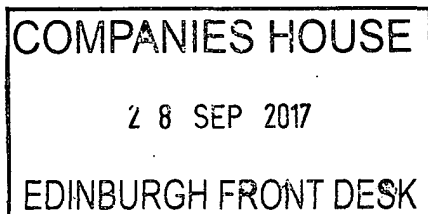


**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2016
for
Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)**



Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Contents of the Financial Statements
for the Year Ended 31 December 2016

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Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Company Information
for the Year Ended 31 December 2016

DIRECTORS:	J O P Thoden Van Velzen D Eastlake S Harris D G Van Breda
SECRETARY:	D G Van Breda
REGISTERED OFFICE:	7th Floor 26 Finsbury Square LONDON EC2A 1DS
REGISTERED NUMBER:	4073907 (England and Wales)
AUDITORS:	Ernst & Young LLP G1 Building 5 George Square Glasgow Lanarkshire G2 1DY
BANKERS:	Deutsche Bank AG - London Winchester House 1 Great Winchester House London EC2N 2DB

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Strategic Report
for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The income statement of Apleona HSG Limited ("the Company") is set out on page 8 of the financial statements and discloses the Company's financial performance for the year. The Company's turnover for the year amounted to 133.7 million (2015: £157.2 million) which resulted in an operating loss of £0.8 million (2015: profit of £2.9 million). After exceptional items and interest, a loss before tax of £0.97 million (2015: £1.3 million) was incurred.

During the current and preceding financial year the Company failed to achieve the renewal or extension of certain larger contracts which resulted in the adverse performance for the respective financial years under review. New contracts have been secured but the level of activity has not yet returned to previous levels. During the year, the company commenced a detailed strategic review of its business and arising out of this developed a comprehensive restructuring plan covering areas such as business development; contract profitability; operational and systemic efficiencies; and overall operating costs. These initiatives continue to date and have delivered the successes necessary to return overall trading to operational profitability in 2018.

On 1 September 2016, EQT Partners completed the acquisition of the wider Apleona group within which the Company is a subsidiary. EQT Partners has a proven record in supporting and developing companies through change and this valuable experience and support will further assist with improving the future performance of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The services provided by the Company present limited operational risks and these are mitigated through a comprehensive risk management process. The majority of the Company's activities are delivered through long term contracts which are structured to limit the Company's exposure to commercial risks. The principal uncertainties with regard to the Company's ability to continue to achieve its current level of profitability are the loss of a major client and general economic and market conditions. The Company has a diverse client base and the loss of any particular client would not have a catastrophic impact on the Company's viability. The trading performance in 2016 does demonstrate the impact of this risk, however the Company and its staff continue to deliver to existing and new clients by providing industry-leading levels of service to clients and maintaining strong customer relationships.

The directors have the reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis of accounting in preparing the annual financial statements. See note 1 Accounting Policies for further details regarding this assumption.

FUTURE OUTLOOK

The Company intends to continue to offer innovative solutions based on the quality of both staff and systems to successfully operate in a competitive market. The Directors expect the activities of the business to be unchanged for the foreseeable future.

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Strategic Report
for the Year Ended 31 December 2016 (continued)

KEY PERFORMANCE INDICATORS

The Directors consider the following key performance indicators:

	2016	2015
Sales	£133.7m	£157.2m
Operating (loss) / profit	(£0.8m)	£2.9m
Net assets	£5.0m	£7.7m

FINANCIAL INSTRUMENTS

The Company's principal finance instruments comprise bank balances, loans from parent undertakings, finance lease agreements, trade debtors and trade creditors. The main purpose of these instruments is to finance the Company's operations.

Due to the nature of the financial instruments used by the Company there is no exposure to pricing risk. The Company's approach to managing other risks applicable to the financial instruments is shown below.


In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of intercompany funding at floating rates of interest.

The Company is a lessee in respect of finance leased assets and ensures there are sufficient funds to meet payments.

