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

Condensed consolidated interim financial statements for the 6 months ended 31 March 2016 (unaudited)

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Operating and financial review

Overview of the business

Selecta is the leading independent operator of vending machines in Europe by revenue, with operations in 18 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

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

Sales in the three months ended 31 March 2016 were 1.9% ahead of last year. At constant foreign exchange rates[1] sales grew by 4.1% compared to prior year. Strong sales delivery on the back of successful new business gains installed in the last 12 months. This is the fourth consequent quarter were sales growth is delivered.

The divestment of the three Eastern European countries was finalised during the first quarter 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 key messages of the regional performance in the quarter are:

- In France sales in the quarter were 1.0% higher the prior year, showing good sales growth compared to prior year quarter especially in public vending (+3.1%).
- Sales in West region were 4.5% above last year as a result of the strong revenue delivery of the Starbucks on the go installed in Euro Garages petrol stations in the UK. At constant foreign exchange rates[1] sales grew by 9.5% compared to prior year quarter.
- Sales in central region were 1.0% below last year driven by exchange rate fluctuation of the Swiss Franc. Comparing sales using constant foreign exchange rates[1] sales grew by 2.2%. Strong growth in Germany driven by new installation in Deutsche Bahn (+7.9%) and Spain maintaining the good growth rate shown during the whole last year.
- North region has delivered year on year sales growth of 7.7% (+7.8% at constant foreign exchange rates[1]) 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 the quarter was € 4.6 million lower than last year driven by higher vending rent (€ 4.5m).

[1] Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.52; GBP/EUR 0.74

Financial review[1]

Financial summary

	3 months ended			Year to date		
	March 16 €m	March 15 €m	Change %	March 16 €m	March 15 €m	Change %
Revenue	**176.8**	**173.4**	**1.9%**	**361.5**	***347.4***	**4.1%**
Materials and consumables used	(57.9)	(53.8)	7.5%	(114.0)	(108.7)	4.9%
Gross profit	**118.9**	**119.6**	**-0.6%**	**247.5**	**238.7**	**3.7%**
% margin	*67.3%*	*69.0%*	*-1.7 pts*	*68.5%*	*68.7%*	*-0.2 pts*
Employee benefits expense	(59.1)	(58.7)	0.6%	(120.8)	(114.4)	5.6%
Other operating expenses	(45.0)	(36.4)	23.8%	(89.8)	(75.6)	18.9%
EBITDA	**14.8**	**24.5**	**-39.5%**	**36.9**	**48.7**	**-24.3%**
% margin	*8.4%*	*14.1%*	*-5.7 pts*	*10.2%*	*14.0%*	*-3.8 pts*
Adjustments	7.5	2.4	206.9%	13.4	4.4	209.3%
Adjusted EBITDA	**22.3**	**26.9**	**-17.2%**	**50.3**	**53.0**	**-5.2%**
% margin	*12.6%*	*15.5%*	*-2.9 pts*	*13.9%*	*15.3%*	*-1.4 pts*
Depreciation & amortisation	(21.4)	(21.4)	-0.2%	(43.1)	(42.0)	2.4%
% revenue	*-12.1%*	*-12.3%*	*0.2 pts*	*-11.9%*	*-12.1%*	*0.2 pts*

**€ 353.7 including the disposal group*

Revenue

Sales in the three months ended 31 March 2016 were 1.9% ahead of last year.

The following table sets out the revenue development by region in the 3 months ended 31 March 2016 and 2015.

	3 months ended			Year to date		
	March 16 €m	March 15 €m	Change %	March 16 €m	March 15 €m	Change %
France	42.4	42.0	1.0%	87.0	86.8	0.2%
West	26.3	25.2	4.5%	55.4	51.3	8.1%
Central	72.9	73.7	-1.0%	150.0	145.2	3.3%
North	35.1	32.6	7.7%	69.2	64.2	7.7%
HQ and inter-company eliminations	0.0	(0.0)		(0.0)	(0.1)	
Group	**176.8**	**173.4**	**1.9%**	**361.5**	***347.7**	**4.1%**

**€ 353.7 including the disposal group*

France

Revenue increased by 1.0% in the 3 months ended 31 March 2016 to € 42.4 million compared to prior year (2015: € 42.0 million). Turnaround in the public vending where sales grew by 3.1% driven by the Move machine installations in railway stations.

