KPMG

Illustrative disclosures

Guide to condensed interim financial statements

IFRS®

March 2017

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Contents

Notes to the condensed consolidated interim financial statements

About this guide

This guide has been produced by the KPMG International Standards Group (part of KPMG IFRG Limited).

The guide is intended to help entities to prepare and present condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting* by illustrating one possible format for financial statements for a fictitious multinational corporation involved in general business activities. This hypothetical reporting entity has been applying IFRS for some time – i.e. it is not a first-time adopter of IFRS. For more information on adopting IFRS for the first time, see Chapter 6.1 in the 13th edition 2016/17 of our publication Insights into IFRS.

Content

This guide assumes that the hypothetical reporting entity:

- chooses to publish a set of condensed interim financial statements;
- has previously issued annual financial statements and the users of the interim financial statements will have access to the last annual financial statements;
- provides only significant updates to the information that was reported in the notes to the last annual financial statements;
- prepares its interim financial statements on a consolidated basis;
- applies the same accounting policies as in its last annual financial statements; and
- prepares a half-yearly interim report, but does not prepare quarterly interim reports.

Standards covered

This guide reflects standards, amendments and interpretations (broadly referred to in this guide as 'standards') that have been issued by the IASB as at 15 March 2017 and that are required to be applied by an entity with an annual reporting period beginning on 1 January 2017 ('currently effective requirements'). Standards other than IAS 34 are not illustrated in this guide, except in the context of disclosures in the notes to the condensed interim financial statements. The early adoption of standards that are effective for annual periods beginning after 1 January 2017 ('forthcoming requirements') has not been illustrated.

In addition, IFRS and its interpretation change over time. Accordingly, this guide should not be used as a substitute for referring to the standards and other relevant interpretative guidance.

Preparers should also consider applicable legal and regulatory requirements. This guide does not consider the requirements of any particular jurisdiction – e.g. IFRS does not require the presentation of separate financial statements for the parent entity. Consequently, this guide includes only consolidated financial statements.

What's new in 2017?

Appendix I provides a comprehensive list of new standards issued by the IASB, distinguishing between those that are effective for an entity with an annual reporting period beginning on 1 January 2017, and those with a later effective date.

The Group has no transactions that are affected by newly effective standards, either because these new standards relate to disclosures that are not specifically required in interim financial statements or because the Group's existing accounting policies are already consistent with the new requirements. As such, these new requirements are not illustrated in this guide.

Note 11 includes a new illustration of an alternative earnings measure (adjusted earnings before interest, tax, depreciation and amortisation) presented by the Group. This performance measure was presented in the last annual financial statements, is consistently defined and is considered to be of continuing relevance. The Group has included a reconciliation of this measure with subtotals or totals required by IAS 1 *Presentation of Financial Statements*.

Users and regulators have shown a growing interest in the possible impact of the new major standards that have been issued but are not yet effective – i.e. IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. Regulators have indicated an expectation that preparers progressively enhance the related disclosures, including the provision of quantitative information, as new accounting policies are defined, estimation uncertainty reduces and the effective date of a new standard approaches.

As a consequence, although it is not explicitly required by IAS 34, this guide illustrates in Note 26 how an entity might describe updates to information relevant to assessing the possible impact that the application of the new standards will have on its financial statements in the period of initial application. The appropriate level of disclosure will ultimately depend on the status of the reporting entity's preparations to adopt any standards not yet effective as well as the extent of disclosure in the last annual financial statements.

Need for judgement

This guide is part of our suite of publications – Guides to financial statements – and specifically focuses on compliance with IAS 34. Although it is not exhaustive, it illustrates the disclosures required by IAS 34 for a hypothetical reporting entity, merely for illustrative purposes and, as such, largely without regard to materiality.

The preparation and presentation of financial statements requires the preparer to exercise judgement – e.g. in terms of the choice of accounting policies, the ordering of notes to the financial statements, how the disclosures should be tailored to reflect the reporting entity's specific circumstances, and the relevance of disclosures considering the needs of the users.

Materiality

Specific guidance on materiality and its application to interim financial statements is included in paragraphs 23–25 of IAS 34.

Materiality is relevant to the presentation and disclosure of items in the interim financial statements and should be assessed based on interim period financial information, not the full annual reporting period. The overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity's financial position on the interim reporting date and its financial performance during the interim period.

Preparers also need to take care not to reduce the understandability of an entity's financial statements by obscuring material information with immaterial information or by aggregating material information that is different by nature or function. Individual disclosures that are not material to the financial statements do not have to be presented – even if they are a minimum requirement of a standard. Preparers need to consider the appropriate level of disclosure based on materiality for the interim period.

Step-up in the quality of financial statements

Investors continue to ask for a step-up in the quality of business reporting, so companies should be careful not to become buried in compliance to the exclusion of relevance. In preparing their financial statements, companies need to focus on improving their communication by reporting financial information in a meaningful way and innovating their financial statement presentation and disclosure in the broader context of better business reporting. For more information, see our Better Business Reporting website.

References and abbreviations

References are included in the left-hand margin of this guide to identify their sources. Generally, they relate only to presentation and disclosure requirements.

IAS 34.15	Paragraph 15 of IAS 34.
[IFRS 2.45]	Paragraph 45 of IFRS 2. The square brackets indicate that the paragraph relates to presentation or disclosure requirements in annual financial statements. Such presentation or disclosures are not specifically required in condensed interim financial statements, unless they are judged to be material to an understanding of the interim period.
Insights 2.3.60.10	Paragraph 2.3.60.10 of the 13th edition 2016/17 of our publication Insights into IFRS.

The following markings in the left-hand margins indicate the following.

Disclosures that apply only to entities in the scope of IFRS 8 *Operating Segments* and IAS 33 *Earnings per Share*.

Major changes since the previous edition of this guide that relate to:

- new disclosure requirements in IAS 34 (reflecting consequential amendments introduced by new or revised standards); or
- updates of information disclosed in relation to events and transactions that are considered significant to an understanding of the changes in financial position and performance of the example entity since the end of the last annual reporting period.

The following abbreviations are used often in this guide.

CGU	Cash-generating unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
NCI	Non-controlling interests
Notes	Notes to the condensed consolidated interim financial statements
OCI	Other comprehensive income

[*Name of the Company*]

Independent auditors' report on review of condensed consolidated interim financial statements

Independent auditors' report on review of condensed consolidated interim financial statements[a]

[*Addressee*]

[*Name*]

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of [*name of the Company*] as at 30 June 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG
[*Date of report*]
[*Address*]

a. This example report has been prepared based on International Standards on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Its format does not reflect the legal requirements of any particular jurisdiction.

[*Name of the Company*]

Condensed consolidated interim financial statements

30 June 2017

Condensed consolidated statement of financial position[a, b, c]

IAS 34.8(a), 10, 20(a)

In thousands of euro	*Note*	**30 June 2017**	31 December 2016
Assets			
Property, plant and equipment	*14*	**24,235**	31,049
Intangible assets and goodwill	*15*	**6,290**	4,661
Biological assets	*12(b)*	**7,629**	8,716
Trade and other receivables	*19*	**171**	-
Investment property	*14(c)*	**1,405**	250
Equity-accounted investees		**1,791**	1,948
Other investments, including derivatives	*19*	**3,767**	3,525
Deferred tax assets		**1,568**	1,376
Employee benefits		**300**	731
Non-current assets[d]		**47,156**	52,256
Biological assets		**156**	140
Inventories	*12*	**12,005**	12,119
Other investments, including derivatives	*19*	**526**	1,032
Current tax assets		**-**	228
Trade and other receivables	*19*	**21,700**	17,999
Prepayments		**-**	1,200
Cash and cash equivalents	*19*	**2,356**	1,850
		36,743	34,568
[IFRS 5.38, 40] Assets held for sale[e]	*13*	**12,891**	-
Current assets[d]		**49,634**	34,568
Total assets		**96,790**	86,824

Condensed consolidated statement of financial position (continued)

IAS 34.8(a), 10, 20(a)

In thousands of euro	Note	30 June 2017	31 December 2016
Equity			
Share capital	16	**14,979**	14,550
Share premium	16	**4,777**	3,500
Reserves		**1,179**	449
Retained earnings		**16,132**	13,886
Equity attributable to owners of the Company		**37,067**	32,385
Non-controlling interests		**3,519**	3,109
Total equity		**40,586**	35,494
Liabilities			
Loans and borrowings	17, 19	**21,364**	19,206
Employee benefits	9	**606**	841
Trade and other payables	19	**252**	5
Deferred income/revenue		**1,172**	862
Provisions	18	**1,100**	400
Deferred tax liabilities		**2,587**	1,567
Non-current liabilities[d]		**27,081**	22,881
Bank overdraft	19	**120**	282
Current tax liabilities		**323**	-
Loans and borrowings	17, 19	**4,413**	4,386
Trade and other payables	19	**20,429**	21,813
Deferred income/revenue		**38**	768
Provisions	18	**150**	1,200
		25,473	28,449
Liabilities directly associated with the assets held for sale[e]	13	**3,650**	-
Current liabilities[d]		**29,123**	28,449
Total liabilities		**56,204**	51,330
Total equity and liabilities		**96,790**	86,824

[IFRS 5.38, 40]

The notes on pages 16 to 55 are an integral part of these condensed consolidated interim financial statements.

IAS 34.10

a. Each of the condensed primary financial statements include, at a minimum, each of the headings and subtotals that were included in the last annual financial statements. Additional line items are included if their omission would make the financial statements misleading.

b. When the interim financial statements are unaudited, this fact may, in practice, be disclosed. This may also be a requirement in some jurisdictions.

IAS 1.BC33, 34.8, 15B(g), 16A(a), 20(a), Insights 5.9.30.22

c. Under IAS 34, the minimum components of condensed interim financial statements do not include a statement of financial position as at the beginning of the preceding period when comparative information is restated following a change in accounting policy, correction of an error or reclassification of items. However, disclosure is required for certain events and transactions, including a change in accounting policy or correction of a material prior-period error.

IAS 1.60–61

d. The Group has made a current/non-current distinction in the statement of financial position. An entity may present its assets and liabilities broadly in order of liquidity if such a presentation provides information that is reliable and more relevant. Our publication Guide to annual financial statements – Illustrative disclosures for banks provides an example presentation of assets and liabilities in order of liquidity.

IFRS 5.30, IAS 34.10, Insights 5.9.40.20

e. Although it is not specifically required by IAS 34, in our view non-current assets or a disposal group classified as held-for-sale or held-for-distribution at the interim reporting date should be presented separately from other assets and liabilities in the condensed statement of financial position.

Condensed consolidated statement of profit or loss and OCI[a]

IAS 34.8(b), 10, 20(b)

In thousands of euro	*Note*	For the six months ended 30 June **2017**	2016 Re-presented*[b]
Continuing operations			
Revenue	*4*	**52,536**	51,593
Cost of sales	*12, 14, 18*	**(31,344)**	(31,920)
Gross profit		**21,192**	19,673
Other income	*7, 14*	**620**	190
Selling and distribution expenses		**(7,698)**	(7,498)
Administrative expenses	*9, 18, 20*	**(8,474)**	(8,358)
Research and development expenses		**(605)**	(349)
Other expenses	*7, 13, 15, 20*	**(826)**	-
Operating profit		**4,209**	3,658
Finance income	*19, 20*	**456**	345
Finance costs		**(880)**	(1,004)
Net finance costs		**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**233**	278
Profit before tax	*4*	**4,018**	3,277
Income tax expense	*10*	**(1,147)**	(744)
Profit from continuing operations		**2,871**	2,533
Discontinued operation[c]			
Profit (loss) from discontinued operation, net of tax[d]	*6*	**379**	(422)
Profit for the period		**3,250**	2,111
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	*14*	**200**	-
Remeasurements of the defined benefit liability (asset)		**72**	(15)
Related tax[e]		**(90)**	5
		182	(10)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		**437**	330
Equity-accounted investees – share of OCI		**10**	-
Reclassification of foreign currency differences on loss of significant influence		**20**	-
Net investment hedge – net loss		**(3)**	(8)
Cash flow hedges – effective portion of changes in fair value		**(93)**	97
Cash flow hedges – reclassified to profit or loss[f]		**(17)**	(11)
Available-for-sale financial assets – net change in fair value		**199**	74
Available-for-sale financial assets – reclassified to profit or loss[f]		**(47)**	-
Related tax[e]		**(14)**	(53)
		492	429
Other comprehensive income for the period, net of tax		**674**	419
Total comprehensive income for the period		**3,924**	2,530

* See Note 6.