Trade debtors are managed in respect of credit and cash flow risk by application of policies regarding the credit offered to customers, and the regular monitoring of amounts outstanding with reference to time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due at the appropriate time.

ON BEHALF OF THE BOARD:


.....
DG Van Breda - Director

21 SEPTEMBER 2017
.....
Date

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

During the year dividends of £nil (2015: £2,600,000) were paid.

DIRECTORS

The directors who have held office during the period from 1 January 2016 to the date of this report (unless otherwise stated) are as follows:

J O P Thoden Van Velzen	appointed 5 June 2017
D G Van Breda	appointed 11 February 2016
S Harris	appointed 11 February 2016
D Eastlake	
P S Hujan	appointed 11 February 2016, resigned 31 July 2017
J K Smith	appointed 11 February 2016, resigned 31 July 2017
J Holmes	resigned 11 February 2016
P Wainwright	resigned 11 February 2016
R Knollmann	resigned 11 February 2016
E Morré	resigned 11 February 2016

EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, through unions, staff councils, and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

DISABLED EMPLOYEES

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

DISCLOSURE IN THE STRATEGIC REPORT

In accordance with s414(C) (11) of the Companies Act, included in the Strategic report of information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Directors Report.

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Report of the Directors (continued)
for the Year Ended 31 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

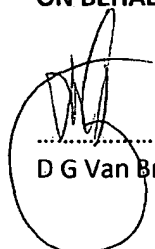
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

ON BEHALF OF THE BOARD:


.....
D G Van Breda

27 SEPTEMBER 2017

**Independent Auditor's Report to the Members of
Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)**

We have audited the financial statements of Apleona HSG Limited (formerly Bilfinger Europa Facility Management Limited) for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Report of the Directors and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent Auditor's Report to the Members of
Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Nicola McIntyre (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date: *28 September* 2017

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Income Statement
for the Year Ended 31 December 2016

	Notes	Dec-16		Dec-15	
		£	£	£	£
TURNOVER	2		133,690,754		157,222,334
Cost of sales			(119,392,620)		(142,040,371)
GROSS PROFIT			14,298,134		15,181,963
Distribution costs		(2,247,510)		(1,686,151)	
Administrative expenses		(12,856,587)		(10,587,101)	
			(15,104,097)		(12,273,252)
OPERATING (LOSS) PROFIT			(805,963)		2,908,711
Exceptional (costs) income	4		-		(4,065,403)
			(805,963)		(1,156,692)
Interest payable and similar charges	5	(139,631)		(132,682)	
Other finance costs	19	(26,000)		(38,000)	
			(165,631)		(170,682)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6		(971,594)		(1,327,374)
Tax on loss on ordinary activities	7		(119,994)		(678,787)
LOSS FOR THE FINANCIAL YEAR			(1,091,588)		(2,006,161)

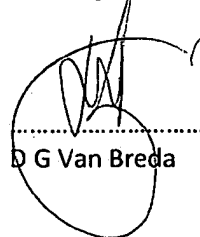
Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Statement of Other Comprehensive Income
for the Year Ended 31 December 2016

	Notes	Dec-16 £	Dec-15 £
LOSS FOR THE YEAR		(1,091,588)	(2,006,161)
OTHER COMPREHENSIVE LOSSES			
Items that will not be reclassified to profit or loss:			
Actuarial loss on pension scheme		(1,892,000)	(54,000)
UK deferred tax on actuarial loss		340,260	(8,260)
		<u> </u>	<u> </u>
OTHER COMPREHENSIVE LOSSES FOR THE YEAR, NET OF INCOME TAX		<u>(1,551,740)</u>	<u>(62,260)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(2,643,328)</u></u>	<u><u>(2,068,421)</u></u>

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Registered Number: 4073907
Balance Sheet
31 December 2016

