

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

***Consolidated financial statements for the year ended 30  
September 2016 and report of the independent auditor***

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

## Operating and financial review

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### Overview of the business

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Selecta is the leading independent operator of vending machines in Europe by revenue, with operations in 15 countries across Europe and leading market shares in its key markets of Switzerland, Sweden and France. We operate a network of approximately 140'000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services ("OCS"), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high traffic public locations, such as airports, train and subway stations and gas stations, where our longer term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

Our business model covers the full value chain of the vending services market. Our sales teams originate new contracts for the placement of vending machines on clients' premises, and we also bid for concessions pursuant to public tenders to place vending machines with public entities, such as airports and train and subway stations. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage vending products on behalf of our clients. We also provide cleaning, maintenance and technical support services, which can be customized based on individual client preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products separately and independent of vending service arrangements. We therefore generate revenue at each step of the vending services value chain, through a combination of fees from clients for providing, stocking and maintaining vending machines, through the products sold from our vending machines and from the sale of machines, ingredients and spare parts.

We operate our vending machine network primarily under the "Selecta" brand. We are the overall market leader by revenue in the European vending market, with an estimated market share of approximately 6% based on market size data from the European Vending Association for 2014 and our own estimates.

### Presentation of financial information

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The consolidated financial statements included in this report have been prepared in accordance with the International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IFRS").

In addition this report contains references to certain non IFRS measures and related ratios, including EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, third party debt, net debt, capital expenditures and free cash flow.

"EBITDA" represents earnings before interest, income tax, depreciation, amortization and impairment expense. "Adjusted EBITDA" represents earnings before interest, income tax, depreciation, amortization and impairment expense and one off items.

"EBITDA margin" is calculated as EBITDA divided by revenue whilst "Adjusted EBITDA margin" is calculated as Adjusted EBITDA divided by revenue.

"Overhead costs" represents as the sum of employee benefits expenses and other operating expenses.

"Net capital expenditure" represents the sum of additions to property, plant and equipment, and other intangible assets, less cash proceeds from disposals of property, plant and equipment and other intangible assets.

"Free cash flow" represents net cash generated from operating activities less net cash used in investing activities.

“Net debt” represents financial debt and finance leases less cash and cash equivalents at the end of period. Note that this is different to the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred.

All comparisons in this Operating and Financial Review are against the equivalent quarter for the prior year unless otherwise stated.

## Operating review

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The divestment of the three Eastern European countries was finalised during the first quarter of this financial year (reported as disposal group held for sale in the consolidated financial statements from the year ended 30 September 2015). The effective date of the transaction was October 1, 2015. In the operating review, the 2015 numbers are restated to exclude the disposed group.

The Group’s revenue growth in the year ended 30 September 2016 was driven by new business installations and continuously high retention in the last months. Total year sales were 3.3% ahead of last year with strong growth in the last quarter of 2.7%. Excluding the impact of foreign exchange movements<sup>1</sup>, full year revenue was 4.1% ahead of last year, whilst revenue in the fourth quarter was 5.2%.

The key messages of the regional performance in 2016 are:

- **France:** Total sales were 0.2% below prior year caused by lower sales in the trade business (€ -1.6 million). Good sales growth of 0.7% (€ +1.2 million) was achieved in the two main business segments “public and private vending” due to the new Move machines installations and Starbucks on the go in public, and the new business installations in private.
- **West:** The successful installations of the “Starbucks on the go” concept in Euro Garage petrol stations in UK and Shell petrol stations in Netherland delivered strong revenue growth of 5.1%. At constant foreign exchange rates<sup>1</sup> sales grew by 10.0% compared to prior year.
- **Central:** Sales were 1.9% above last year driven by new installations in Deutsche Bahn and Fraport in Germany (+16.2% versus prior year) and ongoing excellent results in Spain (+12.7% on country sales). Sales in Switzerland were 1.1% lower than prior year mainly due to economic slow-down experienced in the last year caused by the strengthening of the Swiss Franc.
- **North:** The region has delivered year on year sales growth of 9.9% mainly driven by new business gains in Sweden and Denmark where the Starbucks on the go concept in Q8 petrol stations is growing strongly.

Adjusted EBITDA in 2016 was € 4.0 million lower mainly driven by underperformance in France (€ 6.9m). Adjusted EBITDA for the Group without France was € 2.9 million or 2.9% higher than prior year.

<sup>1</sup> Constant foreign exchange rates based on 30 September 2015 as follows: CHF/EUR 1.09; SEK/EUR 9.41; GBP/EUR 0.74

## Financial review

### Financial summary

	3 months ended			Year ended		
	Sep 16 €m	Sep 15 €m	Change %	Sep 16 €m	Sep 15 €m	Change %
<b>Revenue</b>	<b>187.0</b>	<b>182.1</b>	<b>+2.7%</b>	<b>736.4</b>	<b>712.8</b>	<b>+3.3%</b>
Materials and consumables used	(56.6)	(55.2)	+2.4%	(231.1)	(219.4)	+5.4%
<b>Gross profit</b>	<b>130.5</b>	<b>126.9</b>	<b>+2.8%</b>	<b>505.3</b>	<b>493.5</b>	<b>+2.4%</b>
<i>% margin</i>	69.8%	69.7%	+0.1pts	68.6%	69.2%	-0.6pts
Employee benefits expense	(51.6)	(54.7)	-5.6%	(234.1)	(227.6)	+2.8%
Other operating expenses	(49.2)	(47.7)	+3.1%	(186.5)	(165.3)	+12.9%
<b>EBITDA</b>	<b>29.6</b>	<b>24.5</b>	<b>21.1%</b>	<b>84.7</b>	<b>100.6</b>	<b>-15.8%</b>
<i>% margin</i>	15.9%	13.4%	+2.4pts	11.5%	14.1%	-2.6pts
Adjustments	6.9	10.2	-32.4%	31.1	19.2	+62.2%
<b>Adjusted EBITDA</b>	<b>36.6</b>	<b>34.7</b>	<b>+5.3%</b>	<b>115.8</b>	<b>119.8</b>	<b>-3.3%</b>
<i>% margin</i>	19.6%	19.1%	+0.5pts	15.7%	16.8%	-1.1pts
Depreciation & amortisation	(24.7)	(23.3)	+5.7%	(92.0)	(87.0)	+5.7%
<i>% revenue</i>	-13.2%	-12.8%	+0.4pts	-12.5%	-12.2%	+0.3pts

### Revenue

Revenue increased by 2.7% in Q4 2016 to € 187.0 million compared to prior year (2015: € 182.1 million), driven by strong delivery of the new business installations especially in the public segment where the Starbucks on the go concept was successfully launched in petrol station chains. Full year revenue increased by 3.3% to € 736.4m, compared to prior year (2015: € 712.8m), and at constant foreign exchange rates<sup>1</sup> revenue was 4.1% higher than last year.

The following table sets out the revenue development by region in the 3 months and the year ended 30 September 2016 and 2015.

	3 months ended			Year ended		
	Sep 16 €m	Sep 15 €m	Change %	Sep 16 €m	Sep 15 €m	Change %
France	51.0	51.8	-1.7%	184.3	184.7	-0.2%
West	26.0	25.5	+1.8%	107.9	102.2	+5.5%
Central	77.3	75.8	+2.0%	304.2	298.4	+1.9%
North	32.7	28.7	+14.0%	140.0	127.4	+9.9%
HQ and Inter-company eliminations	0.0	0.2	-	0.0	0.1	-
<b>Group</b>	<b>187.0</b>	<b>182.1</b>	<b>+2.7%</b>	<b>736.4</b>	<b>712.8</b>	<b>+3.3%</b>

### France

Revenue decreased by 1.7% in Q4 2016 to € 51.0 million compared to prior year (2015: € 51.8 million). The revenue decreased was driven by lower sales in the trade and private vending segment. Public vending was growing by 2.9% in Q4 compared to prior year quarter.

<sup>1</sup> Constant foreign exchange rates based on 30 September 2015 as follows: CHF/EUR 1.09; SEK/EUR 9.41; GBP/EUR 0.74

Full year sales of € 184.3 million were 0.2% below prior year (2015: € 184.7 million). Decline driven by the trade business (€ -1.6 million). Good sales growth of 0.7% (€ +1.2 million) was achieved in the two main business segments “public and private vending” due to the new Move machines installations in public, where the initial technical problems have been solved, and the new business installations in private.

#### *West*

Revenue of € 26.0 million in Q4 2016 was 1.8% higher than last year (2015: € 25.5 million) At constant foreign exchange rates<sup>1</sup> revenue was 14.2% higher than last year.

Full year sales of € 107.9 million were 5.5% ahead of last year (2015: € 102.2 million). At constant foreign exchange rates<sup>1</sup> sales were 10% above last year. Strong sales growth on the back of the roll out of the Starbucks concept in Euro Garages in UK and Shell petrol stations in Netherlands.

#### *Central*

Revenue increased by 2.0% to € 77.3 million in Q4 2016 compared to prior year (2015: € 75.8 million).

Full year sales of € 304.2 million were 1.9% higher than last year (2015: € 298.4 million). Sales growth driven by new installations in Deutsche Bahn and Fraport in Germany (+16.2% versus prior year) and ongoing excellent results in Spain (+12.7% on country sales). Sales in Switzerland were 1.1% lower than prior year mainly due to economic slow-down experienced in the last year caused by the strengthening of the Swiss Franc.

#### *North*

Revenue increased by 14.0% to € 32.7 million in Q4 2016 compared to prior year (2015: € 28.7 million).

Full year sales of € 140.0 million were 9.9% higher than last year (2015: € 127.4 million) mainly driven by new business gains in Sweden and Denmark where the Starbucks on the go concept in Q8 petrol stations is growing strongly.

### **Gross profit**

Gross profit increased by € 3.6 million, or 2.8%, to € 130.5 million in Q4 2016 (2015: € 126.9 million) primarily driven by the overall increase in revenue. Gross margin was 0.1% point above last year at 69.8% (2015: 69.7%).

Full year gross profit increased by € 11.8 million, or 2.4%, to € 505.3 million (2015: € 493.5 million), with the overall gross margin decreasing by 0.6% points to 68.6% (2015: 69.2%).

### **Employee benefits expense**

Employee benefits expense of € 51.6 million in the quarter was € 3.1 million, or 5.6% lower than prior year (2015: € 54.7 million). Lower cost due the field force initiatives program and the SG&A savings initiative having an effect on the numbers of employees in the relevant functions. In Q4 2016 number of FTE' decreased by 159 to 4'134 compared to prior year (2015: 4'293 FTE's)

Full year employee benefits expense of € 234.1 million was € 6.5 million, or 2.8% higher than prior year (2015: € 227.6 million). Full restructuring cost for the above mentioned efficiency initiatives are included in the total year employee benefits expenses.

<sup>1</sup> Constant foreign exchange rates based on 30 September 2015 as follows: CHF/EUR 1.09; SEK/EUR 9.41; GBP/EUR 0.74

## Other operating expenses

Other operating expenses increased by € 1.5 million, or 3.1%, to € 49.2 million in the quarter (2015: € 47.7 million), due to higher vending rents (€ 4.6 million) caused by the higher sales in the public vending segment.

Full year other operating expenses increased by € 21.3 million, or 12.9%, to € 186.5 million (2015: € 165.3 million), due to higher vending rents (€ 18.1 million), higher consulting expenses incurred (€ 1.1 million), and prior year adjustments in France.

## Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expense increased by 5.7% to € 24.7 million in Q4 (2015: € 23.3 million).

Full year depreciation, amortisation and impairment expense increased by € 5.0 million, or 5.7%, to € 92.0 million (2015: € 87.0 million), driven by the high investments in new business installations in 2015.

## Adjustments

Adjustments in respect of one off items were € 6.9 million in the quarter, € 3.3 million lower than in prior year (2015: € 10.2 million). Full year one off costs of € 31.1 million were € 11.9 million higher than last year (2015: € 19.2 million). Adjustments in respect of consulting costs related primarily to a number of business improvement exercises undertaken (€ 9.0 million), restructuring costs (€ 13.2 million), and prior year reporting corrections in France (€ 5.6m).

## Adjusted EBITDA

Adjusted EBITDA increased by € 1.8 million, or 5.3%, in Q4 2016 to € 36.6 million compared to prior year (2015: € 34.7 million).

Full year adjusted EBITDA decreased by € 4.0 million, or 3.3%, to € 115.8 million compared to prior year (2015: € 119.8 million), mainly driven by higher vending rent. The current efficiency programs launched in 2016 are reducing cost in personnel expenses and other overhead.

The following table sets out the adjusted EBITDA by region in the 3 months and the year ended 30 September 2016 and 2015:

	3 months ended			Year ended		
	Sep 16 €m	Sep 15 €m	Change %	Sep 16 €m	Sep 15 €m	Change %
France	6.3	6.8	-6.7%	10.8	17.7	-39.1%
West	3.4	2.3	+44.5%	9.7	7.9	+23.1%
Central	23.8	21.1	+12.8%	79.9	78.8	+1.4%
North	7.4	7.4	-0.3%	30.9	29.6	+4.4%
HQ	(4.3)	(2.8)	+50.5%	(15.5)	(14.2)	+9.0%
<b>Group</b>	<b>36.6</b>	<b>34.7</b>	<b>+5.3%</b>	<b>115.8</b>	<b>119.8</b>	<b>-3.3%</b>

### France

Adjusted EBITDA of € 6.3 million in the quarter was € 0.5 million, or 6.7% below prior year (2015: € 6.8 million) due primarily to the lower gross profit from the lower revenue in Q4 compared to prior year plus the higher vending rent associated with public sales.

<sup>1</sup> Constant foreign exchange rates based on 30 September 2015 as follows: CHF/EUR 1.09; SEK/EUR 9.41; GBP/EUR 0.74

Full year adjusted EBITDA of € 10.8 million was € 6.9 million, or 39.1% below prior year (2015: € 17.7 million), reflecting the gross profit impact of the lower sales and the lower gross profit margin (€ 5.4 million).

#### West

Adjusted EBITDA of € 3.4 million in the quarter was € 1.0 million, or 44.5%, above prior year (2015: € 2.3 million). At constant foreign exchange rates<sup>1</sup> adjusted EBITDA was € 1.3 million above prior year.

Full year adjusted EBITDA of € 9.7 million was € 1.8 million, or 23.1% above prior year (2015: € 7.9 million). At constant foreign exchange rates<sup>1</sup> adjusted EBITDA was € 2.2 million higher than prior year due primarily to the higher sales from the roll out of the Starbucks on the go concept in petrol station chains in UK and Netherlands.

#### Central

Adjusted EBITDA of € 23.8 million in the quarter was € 2.7 million, or 12.8%, above prior year (2015: € 21.1 million).

Full year adjusted EBITDA of € 79.9 million was € 1.1 million, or 1.4%, above prior year (2015: € 78.8 million) as the gross profit impact of the higher sales (€ 3.1 million) was partially offset by higher vending rents (€ 1.2 million) and lower income on operating foreign exchange rate gains (€ 0.8 million).

#### North

Adjusted EBITDA of € 7.4 million in the quarter was € -0.0 million, or 0.3%, below prior year (2015: € 7.4 million) with the impact of the sales growth partially offset by higher personnel expenses.

Full year adjusted EBITDA of € 30.9 million was € 1.3 million, or 4.4% above prior year (2015: € 29.6 million). Higher gross profit of € 6.1 million from the sales growth was partially offset by higher personnel expenses (€ 2.2 million) and higher vending rent from the Starbucks on the go installations in Denmark.

### Cash flow

	3 months ended			Year ended		
	Sep 16 €m	Sep 15 €m	Change %	Sep 16 €m	Sep 15 €m	Change %
Net cash generated from operating activities	60.7	64.0	-5.0%	80.2	108.5	-26.1%
Net cash used in investing activities	(18.5)	(23.2)	-20.2%	(45.7)	(84.1)	-45.7%
<b>Free cash flow</b>	<b>42.2</b>	<b>40.8</b>	<b>+3.6%</b>	<b>34.5</b>	<b>24.3</b>	<b>+41.5%</b>
Proceeds from capital increase	-	-		16.7	-	
Proceeds from borrowings	-	-		28.4	4.7	
Repayment of borrowings	(11.6)	(27.0)		-	-	
Interest paid and other financing cost	(0.9)	(0.8)		(45.1)	(39.0)	
Other	-	4.3		-	-	
<b>Net cash used in financing activities</b>	<b>(12.5)</b>	<b>(23.5)</b>		<b>0.0</b>	<b>(34.3)</b>	
<b>Net change in cash and cash equivalents</b>	<b>29.7</b>	<b>17.3</b>		<b>34.5</b>	<b>(9.9)</b>	

<sup>1</sup> Constant foreign exchange rates based on 30 September 2015 as follows: CHF/EUR 1.09; SEK/EUR 9.41; GBP/EUR 0.74



Net cash generated from operating activities of € 60.7 million in the quarter was € 3.2 million, or 5.0%, lower than last year (2015: € 64.0 million) due to a lower level of payables relating to investing activities at year end.

Full year net cash generated from operating activities of € 80.2 million was € 28.3 million, or 26.1%, lower than last year (2015: € 108.5 million) due primarily to the lower EBITDA delivery in the year.

Net cash used in investing activities decreased by € 4.7 million, or 20.2%, to € 18.5 million in the quarter (2015: € 23.2 million).

Full year net cash used in investing activities decreased by € 38.4 million, or 45.7%, to € 45.7 million (2015: 84.1 million), driven primarily by the capital intensity initiative.

Therefore free cash flow in the quarter was € 42.2 million, € 1.5 million, or 3.6%, above last year (2015: € 40.8 million).

Full year free cash flow of € 34.5 million was € 10.1 million, or 41.5% above prior year (2015: € 24.3 million).

Net cash used in financing activities of € 12.5 million in the quarter represents mainly the repayment of of the revolving credit facility.

Full year net cash used in financing activities was € 0.0 million, as the interest and other financing costs paid (€ 45.1 million) have been offset by the drawings made under the revolving credit facility (€ 28.4 million) and by the proceeds from capital increase (€ 16.7 million) .

As a result cash and cash equivalents increased by € 29.7 million in the quarter and increased by € 34.5 million in the year ended 30 September 2016.

## Net debt

The following table sets out the group's net debt at 30 September 2016 and 2015.

	Sep 16 €m	Sep 15 €m	Change €m
<b>Cash at bank</b>	<b>62.6</b>	<b>31.7</b>	<b>30.8</b>
Revolving credit facility	29.0	6.0	23.0
Senior notes	575.3	574.6	0.7
PIK loan	284.0	247.7	36.3
Accrued interest	19.5	18.4	1.1
Finance leases	28.1	20.5	7.6
<b>Total debt</b>	<b>935.9</b>	<b>867.3</b>	<b>68.7</b>
<b>Net debt</b>	<b>873.4</b>	<b>835.5</b>	<b>37.8</b>

*Note that the above definition of debt is different to the IFRS definition of borrowings where cash at bank is reduced by cash in the disposal group held for sale and the outstanding liabilities on borrowings are reduced by the amount of the unamortised refinancing costs incurred*

Cash at bank increased by € 30.8 million to € 62.6 million at 30 September 2016 (30 September 2015: € 31.7 million).

The amounts outstanding under the Group's revolving credit facility increased by € 23.0 million to € 29.0 million at 30 September 2016 (30 September 2015: € 6.0 million) as a result of drawings made under the facility to finance the Group's capital expenditure during the year.

The amounts outstanding on the senior notes increased by € 0.7 million to € 575.3 million at 30 September 2016 (30 September 2015: € 574.6 million) due entirely to translation effects arising from the change of the Swiss Franc. CHF 245 million of the Group's senior notes have been issued in Swiss Francs.

The amounts outstanding on the PIK loan increased by € 36.3 million to € 284.0 million at 30 September 2016 (30 September 2015: € 247.7 million) due to the capitalisation of the PIK interest for € 30.7 million and to an additional loan facility of € 5.6 million.

Accrued interest increased by € 1.1 million to € 19.5 million at 30 September 2016 (30 September 2015: € 18.4 million) driven by the increase in the level of interest on the PIK loan as the outstanding balance increases, as well as the higher interest on the higher drawings of the revolving credit facility.

As a result net debt increased by € 37.8 million to € 873.4 million at 30 September 2016 (30 September 2015: € 835.5 million).

### **Other material developments**

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There have been no other material developments in respect of the Group in the year ended 30 September 2016 or since this date and up to the date of approval of these Consolidated Financial Statements.

## Directors and management

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### Selecta Group B.V.

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Selecta Group B.V. has a two tier board structure consisting of a management board (raad van bestuur) and a supervisory board (raad van commissarissen). The management board is the executive body and is responsible for the day to day management of Selecta Group B.V. The supervisory board supervises and advises the management board.

The members of Selecta Group B.V.'s management board and supervisory board can be contacted at Selecta Group B.V.'s registered business address: Overschiestraat 61-5 HG, 1062 XD Amsterdam, the Netherlands.

### Supervisory Board

The table below lists the current members of Selecta Group B.V.'s Supervisory Board:

	Age	Position	Member since
Mark Brown	39	President	March 2015
Markus Hunold	33	Vice President	December 2015
Alain Vourch	49	Member	December 2015

**Mark Brown** joined the supervisory board of Selecta Group B.V. in March 2015 and was appointed President of the supervisory board on 11 December 2015. Mr. Brown is a director of KKR having joined in 2013. He has been a member of the Board of Directors of Gruppo Argenta, Italy's 2nd largest vending machine operator since February 2014, and his other board roles include Telepizza, Grupo Alfonso Gallardo and Ursa insulation. Before joining KKR Mr. Brown was a managing director at GSO Capital, the credit arm of Blackstone, and previously worked for Deutsche Bank as a vice president. Mr. Brown trained as a Chartered Accountant and Chartered Financial Analyst in South Africa.

**Markus Hunold** joined the supervisory board of Selecta Group B.V. on 11 December 2015, and was appointed Vice President on that date. Mr. Hunold joined KKR in 2013. Prior to joining KKR, Mr. Hunold was a member of the principal investment area of Goldman, Sachs & Co., where he invested across industries in private equity and principal debt transactions. Mr. Hunold started his career in finance at Citigroup in the mergers & acquisitions group. He holds an M.Sc. from the European Business School Oestrich-Winkel (Germany) and the University of Hong Kong.