[1] All numbers in the financial review, unless stated otherwise, are at actual foreign currency rates and exclude divested companies and impact of sales from divested companies.
Divested companies are the following country organisations: Czech, Slovakia and Hungary.
Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.52; GBP/EUR 0.74

West

Revenue of € 26.3 million in the 3 months ended 31 March 2016 was 4.5% higher than last year (2015: € 25.2 million), driven by the Starbucks on the go machines at Euro Garages in the UK. At constant foreign exchange rates[1] sales grew by 9.5% compared to prior year.

Central

Revenue of € 72.9 million in the 3 months ended 31 March 2016 was 1.0% lower than last year (2015: € 73.7 million), driven by exchange rate fluctuation of the Swiss Franc. Comparing sales using constant foreign exchange rates[1] sales grew by 2.2%. Sales in Switzerland were down by 4.3% driven by exchange rate. At constant foreign exchange rates[1] sales were flat versus prior year. Revenue in Germany and Spain increased on the back of new business installations (each by € 0.8 million in the quarter).

North

Revenue increased by 7.7% to € 35.1 million in the 3 months ended 31 March 2016 compared to prior year (2015: € 32.6 million), with continuing strong growth in the whole region. New installations of Starbucks on the go in Q8 petrol stations have doubled the sale in Denmark in the quarter to € 3.1 million.

Gross profit

Gross profit increased by 0.3% to € 118.7 million in the 3 months ended 31 March 2016 compared to prior year (2015: € 118.4 million). Gross profit margin decreased by 1.1 percentage points to 67.1% in the 3 months ended 31 March 2016 (2015: 68.2%).

Employee benefits expense

Employee benefits expense of € 59.1 million in the 3 months ended 31 March 2016 was € 0.3 million, or 0.6% higher than prior year (2015: € 58.7 million). At 31 March 2016 the Group had 4’258 FTE’s, 33 more than at End of March 2015.

Other operating expenses

Other operating expenses increased by € 9.7 million, or 27.5%, to € 44.8 million in the 3 months ended 31 March 2016 (2015: € 35.1 million) mainly due to higher vending rent (€ 4.5 million), higher cost for external consultant relating to projects work and restructuring exercises (€ 1.2 million) and higher other expenses mainly relating to one-time adjustments in France (€ 3.5 million).

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expense of € 21.4 million in the 3 months ended 31 March 2016 remain flat compared to prior year (2015: € 21.4 million).

[1]Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.52; GBP/EUR 0.74

Adjustments

Adjustments in respect of one off items were € 7.5 million in the 3 months ended 31 March 2016, € 5.1 million higher than in prior year (2015: € 2.4 million). This relates to costs incurred for external consultants for projects focused on the Group's capital expenditure optimisation and cost savings initiatives as well as restructuring personnel expenses in France and the UK. Necessary one-time adjustments in France are included as well.

Adjusted EBITDA

Adjusted EBITDA decreased by € 4.6 million, or 17.2%, in the 3 months ended 31 March 2016 to € 22.3 million compared to prior year (2015: € 26.9 million).

The following table sets out the adjusted EBITDA by region in the 3 months ended and year to date 31 March 2016 and 2015:

	3 months ended			Year to date		
	March 16 €m	**March 15 €m**	**Change %**	**March 15 €m**	**March 16 €m**	**Change %**
France	(0.6)	1.7	-136.9%	1.7	6.0	-71.2%
West	2.0	1.9	2.2%	4.0	3.9	3.0%
Central	17.0	19.6	-13.1%	36.4	37.3	-2.4%
North	7.9	7.5	4.9%	15.5	13.5	14.8%
HQ	(3.9)	(3.8)	2.2%	(7.5)	(7.7)	-3.6%
Group	**22.3**	**26.9**	**-17.2%**	**50.3**	**53.0**	**-5.2%**

France

Adjusted EBITDA of € -0.6 million in the 3 months ended 31 March 2016 was € 2.3 million, or 136.9%, below last year (2015: € 1.7 million). The decrease is due to the increased vending rents. Restructuring measures continue to be taken to improve efficiency.