		Dec-16		Dec-15	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		4,965,676		4,811,316
Tangible assets	10		1,121,465		1,620,392
Investments	11		<u>2,017,078</u>		<u>2,017,078</u>
			8,104,219		8,448,786
CURRENT ASSETS					
Stock	12	361,342		396,734	
Debtors	13	36,340,750		35,046,291	
Cash at bank		<u>702,085</u>		<u>3,489,691</u>	
			37,404,177		38,932,716
CREDITORS					
Amounts falling due within one year	14	<u>(37,943,761)</u>		<u>(38,619,727)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(539,584)</u>		<u>312,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,564,635		8,761,775
PENSION LIABILITY	19		<u>(2,543,189)</u>		<u>(1,097,001)</u>
NET ASSETS			<u>5,021,446</u>		<u>7,664,774</u>
CAPITAL AND RESERVES					
Called up share capital	17		121,825		121,825
Share premium	18		1,556,677		1,556,677
Retained earnings	18		<u>3,342,944</u>		<u>5,986,272</u>
SHAREHOLDERS' FUNDS			<u>5,021,446</u>		<u>7,664,774</u>

The financial statements were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:


D G Van Breda

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Statement of Changes in Equity
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Share premium £	Merger reserve £	Total equity £
Balance at 1 January 2015	121,825	7,533,682	1,556,677	3,121,011	12,333,195
Changes in equity					
Realised on transfer of assets from subsidiary undertaking	-	3,121,011	-	(3,121,011)	-
Dividends	-	(2,600,000)	-	-	(2,600,000)
Total comprehensive loss	-	(2,068,421)	-	-	(2,068,421)
Balance at 31 December 2015	<u>121,825</u>	<u>5,986,272</u>	<u>1,556,677</u>	<u>-</u>	<u>7,664,774</u>
Changes in equity					
Total comprehensive loss	-	(2,643,328)	-	-	(2,643,328)
Balance at 31 December 2016	<u>121,825</u>	<u>3,342,944</u>	<u>1,556,677</u>	<u>-</u>	<u>5,021,446</u>

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it was a wholly owned subsidiary of Apleona Group GmbH.

Apleona Group GmbH, a company registered in Germany, is the ultimate parent company whose consolidated financial statements at 31 December 2016 include the results of the company and where the above information is included on a consolidated basis.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

1. ACCOUNTING POLICIES (continued)

Going concern

When considering going concern the directors consider the company's business activities, together with the factors likely to affect its future development, performance and position. As noted in this review, the directors view the future outlook of the company as positive.

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for 12 months from the date of signing the financial statements. This has been based on a comprehensive review of revenue, expenditure and cash flows, incorporating specific business risks and the uncertainties brought about by the current economic environment.

The directors note that at the year end the company had net assets of £5.02m (2015: £7.66m) and net current liabilities of £0.54m (2015: assets of £0.31m). At the year end the company had a net cash balance of £0.7m (2015: £3.49m).

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show the company should be able to operate within the level of its current resources and facilities. The company operates within a group-wide cash pooling arrangement managed by Apleona GmbH, a fellow subsidiary company located in Germany.

Having taken all of the above factors into consideration, the directors have reached a conclusion that the company is able to manage its business risks. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

1. ACCOUNTING POLICIES (continued)

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

1. ACCOUNTING POLICIES - continued

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful economic lives if intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software 3 - 5 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value over its estimated useful life or, if held under finance lease, over the lease term whichever is shorter.

Land and buildings leasehold	20% straight-line basis
Plant and machinery	20% - 33% straight-line basis
Fixtures and fittings	20% - 50% straight-line basis
Motor vehicles	50% straight-line basis

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

1. ACCOUNTING POLICIES - continued

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance elements of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

1. ACCOUNTING POLICIES - continued

Pensions

The company operated both defined benefit and defined contribution schemes for the benefit of its employees. Contributions payable to the defined contribution scheme are charged to the profit and loss account in the year they are payable.