**Alain Vourch** joined the supervisory board of Selecta Group B.V. on 11 December 2015. Mr. Vourch is a managing director of KKR Capstone, having joined in 2004, and has been involved in most KKR retail investments in Europe including SMCP, Pets at Home and Maxeda. Mr. Vourch was formerly a management consultant at the Boston Consulting Group, with in-depth experience in consumer goods, retail, industrial goods and business services including significant work for Elixir. Mr. Vourch holds an M.Sc. from the Ecole Polytechnique and Ecole des Mines de Paris, France.

In addition, during the period covered by these Financial Statements, the following served as members of the Supervisory Board of Selecta Group B.V.:

	Position	Member until
Dr. Rainer Husmann	Chairman	December 2015
Jörg Spanier	Member	December 2015

## Management Board

The table below lists the current members of Selecta Group B.V.'s Management Board:

	Age	Position	Member since
David Flochel	43	Member	August 2016
Hugues Rougier	60	Member	February 2016
Ruud Gabriels	56	Member	December 2015
Marjolein Gorissen	35	Member	December 2015

**David Flochel** has been a member of the management board of Selecta Group B.V. since August 2016 and has been Chief Executive Officer of the Group since July 2016. Prior to joining the Group, he served as the President of Mars Drinks North America, LLC., a Mars Incorporated company. During his time at Mars from 2008 to 2016, David Flochel led organisations as General Manager or held senior leadership roles in France, Germany, UK and North America. He brings 19 years of experience in Sales, Marketing and General Management mostly in Fast Moving Consumer Goods markets, especially "Out of Home", across several geographies from various companies such as Unilever, AB Inbev and L'Oreal. Mr. Flochel is graduated from AUDENCIA Business School and University of Cincinnati.

**Hugues Rougier** has been a member of the management board of Selecta Group B.V. since February 2016 and has been Chief Financial Officer of the Group since December 2015. Prior to joining Selecta, he was CEO of Matra Datavision, a subsidiary of Airbus Group, held Group CFO positions of CS Communications & Systems and Segula and was from 2012 to 2015 CEO of Fraikin, a European leader of industrial and commercial vehicle hire. Mr. Rougier holds a MBA from ESSEC and a French chartered accountant diploma.

**Ruud Gabriels** joined the management board of Selecta Group B.V. on 11 December 2015. Mr. Gabriels is currently managing partner of Avega, a corporate service provider in the Netherlands. He has held various positions in the financial sector in the Netherlands as well as in Belgium including the position of Operational Director for two different financial institutions and Financial Director of a bank. As Operational Director and Financial Director he was also member of the board of directors of those financial institutions. Mr. Gabriels has a Bachelor's degree in accountancy.

**Marjolein Gorissen** joined the management board of Selecta Group B.V. on 11 December 2015. Ms. Gorissen is currently managing partner of Avega, a corporate service provider in the Netherlands. She worked for several years as a lawyer at De Brauw Blackstone Westbroek N.V. in the Netherlands holding several legal positions including as Business Unit Manager (Legal). She holds a Master of Laws degree (LLM) and holds a Bachelor of Business Administration degree (BBA).

In addition, during the period covered by these Financial Statements, the following served as members of the Management Board of Selecta Group B.V.:

	Position	Member until
Remigius (Remo) Brunschwiler	Member	July 2016
Geraint (Gary) Hughes	Member	January 2016
Johannes Christian Zarnitz	Member	December 2015
Cornelis Bunschoten	Member	December 2015

## Compensation of the Supervisory Board and Management Board of Selecta Group B.V.

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. (2015: nil).

## Selecta AG

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Selecta AG is the main operating entity of the Group. Selecta AG is a stock corporation (Aktiengesellschaft) established under the laws of Switzerland. Selecta AG is managed by its board of directors and executive committee.

### Board of Directors

The table below lists the current members of Selecta AG's Board of Directors:

	Age	Position	Member since
Mark Brown	39	President	December 2015
Markus Hunold	33	Vice President	December 2015
Alain Vourch	49	Member	December 2015

For biographical details of **Mr. Brown, Mr. Hunold and Mr. Vourch** see above.

In addition, during the period covered by these Financial Statements, the following served as members of the Board of Directors of Selecta AG:

	Position	Member until
Dr. Rainer Husmann	Chairman	December 2015
Joerg Spanier	Member	December 2015
Mats Lundgren	Member	December 2015
Karl Ralf Jung	Member	June 2015

### Executive Committee

The table below lists the current members of Selecta AG's Executive Committee:

	Age	Position	Member since
David Flochel	43	Chief Executive Officer	July 2016
Hugues Rougier	60	Chief Financial Officer	December 2015
Roger Müller	44	Chief Procurement Officer	April 2015
Thomas Nussbaumer	56	Managing Director Region Central	October 2004
Catherine Sahlgren	54	Managing Director Region North	October 2004
Jan Marck Vrijlandt	51	Managing Director Region West	October 2014
Anthony Giron	45	Managing Director Region France	June 2016

For biographical details of **Mr. Flochel and Mr. Rougier** see above.

**Roger Müller** joined Selecta as Chief Procurement Officer in April 2014, and was subsequently appointed to the role of Chief Operating Officer and joined the Executive Committee in April 2015. Mr. Müller's previous roles include assignments with global companies including Whirlpool Corporation and Armstrong World Industries in North America, Europe and Asia. Mr. Müller has a Bachelor Degree in Business Administration from the University of Lima, a General Management degree from INSEAD and an MBA from the University of Michigan in Ann Arbor.

**Thomas Nussbaumer** has been Managing Director of Region Central since 2006. Since joining the Group in 1986, Mr. Nussbaumer has served in various management roles, including as Business Unit Manager of a small Selecta OCS company, Marketing Director of Switzerland, Chief Operating Officer from 1986 to 2006 and Managing Director for Switzerland from 2003 to 2006. From 1993 to 1995, he also served as Managing Director of the packaging division at Mühlebach AG (Antali), a leading paper and packing wholesaler in Switzerland. Thomas Nussbaumer holds a degree in Marketing and Sales from SAWI Switzerland.

**Catherine Sahlgren** has been Managing Director of Region North since 2006. She joined the Selecta Group as Managing Director of Sweden in 2001, subsequently taking on responsibility for additional countries until becoming Managing Director of the whole region in 2006. Prior to joining the Group, she worked as a management consultant for McKinsey & Co. before becoming a managing director of Pressbyrån, a Swedish retail chain, and later Chief Executive Officer of Euroseek Search Engine. She is currently a member of the boards of directors of Arkitektkopia and Bringwell. Ms. Sahlgren received her M.Sc. in business administration and economics from the Stockholm School of Economics.

**Jan Marck Vrijlandt** joined Selecta in 1995 and joined the Executive Committee of Selecta AG on October 2014 as Group Sales & Marketing Director. Mr. Vrijlandt became Managing Director of Region West on October 2015. Prior to this position he held various roles within the Group, including Finance Director Germany, Manager Mergers & Acquisitions in Central Europe and Country Manager Netherlands and Belgium. He holds a degree as Diplom Kaufmann from the University of Frankfurt, Germany.

**Anthony Giron** has been Managing Director of Region France since joining the Selecta Group in June 2016 and was appointed to the Executive Committee of Selecta AG in June 2016. Prior to joining the Group he served as a Managing Director of France, UK and Spain at HEMA. Mr Giron gained extensive international retail experience having held several senior management positions within department store and food retail chains. In addition he has spent 10 years as a management consultant at AT Kearney, focusing on operations improvement missions in the retail area. Anthony Giron is a graduate from HEC School of Management.

In addition, during the period covered by these Financial Statements, the following served as members of the Executive Committee of Selecta AG:

	<b>Position</b>	<b>Member until</b>
Remigius (Remo) Brunschwiler	Chief Executive Officer	July 2016
Geraint (Gary) Hughes	Chief Financial Officer	January 2016
Michel Milcent	Managing Director Region France	June 2016

### **Compensation of the Board of Directors and Executive Committee of Selecta AG**

No remuneration is paid by the Group to any of the Directors of Selecta AG in their capacity as Members of the Board of Directors (2015: nil).

The remuneration granted by the Group to the Executive Committee during the period was as follows:

	2016 € (000's)	2015 € (000's)
Short term benefits	3'651	3'036
Post-employment benefits	1'877	509

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family in the year ended 30 September 2016 or 30 September 2015.

## Consolidated financial statements

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### Consolidated statement of profit or loss

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	Notes	Year ended 30 September 2016 € (000's)	Year ended 30 September 2015 € (000's)
Revenue	6	736'405	725'636
Materials and consumables used	7	(231'124)	(224'723)
Employee benefits expense	8	(234'063)	(230'480)
Depreciation, amortisation and impairment expense	9	(92'014)	(88'226)
Other operating expenses	10	(206'166)	(180'894)
Other operating income	11	19'639	13'277
Gain on the disposal of subsidiaries	33	5'900	-
<b>Profit / (Loss) before interest and income tax</b>		<b>(1'423)</b>	<b>14'590</b>
Finance costs	12	(81'567)	(52'289)
Finance income		113	145
<b>Loss before income tax</b>		<b>(82'877)</b>	<b>(37'554)</b>
Income taxes	13	5'110	(1'263)
<b>Net loss for the period, attributable to equity holders of the parent</b>		<b>(77'767)</b>	<b>(38'817)</b>

## Consolidated statement of comprehensive income

	Notes	Year ended 30 September 2016 € (000's)	Year ended 30 September 2015 € (000's)
<b>Net loss for the period</b>		<b>(77'767)</b>	<b>(38'817)</b>
<b>Items that will not be reclassified to the consolidated statement of profit or loss</b>			
Remeasurement (loss) / gain on post-employment benefit obligations	25	94	(9'883)
Income tax relating to remeasurement gain / (loss) on post-employment benefit obligations	27.2	102	2'049
		<b>196</b>	<b>(7'834)</b>
<b>Items that are or may subsequently be reclassified to the consolidated statement of profit or loss</b>			
Effective portion of changes in fair value of cash flow hedges	32.3	50	(2'504)
Reclassified to profit or loss from cash flow hedges	32.3	1'279	-
Income tax relating to changes in fair value of cash flow hedges	27.2	(339)	664
Foreign exchange translation differences for foreign operations		(1'297)	(42'295)
		<b>(307)</b>	<b>(44'135)</b>
<b>Other comprehensive income, net of tax</b>		<b>(111)</b>	<b>(51'969)</b>
<b>Total comprehensive income, attributable to equity holders of the parent</b>		<b>(77'878)</b>	<b>(90'786)</b>