West

Adjusted EBITDA of € 2.0 million in the 3 months ended 31 March 2016 was € 0.1 million, or 2.2%, above prior year (2015: € 1.9 million). At constant foreign exchange rates[1] adjusted EBITDA was € 0.2 million, or 8.2% above prior year, with the additional gross profit from higher sales from new business gains installations.

Central

Adjusted EBITDA of € 17.0 million in the 3 months ended 31 March 2016 was € 2.6 million, or 13.1%, lower than prior year (2015: € 19.6 million), partially due to translation impacts. At constant foreign exchange rates[1] adjusted EBITDA was € 1.9 million lower than prior year, due to Switzerland where in the prior year's quarter an income related to foreign exchange rate translation (€ 0.9 million) and profit from the sale of a building of € 0.6m were recognised.

North

Adjusted EBITDA of € 7.9 million in the 3 months ended 31 March 2016 was € 0.4 million, or 2.2%, above prior year (2015: € 7.5 million) driven by the higher sales.

HQ

Adjusted EBITDA in the 3 months ended 31 March 2016 was € 0.1 million lower than prior year.

[1]Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.52; GBP/EUR 0.74

Cash flow

	3 months ended			Year to date		
	March 16	**March 15**	**Change**	**March 15**	**March 16**	**Change**
	€m	**€m**	**%**	**€m**	**€m**	**%**
Net cash generated from operating activities	15.9	30.2	-47.2%	(4.1)	20.5	-119.9%
Net cash used in investing activities	(1.2)	(20.2)	-94.1%	(16.6)	(37.8)	-56.0%
Free cash flow	**14.7**	**10.0**	**47.4%**	**(20.7)**	**(17.3)**	**19.8%**
Proceeds from capital increase	-	-		16.7	-	
Repayments of / proceeds from borrowings	(6.0)	(14.7)		42.9	14.4	
Interest paid and other financing cost	(1.0)	(0.6)		(25.3)	(18.6)	
Other	-	(1.9)		-	(2.9)	
Net cash used in financing activities	**(7.0)**	**(17.2)**		**34.2**	**(7.1)**	
Net change in cash and cash equivalents	**7.7**	**(7.2)**		**13.5**	**(24.4)**	

Net cash generated from operating activities of € 15.9 million in the 3 months ended 31 March 2016 was 14.3 million, or 47.2%, lower than last year (2015: € 30.2 million). Next to the lower adj. EBITDA delivery, the higher adjustments of € 5.1 million and the unfavourable working capital changes of € 6.4 million are causing the decrease compared to prior year.

Net cash used in investing activities decreased by € 19.0 million, or 94.1%, to € 1.2 million in the 3 months ended 31 March 2016 (2015: € 20.2 million). The € -1.2m are including of the proceeds from sales of subsidiary of € 11.2 million.

Therefore free cash flow in the 3 months ended 31 March 2016 was € 14.7 million, € 4.7 million or 47.4%, below last year (2015: € 10.0 million).

Repayments of borrowings of € 6.0 million in the 3 months ended 31 March 2016 were reducing the Group's revolving credit facility drawings.

Net debt

The following table sets out the group's net debt at 31 March 2016.

	March 16 €m	Sep 15 €m	Change €m
Cash at bank	**43.8**	**31.7**	**12.1**
Revolving credit facility	43.3	6.0	37.3
Senior notes	574.1	574.6	(0.5)
PIK loan	268.1	247.7	20.4
Accrued interest	19.0	18.4	0.6
Finance leases	27.8	20.5	7.3
Total debt	**932.3**	**867.3**	**65.1**
Net debt	**888.5**	**835.5**	**53.0**

The above definition of debt is different to the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred

Cash at bank increased by € 12.1 million to € 43.8 million at 31 March 2016 (30 September 2015: € 31.7 million).