For defined benefit schemes, the pension costs are assessed using the projected unit credit method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular costs over the service lives of employees. The pension obligation is measured at the present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

When the benefits of a scheme are improved, past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately as an expense.

Investments

Fixed asset investments are stated at cost less any applicable provision for impairment.

Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contract the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payment on account in excess of the relevant amount of revenue are included in creditors.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Apleona HSG Limited
 (formerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition using purchase cost on a first in first out basis.

2. TURNOVER

The total turnover of the Company for the year has been derived from its principal activity.

The analysis by geographical area of the Company's turnover, profit before taxation and net assets is set out below:

	Dec-16	Dec-15
	£	£
Revenue		
United Kingdom	133,690,754	156,770,313
Rest of World	-	452,021
	<u>133,690,754</u>	<u>157,222,334</u>
Loss before taxation		
United Kingdom	(971,594)	(1,596,739)
Rest of World	-	269,365
	<u>(971,594)</u>	<u>(1,327,374)</u>
Net Assets		
United Kingdom	<u>5,021,446</u>	<u>7,664,774</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

3. EMPLOYEES AND DIRECTORS

	Dec-16	Dec-15
	£	£
Wages and salaries	61,341,201	64,632,215
Social security costs	5,444,120	5,862,878
Other pension costs	<u>1,106,194</u>	<u>1,202,430</u>
	<u>67,891,515</u>	<u>71,697,523</u>

The average monthly number of employees during the year was as follows:

	Dec-16	Dec-15
Direct Labour	2,055	2,949
Administrative	<u>686</u>	<u>386</u>
	<u>2,741</u>	<u>3,336</u>

	Dec-16	Dec-15
	£	£
Directors' remuneration	713,825	519,809
Directors' pension contributions to money purchase schemes	<u>37,282</u>	<u>31,812</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	Dec-16	Dec-15
	£	£
Emoluments etc	168,552	181,962
Pension contributions to money purchase schemes	<u>1,744</u>	<u>12,282</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

4. EXCEPTIONAL ITEMS

Arising from significant reorganisation of the group:

	Dec-16	Dec-15
	£	£
Impairment of investments	-	4,065,403
	<u>-</u>	<u>4,065,403</u>

Impairment of investments

During the year the Company recognised impairments of £nil (2015: £4,065,406) in respect of reductions in the carrying value of investments in subsidiaries following the transfer of assets and liabilities to the Company. Since this reorganisation relates to a transformation and rationalisation of the business, these costs are not directly related to current operations and have been disclosed as exceptional.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Dec-16	Dec-15
	£	£
Bank interest	10,600	10,205
Interest payable to group undertakings	123,751	113,070
Hire purchase	<u>5,280</u>	<u>9,407</u>
	<u>139,631</u>	<u>132,682</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before taxation is stated after charging:

	Dec-16	Dec-15
	£	£
Depreciation and amortisation - owned assets	627,950	729,588
Depreciation - assets on hire purchase contracts	63,398	90,786
Auditors' remuneration	68,882	68,000
Operating lease rentals - plant and machinery	1,123,860	1,783,942
Operating lease rentals - other assets	<u>1,234,092</u>	<u>1,647,484</u>

7. TAXATION

a) Tax charged in the income statement

	Dec-16	Dec-15
	£	£
<i>Current income tax:</i>		
UK corporation tax	-	399,278
Foreign tax	-	-
Amounts underprovided in previous years:		
Group relief	-	198,341
UK corporation tax	88,723	100,710
Foreign tax	<u>173,993</u>	<u>-</u>
Total current income tax	262,716	698,329
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(152,285)	196,994
Amounts overprovided in previous years	(5,665)	(241,326)
Changes in tax rates	<u>15,228</u>	<u>24,790</u>
Total deferred tax	<u>(142,722)</u>	<u>(19,542)</u>
Total tax expense in income statement	<u>119,994</u>	<u>678,787</u>

The tax expense in the income statement relates to wholly continuing activities.