## Consolidated balance sheet

	Notes	30 September 2016 € (000's)	30 September 2015 € (000's)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	187'708	193'581
Goodwill	15	482'562	483'128
Trademark	16	286'301	286'301
Customer contracts	16	135'750	160'285
Other intangible assets	16	17'884	12'377
Deferred income tax assets	27	21'032	19'841
Non-current financial assets	18	2'766	2'438
Derivative financial instruments	18,32	6'218	2'554
<b>Total non-current assets</b>		<b>1'140'221</b>	<b>1'160'505</b>
<b>Current assets</b>			
Inventories	19	38'702	39'839
Trade receivables	20	40'939	39'453
Other current assets	21	33'699	35'167
Cash and cash equivalents	22	66'871	35'051
Assets held for sale	33	-	6'230
<b>Total current assets</b>		<b>180'210</b>	<b>155'740</b>
<b>Total assets</b>		<b>1'320'431</b>	<b>1'316'245</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	30	187	187
Share premium	30	279'566	279'191
Additional paid-in capital	30	236'829	220'529
Currency translation reserve	30	(127'897)	(126'600)
Hedging reserve	30	(1'536)	(2'526)
Retained earnings	30	(339'877)	(262'306)
<b>Equity attributable to equity holders of the parent</b>		<b>47'272</b>	<b>108'475</b>
<b>Non-current liabilities</b>			
Loans due to parent undertaking	23	282'176	243'814
Borrowings	23	591'565	565'060
Derivative financial instruments	32	10'316	11'431
Finance lease liabilities	24	20'040	15'063
Post-employment benefit obligations	25	23'464	22'533
Provisions	26	6'220	6'328
Deferred income tax liabilities	27	131'261	138'256
<b>Total non-current liabilities</b>		<b>1'065'042</b>	<b>1'002'485</b>
<b>Current liabilities</b>			
Derivative financial instruments	32	1'428	1'685
Finance lease liabilities	24	8'076	5'319
Trade payables	28	107'710	107'271
Provisions	26	4'975	859
Current income tax liabilities		2'934	3'128
Other current liabilities	29	82'996	84'398
Liability held for sale	33	-	2'625
<b>Total current liabilities</b>		<b>208'118</b>	<b>205'285</b>
<b>Total liabilities</b>		<b>1'273'160</b>	<b>1'207'770</b>
<b>Total equity and liabilities</b>		<b>1'320'431</b>	<b>1'316'245</b>

## 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)
<b>Balance at 1 October 2014</b>	<b>187</b>	<b>279'191</b>	<b>220'529</b>	<b>(84'305)</b>	<b>(686)</b>	<b>(215'655)</b>	<b>199'261</b>
Other comprehensive income	-	-	-	(42'295)	(1'840)	(7'834)	(51'969)
Net loss	-	-	-	-	-	(38'817)	(38'817)
<i>Total comprehensive income</i>	-	-	-	(42'295)	(1'840)	(46'651)	(90'786)
<b>Balance at 30 September 2015</b>	<b>187</b>	<b>279'191</b>	<b>220'529</b>	<b>(126'600)</b>	<b>(2'526)</b>	<b>(262'306)</b>	<b>108'475</b>
Other comprehensive income	-	-	-	(1'297)	990	196	(111)
Net loss	-	-	-	-	-	(77'767)	(77'767)
<i>Total comprehensive income</i>	-	-	-	(1'297)	990	(77'571)	(77'878)
<i>Capital contribution</i>	-	375	16'300	-	-	-	16'675
<b>Balance at 30 September 2016</b>	<b>187</b>	<b>279'566</b>	<b>236'829</b>	<b>(127'897)</b>	<b>(1'536)</b>	<b>(339'877)</b>	<b>47'272</b>

## Consolidated cash flow statement

	Notes	Year ended 30 September 2016 € (000's)	Year ended 30 September 2015 € (000's)
<b>Cash flows from operating activities</b>			
Loss before income tax		(82'877)	(37'554)
Depreciation and amortization expense	9	92'014	88'226
Gain on disposal of property, plant and equipment, net	10, 11	(6'606)	(3'458)
Gain on disposal of subsidiaries	33	(5'900)	-
Net finance costs		81'454	52'144
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
(Increase)/Decrease in inventories		482	(184)
(Increase)/Decrease in trade receivables		(2'282)	(1'507)
(Increase)/Decrease in other current assets		600	2'680
Increase/(Decrease) in trade payables		1'418	10'309
Increase/(Decrease) in other liabilities		4'861	2'557
Income taxes (paid)/received		(3'000)	(4'725)
<b>Net cash generated from operating activities</b>		<b>80'163</b>	<b>108'488</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of subsidiaries	33	10'784	-
Purchases of property, plant and equipment		(58'628)	(82'534)
Proceeds from sale of property, plant and equipment		11'311	6'483
Purchases of intangible assets		(9'267)	(8'230)
Interest received		103	141
<b>Net cash used in investing activities</b>		<b>(45'697)</b>	<b>(84'140)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital contribution		16'675	-
Proceeds from issuance of loans and borrowings	23	28'412	4'703
Interest paid		(40'187)	(38'981)
Financing costs paid in relation to the change in ownership		(4'912)	-
<b>Net cash used in financing activities</b>		<b>(12)</b>	<b>(34'278)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>34'454</b>	<b>(9'930)</b>
Cash and cash equivalents at the beginning of the period	22	36'177	50'758
Exchange gains/(losses) on cash and cash equivalents		(3'760)	(4'651)
<b>Cash and cash equivalents at the end of the period*</b>	<b>22</b>	<b>66'871</b>	<b>36'177</b>

\*Including € 1'126'000 of cash and cash equivalents which have been reclassified in the balance sheet to Disposal group held for sale at 30 September 2015 (see note 33).

## Notes to the consolidated financial statements

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### 1. General Information

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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

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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

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#### 3.1. Accounting policies

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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 2015.

#### 3.2. New and revised/amended standards and interpretations

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There were no newly effective standards or interpretations, nor any amendments/revisions to existing standards to be applied in the current financial year.

#### **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.

	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<b><i>New Standards or Interpretations</i></b>		
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016	Reporting year 2016/17
IFRS 9 <i>Financial Instruments</i>	1 January 2018	Reporting year 2018/19
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	Reporting year 2018/19
IFRS 16 <i>Leases</i>	1 January 2019	Reporting year 2019/20

	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<b>Revisions and amendments of Standards and Interpretations</b>		
<i>Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)</i>	1 January 2016	Reporting year 2016/17
<i>Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)</i>	1 January 2016	Reporting year 2016/17
<i>Disclosure Initiative (Amendments to IAS 1)</i>	1 January 2016	Reporting year 2016/17
<i>Annual Improvements to IFRSs 2012-2014 Cycle</i>	1 January 2016	Reporting year 2016/17
<i>Disclosure Initiative (Amendments to IAS 7)</i>	1 January 2017	Reporting year 2017/18
<i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)</i>	1 January 2017	Reporting year 2017/18
<i>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</i>	1 January 2017	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 2016 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 2016 and which the Group did not voluntarily adopt early.

### **3.3. Basis of consolidation**

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#### **Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), see note 40. 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.

#### **Joint ventures**

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities. The Group's interests in joint ventures are accounted for by the equity method. They are initially recognized at costs, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other joint venture partner. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

### **3.4. Business combinations**

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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 given, 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 generally 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**

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#### **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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

		30 September 2016		30 September 2015	
		Balance sheet	Income statement	Balance sheet	Income statement
Czech Koruna	CZK	-	-	27.19	27.44
Danish Krone	DKK	7.45	7.45	7.46	7.46
Great Britain Pound	GBP	0.86	0.78	0.74	0.74
Hungarian Forint	HUF	-	-	313.45	308.95
Norwegian Kroner	NOK	8.98	9.35	9.52	8.82
Swedish Krona	SEK	9.62	9.35	9.41	9.36
Swiss Franc	CHF	1.09	1.09	1.09	1.09

### 3.6. Property, plant and equipment

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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. Intangible assets

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#### 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 trademark recognised by the Group has an indefinite useful life and is not amortised. The trademark is 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-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**

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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**

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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**

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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**

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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**

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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**

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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**

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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 remeasurement 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**

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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**

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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**

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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 remeasured 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**

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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**

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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**

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The Group maintains various defined contribution and defined benefit pension plans. The pension plans in Switzerland have been set up on the basis of the Swiss method of defined contributions but as by law the Group is committed to a much lower defined benefit pension plan, the whole contribution is as such treated.

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**

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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**

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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**

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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**

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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**

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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 25 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 27 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 26 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 21.

### **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 19.

## **5. Segmental reporting**

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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, Czech Republic, Slovakia and Hungary until 30 September 2015. As of October 1, 2015 operating entities in Czech Republic, Slovakia and Hungary were sold.

Region North: includes operating entities in Sweden, Finland, Estonia, Latvia, Lithuania, Denmark and Norway.

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 operating results, earnings before interest, tax, depreciation and amortisation (EBITDA), of each reportable segment 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 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	<b>736'382</b>	133	(110)	<b>736'405</b>
Gain on the disposal of subsidiaries			5'900		<b>5'900</b>			<b>5'900</b>
<b>Profit before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>(5'439)</b>	<b>6'895</b>	<b>83'518</b>	<b>29'416</b>	<b>114'390</b>	<b>(23'799)</b>	-	<b>90'591</b>
Depreciation and amortisation expense	(17'327)	(9'804)	(24'807)	(14'226)	<b>(66'164)</b>	(25'850)	-	<b>(92'014)</b>
<b>Profit before interest and income tax</b>								<b>(1'423)</b>
Finance costs and finance income, net								<b>(81'454)</b>
<b>Loss before income tax</b>								<b>(82'877)</b>

*Result for the year ended 30 September 2015*

	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	184'729	102'224	311'238	127'382	<b>725'573</b>	224	(161)	<b>725'636</b>
<b>Profit before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>11'496</b>	<b>6'510</b>	<b>79'345</b>	<b>27'679</b>	<b>125'030</b>	<b>(22'214)</b>	-	<b>102'816</b>
Depreciation and amortisation expense	(13'619)	(10'061)	(26'585)	(12'991)	<b>(63'256)</b>	(24'970)	-	<b>(88'226)</b>
<b>Profit before interest and income tax</b>								<b>14'590</b>
Finance costs and finance income, net								<b>(52'144)</b>
<b>Loss before income tax</b>								<b>(37'554)</b>

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 2016 € (000's)	Year ended 30 September 2015 € (000's)	30 September 2016 € (000's)	30 September 2015 € (000's)
	Switzerland	218'934	222'508	700'423
France	184'279	184'729	59'693	57'713
Sweden	100'836	97'160	31'297	52'301
UK	75'124	72'482	12'658	18'638
Germany	49'508	42'770	11'883	8'744
Netherlands	28'930	24'773	7'219	5'989
All other countries	78'794	81'214	29'524	31'939
Not allocated	-	-	260'274	214'523
<b>Total</b>	<b>736'405</b>	<b>725'636</b>	<b>1'112'971</b>	<b>1'138'110</b>

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 2016 € (000's)	Year ended 30 September 2015 € (000's)
Revenue from publicly accessible points of sale	188'973	161'971
Revenue from privately placed points of sale	469'355	483'285
Revenue from trade sales of machines and products	50'552	50'325
Other revenue	27'525	30'055
<b>Total revenue</b>	<b>736'405</b>	<b>725'636</b>

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

Note that due to the nature of the Group's business operations, whereby the sale of goods and rendering of services are often incorporated into one contractual price, it is not possible to split revenue into these categories. Therefore the Group has disclosed instead the allocation of revenue used for internal management reporting purposes.

## 7. Materials and consumables used

	Year ended 30 September 2016 € (000's)	Year ended 30 September 2015 € (000's)
Cost of materials	(244'818)	(243'669)
Rebates and discounts	13'726	18'460
Other	(32)	486
<b>Total materials and consumables used</b>	<b>(231'124)</b>	<b>(224'723)</b>



## 8. Employee benefits expense

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Wages and salaries	(189'160)	(183'811)
Social security	(36'586)	(37'526)
Post-employment benefits		
Defined contribution plans	(2'812)	(2'887)
Defined benefit plans	(5'505)	(6'256)
<b>Total employee benefits expense</b>	<b>(234'063)</b>	<b>(230'480)</b>

For further details with respect to the Group's post-employment benefit obligations, see note 25.