The amounts outstanding under the Group's revolving credit facility increased by € 37.3 million to € 43.3 million at 31 March 2016 (30 September 2014: € 6 million) as a result of drawings made under the facility to finance the Group's capital expenditure and working capital timing differences.

The amounts outstanding on the senior notes decreased by € 0.5 million to € 574.1 million at 31 March 2016 (30 September 2015: € 574.6 million) due entirely to currency translation effects. CHF 245 million of the Group's senior notes have been issued in Swiss Francs.

The amounts outstanding on the PIK loan increased by € 20.4 million to € 268.1 million at 31 March 2016 (30 September 2015: € 247.7 million) due to the capitalisation of the PIK interest for € 14.8 million and to an additional loan facility of € 5.6 million.

Accrued interest increased by € 0.6 million to € 19.0 million at 31 March 2016 (30 September 2015: € 18.4 million) representing unpaid interest on the senior secured notes, due on 15 June 2016, and on the PIK loan.

As a result net debt increased by € 53.0 million to € 888.5 million at 31 March 2016 (30 September 2015: € 835.5 million).

Other material developments

There have been no material developments in respect of the Group in the 3 months ended 31 March 2016 or since this date and up to the date of approval of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements

Consolidated statement of profit or loss

	Notes	*6 months ended 31 March 2016 € (000's)*	*6 months ended 31 March 2015 € (000's)*
Revenue	6	361'525	353'724
Materials and consumables used		(113'992)	(111'333)
Employee benefits expense		(120'764)	(115'856)
Depreciation, amortisation and impairment expense		(43'050)	(42'634)
Other operating expenses		(97'330)	(82'702)
Gain on the disposal of subsidiary	14	6'551	-
Other operating income		7'335	5'849
Profit before interest and income tax		**275**	**7'047**
Finance costs	7	(44'890)	(8'429)
Finance income		84	57
Loss before income tax		**(44'531)**	**(1'325)**
Income taxes		2'075	(755)
Net profit/(loss) for the period attributable to equity holders of the parent		**(42'456)**	**(2'080)**

Consolidated statement of comprehensive income

	6 months ended 31 March 2016 € (000's)	*6 months ended 31 March 2015 € (000's)*
Net profit (loss) for the period	**(42'456)**	**(2'080)**
Items that will not be reclassified to the consolidated statement of profit or loss		
Remeasurement gain on post-employment benefit obligations	(8'069)	(18'277)
Income tax relating to remeasurement gain on post-employment benefit obligations	2'138	4'843
	(5'931)	**(13'434)**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss		
Effective portion of changes in fair value of cash flow hedges	2'386	(3'249)
Income tax relating to effective portion of changes in fair value of cash flow hedges	(632)	861
Foreign exchange translation differences for foreign operations	(1'133)	(63'661)
	621	**(66'049)**
Other comprehensive income net of tax	**(5'310)**	**(66'049)**
Total comprehensive income attributable to equity holders of the parent	**(47'766)**	**(12'413)**