Apleona HSG Limited
(bformerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

7. TAXATION - continued

b) Tax relating to items charged or credited to other comprehensive income

	Dec-16	Dec-15
	£	£
<i>Deferred tax:</i>		
Actuarial losses on defined benefit pension plan	(378,400)	(10,935)
Changes in tax rates	<u>38,140</u>	<u>19,195</u>
Total deferred tax	<u>(340,260)</u>	<u>8,260</u>
Total tax expense in the statement of other comprehensive income	<u>(340,260)</u>	<u>8,260</u>

The tax expense in the income statement relates to wholly continuing activities.

c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher (2015 - higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The difference is reconciled below:

	Dec-16	Dec-15
	£	£
Loss on ordinary activities before income tax	<u>(971,594)</u>	<u>(1,327,374)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(194,319)	(268,793)
Effects of:		
Expenses not deductible for tax purposes	42,034	41,821
Impairment of investments not deductible	-	823,244
Tax underprovided in previous years	257,051	57,725
Change in tax laws and rate	<u>15,228</u>	<u>24,790</u>
Total tax expense reported in the income statement	<u>119,994</u>	<u>678,787</u>

d) Change in Corporation Tax Rate

The UK corporation tax rate was reduced from 21% to 20% effective 1 April 2016, and thereafter to 19% effective 1 April 2017 and to 18% effective 1 April 2018. Deferred tax has been remeasured using the rates substantively enacted at 31 December 2016.

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

7. TAXATION - continued

e) Deferred tax

The deferred tax included in the balance sheet is as follows:

	Dec-16	Dec-15
	£	£
<i>Deferred tax asset</i>		
Accelerated capital allowances	220,668	180,274
Accruals	26,645	38,816
Pensions and post-employment medical benefits	442,774	197,460
Tax loss carried forward	<u>209,745</u>	<u>-</u>
	<u>899,832</u>	<u>416,550</u>
	Dec-16	Dec-15
	£	£
<i>Deferred tax in the income statement</i>		
Accelerated capital allowances	(44,253)	(17,173)
Accruals	13,524	(32,041)
Pension plans and other post-employment medical benefits	105,829	6,882
Tax losses carried forward	(233,050)	22,790
Change in tax rates	<u>15,228</u>	<u>6,882</u>
Deferred tax credit	<u>(142,722)</u>	<u>(19,542)</u>

8. DIVIDENDS

	Dec-16	Dec-15
	£	£
Ordinary and B Ordinary shares of 0.10 each		
Final	<u>-</u>	<u>2,600,000</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

9. INTANGIBLE FIXED ASSETS

	Goodwill	Computer	Totals
	£	software	£
		£	
COST			
At 1 January 2016	5,234,691	1,062,040	6,296,731
Additions	-	194,796	194,796
	<u>5,234,691</u>	<u>1,256,836</u>	<u>6,491,527</u>
At 31 December 2016	<u>5,234,691</u>	<u>1,256,836</u>	<u>6,491,527</u>
AMORTISATION			
At 1 January 2016	464,949	1,020,466	1,485,415
Amortisation for year	-	40,436	40,436
	<u>464,949</u>	<u>1,060,902</u>	<u>1,525,851</u>
At 31 December 2016	<u>464,949</u>	<u>1,060,902</u>	<u>1,525,851</u>
NET BOOK VALUE			
At 31 December 2016	<u>4,769,742</u>	<u>195,934</u>	<u>4,965,676</u>
At 31 December 2015	<u>4,769,742</u>	<u>41,574</u>	<u>4,811,316</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

10. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2016	16,950	451,870	5,369,033	7,192	5,845,045
Reallocations	-	485,916	(485,916)	-	-
Additions	<u>102,279</u>	<u>-</u>	<u>49,706</u>	<u>-</u>	<u>151,985</u>
At 31 December 2016	<u>119,229</u>	<u>937,786</u>	<u>4,932,823</u>	<u>7,192</u>	<u>5,997,030</u>
DEPRECIATION					
At 1 January 2016	10,705	334,784	3,871,972	7,192	4,224,653
Reallocations	-	400,285	(400,285)	-	-
Charge for year	<u>5,212</u>	<u>167,766</u>	<u>477,934</u>	<u>-</u>	<u>650,912</u>
At 31 December 2016	<u>15,917</u>	<u>902,835</u>	<u>3,949,621</u>	<u>7,192</u>	<u>4,875,565</u>
NET BOOK VALUE					
At 31 December 2016	<u>103,312</u>	<u>34,951</u>	<u>983,202</u>	<u>-</u>	<u>1,121,465</u>
At 31 December 2015	<u>6,245</u>	<u>117,086</u>	<u>1,497,061</u>	<u>-</u>	<u>1,620,392</u>

The net book value of tangible fixed assets includes £5,301 (2015 - £68,700) in respect of assets held under hire purchase contracts.

Apleona HSG Limited
(formerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

11. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2016	2,017,078
Impairments	<u>-</u>
At 31 December 2016	<u>2,017,078</u>
NET BOOK VALUE	
At 31 December 2016	<u>2,017,078</u>
At 31 December 2015	<u>2,017,078</u>

Apleona HSG Limited
 (formerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

11. INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Europa Facilities Services Limited

Country of incorporation: England and Wales
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Europa Facilities Management Limited

Country of incorporation: England and Wales
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Europa Workspace Solutions Limited

Country of incorporation: England and Wales
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Nationwide Facility Services Limited

Country of incorporation: England and Wales
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Europa TFM Ireland Limited

Country of incorporation: Ireland
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Nationwide FM Limited

Country of incorporation: England and Wales
 Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Apleona HSG Limited
(bformerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

11. INVESTMENTS - continued

Europa Nationwide Technical Services Limited*

Country of incorporation: England and Wales

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

*subsidiary of Nationwide FM Limited

Europa Nationwide Technical Services Limited was previously Nationwide Building Services Group Limited.

Nationwide Facility Services Ltd previously traded as Europa Workspace Services.

Intu Retail Services Ltd

Country of incorporation: England and Wales

Nature of business: Facilities management

	%
Class of shares:	holding
Ordinary	49.00

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet. On 9 May 2017 the company disposed of its shareholding in Intu Retail Services Limited to Intu Shopping Centres PLC in terms of a call option.

12. STOCKS

	Dec-16 £	Dec-15 £
Goods for resale	<u>361,342</u>	<u>396,734</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Dec-16 £	Dec-15 £
Trade debtors	16,491,963	18,594,039
Amounts owed by group undertakings	5,163,098	1,296,194
Other debtors	1,084,759	928,654
Corporation tax recoverable	757,343	433,829
Deferred tax asset	899,832	416,550
Prepayments and accrued income	<u>11,943,755</u>	<u>13,377,025</u>
	<u>36,340,750</u>	<u>35,046,291</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
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14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Dec-16	Dec-15
	£	£
Hire purchase contracts (see note 15)	-	38,260
Trade creditors	6,722,928	10,099,480
Amounts owed to group undertakings	12,767,509	8,007,832
Social security and other taxes	4,536,812	5,974,043
Other creditors	374,050	355,665
Accruals and deferred income	<u>13,542,462</u>	<u>14,144,447</u>
	<u><u>37,943,761</u></u>	<u><u>38,619,727</u></u>

