02

CONSOLIDATED FINANCIAL STATEMENTS

03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

Consolidated balance sheet as at 31 December 2017

Assets € '000	Notes	31.12.2017	31.12.2016
Non-current assets		**259,381**	**280,779**
Intangible assets	5.1	139,090	147,878
Property, plant and equipment	5.1	85,153	88,550
Financial investments**	5.1	1,980	1,950
Financial investments accounted for by the equity method	5.1	2,791	154
Other assets**	5.5	5,579	4,543
Financial assets**	5.6	10,499	17,651
Deferred tax assets	5.2	14,289	20,053
Current assets		**1,225,691**	**1,114,245**
Inventories	5.3	473,980	385,554
Trade receivables	5.4	458,354	445,606
Income tax receivables	5.5	3,587	1,235
Other assets**	5.5	177,327	155,722
Financial assets**	5.6	1,268	19,185
Cash and cash equivalents	5.7	111,175	104,929
Assets from discontinued operation	5.12	0	2,014
Total assets		**1,485,072**	**1,395,024**

Equity and liabilities € '000	Notes	31.12.2017	31.12.2016
Non-current financial liabilities due to shareholders and equity*	5.8	**181,196**	**168,810**
Share capital		40,000	40,000
Consolidated reserves		102,070	102,070
Consolidated retained earnings		41,176	27,691
Other reserves		–5,651	–4,496
Non-controlling interests		3,601	3,545
Provisions and liabilities		**1,303,876**	**1,226,214**
Non-current provisions and liabilities		**218,486**	**129,039**
Provisions	5.9	26,516	25,982
Financial liabilities	5.10	187,433	98,341
Other liabilities	5.11	981	554
Deferred tax liabilities	5.2	3,556	4,162
Current provisions and liabilities		**1,085,390**	**1,097,175**
Trade payables	5.11	939,192	818,517
Other provisions	5.9	95,989	114,164
Financial liabilities	5.10	12,330	108,891
Income tax liabilities***	5.11	4,806	3,803
Other liabilities	5.11	33,073	44,899
Liabilities related to discontinued operation	5.12	0	6,901
Total equity and liabilities		**1,485,072**	**1,395,024**

* The share capital and reserves attributable to the owners of the parent company amount to €177,595 thousand.

** The loans to third parties will no longer be recognised in financial investments and other assets owing to reporting realignment but under financial assets. For comparative purposes, from the previous year €–248 thousand will be reclassified from financial investments and €– 186 thousand from other assets in financial assets amounting to €+ 434 thousand (see item 5.6).

*** The income tax provisions are reclassified in income tax liabilities in the current financial year on account of a reporting realignment. The previous year was correspondingly adjusted and an amount of €3,456 thousand was reclassified.

Consolidated income statement for the period from 1 January 2017 to 31 December 2017

€ '000	Notes	2017	2016
Continued operations			
Revenues	6.1	**12,784,316**	**13,002,592**
Cost of sales	6.2	12,151,700	12,382,123
Gross profit		**632,616**	**620,469**
Other operating income	6.3	36,335	29,571
Distribution expenses	6.4	415,196	418,741
General and administrative expenses	6.5	149,462	145,879
Result from operations before financial result		**104,293**	**85,420**
Income from participations	6.7	1,500	0
Profit share of associated companies and joint ventures which are accounted for by the equity method	6.7	–184	39
Interest income	6.7	1,061	2,086
Interest expenses	6.7	10,522	10,521
Result from operations		**96,148**	**77,024**
Income tax	6.8	18,081	14,892
Consolidated result after tax from continuing operations		**78,067**	**62,132**
Discontinued operation			
Consolidated result after tax from discontinued operation	6.9	220	–1,925
Consolidated profit before distributions to shareholders		**78,287**	**60,207**
Thereof:			
Consolidated retained earnings		77,065	58,983
Non-controlling interests		1,222	1,224

Consolidated statement of comprehensive income for the period from 1 January 2017 to 31 December 2017

€ '000	Notes	2017	2016
Consolidated profit before distributions to shareholders		**78,287**	**60,207**
Components of other comprehensive income			
Items that will never be reclassified in the income statement			
Changes in the value of the pension reserve	5.9	–1,346	–2,592
Deferred taxes on changes in the value of the pension reserve	5.9	275	478
		–1,071	**–2,114**
Items that have been and will be reclassified in the income statement			
Currency translation differences*		–42	258
Changes in the value of the cash-flow hedge reserve		–229	–1,870
Deferred taxes on changes in the value of the cash-flow hedge reserve		58	538
		–213	**–1,074**
Total other comprehensive income		**–1,284**	**–3,188**
Total consolidated comprehensive income before distributions to shareholders		**77,003**	**57,019**
Thereof:			
Consolidated retained earnings		75,781	55,795
Non-controlling interests		1,222	1,224

* The currency translation differences include €–204 thousand for associated companies and joint ventures accounted for by the equity method.