Consolidated balance sheet

	Notes	31 March 2016 € (000's)	30 September 2015 € (000's)
Assets			
Non-current assets			
Property, plant and equipment	8	197'694	193'581
Goodwill	9	483'128	483'128
Trademarks	10	286'301	286'301
Customer contracts	10	146'856	160'285
Other intangible assets	10	13'131	12'377
Deferred income tax assets		21'014	19'841
Non-current financial assets		2'519	2'438
Derivative financial instruments	13	1'232	2'554
Total non-current assets		**1'151'875**	**1'160'505**
Current assets			
Inventories		42'936	39'839
Trade receivables		45'758	39'453
Other current assets		30'808	35'167
Cash and cash equivalents		48'227	35'051
Assets held for sale		-	6'230
Total current assets		**167'729**	**155'740**
Total assets		**1'319'604**	**1'316'245**
Equity and liabilities			
Equity			
Share capital	12	187	187
Share premium	12	279'566	279'191
Additional paid-in capital	12	236'829	220'529
Currency translation reserve	12	(127'733)	(126'600)
Hedging reserve	12	(772)	(2'526)
Retained earnings	12	(310'693)	(262'306)
Equity attributable to equity holders of the parent		**77'384**	**108'475**
Non-current liabilities			
Borrowings	11	868'465	808'874
Derivative financial instruments	13	10'189	11'431
Finance lease liabilities		20'594	15'063
Post-employment benefit obligations		31'680	22'533
Provisions		6'073	6'328
Deferred income tax liabilities		133'508	138'256
Total non-current liabilities		**1'070'509**	**1'002'485**
Current liabilities			
Derivative financial instruments	13	1'747	1'685
Finance lease liabilities		7'168	5'319
Trade payables		77'218	107'271
Provisions		719	859
Current income tax liabilities		2'254	3'128
Other current liabilities		82'605	84'398
Liability held for sale		-	2'625
Total current liabilities		**171'711**	**205'285**
Total liabilities		**1'242'220**	**1'207'770**
Total equity and liabilities		**1'319'604**	**1'316'245**

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 attributable to equity holders of the parent € (000's)*
Balance at 1 October 2014	**187**	**279'191**	**220'529**	**(84'305)**	**(686)**	**(215'655)**	**199'261**
Other comprehensive income	-	-	-	(42'295)	(1'840)	(7'834)	(51'969)
Net loss	-	-	-	-	-	(38'817)	(38'817)
Total comprehensive income	-	-	-	*(42'295)*	*(1'840)*	*(46'651)*	*(90'786)*
Balance at 1 October 2015	**187**	**279'191**	**220'529**	**(126'600)**	**(2'526)**	**(262'306)**	**108'475**
Other comprehensive income	-	-	-	(1'133)	1'754	(5'931)	(5'310)
Net profit/(loss)	-	-	-	-	-	(42'456)	(42'456)
Total comprehensive income	-	-	-	*(1'133)*	*1'754*	*(48'387)*	*(47'766)*
Capital contribution	-	*375*	*16'300*	-	-	-	*16'675*
Balance at 31 March 2016	**187**	**279'566**	**236'829**	**(127'733)**	**(772)**	**(310'693)**	**77'384**

Consolidated cash flow statement

	Notes	*6 months ended 31 March 2016 € (000's)*	*6 months ended 31 March 2015 € (000's)*
Cash flows from operating activities			
Net loss before income tax		(44'531)	(1'325)
Depreciation, amortization and impairment expense		43'050	42'634
Gain on disposal of property, plant and equipment, net		(1'795)	(1'172)
Gain on disposal of subsidiaries	14	(6'551)	-
Net finance costs		44'806	8'372
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
(Increase)/Decrease in inventories		(3'256)	(3'766)
(Increase)/Decrease in trade receivables		(6'543)	(3'258)
(Increase)/Decrease in other current assets		4'077	3'747
Increase/(Decrease) in trade payables		(30'001)	(16'061)
Increase/(Decrease) in other liabilities		(548)	(5'605)
Income taxes (paid)/received		(2'788)	(3'037)
Net cash generated from/(used in) operating activities		**(4'080)**	**20'529**
Cash flows from investing activities			
Proceeds from sale of subsidiaries	14	11'169	-
Purchases of property, plant and equipment		(29'972)	(37'775)
Proceeds from sale of property, plant and equipment		4'135	2'988
Purchases of intangible assets		(2'037)	(3'082)
Interest received		79	57
Net cash used in investing activities		**(16'626)**	**(37'812)**
Cash flows from financing activities			
Proceeds from capital increase		16'675	-
Proceeds from issuance of loans and borrowings	11	42'868	14'390
Interest paid		(25'303)	(18'638)
Other non-cash items		-	(2'853)
Net cash generated from/(used in) financing activities		**34'240**	**(7'102)**
Net increase/(decrease) in cash and cash equivalents		**13'534**	**(24'385)**
Cash and cash equivalents at the beginning of the period		36'177	50'758
Exchange gains/(losses) on cash and cash equivalents		(1'484)	2'334
Cash and cash equivalents at the end of the period		**48'227**	**28'707**

Notes to the condensed consolidated interim financial statements

1. General Information

Selecta Group BV ("the Company") is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to as herein as "the Group" or "the Selecta Group". The Group is a European provider of food and beverage vending machine solutions. These financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2015.