15. FINANCIAL LIABILITIES - BORROWINGS

	Dec-16	Dec-15
	£	£
Current:		
Hire purchase (see note 14)	<u>-</u>	<u>38,260</u>

Apleona HSG Limited
 (formerly Bilfinger Europa Facility Management Limited)
Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	Dec-16	Dec-15
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>38,260</u>
	Non-cancellable operating leases	
	Dec-16	Dec-15
	£	£
Within one year	1,474,164	2,318,429
Between one and five years	3,493,802	3,957,417
In more than five years	<u>1,666,137</u>	<u>2,706,803</u>
	<u>6,634,103</u>	<u>8,982,649</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	Dec-16	Dec-15
			£	£
1,108,890	Ordinary shares	0.10	110,889	110,889
109,364	B Ordinary shares	0.10	10,936	10,936
			<u>121,825</u>	<u>121,825</u>

All shares carry equal voting rights and dividend rights.

Apleona HSG Limited
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Notes to the Financial Statements - continued
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18. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2016	5,986,272	1,556,677	7,542,949
Loss for the year	(1,091,588)	-	(1,091,588)
Other comprehensive losses	(1,551,740)	-	(1,551,740)
At 31 December 2016	<u>3,342,944</u>	<u>1,556,677</u>	<u>4,899,621</u>

19. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme in the UK. This is a separate trustee-administered fund holding the pension scheme assets to meet long term pension liabilities. The trustees must agree a funding plan with the company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. A triennial scheme funding valuation was carried out at 31 December 2015 to assess the shortfall. Triennial valuations are carried out with the scheme's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The company currently pays contributions at the rates set out in the Schedule of Contributions prepared following the triennial scheme funding valuation. Under this Schedule of Contributions, the company's contributions are £500,000 per annum in respect of the funding shortfall plus 59% of pensionable salaries to cover new benefit accrual, administration expenses and PPF levies.

The level of benefits provided depends on members' length of service and their salary in the years leading up to retirement. The pensions in payment increase in line with inflation or by fixed amounts. The Scheme is still accruing benefits but closed to new entrants.

The trustees are also responsible for investing the scheme assets, administration of benefits and exercising discretionary powers.

Apleona HSG Limited
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Notes to the Financial Statements - continued
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19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Dec-16	Dec-15
	£	£
Present value of funded obligations	(12,029,000)	(10,264,001)
Fair value of scheme assets	<u>9,485,811</u>	<u>9,167,000</u>
Deficit	<u>(2,543,189)</u>	<u>(1,097,001)</u>

Sensitivity analysis of the defined benefit obligation is as follows:

	Percentage change in defined benefit obligation	
	Dec-16	Dec-15
Discount rate +0.5%	(9.5%)	(11.1%)
Discount rate -0.5%	10.5%	11.1%
Pension increases +0.5%	6.0%	7.4%
Pension increases -0.5%	(7.0%)	(8.8%)
Salary increases +0.5%	1.0%	0.6%
Salary increases -0.5%	(1.0%)	(1.3%)

Changes in the present value of the defined benefit obligation are as follows:

	Dec-16	Dec-15
	£	£
Opening defined benefit obligation	10,264,001	10,142,000
Service cost	87,000	145,000
Interest cost	354,000	355,000
Employee contributions	7,000	23,000
Actuarial (gains)/losses	1,713,999	(259,999)
Benefits paid	<u>(397,000)</u>	<u>(141,000)</u>
	<u>12,029,000</u>	<u>10,264,001</u>

Apleona HSG Limited
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Dec-16	Dec-15
	£	£
Opening fair value of scheme assets	9,167,000	9,065,000
Interest income	328,000	317,000
Employer contributions	634,811	216,000
Employee contributions	7,000	23,000
Actuarial losses	(177,000)	(313,000)
Benefits paid	(397,000)	(141,000)
Administration expenses	(77,000)	-
	<u>9,485,811</u>	<u>9,167,000</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	Dec-16	Dec-15
	£	£
Current service cost	164,000	145,000
Net interest from net defined benefit asset/liability	<u>26,000</u>	<u>38,000</u>
	<u>190,000</u>	<u>183,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	Dec-16	Dec-15
	£	£
Actuarial (losses)	(2,194,000)	(314,000)
Experience gains on plan liabilities	<u>302,000</u>	<u>260,000</u>
	<u>(1,892,000)</u>	<u>(54,000)</u>