Condensed consolidated statement of profit or loss and OCI (continued)

IAS 34.8(b), 10, 20(b)

In thousands of euro	Note	For the six months ended 30 June 2017	2016 Re-presented*
Profit attributable to:			
Owners of the Company		**3,053**	2,023
Non-controlling interests		**197**	88
		3,250	2,111
Total comprehensive income attributable to:			
Owners of the Company		**3,703**	2,396
Non-controlling interests		**221**	134
		3,924	2,530
Earnings per share			
Basic earnings per share (euro)		**0.84**	0.52
Diluted earnings per share (euro)		**0.80**	0.51
Earnings per share – Continuing operations[g]			
Basic earnings per share (euro)		**0.72**	0.66
Diluted earnings per share (euro)		**0.69**	0.65
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)[h]	*11*	**6,587**	7,911

IAS 34.11

IAS 34.11

* See Note 6.

The notes on pages 16 to 55 are an integral part of these condensed consolidated interim financial statements.

IAS 1.99–100, 34.8(b), 8A, 10, 20(b)

a. The Group has presented comprehensive income following a one-statement approach and has analysed expenses based on functions within the Group. Alternatively, an entity may present the analysis based on nature if this presentation provides information that is reliable and more relevant. The analysis of expenses may also be presented in the notes. Appendix II provides an illustration of the alternative two-statement approach.

Insights 2.8.50.110

b. In our view, although not specifically required by IFRS, it is necessary to highlight that the comparatives are not the same as the financial information published previously.

IFRS 5.30, IAS 34.10, Insights 5.9.40.20

c. Although it is not specifically required by IAS 34, in our view operations that are discontinued at the interim reporting date or disposed of during the interim period should be presented separately, following the principles in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

IFRS 5.33(a)–(b), IAS 1.82(ea)

d. The Group has elected to disclose a single amount of post-tax profit or loss of discontinued operations in the statement of profit or loss and OCI, and has analysed that single amount into revenue, expenses and the pre-tax profit or loss in Note 6. Alternatively, an entity may present the analysis in the statement.

IAS 1.91, 34.10

e. The Group has elected to present individual components of OCI before related tax with an aggregate amount presented for tax in the statement of profit or loss and OCI. Alternatively, individual components of OCI may be presented net of related tax effects.

IAS 1.94, 34.10

f. The Group has elected to present reclassification adjustments in the statement of profit or loss and OCI. Alternatively, these adjustments may be presented in the notes.

IAS 34.10, Insights 5.9.50.10

g. Although it is not specifically required by IAS 34, the Group has disclosed:

- the earnings per share from continuing operations on the face of the condensed consolidated statement of profit or loss and OCI; and
- the earnings per share from discontinued operations in the notes (see Note 6).

The appropriate level of disclosure for an interim reporting period may vary depending on materiality.

IAS 34.10, Insights 4.1.150

h. The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the entity's financial performance. This disclosure is provided for illustrative purposes only.

IAS 34.8(c), 10, 20(c)

In thousands of euro	*Note*	**Share capital**	**Share premium**
Balance at 1 January 2017		**14,550**	**3,500**
Total comprehensive income for the period			
Profit for the period		**-**	**-**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**-**	**-**
Transactions with owners of the Company			
Contributions and distributions			
Issue of ordinary shares related to business combinations	*20*	**24**	**63**
Issue of ordinary shares	*16*	**390**	**1,160**
Issue of convertible notes	*17*	**-**	**-**
Treasury shares sold[a]		**-**	**19**
Dividends	*16*	**-**	**-**
Equity-settled share-based payment[b]	*8*	**-**	**-**
Share options exercised	*16*	**15**	**35**
Total contributions and distributions		**429**	**1,277**
Changes in ownership interests			
Acquisition of NCI without a change in control	*21*	**-**	**-**
Acquisition of subsidiary with NCI	*20*	**-**	**-**
Total changes in ownership interests		**-**	**-**
Total transactions with owners of the Company		**429**	**1,277**
Balance at 30 June 2017		**14,979**	**4,777**
Balance at 1 January 2016		14,550	3,500
Total comprehensive income for the period			
Profit for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		-	-
Transactions with owners of the Company			
Contributions and distributions			
Dividends	*16*	-	-
Equity-settled share-based payment[b]	*8*	-	-
Total transactions with owners of the Company		-	-
Balance at 30 June 2016		14,550	3,500

The notes on pages 16 to 55 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2017

Attributable to owners of the Company									
Translation reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Reserve for own shares	Convertible notes (equity component)	Retained earnings	Total	Non-controlling interests	Total equity
143	**490**	**96**	**-**	**(280)**	**-**	**13,886**	**32,385**	**3,109**	**35,494**
-	**-**	**-**	**-**	**-**	**-**	**3,053**	**3,053**	**197**	**3,250**
440	**(74)**	**102**	**134**	**-**	**-**	**48**	**650**	**24**	**674**
440	**(74)**	**102**	**134**	**-**	**-**	**3,101**	**3,703**	**221**	**3,924**
-	**-**	**-**	**-**	**-**	**-**	**120**	**207**	**-**	**207**
-	**-**	**-**	**-**	**-**	**-**	**-**	**1,550**	**-**	**1,550**
-	**-**	**-**	**-**	**-**	**109**	**-**	**109**	**-**	**109**
-	**-**	**-**	**-**	**11**	**-**	**-**	**30**	**-**	**30**
-	**-**	**-**	**-**	**-**	**-**	**(1,243)**	**(1,243)**	**-**	**(1,243)**
-	**-**	**-**	**-**	**-**	**-**	**361**	**361**	**-**	**361**
-	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**-**	**50**
-	**-**	**-**	**-**	**11**	**109**	**(762)**	**1,064**	**-**	**1,064**
8	**-**	**-**	**-**	**-**	**-**	**(93)**	**(85)**	**(115)**	**(200)**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**304**	**304**
8	**-**	**-**	**-**	**-**	**-**	**(93)**	**(85)**	**189**	**104**
8	**-**	**-**	**-**	**11**	**109**	**(855)**	**979**	**189**	**1,168**
591	**416**	**198**	**134**	**(269)**	**109**	**16,132**	**37,067**	**3,519**	**40,586**
(129)	434	17	-	-	-	8,481	26,853	2,720	29,573
-	-	-	-	-	-	2,023	2,023	88	2,111
248	73	62	-	-	-	(10)	373	46	419
248	73	62	-	-	-	2,013	2,396	134	2,530
-	-	-	-	-	-	(524)	(524)	-	(524)
-	-	-	-	-	-	173	173	-	173
-	-	-	-	-	-	(351)	(351)	-	(351)
119	507	79	-	-	-	10,143	28,898	2,854	31,752

IAS 32.33, Insights 7.3.480

a. IFRS does not mandate a specific method of presenting treasury shares within equity. However, local laws may prescribe the allocation method. Therefore, an entity needs to take into account its legal environment when choosing how to present its own shares within equity. An entity needs to choose a presentation format, to be applied consistently to all treasury shares. The Group has elected to present the total cost of treasury shares as a separate category of equity.

Insights 4.5.900.30

b. Generally, IFRS 2 *Share-based Payment* does not address whether an increase in equity recognised in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. In our view, either approach is allowed under IFRS. The Group has elected to present this increase in retained earnings.

IAS 34.8(d), 10, 20(d)

Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June 2017	2016
Cash flows from operating activities[a]			
Profit for the period		**3,250**	2,111
Adjustments for:			
– Depreciation		**2,435**	2,490
– Amortisation		**295**	355
– (Reversal of) impairment losses on property, plant and equipment	14	**(393)**	1,123
– Impairment losses on intangible assets and goodwill	15	**16**	285
– Impairment losses on remeasurement of disposal group	13	**25**	-
– Change in fair value of biological assets		**60**	(38)
– Increase in fair value of investment property		**(55)**	(50)
– Net finance costs		**424**	659
– Share of profit of equity-accounted investees, net of tax		**(233)**	(278)
– Gain on sale of property, plant and equipment	14	**(26)**	(25)
– Gain on sale of discontinued operation, net of tax	6	**(516)**	-
– Equity-settled share-based payment transactions		**361**	173
– Tax expense		**1,122**	700
		6,765	7,505
Change in:			
– Inventories		**(751)**	450
– Trade and other receivables		**(7,990)**	2,126
– Prepayments		**1,200**	(1,200)
– Trade and other payables		**3,939**	(1,765)
– Provisions and employee benefits		**(329)**	132
– Deferred income/revenue		**(420)**	-
Cash generated from operating activities		**2,414**	7,248
Interest paid[b, c]		**(920)**	(800)
Taxes paid		**(200)**	(950)
Net cash from operating activities		**1,294**	5,498
Cash flows from investing activities			
Interest received[b]		**116**	85
Dividends received[b]		**51**	100
Proceeds from sale of property, plant and equipment	14	**1,177**	406
Proceeds from sale of investments		**495**	359
Disposal of discontinued operation, net of cash disposed of[d]	6	**10,890**	-
Acquisition of subsidiary, net of cash acquired	20	**(1,799)**	-
Acquisition of property, plant and equipment	14	**(11,983)**	(2,315)
Acquisition of investment property		**(300)**	-
Purchase of non-current biological assets		**(155)**	(219)
Acquisition of other investments		**(215)**	-
Development expenditure		**(846)**	(881)
Net cash used in investing activities		**(2,569)**	(2,465)

Condensed consolidated statement of cash flows (continued)

IAS 34.8(d), 10, 20(d)

		For the six months ended 30 June	
In thousands of euro	*Note*	**2017**	2016
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	*16*	**1,550**	-
Proceeds from the issue of convertible notes	*17*	**5,000**	-
Proceeds from the issue of redeemable preference shares	*17*	**2,000**	-
Proceeds from the sale of treasury shares		**30**	-
Proceeds from exercise of share options	*16*	**50**	-
Proceeds from settlement of derivatives		**6**	11
Transaction costs related to loans and borrowings	*17*	**(311)**	-
Acquisition of non-controlling interests	*21*	**(200)**	-
Repayment of borrowings	*17*	**(4,811)**	(3,408)
Payment of finance lease liabilities	*17*	**(130)**	(123)
Dividends paid[b]	*16*	**(1,243)**	(524)
Net cash from (used in) financing activities		**1,941**	(4,044)
Net increase (decrease) in cash and cash equivalents		**666**	(1,011)
Cash and cash equivalents at 1 January*		**1,568**	2,226
Effect of exchange rate fluctuations on cash held		**2**	7
Cash and cash equivalents at 30 June*		**2,236**	1,222

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 16 to 55 are an integral part of these condensed consolidated interim financial statements.

IAS 7.18, 34.10

a. The Group has elected to present cash flows from operating activities using the indirect method.

Alternatively, an entity may present operating cash flows using the direct method, disclosing major classes of gross cash receipts and payments related to operating activities. An example of this presentation is illustrated in Appendix III to our publication Guide to annual financial statements – Illustrative disclosures (October 2016).

IAS 7.31, Insights 2.3.50.10–20

b. IFRS requires cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in IFRS, an entity is required to choose an accounting policy, to be applied consistently, for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities. The Group has elected to classify cash flows from interest paid as operating activities, cash flows from interest received and dividends received as investing activities, and cash flows from dividends paid as financing activities.