## 9. Depreciation and amortisation

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Depreciation of property, plant and equipment	(65'304)	(61'796)
Amortisation of intangible assets	(26'710)	(26'430)
<b>Total depreciation and amortisation</b>	<b>(92'014)</b>	<b>(88'226)</b>

## 10. Other operating expenses

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Maintenance	(61'204)	(62'634)
Administration expenses	(30'331)	(28'526)
Travel and representation	(7'408)	(7'675)
Vending rent	(85'543)	(67'481)
Other rent	(13'211)	(13'141)
Loss on disposal of tangible assets	(899)	(462)
Other operating expenses	(7'570)	(975)
<b>Total other operating expenses</b>	<b>(206'166)</b>	<b>(180'894)</b>

## 11. Other operating income

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Suppliers marketing contributions	10'795	6'637
Gain on disposal of tangible and intangible assets	7'504	3'920
Other operating income	1'340	2'720
<b>Total other operating income</b>	<b>19'639</b>	<b>13'277</b>

## 12. Finance costs

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Interest on loans	(74'738)	(69'753)
Finance lease interest expense	(1'146)	(584)
Other interest expense	(5'227)	(182)
Change in fair value of derivative financial instruments (net)	4'249	(3'940)
Foreign exchange gain/(loss) (net)	(4'705)	22'170
<b>Total finance costs</b>	<b>(81'567)</b>	<b>(52'289)</b>

The other interest expense includes 4'912 TEUR costs paid in relation to the change in ownership.

### 13. Income taxes

Income tax expense comprises:

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Current income tax expense	(2'763)	(3'631)
Deferred income tax income	7'873	2'368
<b>Total income tax income</b>	<b>5'110</b>	<b>(1'263)</b>

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

	<i>Year ended 30 September 2016 € (000's)</i>	<i>Year ended 30 September 2015 € (000's)</i>
Loss before tax	(82'877)	(37'554)
Applicable tax rate	33.8%	40.4%
Expected tax credit	28'019	15'242
Effect of income that is exempt from taxation	1'968	11
Effect of expenses not deductible for tax purposes	(2'196)	(1'774)
Effect of taxable losses for the period not recognised as deferred tax assets (Write-off) / Recognition of previously unrecognised tax losses and deferred tax assets	(22'785) (549)	(13'068) (1'696)
Income tax expense of previous years	653	22
<b>Income tax income recognised in statement of profit or loss</b>	<b>5'110</b>	<b>(1'263)</b>

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

	<i>Freehold land and buildings € (000's)</i>	<i>Vending equipment € (000's)</i>	<i>Vehicles € (000's)</i>	<i>Other equipment € (000's)</i>	<i>Total € (000's)</i>
<b>Cost</b>					
<b>Balance at 1 October 2014</b>	<b>8'659</b>	<b>554'050</b>	<b>27'048</b>	<b>42'561</b>	<b>632'318</b>
Additions	9	84'399	906	2'361	<b>87'675</b>
Disposals	(954)	(44'350)	(5'175)	(909)	<b>(51'388)</b>
Reclassification to asset held for sale	-	(10'478)	(726)	(495)	<b>(11'699)</b>
Effects of foreign currency exchange differences	73	14'368	491	1'357	<b>16'289</b>
<b>Balance at 30 September 2015</b>	<b>7'787</b>	<b>597'989</b>	<b>22'544</b>	<b>44'875</b>	<b>673'195</b>
Additions	45	61'570	2'130	3'276	<b>67'021</b>
Disposals	(3'567)	(46'870)	(4'640)	(2'124)	<b>(57'201)</b>
Reclassifications *	(257)	733	(48)	(661)	<b>(233)</b>
Effects of foreign currency exchange differences	(140)	(7'916)	(238)	(262)	<b>(8'556)</b>
<b>Balance at 30 September 2016</b>	<b>3'868</b>	<b>605'506</b>	<b>19'748</b>	<b>45'104</b>	<b>674'226</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 1 October 2014</b>	<b>(6'412)</b>	<b>(404'039)</b>	<b>(21'122)</b>	<b>(31'820)</b>	<b>(463'393)</b>
Depreciation expense	(464)	(56'665)	(2'170)	(2'497)	<b>(61'796)</b>
Disposals	734	41'851	4'997	780	<b>48'362</b>
Reclassification to asset held for sale	-	7'750	671	442	<b>8'863</b>
Effects of foreign currency exchange differences	(57)	(10'410)	(515)	(668)	<b>(11'650)</b>
<b>Balance at 30 September 2015</b>	<b>(6'199)</b>	<b>(421'513)</b>	<b>(18'139)</b>	<b>(33'763)</b>	<b>(479'614)</b>
Depreciation expense	(158)	(60'777)	(1'501)	(2'868)	<b>(65'304)</b>
Disposals	2'740	43'359	4'403	1'995	<b>52'497</b>
Reclassification *	131	(853)	(121)	724	<b>(119)</b>
Effects of foreign currency exchange differences	107	5'588	116	211	<b>6'022</b>
<b>Balance at 30 September 2016</b>	<b>(3'379)</b>	<b>(434'196)</b>	<b>(15'242)</b>	<b>(33'701)</b>	<b>(486'518)</b>
<b>Net Book Value</b>					
<b>At 30 September 2015</b>	<b>1'588</b>	<b>176'476</b>	<b>4'405</b>	<b>11'112</b>	<b>193'581</b>
<b>At 30 September 2016</b>	<b>489</b>	<b>171'310</b>	<b>4'506</b>	<b>11'403</b>	<b>187'708</b>

\*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 2016 commitments in respect of capital expenditure amounted to € 20.5 million (2015: € 29.3 million).

The carrying amount of property, plant and equipment held under finance leases at 30 September 2016 was € 29.6 million (2015: € 17.8 million). Leased assets are pledged as security in respect of the finance leases to which they relate.

## 15. Goodwill

	30 September 2016 € (000's)	30 September 2015 € (000's)
<b>Goodwill</b>	<b>482'562</b>	<b>483'128</b>

The movement of the year is resulting from the sale of the Eastern countries (Hungary, Czech Republic and Slovakia). The decrease in goodwill corresponds to the share of the Central region goodwill allocated to the Eastern countries.

<b>Balance at 30 September 2015</b>	<b>483'128</b>
Goodwill allocated to the Eastern countries sold on 1 October 2015	(566)
<b>Balance at 30 September 2016</b>	<b>482'562</b>

### 15.1. Impairment testing

During the financial year the carrying values of the cash-generating units, including goodwill, have been compared to their recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

### 15.2. Allocation to cash-generating units

For the purpose of impairment testing, the group identified four cash-generating units which are identical to the Group's operating segments, based on the regions in which the Group operates 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, Czech Republic, Slovakia and Hungary until 30 September 2015. As of October 1, 2015 operating entities in Czech Republic, Slovakia and Hungary were sold.

Region North: includes operating entities in Sweden, Finland, Estonia, Latvia, Lithuania, Denmark and Norway.

The amount of goodwill allocated to each cash generating unit at 30 September 2016 and 2015 were as follows:

	30 September 2016 € (000's)	30 September 2015 € (000's)
Region France	69'213	69'213
Region West	21'989	21'989
Region Central	271'146	271'712
Region North	120'214	120'214
<b>Goodwill</b>	<b>482'562</b>	<b>483'128</b>

### 15.3. Summary of assumptions used in goodwill impairment testing

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In undertaking the impairment test, the Group has used post-tax cash flow projections for the computation of value in use based on the latest forecasts approved by management covering a two-year period. In years three to seven the Group assumes further growth of 3.0% (2015: 3.0%). Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below:

	2016	2015
Region France	1.7%	1.7%
Region West	1.7%	1.9%
Region Central	1.1%	1.1%
Region North	2.1%	2.2%

Management are confident that these forecasts are realistic and achievable and are supported by underlying business initiatives.

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 2016 and 2015 were as follows:

	2016		2015	
	Post-tax WACC	Equivalent to a pre-tax WACC of:	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region France	5.9%	8.5%	6.4%	8.7%
Region West	6.2%	7.7%	6.9%	8.0%
Region Central	5.7%	7.2%	5.8%	7.6%
Region North	6.3%	7.8%	6.8%	8.7%

### 15.4. Headroom and sensitivity to change in assumptions

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The headroom arising from the goodwill impairment testing by region at 30 September 2016 and 2015 were as follows:

	2016 € millions	2015 € millions
Region France	42.5	17.8
Region West	65.6	26.4
Region Central	709.5	627.3
Region North	279.1	197.1

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.

	2016		2015	
	<i>Level to which WACC would need to increase to eliminate all of the headroom in the region</i>	<i>Level to which growth rates would need to fall to eliminate all of the headroom in the region</i>	<i>Level to which WACC would need to increase to eliminate all of the headroom in the region</i>	<i>Level to which growth rates would need to fall to eliminate all of the headroom in the region</i>
Region France	7.6%	-0.6%	7.2%	0.6%
Region West	13.3%	-14.6%	9.5%	-2.2%
Region Central	14.9%	-24.6%	14.0%	-19.2%
Region North	13.2%	-12.4%	11.8%	-7.1%

## 16. Other intangible assets

	<i>Software/ other € (000's)</i>	<i>Patents/ licences € (000's)</i>	<i>Trademark € (000's)</i>	<i>Customer Contracts € (000's)</i>	<i>Total € (000's)</i>
<b>Cost</b>					
<b>Balance at 1 October 2014</b>	<b>28'315</b>	<b>2'444</b>	<b>286'301</b>	<b>344'681</b>	<b>661'741</b>
Additions	7'248	-	-	843	8'091
Disposals	(1'738)	-	-	-	(1'738)
Reclassification to asset held for sale	(499)	-	-	-	(499)
Effects of foreign currency exchange differences	1'740	-	-	211	1'951
<b>Balance at 30 September 2015</b>	<b>35'066</b>	<b>2'444</b>	<b>286'301</b>	<b>345'735</b>	<b>669'546</b>
Additions	7'659	1'243	-	366	9'268
Disposals	(1'354)	-	-	-	(1'354)
Reclassifications*	381	-	-	-	381
Change in consolidation scope	-	-	-	(4'090)	(4'090)
Effects of foreign currency exchange differences	(546)	-	-	(586)	(1'132)
<b>Balance at 30 September 2016</b>	<b>41'206</b>	<b>3'687</b>	<b>286'301</b>	<b>341'425</b>	<b>672'619</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance at 1 October 2014</b>	<b>(21'303)</b>	<b>(1'644)</b>	<b>-</b>	<b>(162'026)</b>	<b>(184'973)</b>
Amortisation expenses	(3'130)	(40)	-	(23'260)	(26'430)
Disposals	1'738	-	-	-	1'738
Reclassification to asset held for sale	279	-	-	-	279
Effects of foreign currency exchange differences	(1'033)	-	-	(164)	(1'197)
<b>Balance at 30 September 2015</b>	<b>(23'449)</b>	<b>(1'684)</b>	<b>-</b>	<b>(185'450)</b>	<b>(210'583)</b>
Amortisation expenses	(3'717)	(45)	-	(22'946)	(26'710)
Disposals	1'037	-	-	-	1'037
Reclassifications*	(28)	-	-	-	(28)
Change in consolidation scope	-	-	-	2'182	2'182
Effects of foreign currency exchange differences	879	-	-	540	1'419
<b>Balance at 30 September 2016</b>	<b>(25'278)</b>	<b>(1'729)</b>	<b>-</b>	<b>(205'675)</b>	<b>(232'682)</b>

## Net Book Value

<b>At 30 September 2015</b>	<b>11'617</b>	<b>760</b>	<b>286'301</b>	<b>160'285</b>	<b>458'963</b>
<b>At 30 September 2016</b>	<b>15'928</b>	<b>1'958</b>	<b>286'301</b>	<b>135'750</b>	<b>439'937</b>

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

The change in consolidation scope relates to the sale of the Eastern countries.

