	(3'388)	**(64'690)**
Disposals	-	46'077	3'284	1'153	**50'514**
Disposals through sale of subsidiaries	-	5'106	91	180	**5'377**
Reclassifications to assets held for sale	-	6'593	618	244	**7'454**
Effects of foreign currency exchange differences	16	8'264	100	418	**8'797**
Balance at 30 September 2017	**(3'711)**	**(427'721)**	**(12'540)**	**(35'094)**	**(479'065)**
Net Book Value					
At 30 September 2016	**489**	**171'310**	**4'506**	**11'403**	**187'708**
At 30 September 2017	**11'850**	**312'225**	**8'453**	**29'513**	**362'041**

*Reclassified between categories (-353k) and between Property, plant and equipment and Other intangible assets (353k) in order to more accurately reflect the underlying nature of the assets.

As at 30 September 2017 commitments in respect of capital expenditure amounted to € 30.0 million (2016: € 20.5 million).

The carrying amount of property, plant and equipment held under finance leases at 30 September 2017 was € 32.4 million (2016: € 29.6 million). Leased assets are pledged as security in respect of the finance leases to which they relate.

The disposal through sale of subsidiaries in 2017 relates to the sale of the Baltic countries (note 33).

Acquisitions through business combinations relates to the Pelican Rouge Group assets at fair value recorded (note 32).

Reclassifications to assets held for sale relates to Selecta Finland which is to be disposed within 6 month after the Pelican Rouge acquisition completion (note 34).

15. Goodwill

Balance at 30 September 2016	**482’562**
Goodwill allocated to the Baltic countries sold on 1 October 2016	(3’153)
Provisional goodwill allocated to Pelican Rouge Group acquisition	188’032
Balance at 30 September 2017	**667’441**

The decrease in goodwill corresponds to the share of goodwill attributable to the disposed subsidiaries (Estonia, Latvia and Lithuania, note 33).

The increase in goodwill relates to the Pelican Rouge group acquisition (see note 32) and is a provisional value, since the allocation of the purchase price is provisionally determined at the end of the reporting period. The completion of the purchase price allocation may result in further adjustment to the carrying value of Pelican Rouge’s recorded assets, liabilities and the determination of any residual amount that will be allocated to goodwill.

The Group will complete the initial allocation of goodwill to the newly defined cash generating units in the financial year ending 30 September 2018, in line with the requirements of IFRS 3 Business combinations and IAS 36 Impairment of assets.

15.1. Impairment testing

During the financial year the carrying values including goodwill of the cash-generating units have been compared to their recoverable amount.

The test was conducted on the basis of the carrying values and the recoverable amounts of Selecta cash generating units excluding Pelican Rouge. The Selecta goodwill without Pelican Rouge tested was at € 479.4 million as of 30 September 2017, corresponding to the prior year Selecta Group goodwill position with the deduction of goodwill reduction resulting from the disposal of the Baltics.

It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be recorded.

15.2. Allocation to cash-generating units

Cash-generating units considered in this financial year’s impairment test

For the purpose of the impairment testing on the aforementioned scope excluding the effect from the business combination of Pelican Rouge Group, the Group has considered the same four cash-generating units as in the prior year, which are identical to the Group’s operating segments based on the regions in which the Group has operated until the end of the year ending September 2017:

Region France: includes operating entities in France.

Region West: includes operating entities in UK, Ireland, Netherlands and Belgium.

Region Central: included operating entities in Switzerland, Germany, Spain, Austria.

Region North: includes operating entities in Sweden, Finland, Denmark, Norway.
As of 1 October 2016 the operating entities in Estonia, Latvia and Lithuania were sold.

The amount of goodwill allocated to each cash generating unit at 30 September 2017 and 2016 were as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Selecta goodwill		
Region France	69'213	69'213
Region West	21'989	21'989
Region Central	271'146	271'146
Region North	117'061	120'214
Goodwill	**479'409**	**482'562**
Provisional goodwill relating to Pelican Rouge acquisition (unallocated)	188'032	
Total Goodwill	**667'441**	

15.3. Summary of assumptions used in goodwill impairment testing

In undertaking the impairment test of the Selecta goodwill, the Group has used post-tax cash flow projections for the computation of value in use based on the 2018 – 2020 business plan of the Group approved by management, covering a three-year period. In years four to seven the Group assumes further growth of 3.0% (2016: 3.0%).

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below:

	2017	*2016*
Region France	1.9%	1.7%
Region West	1.7%	1.7%
Region Central	1.7%	1.1%
Region North	1.7%	2.1%

The cash flows are discounted using a post-tax weighted average cost of capital (WACC) for each region. The post-tax WACC applied for each region at 30 September 2017 and 2016 were as follows:

	2017		2016	
	Post-tax WACC	Equivalent to a pre-tax WACC of:	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region France	6.5%	8.0%	5.9%	8.5%
Region West	6.5%	7.8%	6.2%	7.7%
Region Central	5.7%	6.8%	5.7%	7.2%
Region North	6.8%	7.8%	6.3%	7.8%

15.4. Headroom and sensitivity to change in assumptions

The headroom arising from the goodwill impairment testing by region at 30 September 2017 and 2016 were as follows:

	2017 *€ millions*	*2016* *€ millions*
Region France	78.4	42.5
Region West	62.9	65.6
Region Central	959.2	709.5
Region North	100.8	279.1

The following table shows the level to which the WACC would need to increase to assuming achievement of the future cashflows, or the level to which long term growth rates would need to fall assuming use of the Group's post tax WACC, to eliminate all of the headroom in the region.

	2017		2016	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	*Level to which growth rates would need to fall to eliminate all of the headroom in the region*	*Level to which WACC would need to increase to eliminate all of the headroom in the region*	*Level to which growth rates would need to fall to eliminate all of the headroom in the region*
Region France	10.4%	-4.0%	7.6%	-0.6%
Region West	11.1%	-6.2%	13.3%	-14.6%
Region Central	18.4%	-60.7%	14.9%	-24.6%
Region North	14.1%	-15.1%	13.2%	-12.4%

16. Intangible assets

	Software/ other € (000's)	*Patents/ licences € (000's)*	*Trademarks € (000's)*	*Customer Contracts € (000's)*	***Total € (000's)***
Cost					
Balance at 1 October 2015	**35'066**	**2'444**	**286'301**	**345'735**	**669'546**
Additions	7'659	1'243	-	366	**9'268**
Disposals	(1'354)	-	-	-	**(1'354)**
Reclassifications*	381	-	-	-	**381**
Disposals through sale of subsidiaries	-			(4'090)	**(4'090)**
Effects of foreign currency exchange differences	(546)	-	-	(586)	**(1'132)**
Balance at 30 September 2016	**41'206**	**3'687**	**286'301**	**341'425**	**672'619**
Additions	4'959	-	-	180	**5'138**
Disposals	(315)	-	-	(317)	**(632)**
Reclassifications	-	(3'687)	-	3'687	**-**
Acquisitions through business combinations	5'277	-	37'846	205'749	**248'872**
Disposals through sale of subsidiaries	-	-	-	(2'059)	**(2'059)**
Reclassifications to assets held for sale	(682)	-	-	-	**(682)**
Effects of foreign currency exchange differences	(1'673)	-	-	(123)	**(1'796)**
Balance at 30 September 2017	**48'771**	**-**	**324'147**	**548'541**	**921'459**
Accumulated amortisation and impairment					
Balance at 1 October 2015	**(23'449)**	**(1'684)**	**-**	**(185'450)**	**(210'583)**
Amortisation expenses	(3'717)	(45)	-	(22'946)	**(26'710)**
Disposals	1'037	-	-	-	**1'037**
Reclassifications*	(28)	-	-	-	**(28)**
Disposals through sale of subsidiaries	-			2'182	**2'182**
Effects of foreign currency exchange differences	879	-	-	540	**1'419**
Balance at 30 September 2016	**(25'278)**	**(1'729)**	**-**	**(205'675)**	**(232'682)**
Amortisation expenses	(4'312)	(701)	-	(23'532)	**(28'545)**
Disposals	284	-	-	70	**354**
Reclassifications	-	2'431	-	(2'430)	**0**
Disposals through sale of subsidiaries	-	-	-	1'241	**1'241**
Reclassifications to assets held for sale	344	-	-	-	**344**
Effects of foreign currency exchange differences	987	-	-	91	**1'078**
Balance at 30 September 2017	**(27'976)**	**-**	**-**	**(230'235)**	**(258'211)**
Net Book Value					
At 30 September 2016	**15'928**	**1'958**	**286'301**	**135'750**	**439'937**
At 30 September 2017	**20'795**	**-**	**324'147**	**318'306**	**663'248**

*Reclassification in prior year relates to reclassification between Property, plant and equipment and Other intangible assets (353k) in order to more accurately reflect the underlying nature of the assets.

The disposal through sale of subsidiaries in 2017 relates to the sale of the Baltic countries and in

2016 to the sale of Eastern European countries.

Acquisitions through business combinations relate to the Pelican Rouge Group`s assets that are recorded at fair value.

Reclassifications to assets held for sale relate to Selecta Finland which is to be disposed, within 6 months after the Pelican Rouge acquisition completion.