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2015.

3. Summary of significant accounting policies

3.1. Accounting policies

The accounting policies adopted in the interim period are consistent with those in the previous financial year as disclosed in the financial statements for the year ended 30 September 2015, except for those accounting policies which have changed as a result of the issuance of new or revised standards and interpretations as disclosed in note 3.2 below.

3.2. New and revised/amended standards and interpretations

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

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

	Effective date	***Planned application by Selecta Group B.V.***
New Standards or Interpretations		
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016	Reporting year 2016/17
IFRS 9 *Financial Instruments*	1 January 2018	Reporting year 2018/19
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	Reporting year 2018/19
Revisions and amendments of Standards and Interpretations		
Accounting for Acquisitions in Joint Operations(Amendments to IFRS 11)	1 January 2016	Reporting year 2016/17
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	1 January 2016	Reporting year 2016/17
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016	Reporting year 2016/17
Disclosure Initiative (Amendments to IAS 1)	1 January 2016	Reporting year 2016/17
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	Reporting year 2016/17

There are no other new or amended standards or interpretations which have been published and become effective on or after 1 October 2015 that are relevant to the Group's operations.

The Group will review 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. At present the Group does not anticipate a material impact on the results or financial position of the Group.

3.3. Foreign exchange rates

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

		31 March 2016	
		Balance sheet	*Income statement*
Czech Koruna	CZK	27.05	27.04
Danish Krone	DKK	7.45	7.46
Great Britain Pound	GBP	0.79	0.75
Hungarian Forint	HUF	314.17	312.21
Norwegian Kroner	NOK	9.42	9.43
Swedish Krona	SEK	9.23	9.29
Swiss Franc	CHF	1.09	1.09

3.4. Statement of seasonality of operations

Whilst the business of Selecta fluctuates from month to month, the impact between quarters is limited, except for working capital which is traditionally more negative at year end than during the rest of the year.
Seasonal fluctuations across the months offset each other to a certain degree at group level.

4. Use of estimates and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2015.

5. Segmental reporting

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

Region France: includes operating entities in France.

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

Region Central: included operating entities in Switzerland, Germany, Spain, Austria , 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 6 months ended 31 March 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	86'951	55'413	150'012	69'172	**361'548**	20	(43)	**361'525**
Profit before interest, tax, depreciation and amortisation (EBITDA)	**(4'790)**	**3'058**	**37'252**	**14'498**	**50'019**	**(6'821)**	**128**	**43'326**
Depreciation and amortisation	(6'666)	(5'052)	(12'292)	(6'640)	**(30'650)**	(12'402)	-	**(43'051)**
Impairment expense	-	-	-	-	**-**	-	-	**-**
Profit before interest and income tax								**275**
Finance costs and finance income, net								**(44'806)**
Loss before income tax								**(44'531)**

Result for the 6 months ended 31 March 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	86'809	51'258	151'520	64'229	**353'816**	-	(92)	**353'724**
Profit before interest, tax, depreciation and amortisation (EBITDA)	**4'430**	**3'587**	**38'187**	**13'154**	**59'358**	**(9'677)**	**-**	**49'681**
Depreciation and amortisation	(6'215)	(4'897)	(12'904)	(6'428)	**(30'444)**	(12'190)	-	**(42'634)**
Impairment expense	-	-	-	-	**-**	-	-	**-**
Profit before interest and income tax								**7'047**
Finance costs and finance income, net								**(8'372)**
Loss before income tax								**(1'325)**

There is no material revenue earned between the operating segments.