The 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.

The trademark has been allocated to the Group's cash generating units that are tested for impairment annually. At 30 September 2016 and 2015, the trademark has been allocated as follows:

	2016 € (000's)	2015 € (000's)
Region France	41'027	41'027
Region West	13'034	13'034
Region Central	160'983	160'983
Region North	71'258	71'258
<b>Trademark</b>	<b>286'301</b>	<b>286'301</b>

## 17. Interest in joint venture

The Group owned 50% of a joint venture entity, UTE, whose principal activity was the provision of vending services in Catalonia, Spain. This entity was liquidated as per 31 December 2015. The amounts included in the consolidated financial statements in respect of the Group's share of the joint venture are as follows:

	30 September 2016 € (000's)	30 September 2015 € (000's)
<b>Carrying amount of interest in immaterial joint venture</b>	-	<b>222</b>
Profit/(loss) from continuing operations	-	(4)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	<b>(4)</b>

## 18. Non-current financial assets

	30 September 2016 € (000's)	30 September 2015 € (000's)
<b>Non-current financial assets comprise the following:</b>		
Trade and other receivables	8'984	2'438
<b>Total non-current financial assets</b>	<b>8'984</b>	<b>2'438</b>

The maturity of the non-current financial assets is as follows:

After one year but not more than five years	2'447	2'421
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More than five years	6'537	17
<b>Total more than one year</b>	<b>8'984</b>	<b>2'438</b>
<b>Total non-current financial assets</b>	<b>8'984</b>	<b>2'438</b>

## 19. Inventories

	30 September 2016 € (000's)	30 September 2015 € (000's)
Food and beverages	23'845	25'104
Vending equipment and spare parts	14'339	13'704
Goods in transit	518	1'031
<b>Total inventories</b>	<b>38'702</b>	<b>39'839</b>

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

## 20. Trade receivables

	30 September 2016 € (000's)	30 September 2015 € (000's)
Trade receivables - not overdue	32'220	32'275
Trade receivables - overdue 0 - 90 days	8'331	7'373
Trade receivables - overdue 90 - 360 days	1'910	970
Trade receivables - overdue > 360 days	670	1'037
<b>Total trade receivables, gross</b>	<b>43'131</b>	<b>41'655</b>
Allowance for doubtful accounts	(2'192)	(2'202)
<b>Total trade receivables, net</b>	<b>40'939</b>	<b>39'453</b>

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 fully 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.

### 20.1. Analysis of receivables past due but not impaired

Included in the Group's trade receivable balance are debtors with a carrying amount of € 8.7 million (2015: € 7.3 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 2016 € (000's)	30 September 2015 € (000's)
Overdue 0-90 days	7'980	6'861
Overdue 90-360 days	740	317
<b>Total</b>	<b>8'720</b>	<b>7'178</b>

There are no significant individually impaired trade receivables at 30 September 2016 (2015: none).

## 20.2. Movement in the allowance for doubtful accounts

	<i>Total</i> € (000's)
<b>Balance at 1 October 2014</b>	<b>(3'163)</b>
Amounts written off during the period	1'130
Amounts recovered during the period	26
Increase in allowance recognised in statement of profit or loss	(172)
Reclassification to asset held for sale	121
Effect of foreign exchange differences	(144)
<b>Balance at 30 September 2015</b>	<b>(2'202)</b>
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
<b>Balance at 30 September 2016</b>	<b>(2'192)</b>

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.

## 20.3. Ageing of impaired trade receivables

	30 September 2016 € (000's)	30 September 2015 € (000's)
Overdue 0-90 days	350	512
Overdue 90-360 days	1'172	653
Overdue > 360 days	670	1'037
<b>Total</b>	<b>2'192</b>	<b>2'202</b>

## 21. Other current assets

	30 September 2016 € (000's)	30 September 2015 € (000's)
Accrued income	20'193	22'800
Pre-payments	8'316	6'302
Sales tax recoverable	4'267	4'553
Other	923	1'512
<b>Total other current assets</b>	<b>33'699</b>	<b>35'167</b>

## 22. Cash and cash equivalents

	30 September 2016 € (000's)	30 September 2015 € (000's)
Cash at bank	62'560	30'614
Cash in points-of-sale	4'311	4'437
<b>Cash and cash equivalents</b>	<b>66'871</b>	<b>35'051</b>

€ 1'126'000 of cash and cash equivalents have been reclassified to Disposal group held for sale at 30 September 2015 (see note 33).

## 23. Loans due to parent undertaking / borrowings

	30 September 2016 € (000's)	30 September 2015 € (000's)
Loans due to parent undertaking at amortised cost	282'176	243'814
Borrowings at amortised cost	591'565	565'060
<b>Total borrowings</b>	<b>873'741</b>	<b>808'874</b>

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

	30 September 2016			30 September 2015		
	€ million	in %	Interest rate	€ million	in %	Interest rate
EUR	671.5	74.9%	8.7%	611.2	73.1%	8.7%
CHF	225.3	25.1%	6.5%	224.6	26.9%	6.5%
<b>Total</b>	<b>896.8</b>	<b>100%</b>	<b>8.1%</b>	<b>835.8</b>	<b>100%</b>	<b>8.1%</b>

The amounts shown above reflect the nominal value of the borrowings.

### 23.2. Rate structure of borrowings

	30 September 2016 € million	30 September 2015 € million
Total borrowings at variable rates	29.0	6.0
Total borrowings at fixed rates	844.7	803.0
<b>Total</b>	<b>873.7</b>	<b>809.0</b>

### 23.3. 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 refinancing package the Group entered into a € 50 million super senior revolving credit facility. The amount drawn under this facility at 30 September 2016 is € 29.0 million (30 September 2015: € 6 million). The interest rate on the super senior revolving credit facility is based on LIBOR 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, where more than 25% of the facility has been drawn, 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 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.

### 24. 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 present value of future minimum payments due under finance leases and the minimum lease payments due are as follows:

	<i>Minimum lease payments</i>		<i>Present value of minimum lease payments</i>	
	<i>30 September 2016</i>	<i>30 September 2015</i>	<i>30 September 2016</i>	<i>30 September 2015</i>
	<i>€ (000's)</i>	<i>€ (000's)</i>	<i>€ (000's)</i>	<i>€ (000's)</i>
<b>Current finance lease liabilities</b>	<b>8'266</b>	<b>5'423</b>	<b>8'076</b>	<b>5'319</b>
Non-current finance lease liabilities:				
After one year but not more than five years	21'428	15'554	19'809	14'860
More than five years	242	227	231	203
<b>Total non-current finance lease liabilities</b>	<b>21'670</b>	<b>15'781</b>	<b>20'040</b>	<b>15'063</b>
<b>Total finance lease liabilities</b>	<b>29'936</b>	<b>21'204</b>	<b>28'116</b>	<b>20'382</b>

## 25. Post-employment benefits

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### 25.1. Defined contribution plans

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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.

Included in the Group's current liabilities at the end of the year is an amount of € 157'000 (2015: € 41'000) representing contributions due in respect of the reporting period but not yet paid over to the plans.

### 25.2. Defined benefit plans

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#### Description of plans

The Group offers defined benefit plans in Switzerland, Germany and Spain as well as retirement indemnity plans in France.

Approximately 96% of the defined benefit obligation and 100% of the plan assets relate to the Group's pension scheme in Switzerland. The 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 2016. 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.

## 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:

	2016 € (000's)	2015 € (000's)
Current employer service cost	(6'448)	(6'026)
Past service credit/(cost) and gains/(losses) on settlements	1'118	(55)
Net interest cost	(290)	(218)
Administration cost	(175)	(175)
<b>Defined benefit cost recognised in statement of profit or loss</b>	<b>(5'795)</b>	<b>(6'474)</b>

Past service credit/ (cost) and gains/ (losses) on settlements in the year ended 30 September 2016 relates to a curtailment 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.

Past service credit/ (cost) and gains/ (losses) on settlements in the year ended 30 September 2015 relates to a past service cost of € 55'000 on early retirement pension paid in the pension scheme in Switzerland.

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 2016 € (000's)	30 September 2015 € (000's)
Fair value of plan assets	184'405	181'167
Present value of funded defined benefit obligation	(200'268)	(196'628)
<b>Funded status</b>	<b>(15'863)</b>	<b>(15'461)</b>
Present value of unfunded benefit obligation	(7'601)	(7'072)
<b>Net liability in the balance sheet</b>	<b>(23'464)</b>	<b>(22'533)</b>

## Defined benefit obligation

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

	2016 € (000's)	2015 € (000's)
<b>Present value of obligation at beginning of period</b>	<b>(203'699)</b>	<b>(170'384)</b>
Current employer service cost	(6'448)	(6'026)
Employees' contributions	(3'372)	(3'207)
Interest cost	(1'753)	(2'891)
Past service cost, curtailments, settlements, plan amendments	1'118	(55)
Benefits paid	7'753	4'429
Transfer payments in/out	-	(2)
Actuarial gain/(loss) on defined benefit obligation	(750)	(8'331)
Currency loss	(715)	(17'232)
<b>Present value of obligation at end of period</b>	<b>(207'866)</b>	<b>(203'699)</b>

## Plan assets

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

	2016 € (000's)	2015 € (000's)
<b>Fair value of plan assets at beginning of period</b>	<b>181'167</b>	<b>159'690</b>
Interest income on plan assets	1'463	2'673
Employees' contributions	3'372	3'207
Employer's contributions	4'629	4'472
Benefits paid	(7'554)	(4'068)
Transfer payments in/out	-	2
Administration cost (excl. asset management cost)	(175)	(176)
Return on plan assets excl. interest income	844	(1'551)
Currency gain	659	16'918
<b>Fair value of plan assets at end of period</b>	<b>184'405</b>	<b>181'167</b>

Employer's contributions expected for the next year amount to € 4.6 million.

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

	2016	2016	2015	2015
	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>
Cash	5.0%	0.0%	7.6%	0.0%
Bonds	31.8%	0.0%	31.6%	0.0%
Equities	29.2%	0.0%	28.7%	0.0%
Property	1.5%	30.2%	1.4%	30.6%
Other	2.3%	0.0%	0.1%	0.0%
<b>Total</b>	<b>69.8%</b>	<b>30.2%</b>	<b>69.4%</b>	<b>30.6%</b>

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 for Switzerland:

	2016	2015
Discount rate	0.2%	0.8%
Expected salary increase	1.00%	1.00%
Expected pension increase	0.00%	0.00%
Mortality table	BVG 2015 GT Generation Table	BVG 2010 GT Generation Table

The estimated duration of the plan liabilities is 13.9 years (2015: 16.1 years).