The trademarks are deemed to have an indefinite useful life as based on an analysis of all of the relevant factors, there are no foreseeable limits to the period over which the assets are expected to generate net cash inflows for the Group.

The trademarks have been allocated to the Group's cash generating units that are tested for impairment annually. This year, similarly to the goodwill impairment, the scope of the testing comprises the Selecta cash generating units, excluding Pelican Rouge, and the trademarks tested is the Selecta trademark with a carrying amount of € 286.3 million.

At 30 September 2017 and 2016, the trademark has been allocated as follows :

	2017 *€ (000's)*	*2016* *€ (000's)*
Region France	41'027	41'027
Region West	13'034	13'034
Region Central	160'982	160'983
Region North	71'258	71'258
Trademark allocated to current cash generating units	**286'301**	**286'301**
Provisional trademark resulting from acquisition of Pelican Rouge (unallocated)	37'846	
Trademark total	**324'147**	

The Pelican Rouge trademark value has been determined provisionally as a result of the purchase price allocation conducted with the support of the transaction advisory services of a professional service firm, based on the relief from royalty valuation method.

The Pelican Rouge trademark is deemed to have an indefinite useful life as based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Pelican Rouge as a coffee brand was founded in Antwerp in 1863.

Customer contracts

Selecta customer contracts acquired in the business combination in 2007 have a finite useful life and are amortised over 15 years.

Customer contracts identified in the business combination with the Pelican Rouge Group have been allocated a provisional value as a result of the purchase price allocation conducted with the support of the transaction advisory services of a professional service form, based on the excess earnings valuation method. They will be amortized over 15 years.

17. Non-current financial assets

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Non-current financial assets comprise the following:		
Trade and other receivables	6'354	8'984
Total non-current financial assets	**6'354**	**8'984**

The maturity of the non-current financial assets is as follows:		
After one year but not more than five years	6'330	2'447
More than five years	24	6'537
Total more than one year	**6'354**	**8'984**
Total non-current financial assets	**6'354**	**8'984**

18. Inventories

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Food and beverages	45'977	23'845
Vending equipment and spare parts	28'213	14'339
Goods in transit	743	518
Raw materials	5'778	-
Total inventories	**80'711**	**38'702**

There are no inventories expected to be recovered after more than 12 months.

19. Trade receivables

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Trade receivables - not overdue	60'735	32'220
Trade receivables - overdue 0 - 90 days	14'631	8'331
Trade receivables - overdue 90 - 360 days	779	1'910
Trade receivables - overdue > 360 days	278	670
Total trade receivables, gross	**76'423**	**43'131**
Allowance for doubtful accounts	(1'331)	(2'192)
Total trade receivables, net	**75'093**	**40'939**

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

The Group has provided for all receivables over 360 days because historical experience indicates that receivables that are past due beyond 360 days are not recoverable. Trade receivables between 30 days and 360 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Depending on the size of a potential new customer and the volume of trading expected, prior to accepting new credit customers, the Group uses a credit scoring system to assess the potential customer's credit quality and defines a suitable credit limit for the customer.

19.1. Analysis of receivables past due but not impaired

Included in the Group's trade receivable balance are debtors with a carrying amount of € 7.2 million (2016: € 8.7 million) which are past due at the reporting date for which the Group has not provided for as there has not been any significant change in credit quality and the amounts are still considered recoverable.

The Group does not hold any collateral over these balances. The ageing of these receivables is as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Overdue 0-90 days	7'207	7'980
Overdue 90-360 days	-	740
Total	**7'207**	**8'720**

There are no significant individually impaired trade receivables at 30 September 2017 (2016: not significant).

19.2. Movement in the allowance for doubtful accounts

	Total € (000's)
Balance at 1 October 2015	**(2'202)**
Amounts written off during the period	133
Amounts recovered during the period	758
Increase in allowance recognised in statement of profit or loss	(900)
Effect of foreign exchange differences	19
Balance at 30 September 2016	**(2'192)**
Amounts written off during the period	542
Amounts recovered during the period	-
Increase in allowance recognised in statement of profit or loss	(780)
Reclassification to asset held for sale	29
Effect of foreign exchange differences	1'070
Balance at 30 September 2017	**(1'331)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable at the reporting date. This is in most cases evidenced by the age of the receivable, and the Group has implemented specific policies regarding the level of provision required for the change in credit quality based on the ageing of the receivable.

The concentration of credit risk is limited due to the fact that the Group has a very large customer

base and a mix of credit and cash sales. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful accounts.

19.3. Ageing of impaired trade receivables

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Overdue 0-90 days	456	350
Overdue 90-360 days	596	1'172
Overdue > 360 days	279	670
Total	**1'331**	**2'192**

20. Other current assets

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Accrued income	31'191	20'193
Pre-payments	11'652	8'316
Sales tax recoverable	3'684	4'267
Other	6'418	923
Total other current assets	**52'945**	**33'699**

21. Cash and cash equivalents

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Cash at bank	126'454	62'560
Cash in points-of-sale	8'328	4'311
Cash and cash equivalents	**134'782**	**66'871**

€ 0.9 million of cash and cash equivalents have been reclassified to assets held for sale at 30 September 2017 regarding Selecta Finland (see note 34).

22. Loans due to parent undertaking / borrowings

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Loans due to parent undertaking at amortised cost	319'888	282'176
Borrowings at amortised cost (including revolving facilities)	922'995	591'565
Total borrowings	**1'242'883**	**873'741**

22.1. Borrowings and loans due to parent undertaking at amortized cost by currency

	30 September 2017			30 September 2016		
	€ million	*in %*	*Interest rate*	*€ million*	*in %*	*Interest rate*
EUR	1'053.1	83.1%	7.5%	671.5	74.9%	8.7%
CHF	213.8	16.9%	6.5%	225.3	25.1%	6.5%
Total	**1'266.9**	**100%**	**7.3%**	**896.8**	**100%**	**8.1%**

The amounts shown above reflect the nominal value of the borrowings without the deduction of net capitalized transaction costs.

22.2. Rate structure of borrowings

	30 September 2017 € million	*30 September 2016 € million*
Total borrowings at variable rates	-	29.0
Total borrowings at fixed rates	1’242.9	844.7
Total	**1’242.9**	**873.7**

22.3. Details of borrowing facilities

In June 2014 the Group issued a € 350 million 6.5% senior secured note (ISIN: XS1078234686, XS1078234330) and a CHF 245 million 6.5% senior secured note (ISIN: XS1078234926, XS1078235147). The notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF market.

In addition the Group’s parent undertaking, Selecta Group S.a.r.L. issued a PIK loan for € 220 million, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the “PIK proceeds loan”). The PIK proceeds loan carries an interest rate of 11.875%. In December 2015 Selecta Group S.a.r.L. granted an additional PIK loan with the same conditions to the Group of € 5.6 million.

As part of the Pelican Rouge acquisition, new Selecta loans were issued for € 374.8 million, both carrying a cash interest rate of 4.0% + EURIBOR (with a floor of 0.50%) at closing, with an increasing ratchet for PIK interest of 0.0% to 3.0% between closing and December 2019 (1.0% in June 2018, 2.0% in December 2018, 2.50% in June 2019 and 3.0% in December 2019). These loan facilities are not listed on the Stock Exchange.

As part of the Pelican Rouge acquisition, the Group has upsized its senior revolving credit facility by € 50 million, to € 100 million. The amounts drawn under this facility were fully repaid at 30 September 2017 (30 September 2016: € 29 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn (LIBOR/EURIBOR) plus 3.5%.

The senior secured notes and the revolving credit facility are secured by first ranking security interests over all the issued share capital of certain Group companies (together the “Guarantors”), certain receivables and intercompany receivables of the Company and the Guarantors, including assignment of the PIK Proceeds Loan and certain bank accounts of the Company.

Under the terms of the Group’s super senior revolving credit facility, a minimum net leverage ratio must be met before further drawings may be made under the facility. The net leverage ratio represents the ratio of Consolidated Adjusted EBITDA as defined in the super senior revolving credit facility agreement of the last twelve months to Consolidated Senior Secured Net Debt.

The Group has complied with the covenant obligation in the current and the previous year.

23. Finance lease liabilities

Finance leases relate predominantly to motor vehicles and vending equipment. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

The minimum lease payments due are as follows:

	Present value of minimum lease payments	
	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Current finance lease liabilities	**11'681**	**8'076**
Non-current finance lease liabilities:		
After one year but not more than five years	**30'357**	19'809
More than five years	-	231
Total non-current finance lease liabilities	**30'357**	**20'040**
Total finance lease liabilities	**42'038**	**28'116**

24. Post-employment benefits

24.1. Defined contribution plans

The Group operates defined contribution plans for qualifying employees in a number of its countries of operation. The assets of the plans are held separately from those of the Group under the control of unrelated parties.

24.2. Defined benefit plans

Description of plans

The Group offers defined benefit plans in Switzerland, Germany and Spain as well as retirement indemnity plans in France. In addition the newly acquired Pelican Rouge group of companies operate defined benefit plans for the UK, Belgium and indemnity plans in France.

The two main significant plans are in Switzerland and UK, which represent an net asset position of € 33.7 million, the remainder of the countries recorded a net liability position of € 11 million.