Insights 2.3.50.38

c. In our view, an entity should choose an accounting policy, to be applied consistently, to classify cash flows related to capitalised interest as follows:

- as cash flows from investing activities if the other cash payments to acquire the qualifying asset are reflected as investing activities; or
- consistently with interest cash flows that are not capitalised.

The Group has presented capitalised interest consistently with interest cash flows that are not capitalised.

IFRS 5.33, Insights 5.4.220.50

d. The Group has presented a condensed consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in the notes (see Note 6). However, in our view cash flows from discontinued operations may be presented in other ways.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements[a]

1. Reporting entity

[*Name*] (the 'Company') is a company domiciled in [*country*]. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in manufacturing paper and paper-related products, cultivating trees and selling wood (see Note 4).

2. Basis of accounting[b, c]

IAS 34.10, 15, 19

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are 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 financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on [*date*].[d]

3. Use of judgements and estimates

IAS 34.41

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

IAS 34.16A(d), 28

The significant judgements made by management in applying the Group's accounting policies and 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 31 December 2016.[e]

IAS 1.113–114

a. Notes are presented, to the extent practicable, in a systematic manner and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, an entity considers the effect on the understandability and comparability of the financial statements. The Group has applied its judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position. The order presented is only illustrative and entities need to tailor the organisation of the notes to fit their specific circumstances.

IAS 1.4, 25, 122, 10.14, 16, 34.15

Insights 5.9.10.34, 36

b. Although it is not illustrated, an entity considers whether it is relevant to disclose certain matters related to the use of the going concern basis of accounting in its interim financial statements. An entity discloses in interim financial statements any material uncertainties related to events or conditions that may cast significant doubt on its ability to continue as a going concern, identified before the date of authorisation for issue, regardless of whether they were disclosed in the last annual financial statements. An entity may also disclose the absence of a material uncertainty that existed at the date of authorisation for issue of its last annual financial statements and the judgement involved in reaching that conclusion.

For example disclosures related to going concern matters, see Appendix VI to our publication Guide to annual financial statements – Illustrative disclosures (October 2016).

IAS 34.20, Insights 5.9.70

c. Unless an entity is a new company, condensed interim financial statements include comparative primary financial statements; otherwise, they cannot claim to comply with IAS 34. This is particularly important for entities that did not produce interim financial statements in prior years. However, in our view management should exercise judgement to decide what comparative information (both quantitative and narrative) should be included in the selected explanatory notes.

IAS 10.17–18

d. Although it is not specifically required by IAS 34, it may be relevant to a user's understanding to disclose the date of authorisation and who gave the authorisation, because any event that occurs after that date is not disclosed or adjusted in the condensed interim financial statements of the current interim period. These disclosures may also be required by local laws.

IAS 34.16A(d)

e. Although it is not illustrated, an entity discloses the nature and amount of material changes in estimates of amounts reported in prior interim reporting periods or in prior financial years.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Use of judgements and estimates (continued)

a. Measurement of fair values

IAS 34.16A(j), IFRS 13.93(g)

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

IFRS 13.95, IAS 34.16A(j)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 19 'Financial instruments'.

IAS 34.8(e)

4. Operating segments

a. Information about reportable segments

		Reportable segments					
		Standard Papers		Recycled Papers		Packaging (Discontinued)**[a]	
	In thousands of euro	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*
IAS 34.16A(g)(i)	External revenues	**34,315**	36,821	**13,656**	11,030	**7,543**	23,193
IAS 34.16A(g)(ii)	Inter-segment revenue	**-**	-	**159**	161	**940**	2,835
IAS 34.16A(g)(iii)	Segment profit (loss) before tax	**2,067**	2,642	**3,509**	1,101	**(158)**	(458)

		Reportable segments					
		Standard Papers		Recycled Papers		Packaging (Discontinued)**[a]	
	In thousands of euro	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*
IAS 34.16A(g)(iv)	Segment assets[b]	**39,054**	25,267	**21,025**	16,003	**-**	13,250
IAS 34.16A(g)(iv)	Segment liabilities[b]	**37,399**	26,907	**9,875**	14,316	**-**	2,959

IFRS 8.29

* As a result of the acquisition of Papyrus Pty Limited ('Papyrus') during the six months ended 30 June 2017 (see Note 20), the Group has changed its internal organisation and the composition of its reportable segments. Accordingly, the Group has restated the operating segment information for the six months ended 30 June 2016 and as at 31 December 2016.

** See Note 6.

Notes to the condensed consolidated interim financial statements (continued)

Reportable segments											
Forestry		Timber Products		Research and Development		Total reportable segments		All other segments		Total	
30 June 2017	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016 Restated*	**30 June 2017**	30 June 2016
1,984	1,823	**1,550**	1,493	**-**	-	**59,048**	74,360	**1,031**	426	**60,079**	74,786
1,341	1,338	**923**	962	**438**	497	**3,801**	5,793	**444**	383	**4,245**	6,176
708	508	**(120)**	640	**50**	33	**6,056**	4,466	**385**	98	**6,441**	4,564

Forestry		Timber Products		Research and Development		Total reportable segments		All other segments		Total	
30 June 2017	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016 Restated*	**30 June 2017**	31 December 2016
20,046	16,942	**4,521**	3,664	**2,323**	1,946	**86,969**	77,072	**6,398**	3,683	**93,367**	80,755
4,769	7,097	**1,236**	1,456	**169**	158	**53,448**	52,893	**237**	454	**53,685**	53,347

IAS 34.16A(g)(v) **a.** The Group has presented the Packaging segment, which is also a discontinued operation, as an operating segment. If it no longer met the definition of an operating segment, then it would not have been included in the segment disclosures; however, a description of the difference from the last annual financial statements in the basis of segmentation would have been provided.

IAS 34.16A(g)(iv) **b.** The Group has disclosed measures of segment asset and segment liability for all reportable segments, although they are required only if they are regularly provided to an entity's chief operating decision maker and are materially different from the amounts disclosed in the entity's last annual financial statements for that reportable segment.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

4. Operating segments (continued)

IAS 34.16A(g)(vi)

b. Reconciliation of reportable segment profit or loss

In thousands of euro	For the six months ended 30 June 2017	2016 Restated*
Total profit before tax for reportable segments	**6,056**	4,466
Profit before tax for other segments	**385**	98
Elimination of inter-segment profit	**(1,695)**	(1,235)
Elimination of discontinued operation	**158**	458
Unallocated amounts:		
– Other corporate expenses	**(886)**	(510)
Profit before tax	**4,018**	3,277

* See Notes 4(a)(*) and 6.

5. Seasonality of operations

IAS 34.16A(b)

The Group's Forestry segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of pine trees and the provision of related services in key geographic areas are adversely affected by winter weather conditions, which occur primarily from January to March. The Group attempts to minimise the seasonal impact by managing inventories to meet demand during this period. However, this segment typically has lower revenues and results for the first half of the year.

IAS 34.21

For the 12 months ended 30 June 2017, the Forestry segment reported revenue of €6,486 thousand (12 months ended 30 June 2016: €6,280 thousand) and profit before tax of €1,184 thousand (12 months ended 30 June 2016: €1,687 thousand).[a]

IAS 34.21

a. An entity whose business is highly seasonal is encouraged to disclose additional information, including:
- financial information for the 12 months ending at the interim reporting date; and
- comparative information for the comparable 12-month period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

6. Discontinued operation[a]

IAS 34.16A(i), Insights 5.4.230

In February 2017, the Group sold its entire Packaging segment (see Note 4). Management committed to a plan to sell this division early in 2017, following a strategic decision to place greater focus on the Group's key competencies – being the manufacture of paper used in the printing industry, forestry and the manufacture of timber products.

The Packaging segment was not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent to the disposal, the Group has continued to purchase packaging from the discontinued operation. While intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes that this is useful to the users of the financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made before its disposal. Because purchases from the discontinued operation will continue subsequent to the disposal, inter-segment purchases made by the continuing operations before the disposal are retained in continuing operations.

		For the six months ended 30 June	
	In thousands of euro	**2017**	2016
	a. Results of discontinued operation[b]		
[IFRS 5.33(b)(i)]	Revenue	**8,483**	26,028
	Elimination of inter-segment revenue	**(940)**	(2,835)
[IFRS 5.33(b)(i)]	External revenue	**7,543**	23,193
[IFRS 5.33(b)(i)]	Expenses	**(8,641)**	(26,486)
	Elimination of expenses related to inter-segment sales	**936**	2,827
[IFRS 5.33(b)(i)]	External expenses	**(7,705)**	(23,659)
[IFRS 5.33(b)(i)]	**Results from operating activities**	**(162)**	(466)
[IFRS 5.33(b)(ii)]	Income tax	**25**	44
	Results from operating activities, net of tax	**(137)**	(422)
[IFRS 5.33(b)(iii)]	Gain on sale of discontinued operation	**846**	-
[IFRS 5.33(b)(iv)]	Income tax on gain on sale of discontinued operation	**(330)**	-
[IFRS 5.33(a)]	**Profit (loss) from discontinued operation for the period, net of tax**	**379**	(422)
	Basic earnings per share (euro)[c]	**0.12**	(0.14)
	Diluted earnings per share (euro)[c]	**0.11**	(0.14)

IAS 34.15C, 16A(i)

a. An entity discloses the effects of changes in its composition during an interim reporting period.

Although it is not specifically required by IAS 34, the Group has disclosed information that would be required by IFRS 5 in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the discontinued operation.

Insights 5.4.230.40

b. In our view, considering that IFRS 5 does not specify how the elimination should be attributed to continuing and discontinued operations, an entity may present transactions between the continuing and discontinued operations in a way that reflects the continuance of those transactions, when that is useful to the users of the financial statements. It may be appropriate to present additional disclosure either on the face of the statement of profit or loss and OCI or in the notes. In our experience, if the additional disclosure is provided in the statement of profit or loss and OCI, then judgement may be required whether the disaggregated information should be presented as part of the statement itself or as an additional disclosure alongside the totals in that statement. Clear disclosure of the approach taken to the elimination of intra-group transactions will be relevant, including an explanation of any additional analysis of discontinued operations in the notes to the statement of profit or loss and OCI.

IAS 33.68

c. Alternatively, basic and diluted earnings per share for the discontinued operation may be presented in the statement of profit or loss and OCI.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

6. Discontinued operation (continued)

a. Results of discontinued operation (continued)

[IFRS 5.33(d)]

The profit for the period from the discontinued operation of €379 thousand (2016: loss of €422 thousand) was attributable entirely to the owners of the Company. Of the profit from continuing operations of €2,871 thousand (2016: €2,533 thousand), an amount of €2,674 thousand was attributable to the owners of the Company (2016: €2,022 thousand).

[IFRS 5.33(c), 34]

b. Cash flows from (used in) discontinued operation[a]

	For the six months ended 30 June	
In thousands of euro	**2017**	2016
Net cash used in operating activities	**(225)**	(910)
Net cash from investing activities	**10,890**	-
Net cash flow for the period	**10,665**	(910)

[IAS 7.40(d)]

c. Effect of disposal on the financial position of the Group

In thousands of euro	*Note*	
Property, plant and equipment	*14*	**(7,986)**
Inventories		**(134)**
Trade and other receivables		**(3,955)**
Cash and cash equivalents		**(110)**
Deferred tax liabilities		**110**
Trade and other payables		**1,921**
Net assets and liabilities		**(10,154)**
Consideration received in cash		**11,000**
Cash and cash equivalents disposed of		**(110)**
Net cash inflow		**10,890**

[IAS 7.40(c)]

[IAS 7.40(a)–(b)]

IAS 34.16A(c)

7. Other income/expenses

a. Government grants[b]

The Group was awarded a government grant, received in 2016, amounting to €420 thousand. This grant was conditional on the Group meeting certain recycling targets. In accordance with the terms of the grant, the Group had to buy and recycle a specific volume of recycling pulp and paper.