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

	2016 € (000's)	2015 € (000's)
Return on plan assets excl. interest income	(1'682)	(1'551)
Experience gains/(losses) on defined benefit obligation	(1'585)	3'058
Actuarial gains/(losses) arising from change in demographic assumptions	21'869	(122)
Actuarial gains/(losses) arising from change in financial assumptions	(18'508)	(11'267)
Currency gains/(losses)	-	(1)
<b>Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income</b>	<b>94</b>	<b>(9'883)</b>

### Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumptions of the salary rises, 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 2016 and 2015:

	2016 € (000's)	2015 € (000's)
Discount rate (+0.50%)	11'332	12'820
Discount rate (-0.50%)	(12'946)	(14'436)
Increase in future salaries (+0.25%)	(317)	(625)
Decrease in future salaries (-0.25%)	331	604
Increase in future pension (+0.25%)	(5'658)	(5'735)
Decrease in future pension (-0.25%)*	20	18

\*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.

## 26. Provisions

	Warranty € (000's)	Litigation & tax € (000's)	Restruct- uring € (000's)	Long term employee benefits € (000's)	Other € (000's)	Total € (000's)
<b>Balance at 1 October 2015</b>	<b>(1'491)</b>	<b>(490)</b>	<b>(809)</b>	<b>(3'521)</b>	<b>(876)</b>	<b>(7'187)</b>
Charged to the statement of profit or loss	(382)	(64)	(5'902)	-	(1'714)	<b>(8'062)</b>
Expenditure in the period	-	-	1'767	391	29	<b>2'187</b>
Reversed against the statement of profit or loss without cost incurred	125	218	60	1'107	369	<b>1'879</b>
Effect of foreign exchange differences	(2)	-	(1)	(5)	(4)	<b>(12)</b>
Reclassification between categories	494	-	-	-	(494)	-
<b>Balance at 30 September 2016</b>	<b>(1'256)</b>	<b>(336)</b>	<b>(4'885)</b>	<b>(2'028)</b>	<b>(2'690)</b>	<b>(11'195)</b>

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

	30 September 2016 € (000's)	30 September 2015 € (000's)
Non-current liabilities	(6'220)	(6'328)
Current liabilities	(4'975)	(859)
<b>Total</b>	<b>(11'195)</b>	<b>(7'187)</b>

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 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.



## 27. Deferred income taxes

### 27.1. Deferred tax balances

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

	30 September 2016 € (000's)	30 September 2015 € (000's)
Deferred income tax assets	21'032	19'841
Deferred income tax liabilities	(131'261)	(138'256)
<b>Total deferred tax liabilities, net</b>	<b>(110'229)</b>	<b>(118'415)</b>

### 27.2. Movement in deferred tax balances during the year

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

	1 October 2015 € (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 2016 € (000's)
<b>Temporary differences</b>						
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
<b>Total temporary differences</b>	<b>(131'973)</b>	<b>5'748</b>	<b>(237)</b>	<b>482</b>	<b>78</b>	<b>(125'902)</b>
<b>Tax losses</b>						
Unused tax losses	13'558	2'125	-	-	(10)	15'673
<b>Total deferred tax asset/(liability)</b>	<b>(118'415)</b>	<b>7'873</b>	<b>(237)</b>	<b>482</b>	<b>68</b>	<b>(110'229)</b>

	1 October 2014 € (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 2015 € (000's)
<b>Temporary differences</b>						
Intangible assets	(124'693)	9'746	-	(24)	(21)	(114'992)
Property, plant and equipment	(10'767)	(1'050)	-	3	(484)	(12'298)
Non-current financial assets	-	(1'106)	664	(3)	(1)	(446)
Inventories	(1'195)	(67)	-	-	(95)	(1'357)
Trade receivables	384	66	-	-	61	511
Current liabilities	683	(6'033)	-	-	(9)	(5'359)
Provisions	62	(751)	-	-	4	(685)
Other non-current liabilities	3'291	(2'741)	2'049	-	54	2'653
<b>Total temporary differences</b>	<b>(132'235)</b>	<b>(1'936)</b>	<b>2'713</b>	<b>(24)</b>	<b>(491)</b>	<b>(131'973)</b>
<b>Tax losses</b>						
Unused tax losses	8'543	4'304	-	-	711	13'558
<b>Total deferred tax asset/(liability)</b>	<b>(123'692)</b>	<b>2'368</b>	<b>2'713</b>	<b>(24)</b>	<b>220</b>	<b>(118'415)</b>

### 27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

30 September 2016	Assets € (000's)	Liabilities € (000's)	Net € (000's)
<b>Temporary differences</b>			
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
<b>Deferred tax assets/(liabilities) arising on temporary differences</b>	<b>15'004</b>	<b>(140'906)</b>	<b>(125'902)</b>
<b>Tax losses</b>			
Unused tax losses	15'673	-	15'673
<b>Deferred tax assets arising from unused tax losses</b>	<b>15'673</b>	<b>-</b>	<b>15'673</b>
Offset deferred tax assets and deferred tax liabilities	(9'645)	9'645	-
<b>Total deferred tax asset/(liability)</b>	<b>21'032</b>	<b>(131'261)</b>	<b>(110'229)</b>

30 September 2015	Assets € (000's)	Liabilities € (000's)	Net € (000's)
<b>Temporary differences</b>			
Intangible assets	3'780	(118'772)	(114'992)
Property, plant and equipment	295	(12'593)	(12'298)
Non-current financial assets	101	(547)	(446)
Inventories	1	(1'358)	(1'357)
Trade receivables	886	(375)	511
Current liabilities	700	(6'059)	(5'359)
Provisions	67	(752)	(685)
Other non-current liabilities	6'618	(3'965)	2'653
<b>Deferred tax assets/(liabilities) arising on temporary differences</b>	<b>12'448</b>	<b>(144'421)</b>	<b>(131'973)</b>
<b>Tax losses</b>			
Unused tax losses	13'558	-	13'558
<b>Deferred tax assets arising from unused tax losses</b>	<b>13'558</b>	<b>-</b>	<b>13'558</b>
Offset deferred tax assets and deferred tax liabilities	(6'165)	6'165	-
<b>Total deferred tax asset/(liability)</b>	<b>19'841</b>	<b>(138'256)</b>	<b>(118'415)</b>

#### 27.4. Unrecognised deferred tax assets/liabilities

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

	2016 € (000's)	2015 € (000's)
One year	1'422	6'734
Two years	208	842
Three years	214	511
Four years	-	208
Five years	-	214
More than five years	482'165	207'564
<b>Total unused tax losses carried forward</b>	<b>484'009</b>	<b>216'073</b>

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.

## 28. Trade payables

	30 September 2016 € (000's)	30 September 2015 € (000's)
Trade payables	107'710	107'271
<b>Total trade payables</b>	<b>107'710</b>	<b>107'271</b>

The Group's exposure to financial and liquidity risk related to trade and other payables is disclosed in note 32.

## 29. Other current liabilities

	30 September 2016 € (000's)	30 September 2015 € (000's)
Other payables	30'870	25'524
Accrued expenses	28'432	34'345
Interest payable	11'598	11'688
Tax and social security costs	12'096	12'841
<b>Total other current liabilities</b>	<b>82'996</b>	<b>84'398</b>

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.

## 30. Equity

### 30.1. Share capital, share premium and additional paid-in capital

The Group's share capital consists of 187'000 fully paid ordinary shares (2015: 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 € 375'000 was made to the share premium of Selecta Group B.V. and a contribution in cash in an amount of € 16'300'000 was made to the reserves of Selecta AG from the parent company Selecta Group S.a.r.l.

### 30.2. Reserves

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

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

<b>Total other comprehensive income, net of tax</b>	<b>(1'297)</b>	<b>196</b>	<b>990</b>	<b>(111)</b>
	<i>Attributed to equity holders of the parent</i>			
<i>30 September 2015</i>	<i>Currency translation reserve € (000's)</i>	<i>Retained earnings € (000's)</i>	<i>Hedging reserve € (000's)</i>	<b>Total € (000's)</b>
Foreign currency translation differences for foreign operations	(42'295)	-	-	<b>(42'295)</b>
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	(7'834)	-	<b>(7'834)</b>
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	(1'840)	<b>(1'840)</b>
<b>Total other comprehensive income, net of tax</b>	<b>(42'295)</b>	<b>(7'834)</b>	<b>(1'840)</b>	<b>(51'969)</b>

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 €. 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.

## **31. Financial risk management**

### **31.1. Risk management framework**

Financial risk management is an integral part of the way the Group is managed. The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial policies. Group's management reports on a monthly basis to the Board of Directors on the Group's performance. The Board of Directors meets approximately 6 times a year and meeting minutes are documented. 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 Board of Directors on a monthly basis.

### **31.2. 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 31.6 and foreign currency risk management see section 31.7.

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.

### 31.3. 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:

	Note	Carrying amount 2016 € (000's)	2015 € (000's)
Trade receivables	20	40'939	40'536
Non-current other financial assets	18	2'765	2'447
Derivative financial instruments	32	6'218	2'554
Accrued income	21	20'193	23'002
<b>Total exposure to credit risk</b>		<b>70'115</b>	<b>68'539</b>

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 20.

The Group is not exposed to significant credit risk on its cash and cash equivalents (€ 66.8m, 2015 € 36.2m) 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.

### 31.4. 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 has entered into a € 50 million super senior revolving credit facility. The amount drawn under this facility at 30 September 2016 is € 29.0 million (2015: € 6.0 million) and therefore € 21.0 million remains available.

### 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.

	<i>Less than 3 months € (000's)</i>	<i>3 months to 1 year € (000's)</i>	<i>1-5 years € (000's)</i>	<i>More than 5 years € (000's)</i>	<i>Total € (000's)</i>
<i>At 30 September 2016</i>					
Revolving credit facility	-	-	29'001	-	<b>29'001</b>
Secured loan notes	18'696	18'696	687'444	-	<b>724'836</b>
Loans due to parent undertaking	-	-	504'037	-	<b>504'037</b>
Finance lease liabilities	2'066	6'200	21'428	242	<b>29'936</b>
Trade payables	107'710	-	-	-	<b>107'710</b>
<b>Total non-derivative financial liabilities</b>	<b>128'472</b>	<b>24'896</b>	<b>1'241'910</b>	<b>242</b>	<b>1'395'520</b>
Cross currency swaps					
Outflows	9'296	9'296	224'101	-	<b>242'692</b>
Inflows	(8'288)	(8'288)	(218'875)	-	<b>(235'450)</b>
<b>Total derivative financial liabilities</b>	<b>1'008</b>	<b>1'008</b>	<b>5'226</b>	<b>-</b>	<b>7'242</b>
<i>At 30 September 2015</i>					
Revolving credit facility	-	-	6'000	-	<b>6'000</b>
Secured loan notes	18'670	18'670	723'822	-	<b>761'162</b>
Loans due to parent undertaking	-	-	-	493'395	<b>493'395</b>
Finance lease liabilities	1'302	4'121	15'554	227	<b>21'204</b>
Trade payables	107'271	-	-	-	<b>107'271</b>
<b>Total non-derivative financial liabilities</b>	<b>127'243</b>	<b>22'791</b>	<b>745'376</b>	<b>493'622</b>	<b>1'389'032</b>
Cross currency swaps					
Outflows	9'638	9'621	282'378	-	<b>301'637</b>
Inflows	(8'425)	(8'395)	(272'998)	-	<b>(289'818)</b>
<b>Total derivative financial liabilities</b>	<b>1'213</b>	<b>1'226</b>	<b>9'380</b>	<b>-</b>	<b>11'819</b>

### 31.5. 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 23 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).

### 31.6. 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 2016 € 29.0 million were outstanding on this facility (2015: € 6.0 million).