Selecta Switzerland
The pension scheme is part of the Valora Pension Fund, domiciled in Muttenz, Switzerland and is governed by the rules of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which specifies the minimum benefits that are to be provided by pension plans. The scheme covers multiple employers, including Selecta, with the scheme assets allocated between Selecta and the other companies in the scheme in proportion to the mathematical reserve and savings capital as at 30 September 2017. One employee of Selecta AG in Switzerland sits on the foundation board of the Valora Pension Fund to ensure representation of Selecta in the wider scheme.

The designated purpose of the scheme is to protect the employees, including the employees' dependents and survivors, of the Valora Group of companies of Switzerland and the companies with which the scheme has concluded an affiliation agreement against the economic consequences of old age, death and disability.

The benefits are defined in the pension plan regulations that are far above the minimum requirements stipulated by the BVG. Retirement benefits are based on the accumulated retirement

savings capital and can either be drawn as a life-long pension or as a lump sum payment. The pension is upon retirement calculated by multiplying the balance of the retirement savings capital with the applicable conversion rate. The retirement savings capital results from the yearly savings contributions by both employer and employee until retirement and carries interest thereon. The savings contributions are defined in the pension plan regulations. Minimum contributions and minimum interest are defined by the BVG and the Federal Council respectively.

The scheme provides for a basic and supplementary plan. Under the basic plan, the wage portions above the entry level for admission (equal to three quarters of the maximum retirement pension benefit prescribed by law) are pensionable. The supplementary plan additionally offers coverage of wage portions that exceed the 5-fold value of the maximum retirement pension benefit by more than CHF 5’000.

The scheme is subdivided into a risk pre-insurance and a primary insurance. The risk pre-insurance coverage is a pure risk insurance that covers the risks of death and disability up to the age of 25. The primary insurance begins at age 25 and is comprised of a savings facility run by the scheme and insurance covering the death and disability risks.

The scheme participates in compulsory coverage and is entered in the register for occupational pension providers as provided for by art. 48 of the Federal Occupational Retirement, Survivors' and Disability Pension Plans Act (BVG/LPP). At minimum it provides for the benefits pursuant to BVG/LPP. The scheme is under the regulatory supervision of the Canton of Basel Land.

UK Pelican Rouge
The Group operates a defined benefit pension scheme in the United Kingdom, which is identified as the Pelican Rouge Retirement Benefits Plan (the “Plan”, formerly known as the Autobar Group Retirement Benefits Plan). The scheme is managed by an independent trustee (ITS) and the ultimate authority is with the UK Pension Regulator in case of disputes between the trustee and the company. The company accounted for this plan as defined benefit plan because it is exposed to risks as mentioned in the paragraph ‘sensitivity analysis’.

With effect from October 2004 the Plan was closed to new members and on 31 March 2015 future accrual stopped. This resulted in a curtailment in the year to 31 March 2015. Prior to that, pension accrual for active members was a proportion of the salary at retirement (or earlier date of leaving) based on length of Plan membership. Pensions are payable for life from retirement with the option to convert some pension to a cash lump sum at the point of retirement. A reduced pension is payable to any surviving spouse on death of the member. Pensions in payment increase each year at various rates depending on the period when accrued. Pensions for those members not yet retired are increased in line with the Consumer Prices Index subject to a cap of 5% a year (applied over the whole period).

As for the other plans in the group the pension valuation has been updated by an independent qualified actuary to 30 September 2017 for IFRS purposes (IAS 19).

A number of subsidiaries in the United Kingdom are participating employers in the Plan. Individual companies are unable to identify their share of the underlying assets and liabilities as each employer is exposed to the actuarial risks associated with current and former employees of other entities that have participated in the Plan over its lifetime.

In addition to the IFRS requirements, the UK entity is required to satisfy local regulations in the United Kingdom. The calculation of the assets and liabilities according to local regulations is different than under IFRS. The most recent calculation according to local regulation was carried out with a reference date of 30 June 2015. As a result of the calculation the Group agreed with the Trustees of the Plan that annual deficit funding payments of GBP 1,900 thousands have to be made until 20 June 2020. The funding is recognised at the moment of payment.

If the Plan’s assets are insufficient to cover the benefits promised to members the UK company might need to increase its contributions. The assets of the Plan are held in a trust and are separated from those of the UK company.

Amounts included in the consolidated financial statements

The amounts recognised in the consolidated statement of profit or loss in respect of defined benefit plans are as follows:

	2017 € (000's)	*2016 € (000's)*
Current employer service cost	(4'550)	(6'448)
Past service credit/(cost) and gains/(losses) on plan amendment	2'135	1'118
Net interest cost	(92)	(290)
Administration cost	-	(175)
Defined benefit cost recognised in statement of profit or loss	**(2'507)**	**(5'795)**

Past service credit / (cost) and gains / (losses) relates to a plan amendment of the benefits payable under the Group's pension in scheme in Switzerland. In January 2016 the Valora pension scheme reduced the conversion rate for calculating the retirement pension, resulting in a reduction of the future pensions to be paid and hence the defined benefit obligation of the scheme. As communicated in June 2017 by the pension fund Valora, conversion rates will decrease to 6.2% for men and 6.4% for women, effective on 1 January 2018.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit obligation is as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Fair value of plan assets	444'891	184'405
Present value of funded defined benefit obligation	(412'335)	(200'268)
Funded status	**32'556**	**(15'863)**
Present value of unfunded benefit obligation	(9'874)	(7'601)
Net asset/(liability) in the balance sheet	**22'682**	**(23'464)**

Defined benefit obligation

The movement in the present value of the defined benefit obligation in the current period was as follows:

	2017 € (000's)	*2016 € (000's)*
Present value of obligation at beginning of period	**(207'866)**	**(203'699)**
Current employer service cost	(4'550)	(6'448)
Employees' contributions	(3'322)	(3'372)
Interest cost	(461)	(1'753)
Past service cost, curtailments, settlements, plan amendments	2'135	1'118
Benefits paid	14'504	7'753
Acquired through business combination	(217'110)	-
Actuarial gain/(loss) on defined benefit obligation	13'288	(750)
Currency loss	(18'827)	(715)
Present value of obligation at end of period	**(422'209)**	**(207'866)**

Plan assets

The movement in the fair value of plan assets in the current period was as follows:

	2017 *€ (000's)*	*2016* *€ (000's)*
Fair value of plan assets at beginning of period	**184'405**	**181'167**
Interest income on plan assets	369	1'463
Employees' contributions	3'322	3'372
Employer's contributions	4'606	4'629
Benefits paid	(14'320)	(7'554)
Acquired through business combination	240'540	-
Administration cost (excl. asset management cost)	-	(175)
Return on plan assets excl. interest income	3'461	844
Currency gain	22'508	659
Fair value of plan assets at end of period	**444'891**	**184'405**

Employer's contributions expected for the next year amount to € 6.7 million.

The fair value of the total plan assets at the balance sheet date comprises of the following major categories of assets:

	2017	*2017*	*2016*	*2016*
	Quoted market prices in active markets	*Prices in non-active markets*	*Quoted market prices in active markets*	*Prices in non-active markets*
Cash	1.1%	0.0%	5.0%	0.0%
Bonds	70.6%	0.0%	31.8%	0.0%
Equities	11.7%	0.0%	29.2%	0.0%
Property	0.0%	11.7%	1.5%	30.2%
Other	4.9%	0.0%	2.3%	0.0%
Total	**88.3%**	**11.7%**	**69.8%**	**30.2%**

The funded pension plan assets are invested in accordance with local laws. They include neither the Group's own financial instrument nor property occupied by, or other assets used by, the Group.

Actuarial assumptions

The principal actuarial assumptions are based on local economic conditions and are as follows (weighted average):

	2017	*2016*
Discount rate	1.70%*	0.20%
Expected salary increase	1.05%	1.00%
Expected pension increase	1.31%	0.00%

*The discount rate increase is mainly driven by Pelican Rouge UK (2.5%) Switzerland rate is at 0.6% (vs 0.2% prior year).

The estimated duration of the plan liabilities is 18.8 years (2016: 13.9 years).

The following table shows the re-measurement gains and losses on post-employment benefit obligations recognised in other comprehensive income:

	2017 *€ (000's)*	*2016* *€ (000's)*
Return on plan assets excl. interest income	3'461	(1'682)
Experience gains/(losses) on defined benefit obligation	4'654	(1'585)
Actuarial gains/(losses) arising from change in demographic assumptions	(537)	21'869
Actuarial gains/(losses) arising from change in financial assumptions	9'171	(18'508)
Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income	16'749	94

Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumptions of pension rises and the expected mortality rate. The following table shows the change of defined benefit obligation on the basis of a reasonably possible change to these actuarial assumptions at 30 September 2017 and 2016:

	2017 *€ (000's)*	*2016* *€ (000's)*
Discount rate (+0.50%)	30'725	11'332
Discount rate (-0.50%)	(29'368)	(12'946)
Increase in future pension (+0.25%)	(7'377)	(5'658)
Decrease in future pension (-0.25%)*	5'236	20
Mortality assumption -1 year	9'846	5'631
Mortality assumption + 1 year	(9'857)	(5'581)

*No decrease in future pension has been used for the sensitivity analysis on the pension scheme in Switzerland as the expected pension increase assumed in the valuation is zero, and future pensions cannot be decreased.