During the six months ended 30 June 2017, when the terms attaching to the grant were complied with, the grant was recognised in 'other income' in the condensed consolidated statement of profit or loss and OCI.

b. Earthquake-related expenses[b]

During the six months ended 30 June 2017, expenses of €359 thousand were incurred due to an earthquake near production facilities in [*country*]. The expenses relate to the survey of production facilities and the removal of damaged items. These are included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI.

IFRS 5.33(c) **a.** Alternatively, the disclosure of the net cash flows attributable to the operating, investing and financing activities of the discontinued operation may be presented separately in the statement of cash flows.

IAS 34.16A(c) **b.** This is an example of disclosures about the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

8. Share-based payment arrangements[a]

a. Description of share-based payment arrangements

IAS 34.15

At 30 June 2017, the Group had the following share-based payment arrangements.

[IFRS 2.45(a)]

i. Share option programme (equity-settled)

On 1 January 2013 and 1 January 2016, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. On 1 January 2017, a further grant on similar terms was offered to key management and senior employees. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the grant date. Currently, these programmes are limited to key management personnel and other senior employees.

All options are to be settled by physical delivery of shares. The terms and conditions of the share option granted during the six months ended 30 June 2017 are as follows.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Option grant to key management personnel on 1 January 2017	225	3 years' service from grant date and 5% increase in operating income in each of the 3 years	10 years
Option grant to senior employees on 1 January 2017	100	3 years' service from grant date	10 years

[IFRS 2.46–47(a)(i), IAS 1.125]

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model.

ii. Replacement awards (equity-settled)

In connection with the acquisition of Papyrus, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus for 150,000 equity-settled share-based payment awards of the Group with a contractual life of nine years from the vesting date (see Note 20).

[IFRS 2.47(a)(i)]

The fair value of the replacement awards at grant date (business combination date of acquisition) was determined using the Black-Scholes model.

iii. Share purchase plan (equity-settled)

[IFRS 2.44–45(a)]

On 1 January 2017, the Group offered 26 of its employees the opportunity to participate in an employee share purchase plan. To participate in the plan, the employees are required to save an amount of 5% of their gross monthly salary, up to a maximum of €300 per month, for a period of 36 months. Under the terms of the plan, at the end of the three-year period the employees are entitled to purchase shares using funds saved at a price 20% below the market price at grant date. Only employees who remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount of their gross monthly salary in any month before the 36-month period expires, or elect not to exercise their options to purchase shares – e.g. because the share price is below the exercise price – will be refunded their saved amounts.

The requirement that the employee has to save in order to purchase shares under the share purchase plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation based on the Monte Carlo simulation. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

IAS 34.15

a. Although it is not explicitly required by IAS 34, share-based payment transactions may be significant to an understanding of the current interim reporting period. The Group has provided details of share-based payment transactions in the period and disclosed the changes since the last annual financial statements. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of the events and transactions to an understanding of the interim reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

8. Share-based payment arrangements (continued)

a. Description of share-based payment arrangements (continued)

[IFRS 2.45(a)]

iv. Share appreciation rights (cash-settled)

On 1 January 2017, the Group granted 300,000 share appreciation rights (SARs) to employees that entitle them to a cash payment after three years of service. The SARs expire at the end of a five-year period after grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

[IFRS 2.47(a)(i)]

The fair value of the SARs at grant date is determined using the Black-Scholes model. The fair value of the liability, classified as an employee benefit liability, is remeasured at each reporting date and at settlement date.

b. Measurement of grant date fair values

[IFRS 2.52]

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans.

[IFRS 2.47(a)]

	Share option programme				
	Key management personnel (see (a)(i))	Senior employees (see (a)(i))	Replacement awards (see (a)(ii))	Share purchase plan (see (a)(iii))	SARs (see (a)(iv))
Fair value at grant date	€3.54	€3.14	€3.81	€4.02	€2.82
Share price at grant date	€10.10	€10.10	€10.30	€10.10	€10.10
Exercise price	€10.10	€10.10	€10.30	€8.08	€10.10
Expected volatility (weighted-average volatility)	40.1%	40.1%	42.4%	43.3%	43.3%
Option life (expected weighted-average life)	8.6 years	5.4 years	5.9 years	4.0 years	4.0 years
Expected dividends	3.2%	3.2%	3.2%	n/a	3.2%
Risk-free interest rate (based on government bonds)	3.9%	3.8%	3.9%	3.9%	4.4%

Expected volatility is estimated taking into account historical average share price volatility.

9. Employee benefits[a]

IAS 34.15, 16A(d)

As a result of a plan amendment in the pension arrangement for a number of employees in [*country*], the Group's defined benefit pension obligation decreased by €100 thousand during the six months ended 30 June 2017 (six months ended 30 June 2016: nil). A negative past service cost of €100 thousand resulting from the plan amendment was included in 'administrative expenses' in the condensed consolidated statement of profit or loss and OCI for the six months ended 30 June 2017.

IAS 19.99, BC59, 34.B9, Insights 5.9.150

a. Determining whether there is a need to remeasure the net defined benefit liability (asset) for interim reporting purposes requires judgement and depends on the potential materiality of the remeasurement. However, an updated measurement of plan assets and obligations is required when a plan amendment, curtailment or settlement is recognised. The Group has remeasured the net defined benefit liability during the interim reporting period due to a plan amendment, and has provided relevant disclosure. The appropriate level of disclosure for an interim reporting period may vary depending on the materiality of the changes in the actuarial valuation.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.15

IAS 34.30(c)

10. Income tax expense[a]

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2017 was 29% (six months ended 30 June 2016: 23%). The change in effective tax rate was caused mainly by the following factors.

- During the second half of 2016, a tax incentive granted in previous years in [*country*] was withdrawn and is not expected to be available in the future.
- On 31 March 2017, Papyrus, a former associate of the Group, became a subsidiary (see Note 20). The profit or loss from Papyrus, which operates in a tax jurisdiction with higher tax rates, had been presented as 'net of tax' under the equity method. This impact has been considered in determining the weighted-average annual income tax rate for the full financial year.
- In April 2017, the tax rate in [*country*], in which the Group generates 50% of its taxable income, increased by 3%. The new rate applies to taxable income generated after 1 May 2017.
- During the six months ended 30 June 2017, adjustments regarding transfer pricing at a subsidiary [*entity name*] caused an additional tax expense as a result of different tax rates between [*entity name*] and the Group. The Group recognised this obligation during the period.
- During the six months ended 30 June 2017, adjustments related to prior-period tax filings were recognised in full. These expenses relate to tax assessments raised by tax authorities from their review of filed tax returns for open tax years in certain jurisdictions.

IAS 34.15

a. Although it is not explicitly required by IAS 34, this is an example of events and transactions for which disclosures are provided because the events and transactions are significant to an understanding of the current interim reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

11. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)[a]

Management has presented the performance measure adjusted EBITDA because it believes that this measure is relevant to an understanding of the Group's financial performance. The definition of adjusted EBITDA is the same as in the last annual financial statements.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations

	For the six months ended 30 June	
In thousands of euro	**2017**	2016 Re-presented*
Profit from continuing operations	**2,871**	2,533
Income tax expense	**1,147**	744
Profit before tax	**4,018**	3,277
Adjustments for:		
– Net finance costs	**424**	659
– Depreciation	**2,435**	2,490
– Amortisation	**295**	355
– (Reversal of) impairment losses on property, plant and equipment	**(393)**	1,123
– Impairment losses on goodwill	**116**	-
– (Reversal of) impairment losses on intangible assets	**(100)**	285
– Impairment loss on remeasurement of disposal group	**25**	-
– Share of profit of equity-accounted investees, net of tax	**(233)**	(278)
Adjusted EBITDA	**6,587**	7,911

* See Note 6.

IAS 34.10, IAS 1.55A, 85A–85B, BC38G

a. The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the entity's financial performance. This disclosure is provided for illustrative purposes only.

If an entity presents additional subtotals in the statement of financial position or statement of profit or loss and OCI, then the subtotals:

- comprise line items made up of amounts recognised and measured in accordance with IFRS;
- are presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- are consistent from period to period;
- are displayed with no more prominence than other subtotals and totals presented in the statement of financial position or statement of profit or loss and OCI; and
- for the additional subtotals presented in the statement of profit or loss and OCI, they are reconciled with the subtotals and totals required by IAS 1.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

12. Inventories

IAS 34.15B(a)

a. Write-down of inventories[a]

During the six months ended 30 June 2017, the Group wrote down its finished goods inventory by €258 thousand. This related to paper bought for a specific customer who subsequently declared bankruptcy. The write-down is included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI. There were no inventory write-downs recognised during the six months ended 30 June 2016.

b. Transfer from biological assets[a]

During the six months ended 30 June 2017, harvested timber amounting to €1,131 thousand (2016: €985 thousand) was transferred to inventories.

13. Disposal group held for sale[b]

IAS 34.16A(i), [IFRS 5.38, 41]

In June 2017, management committed to a plan to sell part of a manufacturing facility within the Standard Papers segment. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by April 2018.

As at 30 June 2017, the disposal group comprised assets of €12,891 thousand less liabilities of €3,650 thousand, detailed as follows.

In thousands of euro	*Note*	
Property, plant and equipment	*14*	**8,756**
Inventories		**2,750**
Trade and other receivables		**1,385**
Trade and other payables		**(3,650)**
		9,241

IAS 34.15B(b)

An impairment loss of €25 thousand writing down the carrying amount of the disposal group to its fair value less costs to sell has been included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI.[a]

IAS 34.15B

a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.16A(i)

b. An entity discloses the effects of changes in its composition during an interim reporting period. Although it is not specifically required by IAS 34, the Group has disclosed details of non-current assets and non-current liabilities held for sale that would be required in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the non-current assets and non-current liabilities held for sale. For example disclosures for the distribution of non-cash assets to owners, see Appendix IV to our publication Guide to annual financial statements – Illustrative disclosures (October 2016).

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Property, plant and equipment

IAS 34.15B(d)

a. Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired assets with a cost of €12,156 thousand (six months ended 30 June 2016: €2,315 thousand). This amount excludes capitalised borrowing costs, but includes assets acquired through a business combination (see Note 20) of €1,955 thousand (six months ended 30 June 2016: nil). In addition, the Group acquired a piece of land with the intention of constructing a new factory on the site. The cost of acquisition was €1,100 thousand. The Group commenced construction of the new factory, and costs incurred up to the reporting date totalled €682 thousand.

Assets with a carrying amount of €7,986 thousand were disposed of as part of the discontinued operation (see Note 6). Other assets with a carrying amount of €1,151 thousand were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: €381 thousand), resulting in a gain on disposal of €26 thousand (six months ended 30 June 2016: gain of €25 thousand), which was included in 'other income' in the condensed consolidated statement of profit or loss and OCI. Assets with a carrying amount of €8,756 thousand were transferred to held-for-sale (see Note 13) (six months ended 30 June 2016: nil).

IAS 34.15B(b), 16A(d)
[IAS 36.130(a)–(d)]

b. Reversal of impairment loss in relation to a new product[a]

In 2016, regulatory restrictions on the manufacture of a new product in the Standard Papers segment caused the Group to assess the recoverable amount of the related production line.

The production line relates to a cutting-edge new product that was expected to be available for sale in 2017. However, a regulatory inspection in 2016 revealed that the product did not meet certain environmental standards, necessitating substantial changes to the manufacturing process. As a result, production and the expected launch date were deferred.