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	Dec-16	Dec-15
Equities	74.20%	76.90%
Bonds	22.90%	22.70%
Cash	2.90%	0.40%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	Dec-16	Dec-15
Discount rate for scheme liabilities	2.80%	3.50%
Future salary increases	3.40%	3.10%
Future pension increases	3.40%	3.10%
Inflation	3.40%	3.10%
Deferred pension increases	3.40%	3.10%

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The underlying mortality assumption for pensions in payment are based upon the standard tables known as SNA03 CMI 2012 with 50% medium and 50% long cohort future improvement factors subject to a minimum underpin improvement in mortality rates at every age of 1.5% pa. The final liability values have been reduced by 6.5%. There are separate tables for men and women. Before retirement no mortality has been assumed.

The total contributions to the defined benefit scheme in 2017 are expected to be £632,000 (2016: £632,000).

20. CONTINGENT LIABILITIES

There are guaranteed bonds in place for £698,000 (2015 - £648,600).

Apleona HSG Limited
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21. RELATED PARTY TRANSACTIONS

At the year end the company was owed £nil (2015 - £382,682) by Intu Retail Services Limited and £544,852 (2015: £544,882) by Europa (Trinidad & Tobago) Limited.

All other transactions with group companies have not been disclosed as the company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions with other wholly owned group companies.

22. ULTIMATE CONTROLLING PARTY

The immediate parent company at 31 December 2016 was Apleona PPP Limited (formerly Bilfinger PPP Facility Management Limited), registered in England and Wales.

The ultimate parent undertaking is Apleona Group GmbH, a company registered in Germany. The largest and smallest group in which this company is consolidated is that of Apleona Group GmbH. Apleona Group GmbH prepares group financial statements and copies can be obtained from An der Gehespitz, 50, 63263, Neu-Isenburg.

On 1 September 2016, EQT Partners completed the acquisition of the wider Apleona group, within which Apleona HSG Limited is a subsidiary. In the directors opinion the company's ultimate controlling party is EQT partners.

23. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements have been reviewed and those which are expected to apply to the Company are listed below.

IFRS 9 Financial Instruments

The new standard will replace IAS 39 Financial Instruments: Recognition and Measurement. The objective of IFRS 9 is to simplify the classification and measurement requirements for financial instruments. The standard also includes new guidance regarding hedge accounting and the impairment of financial assets. The effect of the application of IFRS 9 is currently being reviewed (first application for annual periods beginning on or after January 1, 2018).

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces the previous standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31) and provides uniform guidance on the recognition, measurement, presentation and disclosures required in the notes to the consolidated financial statements concerning revenue from contracts with customers on the basis of a five-step model. The Company recognises revenue according to IAS 18. We are currently assessing in particular the impact of the new regulations contained in IFRS 15 with regard to transfer of control at a point in time or over time on the recognition of revenue and profit. It is anticipated that the scope of the disclosures required in the notes to the financial statements will increase considerably (first application for annual periods beginning on or after January 1, 2018).

IFRS 16 Leases

IFRS 16 replaces the previous standard as well as the associated interpretations for the accounting for leases (IAS 17, IFRIC 4, SIC 15 and SIC 27) and regulates the recognition, the measurement, the presentation and the disclosures in the notes for leases in the financial statements of the lessee and lessor. In accordance with IFRS 16, a lessee generally has to capitalize the right of use as an asset right of use and to recognize a lease payment as a liability. The effect of the application of IFRS 16 on the Company is currently being reviewed (first application for annual periods beginning on or after January 1, 2019).

The Company intends to adopt these standards, if applicable, when they become effective. The future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Company.