Every sensitivity analysis considers the change of one assumption, while all other assumptions remain the same. This approach shows the isolating effect if an individual assumption is changed, but does not consider that some assumptions are mutually dependent.

25. Provisions

	Warranty € (000's)	*Litigation & tax € (000's)*	*Restruct-uring € (000's)*	*Long term employee benefits € (000's)*	*Other € (000's)*	***Total € (000's)***
Balance at 1 October 2016	**(1'256)**	**(336)**	**(4'885)**	**(2'028)**	**(2'690)**	**(11'195)**
Charged to the statement of profit or loss	-	(94)	(655)	(396)	(3'105)	(4'249)
Expenditure in the period	88	-	3'829	327	-	4'244
Reversed against the statement of profit or loss without cost incurred	272	134	-	-	93	499
Acquired through business combination	-	(1'319)	(17'531)	-	(4'277)	(23'128)
Deferred consideration in relation to Pelican Rouge acquisition	-	-	-	-	(27'000)	(27'000)
Effect of foreign exchange differences	4	4	176	70	1'437	1'691
Reclassification between categories	(494)	-	-	-	494	-
Balance at 30 September 2017	**(1'386)**	**(1'611)**	**(19'065)**	**(2'027)**	**(35'049)**	**(59'138)**

The above amounts are recorded in the balance sheet as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Non-current liabilities	(35'770)	(6'220)
Current liabilities	(23'368)	(4'975)
Total	**(59'138)**	**(11'195)**

The warranty provision represents management's best estimate of the future outflow of economic benefits that will be required in respect of warranties on machine sales and has been based on historical trends observed.

The provisions in respect of litigations and tax represent management's best estimate of the future outflow of economic benefits required to settle legal claims and tax claims made against the Group, and has been based on advice from and discussion with the Group's lawyers.

The restructuring provision represents amounts due to be paid in respect of certain restructuring activities which have been initiated. The amounts provided include the costs of employee severance payments, as well as other costs associated with closing facilities or offices.

The other provision includes besides the deferred consideration of € 27 million, a significant portion of long service awards (jubilee benefits) to which all employees of Selecta Switzerland are entitled based on the years of service. The calculation requires an actuarial valuation to be performed as it is based on assumptions of expected service lengths, current service length, date of entry, monthly salary, sex, and long service awards paid in last financial year.

26. Deferred income taxes

26.1. Deferred tax balances

Deferred income tax balances are presented in the balance sheet as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Deferred income tax assets	18'192	21'032
Deferred income tax liabilities	(187'587)	(131'261)
Total deferred tax liabilities, net	**(169'395)**	**(110'229)**

26.2. Movement in deferred tax balances during the year

The movement in the deferred tax balances during the year was as follows:

	1 October 2016 € (000's)	*(Charged)/ credited to income € (000's)*	*(Charged) / credited to OCI € (000's)*	*Change in Consolidation Scope € (000's)*	*Exchange differences € (000's)*	*30 September 2017 € (000's)*
Temporary differences						
Intangible assets	(107'316)	5'550	-	(61'173)	95	(162'843)
Property, plant and equipment	(12'936)	(1'147)	-	(1'909)	316	(15'676)
Other non-current assets	-	2'353	(2'859)	(5'340)	23	(5'823)
Non-current financial assets	(1'175)	554	(554)	-	8	(1'167)
Inventories	(1'587)	(38)	-	-	52	(1'574)
Trade receivables	(605)	235	-	-	82	(288)
Current liabilities	(3'580)	30	-	864	285	(2'400)
Provisions	(10)	-	-	4'346	-	4'336
Other non-current liabilities	1'307	(2'807)	(262)	-	6	(1'756)
Total temporary differences	**(125'902)**	**4'730**	**(3'675)**	**(63'212)**	**867**	**(187'192)**
Tax losses						
Unused tax losses	15'673	-	-	2'753	(629)	17'797
Total deferred tax asset/(liability)	**(110'229)**	**4'730**	**(3'675)**	**(60'459)**	**238**	**(169'395)**

	1 October 2015 € (000's)	(Charged)/ credited to income € (000's)	(Charged)/ credited to OCI € (000's)	Reclassifi-cation to held for sale € (000's)	Exchange differences € (000's)	30 September 2016 € (000's)
Temporary differences						
Intangible assets	(114'992)	7'147	-	482	47	(107'316)
Property, plant and equipment	(12'298)	(696)	-	3	55	(12'936)
Non-current financial assets	(446)	(387)	(339)	-	(3)	(1'175)
Inventories	(1'357)	(233)	-	-	3	(1'587)
Trade receivables	511	(1'103)	-	-	(13)	(605)
Current liabilities	(5'359)	1'815	-	-	(36)	(3'580)
Provisions	(685)	678	-	-	(3)	(10)
Other non-current liabilities	2'653	(1'473)	102	(3)	28	1'307
Total temporary differences	**(131'973)**	**5'748**	**(237)**	**482**	**78**	**(125'902)**
Tax losses						
Unused tax losses	13'558	2'125	-	-	(10)	15'673
Total deferred tax asset/(liability)	**(118'415)**	**7'873**	**(237)**	**482**	**68**	**(110'229)**

26.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

30 September 2017	*Assets* *€ (000's)*	*Liabilities* *€ (000's)*	*Net* *€ (000's)*
Temporary differences			
Intangible assets	4'683	(167'526)	(162'843)
Property, plant and equipment	1'101	(16'777)	(15'676)
Other non current assets	-	(5'823)	(5'823)
Non-current financial assets	-	(1'167)	(1'167)
Inventories	-	(1'574)	(1'574)
Trade receivables	-	(288)	(288)
Current liabilities	1'877	(4'277)	(2'400)
Provisions	4'346	(10)	4'336
Other non-current liabilities	1'620	(3'376)	(1'756)
Deferred tax assets/(liabilities) arising on temporary differences	**13'628**	**(200'819)**	**(187'192)**
Tax losses			
Unused tax losses	17'797	-	17'797
Deferred tax assets arising from unused tax losses			
Offset deferred tax assets and deferred tax liabilities	(13'232)	13'232	-
Total deferred tax asset/(liability)	**18'192**	**(187'587)**	**(169'395)**

30 September 2016	*Assets € (000's)*	*Liabilities € (000's)*	*Net € (000's)*
Temporary differences			
Intangible assets	4'608	(111'924)	(107'316)
Property, plant and equipment	263	(13'199)	(12'936)
Non-current financial assets	157	(1'332)	(1'175)
Inventories	1	(1'588)	(1'587)
Trade receivables	52	(657)	(605)
Current liabilities	2'155	(5'735)	(3'580)
Provisions	37	(47)	(10)
Other non-current liabilities	7'731	(6'424)	1'307
Deferred tax assets/(liabilities) arising on temporary differences	**15'004**	**(140'906)**	**(125'902)**
Tax losses			
Unused tax losses	15'673	-	15'673
Deferred tax assets arising from unused tax losses	**15'673**	**-**	**15'673**
Offset deferred tax assets and deferred tax liabilities	(9'645)	9'645	-
Total deferred tax asset/(liability)	**21'032**	**(131'261)**	**(110'229)**

26.4. Unrecognised deferred tax assets/liabilities

These deferred income tax assets have not been recognised as it is not probable that future taxable profits will be available to utilise the losses.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The parent is not only able to control the distribution of dividends but has also no plan for any such distribution.

The value of unused tax losses carried forward which have not been capitalised as deferred tax assets, with their expiration dates is as follows:

Selecta unused tax losses

	2017 € (000's)	*2016 € (000's)*
One year	208	1'422
Two years	214	208
Three years	-	214
Four years	-	-
Five years	-	-
More than five years	180'785	234'561
Unlimited	312'993	247'604
Total unused tax losses carried forward	**494'200**	**484'009**

Pelican Rouge unused tax losses

The business combination with Pelican Rouge results in the addition of the unused tax losses in the combined Group, presented in the below table:

	2017 *€ (000's)*	2016 *€ (000's)*
Within 5 years	26'188	n/a
5 years to 10 years	371'820	n/a
Without time limit	349'810	n/a
Total unused tax losses carried forward	**747'818**	**n/a**

The unused tax losses for Pelican Rouge were calculated as the unused tax losses of the Pelican Rouge Group disclosed at their financial year ended 31 March 2017 disclosed, and the losses in the period from April 1st to September 2017.

The Pelican Rouge loss balance in the Netherlands for € 366.2 million is currently under review by the Dutch tax authorities.

Management expect the unused tax losses of the Pelican Rouge Group to continue to be generally available in the combined Group.

27. Trade payables

	30 September 2017 *€ (000's)*	*30 September 2016* *€ (000's)*
Trade payables	191'723	107'710
Total trade payables	**191'723**	**107'710**

The Group's exposure to financial and liquidity risk related to trade and other payables is disclosed in note 30.