[IAS 36.130(e)]

Accordingly, management estimated the recoverable amount of the CGU (the production line) in 2016. The recoverable amount was estimated based on its value in use, assuming that the production line would go live in August 2018. Based on the assessment in 2016, the carrying amount of the production line was determined to be higher than its recoverable amount of €1,083 thousand and an impairment loss of €1,408 thousand was recognised for the year ended 31 December 2016. €1,123 thousand of the loss related to property, plant and equipment and €285 thousand related to capitalised development costs (see Note 15).

[IAS 36.130(a)–(e)]

During the six months ended 30 June 2017, following certain changes to its plans, the Group reassessed its estimates and reversed part of the initially recognised impairment. The recoverable amount was determined to be €1,576 thousand. As a result, €493 thousand of the initially recognised impairment has been reversed; of this amount, €393 thousand related to property, plant and equipment and €100 thousand related to capitalised development costs.

IAS 34.15B(b), 15C, 16A(d), B35–B36

a. IAS 34 requires disclosure of the nature and amount of changes in estimates. In addition, impairment losses and reversals of impairment losses are examples of disclosures that, if they are significant, are required by IAS 34. Although it is not specifically required by IAS 34, the Group has disclosed information that would be required by IAS 36 *Impairment of Assets* in annual financial statements in respect of the indicator-based impairment testing carried out during the interim reporting period. Furthermore, the Group has disclosed the key assumptions used (discount rate and terminal growth rate) to determine the recoverable amount of assets and CGUs, although disclosures beyond the discount rate are required by IAS 36 only for CGUs containing goodwill or indefinite-lived intangible assets. The appropriate level of disclosure may vary depending on the circumstances of the individual entity.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Property, plant and equipment (continued)

IAS 34.15B(b), 16A(d)
[IAS 36.126(a)–(b)]

b. Reversal of impairment loss in relation to a new product (continued)

The impairment loss and subsequent reversal have been included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI.[a]

[IAS 36.130(g)]

The estimate of value in use was determined using a pre-tax discount rate of 10.5% (2016: 9.8%) and a terminal value growth rate of 3% from 2023 (2016: 3% from 2022).

c. Transfer to investment property[b]

During the six months ended 30 June 2017, a building with a carrying amount of €600 thousand was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to a third party.

Immediately before transfer, the Group remeasured the property to fair value and recognised a gain of €200 thousand in OCI.

IAS 34.15B(e)

d. Capital commitments

During the six months ended 30 June 2017, the Group entered into a contract to buy property, plant and equipment for €1,465 thousand (six months ended 30 June 2016 and year ended 31 December 2016: nil). Delivery is expected in March 2018.

15. Intangible assets and goodwill

a. Reversal of impairment loss in relation to a new product

IAS 34.15B(b), 16A(d),
[IAS 36.126(a)–(b)]

As described in Note 14, the Group recognised an impairment loss of €285 thousand in respect of capitalised development costs related to the affected production line in the year ended 31 December 2016. During the six months ended 30 June 2017, €100 thousand of the loss was reversed.

b. Impairment loss in relation to Timber Products

IAS 34.15B(b), 16A(d)

Following a loss in the Timber Products segment during the six months ended 30 June 2017 (see Note 4), the Group assessed the recoverable amount of the CGU that comprises that operating segment.

[IAS 36.130(e)]

The carrying amount of the CGU was determined to be higher than its recoverable amount of €3,654 thousand and an impairment loss of €116 thousand (six months ended 30 June 2016: nil) was recognised. The impairment loss was allocated fully to goodwill, reducing the goodwill included in the Timber Products segment to €960 thousand; and is included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI.

[IAS 36.134(c)]

The recoverable amount of the CGU was based on its value in use and was determined with the assistance of independent appraisers.

IAS 36.126, Insights 3.10.430.20–30

a. If an entity classifies expenses based on their function, then any loss is allocated to the appropriate function. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant – e.g. impairment of goodwill – with additional information given in a note. In our view, an impairment loss that is recognised in published interim financial statements should be presented in the same line item as in the annual financial statements, even if the asset is subsequently sold and the gain or loss on disposal is included in a line item that is different from impairment losses in the annual financial statements.

IAS 34.15B

b. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

15. Intangible assets and goodwill (continued)

b. Impairment loss in relation to Timber Products (continued)

[IAS 1.125, 36.134(d)]

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at 30 June 2017 was determined similarly to the 31 December 2016 goodwill impairment test, and was based on the following key assumptions.

- A pre-tax discount rate of 9.6% (2016: 10.0%) was applied and based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.
- Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity of 1.8% from 2023 (2016: 2.0% from 2022) has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management.
- An average budgeted EBITDA growth rate for the next five years of 8.0% (2016: 9.0%) was applied and based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

Following the impairment loss recognised in the Group's Timber Products CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment.

Other CGUs were not tested for impairment because there were no impairment indicators at 30 June 2017.

IFRS 3.B67(d), IAS 34.16A(i)

c. Reconciliation of carrying amount of goodwill

In thousands of euro	*Note*	**30 June 2017**
Cost		
Balance at 1 January 2017		**3,545**
Acquisition through business combination	*20*	**541**
Balance at 30 June 2017		**4,086**
Impairment losses		
Balance at 1 January 2017		**138**
Impairment loss		**116**
Balance at 30 June 2017		**254**
Carrying amounts		
Balance at 1 January 2017		**3,407**
Balance at 30 June 2017		**3,832**

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

16. Capital and reserves

a. Issue of ordinary shares

IAS 34.16A(e)

In April 2017, the general meeting of shareholders approved the issue of 130,000 ordinary shares at an exercise price of €11.92 per share (2016: nil).

Additionally, 5,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2013 share option programme by key management personnel (2016: nil). Options were exercised at an average price of €10 per share.

8,000 ordinary shares were also issued as a result of the acquisition of Papyrus (see Note 20).

b. Dividends

IAS 34.16A(f)

The following dividends were declared and paid by the Company.

	For the six months ended 30 June	
In thousands of euro	**2017**	2016
25.97 cents per qualifying ordinary share (2016: 4.28 cents)	**805**	86
25.03 cents per non-redeemable preference share (2016: 25.03 cents)	**438**	438
	1,243	524

17. Loans and borrowings[a]

IAS 34.16A(e)

In thousands of euro	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Balance at 1 January 2017					**23,592**
New issues					
Convertible notes (see (a))	**EUR**	**3.00%**	**2019**	**5,000**	**4,596**
Redeemable preference shares (see (b))	**EUR**	**4.40%***	**2022**	**2,000**	**1,939**
Unsecured bank loan assumed (see Note 20)	**USD**	**3.80%**	**2017**	**510**	**500**
Repayments					
Loan from associate	**EUR**	**4.80%**	**-**	**(1,000)**	**(1,000)**
Secured bank loan	**GBP**	**LIBOR+1%**	**-**	**(3,694)**	**(3,694)**
Unsecured bank loans	**EUR**	**5.5%**	**-**	**(117)**	**(117)**
Finance lease liabilities	**EUR**	**6.5–7.0%**	**-**	**(130)**	**(130)**
Other movements			**-**	**-**	**91**
Balance at 30 June 2017					**25,777**

* Dividend rate for redeemable preference shares.

a. Convertible notes

In thousands of euro	
Proceeds from issue of convertible notes (1,250,000 notes at €4 par value)	**5,000**
Transaction costs	**(250)**
Net proceeds	**4,750**
Amount classified as equity (net of transaction costs of €9 thousand)	**(163)**
Accrued interest	**9**
Carrying amount of liability at 30 June 2017	**4,596**

IAS 34.16A(e)

a. Although IAS 34 only requires the disclosure of issues and repayments of debt securities, the Group has provided additional disclosure by reconciling the opening and closing balance of total loans and borrowings. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of these transactions.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

17. Loans and borrowings (continued)

a. Convertible notes (continued)

The notes are convertible into 250 thousand ordinary shares of the Group in May 2020 at the option of the holder, which is a rate of one share for every five convertible notes; unconverted notes become repayable on demand.

b. Redeemable preference shares

In thousands of euro

Proceeds from issue of redeemable preference shares	**2,000**
Transaction costs	**(61)**
Carrying amount at 30 June 2017	**1,939**

During the six months ended 30 June 2017, 1,000,000 redeemable preference shares were issued as fully paid with a par value of €2 per share (2016: nil). The redeemable preference shares do not carry the right to vote. The holders of the redeemable preference shares participate in the Company's residual assets only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on 31 May 2023. The Group is obliged to pay holders of redeemable preference shares annual dividends of 4.4% of the par amount on 31 May each year until and on maturity.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

18. Provisions

a. Restructuring

IAS 34.15B(c)

A provision of €600 thousand was recognised during the year ended 31 December 2016 in respect of the Group's committed restructuring of the manufacturing and distribution division of Paper Pabus Co. This was due to a decrease in demand as a result of deteriorating economic circumstances. The restructuring was completed during the six months ended 30 June 2017 at a cost of €500 thousand. The unused provision of €100 thousand was reversed, and has been included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI.

b. Site restoration

i. Romania

IAS 34.16A(c)

In accordance with Romanian law, the Group's subsidiary in Romania is required to restore contaminated land to its original condition before the end of 2019. During the six months ended 30 June 2017, the Group provided €500 thousand for this purpose.

Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The provision has been calculated using a discount rate of 5.9%, which is the risk-free rate in Romania. The rehabilitation is expected to occur progressively over the next four years.

ii. Acquisition of Papyrus

As part of the acquisition of Papyrus, the Group recognised environmental provisions of €150 thousand, measured on a provisional basis (see Note 20).

c. Levies

IAS 34.16A(c)

The Group recognised a liability to pay environmental taxes imposed by legislation in full at the end of the tax year (31 March), when the obligating event in the legislation occurs. At 30 June 2017, no liability for environmental taxes has been recognised and a corresponding administrative expense of €30 thousand, representing the levy for the year ended 31 March 2017, has been recognised in profit or loss for the six months ended 30 June 2017 (2016: €30 thousand).

IAS 34.8(e)

19. Financial instruments

a. Carrying amounts and fair values[a]

IFRS 7.25–26, 29–30, 13.93(a)–(b), 94, 97, 99, IAS 34.16A(j)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. 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.

	Carrying amount	
	Non-current assets	
In thousands of euro	Trade and other receivables	Other investments, including derivatives
30 June 2017		
Financial assets measured at fair value		
Interest rate swaps used for hedging	-	116
Forward exchange contracts used for hedging	-	-
Other forward exchange contracts	-	-
Sovereign debt securities	-	-
Corporate debt securities	-	118
Equity securities	-	961
Financial assets not measured at fair value[b]		
Trade and other receivables*	171	-
Cash and cash equivalents	-	-
Corporate debt securities	-	2,572
	171	3,767
31 December 2016		
Financial assets measured at fair value		
Interest rate swaps used for hedging	-	131
Forward exchange contracts used for hedging	-	-
Other forward exchange contracts	-	-
Sovereign debt securities	-	-
Corporate debt securities	-	373
Equity securities	-	765
Financial assets not measured at fair value[b]		
Trade and other receivables*	-	-
Cash and cash equivalents	-	-
Corporate debt securities	-	2,256
	-	3,525

* Other receivables that are not financial assets (construction contracts in progress – 2017: €307 thousand, 2016: €280 thousand) are not included.

Notes to the condensed consolidated interim financial statements (continued)

Carrying amount				Fair value			
Current assets							
Trade and other receivables	Other investments, including derivatives	Cash and cash equivalents	Total	Level 1	Level 2	Level 3	Total
-	**-**	**-**	**116**	**-**	**116**	**-**	**116**
-	**227**	**-**	**227**	**-**	**227**	**-**	**227**
-	**86**	**-**	**86**	**-**	**86**	**-**	**86**
-	**213**	**-**	**213**	**213**	**-**	**-**	**213**
-	**-**	**-**	**118**	**78**	**40**	**-**	**118**
-	**-**	**-**	**961**	**961**	**-**	**-**	**961**
21,393	**-**	**-**	**21,564**				**21,555**
-	**-**	**2,356**	**2,356**				
-	**-**	**-**	**2,572**				**2,581**
21,393	**526**	**2,356**	**28,213**				
-	-	-	131	-	131	-	131
-	375	-	375	-	375	-	375
-	89	-	89	-	89	-	89
-	568	-	568	568	-	-	568
-	-	-	373	373	-	-	373
-	-	-	765	540	-	225	765
17,719	-	-	17,719				
-	-	1,850	1,850				
-	-	-	2,256				2,263
17,719	1,032	1,850	24,126				

IFRS 7.B1–B3 **a.** The Group has grouped its financial instruments into 'classes'. Although IFRS 7 *Financial Instruments: Disclosures* does not define 'classes', as a minimum instruments measured at amortised cost should be distinguished from those measured at fair value.