The interest rate on the Group's secured loan notes amounts to 6.5%, on the loans due to parent undertakings to 11.875%, and 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 31.4.

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

	30 September 2016 € (000's)	30 September 2015 € (000's)
Financial assets	-	-
Financial liabilities	(887'383)	(842'834)
<b>Total fixed-rate instruments</b>	<b>(887'383)</b>	<b>(842'834)</b>
Financial assets	62'560	31'740
Financial liabilities	(29'001)	(6'000)
<b>Total variable-rate instruments</b>	<b>33'558</b>	<b>25'740</b>

#### 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 2016, 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 € 0.3million (€ 0.3 million respectively in financial year ended 30 September 2015).

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.

### 31.7. 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 € 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 2016 for another year, in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments (see note 32.3).

#### 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:

	2016 Currency (000's)	2015 Currency (000's)
EUR	105'865	76'742
GBP	8'747	9'737
SEK	3'828	3'915
NOK	456	430

### 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  $\pm 10$  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  $\pm 10$  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	
	2016 € (000's)	2015 € (000's)	2016 € (000's)	2015 € (000's)
CHF	11'384	8'368	1'728	2'600
GBP	875	974	710	709
SEK	-	-	376	268

## 32. Financial instruments

### 32.1. 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 2016

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

At 30 September 2015

	Carrying amount			Total € (000's)	Fair value			Total € (000's)
	Cash flow hedging instrument € (000's)	Loans and receivables € (000's)	Other financial liabilities € (000's)		Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's)	
<b>Financial assets measured at fair value</b>								
Cross currency swaps	2'554	-	-	<b>2'554</b>	-	2'554	-	<b>2'554</b>
	<b>2'554</b>	-	-	<b>2'554</b>				
<b>Financial assets not measured at fair value</b>								
Trade receivables	-	39'453	-	<b>39'453</b>				
Non-current other financial assets	-	2'438	-	<b>2'438</b>				
Cash and cash equivalents	-	36'177	-	<b>36'177</b>				
Accrued income	-	22'800	-	<b>22'800</b>				
	-	<b>100'868</b>	-	<b>100'868</b>				
<b>Financial liabilities measured at fair value</b>								
Cross currency swaps	(13'116)	-	-	<b>(13'116)</b>	-	(13'116)	-	<b>(13'116)</b>
	<b>(13'116)</b>	-	-	<b>(13'116)</b>				
<b>Financial liabilities not measured at fair value</b>								
Revolving credit facility	-	-	(5'055)	<b>(5'055)</b>	-	(5'055)	-	<b>(5'055)</b>
Secured loan notes	-	-	(560'005)	<b>(560'005)</b>	(537'442)	-	-	<b>(537'442)</b>
Loans due to parent undertaking	-	-	(243'814)	<b>(243'814)</b>	-	(243'814)	-	<b>(243'814)</b>
Finance lease liabilities	-	-	(20'382)	<b>(20'382)</b>	-	(20'382)	-	<b>(20'382)</b>
Trade payables	-	-	(107'271)	<b>(107'271)</b>				
	-	-	(936'527)	<b>(936'527)</b>				

## 32.2. 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

### 32.3. 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 will be 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 2015 the derivative financial instruments had a negative fair value of net € 10.6 million. In the year ended 30 September 2016 the positive change in fair value of the derivative financial instruments which was recorded in other comprehensive income was € 1.3 million (2015: negative change of € 2.5 million).

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:

	<i>Original trade date</i>	<i>Maturity date</i>	<i>Notional amount € (000's)</i>	<i>Carrying amount € (000's)</i>
<i>30 September 2015</i>				
CHF / EUR cross currency swap	20 June 2014	15 June 2017	85'000	(11'891)
SEK / EUR cross currency swap	20 June 2014	15 June 2017	117'300	917

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments:

	<i>Carrying amount € (000's)</i>	<i>Total € (000's)</i>	<i>One year or less € (000's)</i>	<i>More than one year € (000's)</i>
<i>30 September 2015</i>				
Cross currency swaps used for hedging	(10'974)	(12'090)	(1'849)	(10'241)

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments:

	<i>Carrying amount € (000's)</i>	<i>Total € (000's)</i>	<i>One year or less € (000's)</i>	<i>More than one year € (000's)</i>
<i>30 September 2015</i>				
Cross currency swaps used for hedging	(10'974)	(12'090)	(1'849)	(10'241)

### 32.4. Master netting or similar agreements

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The Group enters into derivative transactions under International Swaps and Derivatives master netting 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.

### 33. Disposal group held for sale

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In August 2015, management committed to a plan to sell the following three legal entities within the Group, including all assets, liabilities, contracts and commercial relationships:

- Selecta Hungary Automataüzemeltető Kft (Hungary)
- Automaty Servis Selecta Sro (Czech Republic)
- AS Selecta Sro (Slovakia)

Accordingly, these three countries are presented as a disposal group held for sale in the financial information as per 30 September 2015.

At 30 September 2015, assets and liabilities of the disposal group held for sale were:

	<i>Total</i> € (000's)
Property, plant and equipment	2'835
Other intangible assets	220
Deferred income tax assets	27
Non-current financial assets	9
Inventories	643
Trade and other receivables	1'083
Other current assets	287
Cash and cash equivalents	1'126
<b>Asset held for sale</b>	<b>6'230</b>
Non-current finance lease liabilities	111
Deferred income tax liabilities	3
Trade payables	1'749
Other liabilities	762
<b>Liabilities held for sale</b>	<b>2'625</b>

Other comprehensive income accumulated in reserves included an amount of € 652'000 at 30 September 2015 that was recycled through the consolidated statement of profit or loss on disposal of the legal entities, resulting in a loss in this amount.

Following the information to be disclosed in relation to the disposal of the above 3 entities:

	<i>Total</i> € (000's)
Consideration received, satisfied in cash	12'930
Cash and cash equivalents disposed of	1'126
Selling costs	1'020
<b>Net cash inflow</b>	<b>10'784</b>
Net disposal gain	5'900

### 34. Share based payments

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During the year ended 30 September 2014, the Group implemented a new 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.

### 35. Commitments for expenditures

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#### 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 € 109.8 million, thereof minimum lease payments € 98.8 million (2015: € 91.7 million and € 87.3 million respectively).

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

	2016 € (000's)	2015 € (000's)
Within one year	22'339	16'265
After one year but not more than five years	50'130	44'819
More than five years	29'733	32'727
<b>Total operating lease commitments</b>	<b>102'202</b>	<b>93'811</b>

€ 38.3 million (2015: € 38.7 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.

### 36. Contingent liabilities and contingent assets

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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.

## 37. Related parties

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### 37.1. Parent undertaking

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The immediate parent of the Group is Selecta Group S.à.r.l., a company incorporated in Luxembourg.

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.

### 37.2. Compensation of key management personnel

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For details of the key management personnel see pages 12 to 14.

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. (2015: 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 (2015: nil).

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

	2016 € (000's)	2015 € (000's)
Short term benefits	3'651	3'036
Post-employment benefits	1'877	509

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family (2015: nil).

### 37.3. Transactions and balances with related parties

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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.

As part of our business, we have entered into certain transactions with affiliates of KKR. These relate to the provision of vending services and have been entered into on an arm's length basis. We have further 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:

<i>Related party</i>	<i>Nature of the relationship</i>	<i>Amount of transaction € (000's)</i>	<i>Outstanding balance € (000's)</i>
<b>Year ended and as at 30 September 2016</b>			
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	-
Business Lounge GmbH	Vending services provided	3	-
Allianz Global Corporate and Speciality	Vending services provided	10	-
<b>Year ended and as at 30 September 2015</b>			
Allianz Suisse Versicherungsgesellschaft Zürich	Insurance services received	1'519	120
Allianz Suisse Versicherungsgesellschaft	Vending services provided	49	-
Allianz Deutschland AG	Vending services provided	661	353
Sana Kliniken AG	Vending services provided	9	-
Allianz Capital Partners GmbH	Vending services provided	11	-
Allianz CIA Seguros Y Reasuguros SA	Vending services provided	11	4
Allianz Global Corporate and Speciality	Vending services provided	47	2

There were no material transactions or outstanding balances between the Group and other related parties in the year ended 30 September 2016 (2015: nil).

### 38. Changes in scope of consolidations

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During the year ended 30 September 2016 three legal entities of the Group, including all assets, liabilities, contracts and commercial relationships have been sold.

- Selecta Hungary Automataüzemeltető Kft (Hungary)
- Automaty Servis Selecta Sro (Czech Republic)



- AS Selecta Sro (Slovakia)

The disposal group was part of the region central. Effective date of the transaction was October 1, 2015.

On 16 June 2016 Selecta Trading Sro (Slovakia) was founded for trading business in Slovakia to provide vending services.

During the year ended 30 September 2015 there have not been any acquisitions or disposals of subsidiaries.

### 39. Events after the balance sheet date

To the best of management's knowledge, no events, other than those disclosed in these financial statements, have occurred between 30 September 2016 and the date of authorization of these consolidated financial statements (30 November 2016) that could have a material impact on the consolidated financial statements.

### 40. Subsidiaries

The Company's subsidiaries at 30 September 2016 were as follows:

<i>Legal Name of subsidiary</i>	<i>Place of incorporation (or registration)</i>	<i>Proportion of ownership interest in %</i>	<i>Proportion of voting power held in %</i>	<i>Principal activities</i>
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 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
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 Management AG	Switzerland	100	100	Holding company and corporate activities
Selecta TMP AG	Switzerland	100	100	Holding company and corporate activities
Selecta Purchasing AG	Switzerland	100	100	Provision of purchasing services
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

In addition, to the above listed Company's subsidiaries, the following three companies belonged to the Group at 30 September 2015 as well:

<b>Legal Name of subsidiary</b>	<b>Place of incorporation (or registration)</b>	<b>Proportion of ownership interest in %</b>	<b>Proportion of voting power held in %</b>	<b>Principal activities</b>
Selecta Hungary Automataüzemeltető Kft	Hungary	100	100	Trading company for provision of vending services
Automaty Servis Selecta Sro	Czech Republic	100	100	Trading company for provision of vending services
AS Selecta Sro	Slovakia	100	100	Trading company for provision of vending services

## **Approval of the consolidated financial statements**

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The consolidated financial statements for the year ended 30 September 2016 have been authorised by the Board of Directors on 30 November 2016.

Amsterdam, 30 November 2016

Mark Brown  
*President of the Supervisory Board*

Markus Hunold  
*Vice President of the Supervisory Board*

Alain Vourch  
*Member of the Supervisory Board*

David Flochel  
*Member of the Management Board*

Hugues Rougier  
*Member of the Management Board*

## Report of the Independent Auditor to the Board of Directors on the consolidated financial statements

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Report of the Independent Auditor to the Board of Directors of

**Selecta Group B.V., Amsterdam**

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### Report of the Independent Auditor on the Consolidated Financial Statements

As independent auditor, we have audited the accompanying consolidated financial statements of Selecta Group B.V. from page 15 to page 67, which comprise the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated cash flow statement and notes to the consolidated financial statement for the year ended 30 September 2016.

#### *Board of Directors' Responsibility*

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements for the year ended 30 September 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS).

#### *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.

KPMG AG

Reto Benz  
*Licensed Audit Expert*  
*Auditor in Charge*

Manuela Stefani  
*Licensed Audit Expert*

Zurich, 30 November 2016