28. Other current liabilities

	30 September 2017 *€ (000's)*	*30 September 2016* *€ (000's)*
Other payables	59'298	30'870
Accrued expenses	95'010	28'432
Interest payable	12'766	11'598
Tax and social security costs	21'442	12'096
Factoring liabilities	7'916	-
Reverse factoring liabilities	9'718	-
Total other current liabilities	**206'150**	**82'996**

The balance of other payables represent the sum of payments on account of customers (deferred revenue), pension contribution payable (employer and employee portion), personnel accruals (overtime, vacations, wages and salaries, bonus/incentives) and other.

Certain of the Selecta Group subsidiaries in France, Switzerland and the UK have entered into an accounts receivable factoring programme under a pan-European factoring agreement with Factofrance S.A.S. (the Factor) dated December 22, 2016. In accordance with this agreement, Selecta's subsidiaries may assign eligible receivables to the Factor at an agreed market rate in order to receive funding at any given time of up to € 15 million. The agreement is subject to terms and conditions customary for such transactions, and the Group provided cash collateral for a specified portion of the accounts receivable so assigned. A recourse factoring liability of a total € 5.7 million is recorded on the Group's balance sheet at 30 September 2017 for the Selecta Group subsidiaries in France, Switzerland and the UK. Additionally, Dutch subsidiaries acquired by the Group as part of the Pelican Rouge Group acquisition operate recourse factoring facilities, with a recourse factoring liability of a total € 2.2 million recorded on the Group's balance sheet at September 2017.

The Group holds reverse factoring facilities in the subsidiaries acquired from Pelican Rouge, in Spain for € 9.7 million.

29. Equity

29.1. Share capital, share premium and additional paid-in capital

The Group's share capital consists of 187'000 fully paid ordinary shares (2016: 187'000) with a nominal value of € 1 per share.

Fully paid ordinary shares carry one vote per share and a right to dividends.

During the year a contribution in cash in an amount of €60 million was made to the additional paid in capital of Selecta Group B.V. and a contribution in cash in an amount of € 119.2 million was made to the additional paid in capital of Selecta AG from the parent company Selecta Midco S.a.r.l.

29.2. Reserves

The other comprehensive income accumulated in reserves, net of tax was as follows:

	Attributed to equity holders of the parent			
30 September 2017	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total*** *€ (000's)*
Foreign currency translation differences for foreign operations	16'677	-	-	**16'677**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	13'628	-	**13'628**
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	1'536	**1'536**
Total other comprehensive income, net of tax	**16'677**	**13'628**	**1'536**	**31'841**

30 September 2016	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total*** *€ (000's)*
	Attributed to equity holders of the parent			
Foreign currency translation differences for foreign operations	(1'297)	-	-	**(1'297)**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	196	-	**196**
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	990	**990**
Total other comprehensive income, net of tax	**(1'297)**	**196**	**990**	**(111)**

Reserves arising from foreign currency translation adjustments comprise the differences from the foreign currency translation of the financial statements of subsidiaries from the functional currency into euro. Additionally, the foreign exchange differences on qualifying net investment loans are included in this reserve.

Retained earnings include the accumulated net losses as well as the accumulated remeasurement gains and losses on post-employment benefit obligations, including any related income taxes.

The hedging reserves comprise the effective portion of cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss, included any related income taxes.

30. Financial risk management

30.1. Risk management framework

Financial risk management is an integral part of the way the Group is managed. The Management Board of the Group has overall responsibility for the establishment and oversight of the Group's financial policies. Group's management reports on a monthly basis to the Supervisory Board on the Group's performance. The Chief Financial Officer (CFO) is responsible for setting financial strategies, which are executed by Group Treasury and by the Group's subsidiaries. The activities of Group Treasury and of the various subsidiaries are regularly reviewed and monitored by the CFO thus verifying the compliance of operations within the approved guidelines and limits.

The Group Treasury function is responsible for ensuring adequate funds are available to the Group's subsidiaries as necessary. To this end a cash pool has been established in respect of some countries in which the Group operates, and funds are reallocated across the Group as necessary. The Group's Treasury function is also responsible for drawing on and repaying amounts under the Group's revolving credit facilities to meet the cash needs of the Group. All drawings must be approved by the CFO and the outstanding borrowings under each facility are reported to the Supervisory Board on a monthly basis.

30.2. Market risk management

Financial market risk is essentially caused by exposures to foreign currencies, interest rates and coffee price. For further details on interest rate risk management see section 30.6 and foreign currency risk management see section 30.7.

The Group is also exposed to commodity price risk because of coffee price fluctuations. Some of these fluctuations can be passed on to clients through price increases in line with contractual conditions. The Group has periodically assessed the economic impact of hedging the coffee prices but considers the hedging-cost as too high to make hedging a commercially attractive measure. However whilst the Group does not enter into hedging instruments into coffee prices, coffee volumes are committed with suppliers between 1 and 6 months in advance depending on current green bean coffee prices and expectations of future price development.

30.3. Credit risk management

Credit risk arises because a counterparty may fail to perform its obligations as prescribed, resulting in a financial loss to the Group. The Group is exposed to credit risk on its trade receivables, its non-current other financial assets and its cash and cash equivalents.

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

		Carrying amount	
	Note	*2017 € (000's)*	*2016 € (000's)*
Trade receivables	19	75'093	40'939
Non-current financial assets	17	22	2'765
Derivative financial instruments	31	7'884	6'218
Accrued income	20	31'191	20'193
Total exposure to credit risk		**114'190**	**70'115**

Trade receivables are subject to credit limits and ongoing credit evaluation in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables, and there were no counterparties where credit risk exceeded 5% of gross monetary assets at any time during the year. In addition, due to the nature of the Group's operations, a significant portion of its revenues are received in cash.

For details on how the Group manages its credit risk arising from trade receivables see note 19.

The Group is not exposed to significant credit risk on its cash and cash equivalents (€ 134.8 million, 2016 € 66.9 million) as these are spread over several institutions in different geographic areas.

Settlement risk results from the fact that the Group may not receive financial instruments from its counterparties at the expected time. This risk is managed by monitoring counterparty activity and settlement limits.

30.4. Liquidity risk management

Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

The Group has several benchmarks and approval requirements for borrowing and investing as well as for using derivative financial instruments. In general, subsidiaries may not borrow in their respective local currency without the approval of the CFO. The subsidiaries may also not hedge their foreign currency exposures without the approval of the CFO. Wherever possible, the Group requires that subsidiaries repatriate all their excess cash and bank balances to Group finance companies to allow the Group to ensure that adequate funds are made available across the Group as necessary.

Liquidity available through financing facilities

As part of the refinancing of the Group in the year ended 30 September 2014 the Group had entered into a € 50 million super senior revolving credit facility, upsized to € 100 million with the Pelican Rouge acquisition. The amount drawn under this facility at 30 September 2017 is nil (2016: € 29.0 million).

Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table includes both principal and interest payments, and has been prepared using undiscounted cash flows.

	Less than 3 months € (000's)	*3 months to 1 year € (000's)*	*1-5 years € (000's)*	*More than 5 years € (000's)*	***Total € (000's)***
At 30 September 2017					
Revolving credit facility	-	-	-	-	**-**
Secured loan notes	18'325	26'761	1'072'599	-	1'117'686
Loans due to parent undertaking	-	-	504'037	-	504'037
Finance lease liabilities	3'698	11'094	28'789	85	43'666
Trade payables	191'723	-	-	-	191'723
Total non-derivative financial liabilities	**213'746**	**37'855**	**1'605'425**	**85**	**1'857'111**
Cross currency swaps					
Outflows	9'121	260'025	-	-	269'146
Inflows	(8'288)	(263'288)	-	-	(271'575)
Total derivative financial liabilities	**834**	**(3'263)**	**-**	**-**	**(2'429)**
At 30 September 2016					
Revolving credit facility	-	-	29'001	-	**29'001**
Secured loan notes	18'696	18'696	687'444	-	**724'836**
Loans due to parent undertaking	-	-	504'037	-	**504'037**
Finance lease liabilities	2'066	6'200	21'428	242	**29'936**
Trade payables	107'710	-	-	-	**107'710**
Total non-derivative financial liabilities	**128'472**	**24'896**	**1'241'910**	**242**	**1'395'520**
Cross currency swaps					
Outflows	9'296	9'296	224'101	-	**242'692**
Inflows	(8'288)	(8'288)	(218'875)	-	**(235'450)**
Total derivative financial liabilities	**1'008**	**1'008**	**5'226**	**-**	**7'242**

30.5. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt (borrowings as disclosed in note 22 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium, additional paid in capital, currency translation reserves, hedging reserves and retained earnings).

30.6. Interest rate risk management

Interest rate risk comprises the cash flow risk that results from changes in interest rates. The Group's secured loan notes and notes due to parent undertakings carry interest at fixed rates. As these loans form the significant part of the Group's borrowings the Group's exposure to interest rate risk is relatively limited. Interest on the Group's revolving credit facility is linked to LIBOR,

however the amounts involved are relatively limited in comparison to the overall borrowings, and at 30 September 2017 nil were outstanding on this facility (2016: € 29.0 million).

The interest rate on the Group's secured loan notes amounts to 6.5%, on the new loans related to PR acquisition 4.5%, and on the loans due to parent undertakings to 11.875%, as well as on the Group's revolving credit facility to LIBOR plus 3.5%. The remaining contractual maturity in respect of the Group's borrowings is disclosed in Note 30.4.