IFRS 7.29 **b.** The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, because their carrying amounts are a reasonable approximation of fair value.

IAS 34.8(e)

19. Financial instruments (continued)

a. Carrying amounts and fair values (continued)

In thousands of euro	Carrying amount	
	Non-current liabilities	
	Trade and other payables	Loans and borrowings
30 June 2017		
Financial liabilities measured at fair value		
Interest rate swaps used for hedging	**(20)**	**-**
Forward exchange contracts used for hedging	**-**	**-**
Contingent consideration	**(232)**	**-**
Financial liabilities not measured at fair value[a]		
Bank overdrafts	**-**	**-**
Secured bank loans	**-**	**(7,108)**
Unsecured bank loans	**-**	**-**
Unsecured bond issues	**-**	**(5,948)**
Convertible notes – liability component	**-**	**(4,596)**
Redeemable preference shares	**-**	**(1,939)**
Dividends payable on redeemable shares	**-**	**-**
Finance lease liabilities	**-**	**(1,773)**
Trade and other payables	**-**	**-**
	(252)	**(21,364)**
31 December 2016		
Financial liabilities measured at fair value		
Interest rate swaps used for hedging	(5)	-
Forward exchange contracts used for hedging	-	-
Financial liabilities not measured at fair value[a]		
Bank overdrafts	-	-
Secured bank loans	-	(8,093)
Unsecured bank loans	-	-
Unsecured bond issues	-	(9,200)
Loan from associate	-	-
Finance lease liabilities	-	(1,913)
Trade and other payables	-	-
	(5)	(19,206)

Notes to the condensed consolidated interim financial statements (continued)

Carrying amount				Fair value			
Current liabilities							
Bank overdraft	Trade and other payables	Loans and borrowings	Total	Level 1	Level 2	Level 3	Total
-	-	-	(20)	-	(20)	-	(20)
-	(8)	-	(8)	-	(8)	-	(8)
-	-	-	(232)	-	-	(232)	(232)
(120)	-	-	(120)				
-	-	(481)	(7,589)				(8,325)
-	-	(501)	(501)				(502)
-	-	(3,064)	(9,012)				(9,491)
-	-	-	(4,596)				(4,592)
-	-	-	(1,939)				(1,936)
-	-	(20)	(20)				
-	-	(347)	(2,120)				(1,976)
-	(20,421)	-	(20,421)				
(120)	(20,429)	(4,413)	(46,578)				
-	-	-	(5)	-	(5)	-	(5)
-	(7)	-	(7)	-	(7)	-	(7)
(282)	-	-	(282)				
-	-	(3,000)	(11,093)				(12,113)
-	-	(117)	(117)				(118)
-	-	-	(9,200)				(9,612)
-	-	(1,000)	(1,000)				
-	-	(269)	(2,182)				(2,016)
-	(21,806)	-	(21,806)				
(282)	(21,813)	(4,386)	(45,692)				

IFRS 7.29 a. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, because their carrying amounts are a reasonable approximation of fair value.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Financial instruments (continued)

b. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2017 and 31 December 2016 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 3.

IFRS 13.91(a), 92, 93(d), (h)(i), 99, IAS 34.16A(j)

Financial instruments measured at fair value

IFRS 3.B67(b)(iii)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	– Forecast annual revenue growth rate (30 June 2017: 3–8%). – Forecast EBITDA margin (30 June 2017: 8%). – Risk-adjusted discount rate (30 June 2017: 5.5%).	The estimated fair value would increase (decrease) if: – the annual revenue growth rate were higher (lower); – the EBITDA margin were higher (lower); or – the risk-adjusted discount rate were lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Equity securities	*Market comparison technique:* The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	– Forecast annual revenue growth rate (30 June 2017: 2–6%, 31 December 2016: 3–6%). – Forecast EBITDA margin (30 June 2017: 4%, 31 December 2016: 4.5%). – Adjusted market multiple (30 June 2017: 4–6, 31 December 2016: 4–7).	The estimated fair value would increase (decrease) if: – the annual revenue growth rate were higher (lower); – the EBITDA margin were higher (lower); or – the adjusted market multiple were higher (lower). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Corporate debt securities	*Market comparison/discounted cash flow:* The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Financial instruments (continued)

b. Measurement of fair values (continued)

i. Valuation techniques and significant unobservable inputs (continued)

IFRS 13.91(a), 92, 93(d), (h)(i), 99, IAS 34.16A(j)

Financial instruments measured at fair value (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	*Forward pricing:* The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.
Interest rate swaps	*Swap models:* The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.

ii. Transfers between Levels 1 and 2

IFRS 13.93(c), IAS 34.15B(k), 16A(j)

At 30 June 2017, available-for-sale corporate debt securities with a carrying amount of €40 thousand were transferred from Level 1 to Level 2 because quoted prices in the market for these debt securities were no longer regularly available. To determine the fair value of the debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There were no transfers from Level 2 to Level 1 during the six months ended 30 June 2017 and no transfers in either direction during the six months ended 30 June 2016.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Financial instruments (continued)

b. Measurement of fair values (continued)

iii. Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	In thousands of euro	*Note*	**Equity securities – Available-for-sale**	**Contingent consideration**
	Balance at 1 January 2016		-	-
IFRS 13.91(b), 93(e)(ii), IAS 34.16A(j)	**Gain included in OCI**			
	– Net change in fair value (unrealised)		6	-
IFRS 13.93(e)(iii), IAS 34.16A(j)	Purchases		212	-
	Balance at 30 June 2016		218	-
IFRS 13.93(e)(iii), IAS 34.16A(j)	Balance at 1 January 2017		**225**	**-**
	Assumed in a business combination	*20*	**-**	**(250)**
IFRS 13.91(b), 92, 93(e)(i), (f), IAS 34.16 A(j)	**Gain included in 'finance income'**			
	– Net change in fair value (unrealised)		**-**	**18**
IFRS 13.91(b), 92, 93(e)(ii), IAS 34.16A(j)	**Gain included in OCI**			
	– Net change in fair value (unrealised)		**18**	**-**
IFRS 13.93(e)(iv), IAS 34.16A(j)	Transfers out of Level 3		**(243)**	**-**
	Balance at 30 June 2017		**-**	**(232)**

IFRS 13.93(e)(iv), IAS 34.15B(k), 16A(j)

Transfer out of Level 3

The Group holds an investment in equity shares of MSE Limited, which is classified as available-for-sale, with a fair value of €243 thousand at 30 June 2017. The fair value of this investment was categorised as Level 3 at 31 December 2016 (for information on the valuation technique, see (i) above). This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares.

During the six months ended 30 June 2017, MSE Limited listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy at 30 June 2017.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Financial instruments (continued)

b. Measurement of fair values (continued)

iii. Level 3 fair values (continued)

IFRS 13.93(h)(ii)

Sensitivity analysis

For the fair values of contingent consideration and equity securities – available-for-sale, reasonably possible changes at 30 June 2017 and 31 December 2016 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Contingent consideration

	Profit or loss	
Effect in thousands of euro	**Increase**	**Decrease**
30 June 2017		
Annual revenue growth rate (0.5% movement)	**(80)**	**78**
EBITDA margin (0.3% movement)	**(60)**	**59**
Risk-adjusted discount rate (1% movement)	**(90)**	**85**

Equity securities – Available-for-sale

	OCI, net of tax	
Effect in thousands of euro	**Increase**	**Decrease**
31 December 2016		
Annual revenue growth rate (0.5% movement)	70	(69)
EBITDA margin (0.2% movement)	79	(71)
Adjusted market multiple (5% movement)	81	(81)

c. Concentration of credit risk[a]

The Group's strategy to generate an increasing proportion of its revenue from its wholesale customers has resulted in an increase in trade receivables outstanding (because wholesale customers are entitled to more favourable credit terms than other customers). As at 30 June 2017, wholesale customers comprised €15,757 thousand or approximately 72% of trade receivables (31 December 2016: €10,799 thousand or approximately 60%).

IAS 34.15B

a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.16A(i)

20. Acquisition of subsidiary[a]

IFRS 3.B64(a)–(c)

On 31 March 2017, the Group acquired 65% of the shares and voting interests in Papyrus. As a result, the Group's equity interest in Papyrus increased from 25% to 90%, obtaining control of Papyrus. Papyrus is one of the Group's strategic suppliers and is principally engaged in the production of paper pulp in Kentucky, US. Papyrus is not publicly listed.

IFRS 3.B64(d)

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is expected to provide the Group with an increased share of the standard paper market through access to Papyrus's customer base. The Group also expects to reduce costs through economies of scale.

IFRS 3.B64(q)

In the three months to 30 June 2017, Papyrus contributed revenue of €4,500 thousand and profit of €90 thousand to the Group's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been €58,480 thousand, and consolidated profit for the period would have been €3,427 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

a. Consideration transferred

IFRS 3.B64(f)

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

[IAS 7.40(a)–(b)]

In thousands of euro	*Note*	
Cash		**2,500**
Equity instruments (8,000 ordinary shares)	*16*	**87**
Replacement share-based payment awards	*8*	**120**
Contingent consideration	*19*	**250**
Settlement of pre-existing relationship		**(326)**
Total consideration transferred		**2,631**

i. Equity instruments issued

IFRS 3.B64(f)(iv)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 31 March 2017 of €10.88 per share.

ii. Replacement share-based payment awards

IFRS 3.B64(l)

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus (the acquiree's awards) for equity-settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards are as follows.

	Acquiree's awards	Replacement awards
Terms and conditions	Grant date 1 April 2016 Vesting date 31 March 2020 Service condition	Vesting date 31 March 2020 Service condition
Market-based measure at date of acquisition	€527 thousand	€571 thousand

IFRS 3.59, 61, 63, IAS 34.16A(i)

a. An entity discloses the effects of changes in its composition as a result of business combinations during an interim reporting period by providing information required by IFRS 3 *Business Combinations*.

If the specific disclosures under the requirements of IFRS 3 and other standards are not sufficient to enable evaluation of the nature and financial effects of:

– business combinations effected in the current period; or

– any adjustments recognised in the current period relating to business combinations effected in prior periods,

then additional information necessary to meet these objectives is disclosed.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Acquisition of subsidiary (continued)

a. Consideration transferred (continued)

ii. Replacement share-based payment awards (continued)

The value of the replacement awards is €520 thousand, after taking into account an estimated forfeiture rate of 9%. The consideration for the business combination includes €120 thousand transferred to employees of Papyrus when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of €400 thousand will be recognised as post-acquisition compensation cost. For further details on the replacement awards, see Note 8.

iii. Contingent consideration

IFRS 3.B64(g), B67(b)

The Group has agreed to pay the selling shareholders in three years' time additional consideration of €600 thousand if the acquiree's cumulative EBITDA over the next three years exceeds €10,000 thousand. The Group has included €250 thousand as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. At 30 June 2017, the contingent consideration had decreased to €232 thousand (see Note 19).

iv. Settlement of pre-existing relationship

IFRS 3.B64(l)

The Group and Papyrus were parties to a long-term supply contract under which Papyrus supplied the Group with timber at a fixed price. Under the contact, the Group could terminate the agreement early by paying Papyrus €326 thousand. This pre-existing relationship was effectively terminated when the Group acquired Papyrus.