In addition, net 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:

	Net revenue		*Non-current assets excluding deferred tax assets*	
	6 months ended 31 March 2016 € (000's)	*6 months ended 31 March 2015 € (000's)*	*31 March 2016 € (000's)*	*30 September 2015 € (000's)*
Switzerland	110'669	108'283	741'744	748'263
France	86'951	86'809	62'860	57'713
Sweden	51'974	49'817	49'424	52'301
UK	40'221	35'959	15'711	18'638
Germany	22'393	20'946	12'083	8'744
Netherlands	13'020	12'608	6'340	5'989
All other countries	36'297	39'302	28'614	31'939
Not allocated			212'852	214'523
Total	**361'525**	**353'724**	**1'129'628**	**1'138'110**

6. Revenue

	6 months ended 31 March 2016 € (000's)	*6 months ended 31 March 2015 € (000's)*
Revenue from publicly accessible points of sale	79'505	70'648
Revenue from privately placed points of sale	244'541	242'648
Revenue from trade sales of machines and products	23'414	25'347
Other revenue	14'065	15'084
Total revenue	**361'525**	**353'724**

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

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. Finance costs

	6 months ended 31 March 2016 € (000's)	*6 months ended 31 March 2015 € (000's)*
Interest on loans	(36'837)	(34'989)
Finance lease interest expense	(667)	(306)
Other interest and finance expense	(4'976)	-
Change in fair value of derivative financial instruments (net)	(2'544)	(9'552)
Foreign exchange gain/(loss) (net)	134	36'418
Total finance costs	**(44'890)**	**(16'950)**

Other finance expense relates to expenses incurred with the change of ownership of the group.

8. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 6 months ended 31 March 2016 amount to € 18.5 million.

Net book values of disposals of property, plant and equipment in the 6 months ended 31 March 2016 amount to € 1.7 million.

9. Goodwill

	31 March 2016 € (000's)	*30 September 2015 € (000's)*
Goodwill	**483'128**	**483'128**

During the financial year ended 30 September 2015 the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

10. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

The trademark recognised by the Group represents the brand name and has an indefinite useful life. Therefore this trademark is tested for impairment annually.

During the financial year ended 30 September 2015 the carrying value of the trademark has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The customer contracts recognised by the Group arise primarily from the customer contracts acquired as part of a previous business combination and are amortised over the useful life of 15 years.

11. Borrowings

	31 March 2016 € (000's)	*30 September 2015 € (000's)*
Borrowings at amortised cost	603'202	565'060
Loans due to parent undertaking at amortised cost	265'263	243'814
Total borrowings	**868'465**	**808'874**

The maturity of borrowings is as follows:

	31 March 2016 € (000's)	*30 September 2015 € (000's)*
Less than one year	-	-
After one year but not more than five years	868'465	808'874
Total borrowings	**868'465**	**808'874**

11.1. Total borrowings by currency

Total amount of outstanding liabilities in respect of the groups borrowings were:

	31 March 2016			30 September 2015		
	€ million	*in %*	*Interest rate*	*€ million*	*in %*	*Interest rate*
EUR	662.1	74.1%	8.6%	611.2	73.1%	8.7%
CHF	231.5	25.9%	6.4%	224.6	26.9%	6.5%
Total	**893.6**	**100%**	**8.0%**	**835.8**	**100%**	**8.1%**

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

11.2. Rate structure of borrowings

	31 March 2016 € million	*30 September 2015 € million*
Total borrowings at variable rates	43.3	6.0
Total borrowings at fixed rates	825.2	802.9
Total	**868.5**	**808.9**

11.3. 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 € 5'625'000.

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 31 March 2016 is € 43.3 million (30 September 2015: € 6.0 million). The interest rate on the super senior revolving credit facility is based on LIBOR plus 3.5%.

The proceeds of the new financing were used to repay in full Selecta's existing borrowings except the outstanding liabilities under finance lease agreements.

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 year and the previous year.

12. Equity

12.1. Share capital and share premium

The Group's share capital consists of 187'000 fully paid ordinary shares (30 September 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.