The interest rate profile of the Group's interest-bearing financial instruments are as follows:

	30 September 2017 € (000's)	*30 September 2016 € (000's)*
Financial assets	-	-
Financial liabilities	(1'299'857)	(887'383)
Total fixed-rate instruments	**(1'299'857)**	**(887'383)**
Financial assets	127'263	62'560
Financial liabilities	-	(29'001)
Total variable-rate instruments	**127'263**	**33'558**

Interest rate risk sensitivity

The sensitivity is based on the Group's total variable rate instruments at 30 September, assuming the amount of the liabilities outstanding and the financial assets held at the end of the reporting period was outstanding for the whole year.

At 30 September 2017, if interest rates had been 100 basis points higher/lower, with all other assumptions held constant and the outstanding liabilities as well as held assets assumed constant for the whole year, profit after taxation would decrease/increase by € 0.6 million (€ 0.3 million respectively in financial year ended 30 September 2016).

A 100 basis points change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in interest rates.

30.7. Foreign currency risk management

Foreign currency transaction risk arises because subsidiaries sometimes undertake transactions in foreign currencies such as the import of machines and the acquisition of services and the related borrowings. Translation exposure arises from the consolidation of the Group accounts into euro and is not hedged but managed primarily through borrowings denominated in the relevant foreign currencies.

In order to minimise the Group's exposure to foreign exchange risk, the Group has entered into cross currency swaps in the year ended 30 September 2014, and renewed the existing cross currency swaps in June 2017 for another year, in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments (see note 31.3).

Exposure to currency risk

Since each of the Group's subsidiaries invoices its customers in its functional and since the significant part of its cost base is also denominated in its functional currency, the exposure to currency risk within the trading subsidiaries of the Group is not significant.

Certain of the holding companies based in Switzerland, and therefore with Swiss Francs as their functional currency, have loan receivables and payables, both with external parties and with other Group companies, denominated in currencies other than their functional currency. The table below shows the total net financial assets / (liabilities) which are exposed to currency risk, by currency, arising in those entities:

	2017 Currency (000's)	2016 Currency (000's)
EUR	161'527	105'865
GBP	10'937	8'747
SEK	8'181	3'828
NOK	456	456

Foreign currency sensitivity

Most Group companies transact the majority of their business in their functional currency. For Selecta Group, transaction risks arise as a result of financing based on another currency than the functional currency of the respective group company. The transaction risks analysis has been performed to include variations in the exchange rate between CHF, GBP and SEK against EUR as those three currencies represent major currencies other than the functional currency of the respective group company. The Group's sensitivity analysis has been determined based on the Group's net transaction exposure as at the end of the reporting period. A ±10 percent change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in foreign exchange rates.

At 30 September 2016 a ±10 percent change in the CHF, GBP and SEK against EUR would impact the net profit and the equity of the Group according to the table below. The amounts below show the increase in net profit and equity which would come about as a result of a 10% strengthening of the EUR against each of the currencies below. For a 10% weakening of the EUR against the relevant currency, there would be a comparable decrease in net profit and equity.

	Effect on equity		**Effect on net profit**	
	2017 € (000's)	*2016 € (000's)*	*2017 € (000's)*	*2016 € (000's)*
CHF	7'402	11'384	1'686	1'728
GBP	-	875	462	710
SEK	-	-	3'087	376

31. Financial instruments

31.1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 30 September 2017

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps	7'884	-	-	**7'884**	-	7'884	-	**7'884**
	7'884	-	-	**7'884**				
Financial assets not measured at fair value								
Trade receivables	-	75'093	-	**75'093**				
Non-current financial assets	-	6'354	-	**6'354**				
Cash and cash equivalents	-	134'782	-	**134'782**				
Accrued income	-	31'191	-	**31'191**				
	-	**247'420**	**-**	**247'420**				
Financial liabilities measured at fair value								
Cross currency swaps	(6'211)	-	-	**(6'211)**	-	(6'211)	-	**(6'211)**
	(6'211)	**-**	**-**	**(6'211)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	-	**-**	-	-	-	**-**
Secured loan notes	-	-	(922'995)	**(922'995)**	(948'623)	-	-	**(948'623)**
Loans due to parent undertaking	-	-	(319'888)	**(319'888)**	-	(319'888)	-	**(319'888)**
Finance lease liabilities	-	-	(42'038)	**(42'038)**	-	(42'038)	-	**(42'038)**
Factoring liabilities	-	-	(7'916)	**(7'916)**	-	(7'916)	-	**(7'916)**
Reverse factoring liability	-	-	(9'718)	**(9'718)**	-	(9'718)	-	**(9'718)**
Trade payables	-	-	(191'723)	**(191'723)**				
	-	**-**	(1'494'278)	**(1'494'278)**				

At 30 September 2016

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps	6'218	-	-	**6'218**	-	6'218	-	**6'218**
	6'218	**-**	**-**	**6'218**				
Financial assets not measured at fair value								
Trade receivables	-	40'939	-	**40'939**				
Non-current other financial assets	-	2'765	-	**2'765**				
Cash and cash equivalents	-	66'871	-	**66'871**				
Accrued income	-	20'193	-	**20'193**				
	-	**130'768**	**-**	**130'768**				
Financial liabilities measured at fair value								
Cross currency swaps	(11'744)	-	-	**(11'744)**	-	(11'744)	-	**(11'744)**
	(11'744)	**-**	**-**	**(11'744)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(29'001)	**(29'001)**	-	(29'001)	-	**(29'001)**
Secured loan notes	-	-	(562'563)	**(562'563)**	(493'109)	-	-	**(493'109)**
Loans due to parent undertaking	-	-	(282'176)	**(282'176)**	-	(282'176)	-	**(282'176)**
Finance lease liabilities	-	-	(28'116)	**(28'116)**	-	(28'116)	-	**(28'116)**
Trade payables	-	-	(107'710)	**(107'710)**				
	-	**-**	**(1'009'566)**	**(1'009'566)**				

31.2. Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 fair values:

Financial instruments measured at fair value

	Valuation technique	*Significant unobservable inputs*
Cross currency swaps used for hedging	Periodic mid-market values are based on observable inputs including foreign currency exchange rates and interest rates. A credit spread is added to the standard, risk-free discount curve, determined by comparing the composite yield of a basket of fixed-rate bonds issued by entities with similar credit characteristics to the Company, to the risk-free rate.	Not applicable

Financial instruments not measured at fair value

	Valuation technique	*Significant unobservable inputs*
Debt securities	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

31.3. Derivative financial instruments designated as cash flow hedges

The Group holds certain cross currency swaps in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments and borrowings. Part of the cross currency swaps entered into in June 2014 have been designated as cash flow hedges to the extent that they represent an effective accounting hedge. These hedging instruments have been terminated in May 2016 and therefore hedge accounting was discontinued prospectively. The remaining hedge reserve of the terminated hedging instruments have been fully reclassified from equity to profit and loss when the original exchange rate fluctuations on the Group's interest payments and borrowings impact profit or loss. No hedge accounting is applied to the new cross currency swaps the Group entered into in the renewal transactions in the reporting period.

At 30 September 2017 the derivative financial instruments had a positive fair value of net € 1.8 million, at prior year end had a negative fair value of net € 5.5 million. The fair value movement was recognized in the P&L.

The following table shows the original trade date, maturity date, notional amounts and carrying amount of the cross currency swaps designated as cash flow hedges:

30 September 2017	*Original trade date*	*Maturity date*	*Notional amount € (000's)*	*Carrying amount € (000's)*
CHF / EUR cross currency swap	20 June 2014	15 June 2018	85'000	(6'211)
SEK / EUR cross currency swap	20 June 2014	15 June 2018	170'000	7'884

31.4. Master netting or similar agreements

The Group enters into derivative transactions ISDA and Swiss master agreements under which, in the event of a default, the amounts owed by each counterparty at any given point in time are aggregated into a single net amount that is payable by one party to the other.

32. Business combinations

On 7 September 2017, the Group completed the acquisition of Pelican Rouge Group, through the acquisition by Selecta AG of 100% ownership of Pelican Rouge Group B.V.

Taking control of Pelican Rouge enhances Selecta's credit profile and creates a leading vending operator and coffee services provider for the workplace, on-the-go as well as hotels, restaurants and cafes ("HoReCa") across Europe. The transaction enables to bring together Selecta's and Pelican Rouge's complementary service networks and provide more options for our customers.

The acquisition was accounted for using the acquisition method according to IFRS 3 – Business Combinations, to incorporate the acquired entities in the Group financial statements.

The Pelican Rouge Group results were incorporated in the consolidated statement of profit and loss for the 24 days between the acquisition date, on 7 September 2017, and the closing date of the Group's consolidated financial statements, on 30 September 2017.

Pelican Rouge Group contributed during the 24 days € 36.6 million revenue and a net loss for the period of € 2.4 million to the Group's results. If the acquisition had occurred on 1 October 2016, management estimates that consolidated revenue would have been € 1.3 billion, and consolidated loss for the year would have been € 178 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2016.

The Group's consolidated balance sheet incorporates the acquired assets and liabilities of the Pelican Rouge Group measured at fair value.