The Group has attributed €326 thousand of the consideration transferred to the extinguishment of the supply contract, and has included the amount in 'other expenses' in the condensed consolidated statement of profit or loss and OCI. This amount is the lower of the termination amount and the value of the off-market element of the contract. The fair value of the agreement at the date of acquisition was €600 thousand, of which €400 thousand related to the unfavourable aspect of the contract to the Group relative to market prices.

b. Acquisition-related costs

IFRS 3.B64(m)

The Group incurred acquisition-related costs of €50 thousand relating to external legal fees and due diligence costs. These costs have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and OCI.

c. Identifiable assets acquired and liabilities assumed

IFRS 3.B64(i), [IAS 7.40(c)–(d)]

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In thousands of euro	*Note*	
Property, plant and equipment	*14*	**1,955**
Intangible assets		**250**
Inventories		**825**
Trade and other receivables		**848**
Cash and cash equivalents		**375**
Loans and borrowings	*17*	**(500)**
Deferred tax liabilities		**(79)**
Contingent liabilities		**(20)**
Site restoration provision	*18*	**(150)**
Trade and other payables		**(460)**
Total identifiable net assets acquired		**3,044**

IFRS 3.B64(h)
[IAS 7.40(c)]

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Acquisition of subsidiary (continued)

c. Identifiable assets acquired and liabilities assumed (continued)

IFRS 3.B64(h)(ii)–(iii)

Trade and other receivables comprised gross contractual amounts due of €900 thousand, of which €52 thousand was expected to be uncollectible at the date of acquisition.

Fair values measured on a provisional basis

IFRS 3.B67(a)(i)–(ii)

The following fair values have been determined on a provisional basis.

– The fair value of Papyrus's intangible assets (patented technology and customer relationships) has been measured provisionally, pending completion of an independent valuation.

IFRS 3.B64(j), B67(c), [IAS 37.85]

– Papyrus is a defendant in legal proceedings brought by a customer that alleges that Papyrus supplied defective goods. Management's assessment, based on its interpretation of the underlying sales contract and independent legal advice, is that the basis for the customer's claim has little merit and it is not probable that an outflow will be required to settle the claim. Management's assessment of the fair value of this contingent liability, taking into account the range of possible outcomes of the judicial process, is €20 thousand.

– Papyrus's operations are subject to specific environmental regulations. The Group has conducted a preliminary assessment of the site restoration provisions arising from these regulations and has recognised a provisional amount. The Group will continue to review these matters during the measurement period.

d. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

In thousands of euro	*Note*	
Total consideration transferred	*(a)*	**2,631**
IFRS 3.B64(o)(i) NCI, based on their proportionate interest in the recognised amounts of the asset and liabilities of Papyrus		**304**
IFRS 3.B64(p)(i) Fair value of existing interest in Papyrus		**650**
Fair value of identifiable net assets	*(c)*	**(3,044)**
Goodwill	*15*	**541**

IFRS 3.B64(p)(ii)

The remeasurement to fair value of the Group's existing 25% interest in Papyrus resulted in a gain of €250 thousand (€650 thousand less the €420 thousand carrying amount of the equity-accounted investee at the date of acquisition plus €20 thousand of translation reserve reclassified to profit or loss). This amount has been included in 'finance income' in the condensed consolidated statement of profit or loss and OCI.

IFRS 3.B64(e), (k)

The goodwill is attributable mainly to the skills and technical talent of Papyrus's work force, and the synergies expected to be achieved from integrating the company into the Group's existing Standard Papers business. None of the goodwill recognised is expected to be deductible for tax purposes.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.16A(i)

21. Acquisition of NCI

In June 2017, the Group acquired an additional 15% interest in Swissolote AG, increasing its ownership from 60% to 75%. The carrying amount of Swissolote's net assets in the Group's consolidated financial statements on the date of the acquisition was €767 thousand.

[IFRS 12.18]

The following table summarises the effect of changes in the Company's ownership interest in Swissolote.

In thousands of euro

Carrying amount of NCI acquired (€767 x 15%)	**115**
Consideration paid to NCI in cash	**200**
A decrease in equity attributable to owners of the Company	**(85)**

The decrease in equity attributable to owners of the Company comprised of:

– a decrease in retained earnings of €93 thousand; and

– an increase in the translation reserve of €8 thousand.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

22. Contingencies[a]

IAS 34.15B(m)

Since 2013, a subsidiary has been defending an action brought by an environmental agency in Europe. The Group initially recognised a provision of €100 thousand in relation to this action because it appeared probable that settlement of the obligation would be enforced by law. However, in July 2017 the Group successfully defended the claim and has derecognised the provision in the current period. The counterparty will appeal the claim and if the appeal is successful, then fines and legal costs could amount to €450 thousand, of which €350 thousand would be reimbursable under an insurance policy. Based on legal advice, management does not expect the outcome of the action to have a material effect on the Group's financial position.

IAS 34.15B

a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.15B(j)

23. Related parties[a, b]

a. Parent and ultimate controlling party

During the six months ended 30 June 2017, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker.

b. Transactions with key management personnel

i. Loans to directors

Unsecured loans advanced to directors during the six months ended 30 June 2017 were €65 thousand (six months ended 30 June 2016: €35 thousand). No interest is payable by the directors, and the loans are repayable in full three months after the issue date. As at 30 June 2017, the balance outstanding was €15 thousand (as at 31 December 2016: €8 thousand) and is included in 'trade and other receivables'.

[IAS 19.171, 24.17(d)]

ii. Key management personnel compensation[a]

As a result of the termination of the employment of one of the Group's executives in France, the executive received an enhanced retirement entitlement. Accordingly, the Group has recognised an expense of €25 thousand for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

[IAS 24.18]

c. Other related party transactions

	Transactions for the six months ended		Balance outstanding	
In thousands of euro	**30 June 2017**	30 June 2016	**30 June 2017**	31 December 2016
Sale of goods and service				
Parent of the Group – Cameron Paper Co (2016: Brown Products Corporation)	**128**	165	**110**	150
Joint venture	**328**	67	**156**	121
Associate	**208**	71	**157**	119
Purchase of goods				
Joint venture	**518**	416	**-**	-
Others				
Associate – Loan and related interest	**2**	3	**-**	1,000

During the six months ended 30 June 2017, the Group repaid a loan of €1,000 thousand received from one of its associates (see Note 17).

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

24. Subsequent event

IAS 34.16A(h)

On 22 July 2017, the Group announced its intention to acquire all of the shares of ABC Company for €6,500 thousand. The transaction still has to be approved by the Group's shareholders and by regulatory authorities. Approvals are not expected until late in 2017 or early in 2018.

IAS 34.15B(j), Insights 5.9.60.50

a. In respect of related party transactions, care should be taken in determining the level of disclosure that is necessary in the condensed interim financial statements. If related party transactions are significant, then disclosure may be necessary, even though the nature and amounts of those transactions are consistent with previous periods.

b. For example disclosures for government-related entities that apply the exemption in paragraph 25 of IAS 24 *Related Party Disclosures*, see Appendix VI to our publication Guide to annual financial statements – Illustrative disclosures (October 2016).

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

25. Significant accounting policies[a]

IAS 34.16A(a)

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The policy for recognising and measuring income taxes in the interim period is described in Note 10.

26. Standards issued but not yet effective[b]

[IAS 1.17(c), 8.30–31]

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these condensed consolidated interim financial statements.

The Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated financial statements.

IAS 34.16A(a)

a. The amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2017 are as follows.

- *Disclosure Initiative (Amendments to IAS 7)* require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)* clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the reporting date, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. This guide assumes that the Group's existing accounting policies are consistent with the amended requirements.
- *Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 12 Disclosure of Interests in Other Entities)* clarify that disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.

Although it is not illustrated in this guide, an entity discloses a description of the nature and effects of any change in accounting policies resulting from the application of these amendments, depending on materiality.

b. The Group has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of standards issued but not yet effective will have on its financial statements in the period of initial application. This disclosure provides an update of information that has been disclosed in its last annual financial statements and assumes that the information previously disclosed was minimal. The appropriate level of disclosure will ultimately depend on the status of the reporting entity's preparations to adopt any standards not yet effective, as well as the extent of disclosure in the last annual financial statements. Some regulators have indicated that they expect preparers to progressively enhance these disclosures, including the provision of quantitative information, as new accounting policies are defined, estimation uncertainty reduces and the effective date of a new standard approaches.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 9 *Financial Instruments*[a]

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reasonably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time, as well as accounting elections and judgements that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at 30 June 2017 and hedging relationships designated during the first half of 2017 under IAS 39 *Financial Instruments: Recognition and Measurement*.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its preliminary assessment, the Group does not believe that the new classification requirements, if they had been applied at 30 June 2017, would have had a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At 30 June 2017, the Group had equity investments classified as available-for-sale with a fair value of €710 thousand that are held for long-term strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, then the Group may elect to classify them as at FVOCI or FVTPL. The Group has not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported in OCI, no impairment losses would be recognised in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognised in profit or loss as they arise, increasing volatility in the Group's profits.

a. The Group is not planning to early adopt IFRS 9 in its consolidated financial statements for the year ending 31 December 2017. Appendix V in our Guide to annual financial statements – Illustrative disclosures (October 2016) provides disclosure examples and explanations on early adoption of IFRS 9.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 9 *Financial Instruments (continued)*

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

– *12-month ECLs:* These are ECLs that result from possible default events within the 12 months after the reporting date; and

– *lifetime ECLs:* These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The Group's preliminary assessment indicated that application of IFRS 9's impairment requirements at 30 June 2017 would probably have resulted in an increase of between €140,200 thousand and €170,250 thousand in loss allowances at that date compared with impairment losses recognised under IAS 39. However, the Group has not yet finalised the impairment methodologies that it will apply under IFRS 9.

iii. Classification – Financial liabilities

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

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

– the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

– the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities as at FVTPL and the Group has no current intention to do so. The Group's preliminary assessment did not indicate any material impact if IFRS 9's requirements on the classification of financial liabilities were applied at 30 June 2017.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 9 *Financial Instruments (continued)*

iv. Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group's current plan is that it will elect to apply the new requirements of IFRS 9.

IFRS 9 will require the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on the rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting. The Group currently does not undertake hedges of such risk components.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Under IAS 39, the change in fair value of the forward element of the forward exchange contracts ('forward points') is recognised immediately in profit or loss.

On adoption of IFRS 9, the Group may elect for the forward points to be separately accounted for as a cost of hedging. In this case, they would be recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity and accounted for subsequently like gains and losses accumulated in the cash flow hedge reserve.

Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges of foreign currency risk associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.

The Group's preliminary assessment indicated that the types of hedge accounting relationships that the Group currently designates should be capable of meeting the requirements of IFRS 9 if the Group completes certain planned changes to its internal documentation and monitoring processes. The Group's preliminary assessment also indicated that the expected changes in accounting policies for costs of hedging and hedges of inventory purchases would have had an immaterial impact if they had been applied to the Group's hedge accounting during the six months ended 30 June 2017.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 9 *Financial Instruments (continued)*

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.
- The new hedge accounting requirements should generally be applied prospectively. However, the Group may elect to apply the expected change in accounting for forward points retrospectively. The Group has not made a decision on this election.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 15 *Revenue from Contracts with Customers*[a]

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

i. Sales of goods

For the sale of paper products, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. For some made-to-order paper product contracts, the customer controls all of the work in progress as the products are being manufactured. When this is the case, revenue will be recognised as the products are being manufactured. This will result in revenue, and some associated costs, for these contracts being recognised earlier than at present – i.e. before the goods are delivered to the customers' premises.

a. The Group is not planning to early adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2017. Our publication Guide to annual financial statements – IFRS 15 supplement (November 2015) provides disclosure examples and explanations on early adoption of IFRS 15.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers (continued)*

i. Sales of goods (continued)

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under IFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of returns, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the statement of financial position.