12.2. Reserves

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

	Attributed to equity holders of the parent			
31 March 2016	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(1'133)	-	-	**(1'133)**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	(5'931)	-	**(5'931)**
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	1'754	**1'754**
Total other comprehensive income, net of tax	**(1'133)**	**(5'931)**	**1'754**	**(5'310)**

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

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.

13. Financial instruments

13.1. 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 31 March 2016

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps used for hedging	1'232	-	-	**1'232**	-	1'232	-	**1'232**
	1'232	**-**	**-**	**1'232**				
Financial assets not measured at fair value								
Trade receivables	-	45'758	-	**45'758**				
Non-current other financial assets	-	2'519	-	**2'519**				
Cash and cash equivalents	-	48'227	-	**48'227**				
Accrued income	-	18'550	-	**18'550**				
	-	**115'054**	**-**	**115'054**				
Financial liabilities measured at fair value								
Cross currency swaps used for hedging	(11'936)	-	-	**(11'936)**	-	(11'936)	-	**(11'936)**
	(11'936)	**-**	**-**	**(11'936)**				
Financial liabilities not measured at fair value								
Revolver credit facility	-	-	(43'317)	**(43'317)**	-	(43'317)	-	**(43'317)**
Secured loan notes	-	-	(559'885)	**(559'885)**	(553'226)	-	-	**(553'226)**
Loans due to parent undertaking	-	-	(265'263)	**(265'263)**	-	(265'263)	-	**(265'263)**
Finance lease liabilities	-	-	(27'762)	**(27'762)**	-	(27'762)	-	**(27'762)**
Trade payables	-	-	(77'218)	**(77'218)**				
	-	**-**	**(973'445)**	**(973'445)**				

At 30 September 2015

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

13.2. 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

13.3. 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 have been designated as cash flow hedges to the extent that they represent an effective accounting hedge.

At 31 March 2016 the derivative financial instruments had a negative fair value of € 10.7 million (30 September 2015: negative fair value of € 10.6 million). In the 6 months ended 31 March 2016 the positive change in fair value of the derivative financial instruments which was recorded in other comprehensive income was € 2.4 million (6 months ended 31 March 2015: € -3.2 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:

31 March 2016	*Original trade date*	*Maturity date*	*Notional amount € (000's)*	*Carrying amount € (000's)*
CHF / EUR cross currency swap	20 June 2014	15 June 2017	85'000	(10'621)
SEK / EUR cross currency swap	20 June 2014	15 June 2017	117'300	(58)

30 September 2015	*Original trade date*	*Maturity date*	*Notional amount € (000's)*	*Carrying amount € (000's)*
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 outflows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments:

	Carrying amount € (000's)	*Total € (000's)*	*One year or less € (000's)*	*More than one year € (000's)*
31 March 2016				
Cross currency swaps used for hedging	(10'679)	(11'483)	(1'924)	(9'559)
30 September 2015				
Cross currency swaps used for hedging	(10'974)	(12'090)	(1'849)	(10'241)

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

	Carrying amount € (000's)	*Total € (000's)*	*One year or less € (000's)*	*More than one year € (000's)*
31 March 2016				
Cross currency swaps used for hedging	(10'679)	(11'483)	(1'924)	(9'559)
30 September 2015				
Cross currency swaps used for hedging	(10'974)	(12'090)	(1'849)	(10'241)

13.4. Master netting or similar agreements

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.

14. Acquisition and disposal of subsidiaries

During the 6 months ended 31 March 2016 three legal entities of the Group, including all assets, liabilities, contracts and commercial relationships have been sold

- Selecta Hungary Automataüzemeltetö 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.

15. Events after the balance sheet date

To the best of management’s knowledge, no other events have occurred between 31 March 2016 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the 6 months ended 31 March 2016 have been authorised by the Board of Directors on 20 May 2016.

Mark Brown
President of the Supervisory Board

Markus Hunold
Vice President of the Supervisory Board

Alain Vourch
Member of the Supervisory Board

Remo Brunschwiler
Member of the Management Board

Hugues Rougier
Member of the Management Board