The consideration for Pelican Rouge group is structured as follows:

	€ (000's)
Cash consideration transferred	119'250
New Selecta loans issued	374'815
Deferred consideration	27'000
Total consideration	**521'065**

The cash consideration transferred of € 119.3 million consisted of a repayment of Pelican Rouge debt, on the day of change of control to the external lenders.

The new Selecta loans issued of € 374.8 million on the day of change of control, were in exchange for a Pelican Rouge debt, resulting in a non cash transaction.

The deferred consideration is represented by the issued Contingent Value Right (CVR) Notes which have a maximum value of € 27 million and consequently recorded a provision for € 27 million has been recorded. The CVR Notes are to pay out the (positive) difference between the €27 million and the actual liability / settlement for the corporate income tax claim with the Dutch tax authorities, on the later of (i) the first anniversary of the completion date of the transaction; and (ii) the date of full and final settlement of the tax issue.

A summary of the acquisition is presented below, and includes the provisional results of the purchase price allocation to the acquired intangible and tangible assets, as well as the acquired liabilities:

	2017 € (000's)
Total consideration	**521'065**
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	181'447
Intangible assets	5'277
Defined benefit plan assets	31'415
Other non-current assets acquired	7'812
Inventories	42'676
Trade receivables	35'578
Other current assets	15'250
Cash and cash equivalents	35'279
Trade payables	(78'656)
Finance lease liabilities	(8'139)
Provisions	(22'933)
Post employment benefit obligations	(4'299)
Other liabilities	(90'370)
Total identifiable net assets acquired	**150'337**
Consideration in excess of net assets acquired	**370'728**
Customer contracts	205'749
Trademark	37'846
Deferred tax liability on intangible assets recognized	(60'899)
Unallocated acquisition goodwill	**188'032**

Trade receivables comprise gross contractual amounts of € 39.7 million, of which € 4.1 million was expected to be uncollectible at the date of acquisition.

Measurement of fair values:
The identification and measurement process of intangible assets was conducted by a transaction advisory service company, leading to the provisional recognition of Pelican Rouge brand and customer contracts values, as well as the corresponding deferred tax liabilities, in Selecta Group's consolidated financial statements for the year ending September 2017.

The relief-from-royalty method was used to assess the Pelican Rouge trademark, it considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The customer contracts were assessed with the multi-period excess earnings method, which considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Pelican Rouge into Selecta. Shared best practices and know-how across a broader range of segments will enable further operational improvements and investments in innovation as well as quicker roll-outs of new technologies, resulting in an enhanced consumer experience. None of the goodwill recognized is expected to be deductible for tax purposes.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

33. Disposals

During the year, the Group's operating entities in the Baltics (Estonia, Litvania, Latvia) including all assets, liabilities, contracts and commercial relationships have been sold to the acquiring party, BaltCap.

- Selecta SIA (Latvia)
- Selecta UAB (Lithuania)
- Selecta Easti (Estonia)

The disposal group was part of the region North. The effective date of the transaction was 14 March 2017.

The results of the transaction are as below:

	Total *€ (000's)*
Consideration received, satisfied in cash	10'629
Cash and cash equivalents disposed of	(1'635)
Selling costs	(1'004)
Net cash inflow	**7'990**

The net disposal accounting gain recorded on the sale amounted to € 3.6 million.

34. Assets and liabilities held for sale

As an outcome of the antitrust clearance process conducted with the European Union Commission prior to the acquisition of Pelican Rouge, the Group has been required to dispose Selecta Finland within six months after the Pelican Rouge acquisition.

Consequently, the Group's management is committed to a plan to sell Selecta Finland, including all assets, liabilities, contracts and commercial relationships.

Accordingly, these Selecta Finland is presented as a disposal group held for sale in the consolidated financial statements per 30 September 2017.

At 30 September 2017, assets and liabilities of the disposal group held for sale were:

	Total € (000's)
Property, plant and equipment	1'823
Other intangible assets	337
Deferred income tax assets	9
Inventories	484
Trade and other receivables	1'575
Other current assets	359
Cash and cash equivalents	859
Asset held for sale	**5'446**
Finance lease liabilities	436
Deferred income tax liabilities	0
Trade payables	448
Current income tax liabilities	5
Other current liabilities	1'688
Liabilities held for sale	**2'577**

35. Share based payments

During the year ended 30 September 2014, the Group implemented a long term incentive plan for certain key management personnel (the "Exit Bonus Plan" or "Plan"). Under the plan an exit payment will be paid to those management personnel on the event of a change of control or a listing of the Group (the "exit event"). The exit payment will be calculated as a percentage of the shareholders' net equity proceeds, being the proceeds less cost of investment, outstanding debt and certain debt like items, and costs incurred in connection with the change of control or listing. No amounts were recognised in these consolidated financial statements as management does consider unlikely the occurrence of any payment in consideration to this plan, which expires in June 2019.

36. Commitments for expenditures

Operating lease commitments

The Group leases various land and buildings, offices and vehicles under operating lease agreements. The lease expenditure charged to the statement of profit or loss for the period is € 110.8 million, thereof minimum lease payments € 44.4 million (2016: € 109.8 million and € 98.8 million respectively).

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

	2017 € (000's)	2016 € (000's)
Within one year	23'398	22'339
After one year but not more than five years	55'364	50'130
More than five years	32'459	29'733
Total operating lease commitments	**111'220**	**102'202**

€ 38.4 million (2016: € 38.3 million) of the total future minimum lease payments under non-cancellable operating leases relate to a building lease contracts held by the holding and trading company Selecta AG in Switzerland. The most significant lease contracts have been signed for a period between 15 and 20 years.

37. Contingent liabilities and contingent assets

The Group, through a number of its subsidiaries, is involved in various legal proceedings or claims arising from its normal business. Provisions are made as appropriate where management assesses that it is probable that an outflow of economic benefits will arise. None of these proceedings results in a material contingent liability for the Group.

38. Related parties

38.1. Parent undertaking

As a result of the Pelican Rouge acquisition, the controlling structure of the group has been changed: the immediate parent of the Group is Selecta Midco S.à.r.l., a company incorporated in Luxembourg. The immediate parent of Selecta Midco S.à.r.l is Selecta Group S.à.r.l.

Since 11 December 2015, the ultimate controlling party of the Group are funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR). Prior to this date, the ultimate controlling party of the Group was Allianz SE, incorporated in Germany.

38.2. Compensation of key management personnel

No remuneration is paid by the Group to any of the Members of the Supervisory Board or the Management Board of Selecta Group B.V. in their capacity as Members of the Supervisory Board or the Management Board of Selecta Group B.V. (2016: nil).

Selecta AG is the main operating entity of the Group. Selecta AG is managed by its board of directors and executive committee.

No remuneration is paid by the Group to any of the Directors of Selecta AG by the Group in their capacity as Members of the Board of Directors (2016: nil).

The remuneration of the Executive Committee during the period was as follows:

	2017 € (000's)	2016 € (000's)
Short term benefits	3'976	3'651
Post-employment benefits	1'022	1'877

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family (2016: nil).

38.3. Transactions and balances with related parties

The ultimate controlling party of the Group changed when, on 11 December 2015, funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR), acquired the shares of Selecta Group S.à.r.l., the Group's immediate parent undertaking. KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds.

We entered into a contractual relationship with KKR Capstone regarding the provision of consulting services. KKR Capstone, however, uses the name "KKR" under licence only and neither KKR & Co L.P. nor its affiliates owns or controls KKR Capstone or KKR Capstone's affiliates. Furthermore and for the avoidance of doubt, the provision on consulting services by KKR Capstone have been entered into on arm's length basis.

Transactions between the Group and other related parties prior to the change of ownership were as follows:

Related party	*Nature of the transaction*	*Amount of transaction € (000's)*	*Outstanding balance € (000's)*
Year ended and as at 30 September 2017			
Capstone Europe	Consultancy services received	780	-
Year ended and as at 30 September 2016			
Allianz Suisse Versicherungsgesellschaft Zürich	Insurance services received	270	-
Allianz Suisse Versicherungsgesellschaft	Vending services provided	12	-
Allianz Deutschland AG	Vending services provided	96	-
Sana Kliniken AG	Vending services provided	9	-
Allianz Capital Partners GmbH	Vending services provided	3	-
Allianz CIA Seguros Y Reasuguros SA	Vending services provided	3	-
Allianz Global Corporate and Speciality	Vending services provided	10	-

There were no material transactions or outstanding balances between the Group and other related parties in the year ended 30 September 2017 (2016: nil).

39. Changes in scope of consolidations

On 7 September 2017, the Group completed the acquisition of Pelican Rouge Group, through the acquisition by Selecta AG of 100% ownership of Pelican Rouge Group B.V.

In the consolidated financial statements and all subsequent disclosure sections, Pelican Rouge's consolidated balance sheet is integrated as part of the balance sheet positions disclosed, whereas Pelican Rouge's consolidated statement of profit and loss is apportioned to the 24 days in September consolidated under the Selecta Group, between the acquisition date and September 30, 2017.

The list of the acquired subsidiaries of the Pelican Rouge is presented in section 41.

Besides, during the year, the Group's operating entities in the Baltics (Estonia, Lithuania, Latvia) including all assets, liabilities, contracts and commercial relationships have been sold to the acquiring party, BaltCap, with the effective date of the transfer of control on October 1, 2016 (see note 33).