For the loyalty programme operated by the Group, revenue is currently allocated between the loyalty programme and the paper products using the residual value method. That is, consideration is allocated to the loyalty programme based on the fair value of the loyalty points and the remainder of the consideration is allocated to the paper products. The amount allocated to the loyalty programme is deferred, and is recognised as loyalty points are redeemed or expire.

Under IFRS 15, consideration will be allocated between the loyalty programme and the paper products based on their relative stand-alone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty programme, and therefore less revenue is likely to be deferred.

ii. Rendering of services

The Group is involved in managing forest resources, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised using the stage-of-completion method.

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

The Group has performed an initial comparison of the fair value and the stand-alone selling prices of the services. Since these amounts are broadly similar, the Group does not expect significant differences in the timing of revenue recognition for these services.

iii. Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions.

Under IFRS 15, the assessment will be based on whether the Group controls the specific goods before transferring them to the end customer, rather than whether it has exposure to the significant risks and rewards associated with the sale of goods.

The Group has performed an initial assessment of these transactions and does not expect that there will be a significant impact on its consolidated financial statements.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers (continued)*

iv. Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group has performed an initial assessment of previous contract modifications and does not expect a significant impact on its consolidated financial statements.

v. Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the earliest period presented, will not be restated.

The Group is currently performing a detailed assessment of the impact of the application of IFRS 15 and expects to disclose additional quantitative information before it adopts IFRS 15.

IFRS 16 *Leases*

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of warehouse and factory facilities. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group has not yet decided whether it will use the optional exemptions. No significant impact is expected for the Group's finance leases.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Standards issued but not yet effective (continued)

IFRS 16 *Leases (continued)*

i. Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4.

On transition to IFRS 16, the Group can choose whether to:

– apply the IFRS 16 definition of a lease to all its contracts; or

– apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group is assessing whether to apply the practical expedient and the potential impact on its consolidated financial statements, and whether this will affect the number of contracts identified as leases on transition.

ii. Transition

As a lessee, the Group can either apply the standard using a:

– retrospective approach; or

– modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Group currently plans to apply IFRS 16 initially on 1 January 2019. The Group has not yet determined which transition approach to apply.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

The Group has not yet quantified the impact on its reported assets and liabilities of the adoption of IFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. The Group expects to disclose its transition approach and quantitative information before adoption.

The Group expects that the adoption of IFRS 16 will not impact its ability to comply with the maximum leverage threshold loan covenant.

Appendix I

New standards or amendments for 2017 and forthcoming requirements

Since the March 2016 edition of this guide, a number of standards, amendments and interpretations have been issued. This Appendix lists those new requirements that have been issued by the IASB as at 15 March 2017, and contains two tables, as follows.

– **New currently effective requirements:** This table lists the recent changes to IFRS that are required to be applied by an entity with an annual reporting period beginning on 1 January 2017.

– **Forthcoming requirements:** This table lists the recent changes to IFRS that are required to be applied for an annual period beginning after 1 January 2017 and that are available for early adoption in annual periods beginning on 1 January 2017. These requirements are not included in this guide.

The tables also include references to further KPMG guidance, as appropriate.

New currently effective requirements

Effective date	New standards or amendments	KPMG guidance
1 January 2017	*Disclosure Initiative (Amendments to IAS 7)*	Web article
	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	Web article
	Annual Improvements to IFRSs 2014–2016 Cycle – various standards *(Amendments to IFRS 12)*	Web article

Forthcoming requirements

Effective date	New standards or amendments	KPMG guidance
1 January 2018	IFRS 15 *Revenue from Contracts with Customers*	*Insights into IFRS* (Chapter 4.2A), web article (with links to in-depth analysis)
	IFRS 9 *Financial Instruments*	*Insights into IFRS* (Chapters 7A and 7B), web article (with links to in-depth analysis)
	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Web article
	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	Web article
	Transfers of Investment Property (Amendments to IAS 40)	Web article
	Annual Improvements to IFRSs 2014–2016 Cycle – various standards *(Amendments to IFRS 1 and IAS 28)*	Web article
	IFRIC 22 Foreign Currency Transactions and Advance Consideration	Web article
1 January 2019	IFRS 16 *Leases*[a]	*Insights into IFRS* (Chapter 5.1A), web article (with links to in-depth analysis)
To be determined[b]	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*	Web article

a. Early application of IFRS 16 is permitted only for companies that also apply IFRS 15.

b. The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

Appendix II

Presentation of comprehensive income – Two-statement approach

Condensed consolidated statement of profit or loss[a]

IAS 34.8(b), 8A, 10, 20(b)

In thousands of euro	*Note*	For the six months ended 30 June **2017**	2016 Re-presented*
Continuing operations			
Revenue	*4*	**52,536**	51,593
Cost of sales	*12, 14, 18*	**(31,344)**	(31,920)
Gross profit		**21,192**	19,673
Other income	*7, 14*	**620**	190
Selling and distribution expenses		**(7,698)**	(7,498)
Administrative expenses	*9, 18, 20*	**(8,474)**	(8,358)
Research and development expenses		**(605)**	(349)
Other expenses	*7, 13, 15, 20*	**(826)**	-
Operating profit		**4,209**	3,658
Finance income	*19, 20*	**456**	345
Finance costs		**(880)**	(1,004)
Net finance costs		**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**233**	278
Profit before tax	*4*	**4,018**	3,277
Income tax expense	*10*	**(1,147)**	(744)
Profit from continuing operations		**2,871**	2,533
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	*6*	**379**	(422)
Profit for the period		**3,250**	2,111
Profit attributable to:			
Owners of the Company		**3,053**	2,023
Non-controlling interests		**197**	88
		3,250	2,111
Earnings per share			
Basic earnings per share (euro)		**0.84**	0.52
Diluted earnings per share (euro)		**0.80**	0.51
Earnings per share – Continuing operations			
Basic earnings per share (euro)		**0.72**	0.66
Diluted earnings per share (euro)		**0.69**	0.65
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	*11*	**6,587**	7,911

IAS 34.11A

IAS 34.11A

* See Note 6.

IAS 1.10A

a. This Appendix illustrates the two-statement approach to the presentation of comprehensive income, consisting of a separate income statement displaying profit or loss, and a second statement displaying the components of OCI.

Condensed consolidated statement of profit or loss and OCI

IAS 34.8(b), 8A, 10, 20(b)

In thousands of euro	*Note*	For the six months ended 30 June 2017	2016 Re-presented*
Profit for the period		**3,250**	2,111
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	*14*	**200**	-
Remeasurements of the defined benefit liability (asset)		**72**	(15)
Related tax		**(90)**	5
		182	(10)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		**437**	330
Equity-accounted investees – share of OCI		**10**	-
Reclassification of foreign currency differences on loss of significant influence		**20**	-
Net investment hedge – net loss		**(3)**	(8)
Cash flow hedges – effective portion of changes in fair value		**(93)**	97
Cash flow hedges – reclassified to profit or loss		**(17)**	(11)
Available-for-sale financial assets – net change in fair value		**199**	74
Available-for-sale financial assets – reclassified to profit or loss		**(47)**	-
Related tax		**(14)**	(53)
		492	429
Other comprehensive income for the period, net of tax		**674**	419
Total comprehensive income for the period		**3,924**	2,530
Total comprehensive income attributable to:			
Owners of the Company		**3,703**	2,396
Non-controlling interests		**221**	134
		3,924	2,530

* See Note 6.

Appendix III

Condensed consolidated statement of profit or loss and OCI - Quarterly reporter[a]

IAS 34.20(b)

In thousands of euro	*Note*	For the three months ended 30 June 2017	2016 Re-presented*	For the six months ended 30 June 2017	2016 Re-presented*
Continuing operations					
Revenue	*4*	**27,826**	26,425	**52,536**	51,593
Cost of sales	*12, 14, 18*	**(15,405)**	(16,118)	**(31,344)**	(31,920)
Gross profit		**12,421**	10,307	**21,192**	19,673
Other income	*7, 14*	**370**	101	**620**	190
Selling and distribution expenses		**(4,337)**	(3,802)	**(7,698)**	(7,498)
Administrative expenses	*9, 18, 20*	**(5,508)**	(4,098)	**(8,474)**	(8,358)
Research and development expenses		**(260)**	(155)	**(605)**	(349)
Other expenses	*7, 13, 15, 20*	**(384)**	-	**(826)**	-
Operating profit		**2,302**	2,353	**4,209**	3,658
Finance income	*19, 20*	**212**	129	**456**	345
Finance costs		**(496)**	(622)	**(880)**	(1,004)
Net finance costs		**(284)**	(493)	**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**112**	155	**233**	278
Profit before tax	*4*	**2,130**	2,015	**4,018**	3,277
Income tax expense	*10*	**(596)**	(487)	**(1,147)**	(744)
Profit from continuing operations		**1,534**	1,528	**2,871**	2,533
Discontinued operation					
Profit (loss) from discontinued operation, net of tax	*6*	**481**	(220)	**379**	(422)
Profit for the period		**2,015**	1,308	**3,250**	2,111

* See Note 6.

IAS 34.20

a. This Appendix illustrates a condensed consolidated statement of profit or loss and OCI for an entity that publishes quarterly financial statements. The statement of financial position, statement of changes in equity and statement of cash flows for a quarterly interim reporter will be the same as those illustrated for the example entity that publishes a half-year interim report only.

Condensed consolidated statement of profit or loss and OCI - Quarterly reporter (continued)

IAS 34.20(b)

In thousands of euro	Note	For the three months ended 30 June 2017	2016 Re-presented*	For the six months ended 30 June 2017	2016 Re-presented*
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment	14	75	-	200	-
Remeasurements of the defined benefit liability (asset)		72	(15)	72	(15)
Related tax		(49)	5	(90)	5
		98	(10)	182	(10)
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		245	153	437	330
Equity-accounted investees – share of OCI		10	-	10	-
Reclassification of foreign currency differences on loss of significant influence		-	-	20	-
Net investment hedge – net loss		(3)	(5)	(3)	(8)
Cash flow hedges – effective portion of changes in fair value		(72)	32	(93)	97
Cash flow hedges – reclassified to profit or loss		(5)	(11)	(17)	(11)
Available-for-sale financial assets – net change in fair value		89	32	199	74
Available-for-sale financial assets – reclassified to profit or loss		(23)	-	(47)	-
Related tax		2	(26)	(14)	(53)
		243	175	492	429
Other comprehensive income for the period, net of tax		341	165	674	419
Total comprehensive income for the period		2,356	1,473	3,924	2,530

* See Note 6.

Condensed consolidated statement of profit or loss and OCI – Quarterly reporter (continued)

IAS 34.20(b)

In thousands of euro	For the three months ended 30 June 2017	For the three months ended 30 June 2016 Re-presented*	For the six months ended 30 June 2017	For the six months ended 30 June 2016 Re-presented*
Profit attributable to:				
Owners of the Company	**1,895**	1,253	**3,053**	2,023
Non-controlling interests	**120**	55	**197**	88
	2,015	1,308	**3,250**	2,111
Total comprehensive income attributable to:				
Owners of the Company	**2,214**	1,394	**3,703**	2,396
Non-controlling interests	**142**	79	**221**	134
	2,356	1,473	**3,924**	2,530
Earnings per share				
IAS 34.11 Basic earnings per share (euro)	**0.51**	0.32	**0.84**	0.52
IAS 34.11 Diluted earnings per share (euro)	**0.49**	0.32	**0.80**	0.51
Earnings per share – Continuing operations				
Basic earnings per share (euro)	**0.43**	0.41	**0.72**	0.66
Diluted earnings per share (euro)	**0.41**	0.40	**0.69**	0.65
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	**3,491**	4,864	**6,587**	7,911

* See Note 6.

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