40. Events after the balance sheet date

As a result of the Pelican Rouge group acquisition and the planned merger of the operations in certain countries, the Group goodwill will be re-allocated to newly identified cash generating units (CGUs) of the combined Group during the financial year ending 30 September 2018.

The key factor in the assessment conducted is the level at which operating results will be reviewed and resource allocation decisions will be made. The Group is of the opinion that this is represented by the six new regions of the combined Group, headed by a new regional leadership team, effective from October 2017 :

- Region France: includes operating entities in France
- Region Spain: includes operating entities in Spain
- Region BENE: includes operating entities in Netherlands and Belgium
- Region UK: includes operating entities in United Kingdom and Ireland
- Region DACH: includes operating entities in Switzerland, Germany and Austria
- Region North: includes operating entities located in Sweden, Finland, Denmark and Norway

This regional organization reflects how the performance of the Group will be analysed, key management are incentivised, and resources will be allocated within the Group.

Therefore, these six regions will represent the operating segments and cash generating units of the Group, starting from October 2017.

The Group announced on 29 September 2017, that an entity controlled by KKR, Selecta's majority shareholder, has entered into an agreement to acquire Gruppo Argenta S.p.A. ("Argenta"), a leading vending and coffee service provider in Italy, from Motion Equity Partners. Under the agreement and subject to certain conditions, Selecta has the right to acquire Argenta directly from the seller in place of KKR, or after the completion of the acquisition. A potential combination with Argenta is expected to strengthen Selecta's position as the pan-European industry leader with an enlarged presence in 16 countries.

To the best of management's knowledge, no other events, other than those disclosed in these financial statements, have occurred between 30 September 2017 and the date of authorization of these consolidated financial statements (21 December 2017) that could have a material impact on the consolidated financial statements.

41. Subsidiaries

The Company's subsidiaries at 30 September 2017 were as follows:

Legal Name of subsidiary	*Place of incorporation (or registration)*	*Proportion of ownership interest in %*	*Proportion of voting power held in %*	*Principal activities*
Selecta Holding SAS	France	100	100	Holding company
Selecta SA	France	99.92	99.92	Trading company for provision of vending services
Approfrais SA	France	99.92	99.92	Trading company for provision of vending services
Selecta SA	Belgium	100	100	Trading company for provision of vending services
Selecta Luxembourg SA	Luxembourg	99.92	99.92	Dormant company
Selecta Nordic Holding AB	Sweden	100	100	Holding company
Selecta A/S	Denmark	100	100	Trading company for provision of vending services
Selecta AS	Norway	100	100	Trading company for provision of vending services

Selecta Holding AB	Sweden	100	100	Holding company
Selecta AB	Sweden	100	100	Trading company for provision of vending services
OY Selecta AB	Finland	100	100	Trading company for provision of vending services
Selecta Holding Ltd.	United Kingdom	100	100	Holding company
Selecta UK Ltd.	United Kingdom	100	100	Trading company for provision of vending services
Vendcare (Holdings) Ltd.	United Kingdom	100	100	Dormant company
Vendcare Services Ltd.	United Kingdom	100	100	Dormant company
Retail Vending Ltd.	United Kingdom	100	100	Dormant company
Selecta Refreshments Ltd.	Eire	100	100	Trading company for provision of vending services
Selecta TMP AG	Switzerland	100	100	Holding company and corporate activities
Selecta AG	Switzerland	100	100	Holding and trading company for provision of vending services
Selecta Holding GmbH	Germany	100	100	Holding company
Selecta Deutschland GmbH	Germany	100	100	Trading company for provision of vending services
BCA Betriebs Catering GmbH	Germany	100	100	Trading company for provision of vending services
AB Servicios Selecta Espana SL	Spain	100	100	Trading company for provision of vending services
Servecave SL	Spain	100	100	Holding company
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Trading company for provision of vending services
Selecta Holding B.V.	Netherlands	100	100	Holding company
Selecta B.V.	Netherlands	100	100	Trading company for provision of vending services
Selecta Trading Sro	Slovakia	100	100	Trading company for provision of vending services

The following companies belonged to the Group at 30 September 2016, and were disposed in the year:

Legal Name of subsidiary	*Place of incorporation (or registration)*	*Proportion of ownership interest in %*	*Proportion of voting power held in %*	*Principal activities*
Selecta Eesti OÜ	Estonia	100	100	Trading company for provision of vending services
UAB Selecta	Lithuania	100	100	Trading company for provision of vending services
SIA Selecta	Latvia	100	100	Trading company for provision of vending services
SIA Baltic Payment Systems	Latvia	100	100	Service company

The following companies were merged into Selecta TMP AG as of 1 October 2016.

Selecta Management AG	Switzerland	100	100	Holding company and corporate activities
Selecta Purchasing AG	Switzerland	100	100	Provision of purchasing services

In addition to the above listed Selecta subsidiaries, the following subsidiaries have been acquired as part of the acquisition of the Pelican Rouge Group:

Legal Name of subsidiary	*Place of in-corporation*	*Proportion of ownership interest in %*	*Proportion of voting power held in %*	*Principal activities*
Pelican Rouge BV	*Netherlands*			*Holding company*
Pelican Rouge Group BV	*Netherlands*	*100*	*100*	*Holding company*
Charden International BV	*Netherlands*	*100*	*100*	*Holding company*
Acorn (Netherlands) 2 BV	*Netherlands*	*100*	*100*	*Holding company*
Acorn (Netherlands) 3 BV	*Netherlands*	*100*	*100*	*Holding company*
Pelican Rouge Coffee Solutions BV	*Netherlands*	*100*	*100*	*Vending*
Pelican Rouge Coffee Roasters BV	*Netherlands*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions NV	*Belgium*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions S.A.R.L.	*Luxembourg*	*100*	*100*	*Vending*

Legal Name of subsidiary	*Place of in-corporation*	*Proportion of ownership interest in %*	*Proportion of voting power held in %*	*Principal activities*
Pelican Rouge Coffee Solutions OY	*Finland*	*100*	*100*	*Vending*
Pelican Rouge Holding SAS	*France*	*100*	*100*	*Holding company*
Pelican Rouge Coffee Solutions SA	*France*	*100*	*100*	*Vending*
Acorn (France) Sub 1 SAS	*France*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions AS	*Norway*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions (Ireland) Ltd	*Rep of Ireland*	*100*	*100*	*Vending*
Acorn (Spain) 1 SLU	*Spain*	*100*	*100*	*Holding company*
Pelican Rouge Coffee Solutions SAU	*Spain*	*100*	*100*	*Vending*
Demas SLU	*Spain*	*100*	*100*	*Vending*
Pelican Rouge Nordis Coffee Solutions SLU	*Spain*	*100*	*100*	*Vending*
Pelican Rouge Group Sweden AB	*Sweden*	*100*	*100*	*Holding company*
Acorn (UK) 1 Ltd	*UK*	*100*	*100*	*Holding company*
Autobar (Northern Ireland) Ltd	*UK*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions Group Ltd	*UK*	*100*	*100*	*Holding company*
Autobar Industries Ltd	*UK*	*100*	*100*	*Holding company*
Autobar Investments Ltd	*UK*	*100*	*100*	*Holding company*
Autobar UK Ltd	*UK*	*100*	*100*	*Vending*
Pelican Rouge Coffee Solutions Ltd	*UK*	*100*	*100*	*Vending*
CustomPack Foods Ltd	*UK*	*100*	*100*	*Vending*
Provend Group Ltd	*UK*	*100*	*100*	*Dormant company*
The Midshires Group Ltd	*UK*	*100*	*100*	*Dormant company*
Superior Vending Services Ltd	*UK*	*100*	*100*	*Dormant company*

Approval of the consolidated financial statements

The consolidated financial statements for the year ended 30 September 2017 have been authorised by the Board of Directors on 21 December 2017.

Amsterdam, 21 December 2017

David Hamill
President of the Supervisory Board

Mark Brown
Member of the Supervisory Board

Markus Hunold
Member of the Supervisory Board

David Flochel
Member of the Board of Directors

Hugues Rougier
Member of the Board of Directors

Ruud Gabriels
Member of the Board of Directors

Marjolein Gorissen
Member of the Board of Directors

Selecta Group B.V., Amsterdam

Independent Auditor's Report
to the Board of Directors on the Audit of
the Consolidated Financial Statements

2016/2017

Independent Auditor's Report to the Board of Directors on the Audit Consolidated Financial Statements of

Selecta Group B.V., Amsterdam

Opinion
As independent auditor, we have audited the consolidated financial statements of Selecta Group B.V. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in consolidated equity and consolidated cash flow statement for the year then ended 30 September 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
This set of consolidated financial statements has voluntarily been prepared by the Board of Directors. Our report thereon has been prepared at the request of the Board of Directors and does not represent a statutory auditor's report required in accordance with the laws and regulations in the Netherlands.

Responsibility of Those Charged with Governance for the Consolidated Financial Statements
The Board of Directors of Selecta Group B.V. is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one re-

sulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG AG

Reto Benz	Reto Käser
Licensed Audit Expert	*Licensed Audit Expert*

Zurich, 21 December 2017