Statement of consolidated cash flows for the period from 1 January 2017 to 31 December 2017

€ '000	Notes	2017	2016
Result from operations before financial result	9	**104,293**	**85,420**
Amortisation of intangible assets and depreciation of property, plant and equipment	6.10	38,053	38,591
Changes in provisions		–19,317	3,241
Net result from the sale of intangible assets and property, plant and equipment		135	54
Changes in inventories		–88,426	–21,249
Changes in trade receivables		–12,748	–18,472
Changes in trade payables		120,675	38,373
Changes in other assets and liabilities		–34,454	1,587
Paid income tax		–13,866	–15,092
Non-cash changes		–181	1,483
Cash flow from operating activities of continuing operations		**94,164**	**113,936**
Cash flow from operating activities of discontinued operation		–4,794	–8,226
Total cash flow from operating activities		**89,370**	**105,710**
Investments in intangible assets and property, plant and equipment		–19,787	–35,381
Net cash from the sale of intangible assets and property, plant and equipment		297	370
Net cash payments from changes in consolidated companies		–3,028	–2,594
Net cash payments for the acquisition of shares in affiliated not consolidated companies		–35	0
Net cash payments for loans granted*		–2,265	–123
Net cash repayments for loans granted		97	93
Cash flow from investing activities of continuing operations		**–24,721**	**–37,635**
Cash flow from investing activities of discontinued operation		0	0
Total cash flow from investing activities		**–24,721**	**–37,635**
Payments to shareholders		–63,452	–55,903
Payments to non-controlling interests		–1,166	–1,039
Repayment of leasing liabilities	9	–10,910	–10,216
Loans raised	9	100,000	0
Repayment of financial liabilities	9	–77,107	0
Interest received		1,580	1,566
Interest paid		–10,185	–10,582
Cash flow from financing activities of continuing operations		**–61,240**	**–76,174**
Cash flow from financing activities of discontinued operation		18	27
Total cash flow from financing activities		**–61,222**	**–76,147**
Total cash flow		**3,427**	**–8,072**
Total financial resources fund at the beginning of the year		**106,762**	**115,071**
Effects of exchange-rate changes on the financial resources fund (thereof, €55 thousand relates to the discontinued operation)		**416**	**–237**
Total financial resources fund at the end of the year**		**110,605**	**106,762**
Less recognition of discontinued operation		0	–1,833
Financial resources fund at the end of the year**	9	**110,605**	**104,929**
Transfer of financial resources from the continuing operations into the discontinued operation		2,887	7,611

* Net cash payments for loans granted will no longer be reported in cash flow from financing activities on account of reporting realignment but in cash flow from investing activities. The previous year was also adjusted by € 123 thousand for comparative purposes.

** See explanations under item 9 for the definition of financial resources fund

Statement of changes in consolidated equity for the period from 1 January 2017 to 31 December 2017

Development of non-current financial liabilities due to shareholders and equity

€ '000	Non-current financial liabilities due to shareholders							Equity	
	Share capital	Con-solidated reserves	Con-solidated retained earnings	Currency translation difference	Cash-flow hedge reserve	Pension reserve	Non-current financial liabilities due to share-holders	Non-controlling interests	Total
				Other reserves					
01.01.2016	**40,000**	**102,070**	**24,966**	**3,387**	**713**	**–5,764**	**165,372**	**3,369**	**168,741**
Reclassification due to the settlement of pension liabilities	0	0	–355	0	0	355	0	0	0
Payment to shareholders	0	0	0	0	0	0	0	–1,039	–1,039
Consolidated profit before distributions to shareholders	0	0	58,983	0	0	0	58,983	1,224	60,207
Changes to the group of consolidated companies	0	0	0	0	0	0	0	–9	–9
Distributions to shareholders	0	0	–55,903	0	0	0	–55,903	0	–55,903
Other comprehensive income	0	0	0	258	–1,332	–2,114	–3,188	0	–3,188
Consolidated comprehensive income	**0**	**0**	**2,725**	**258**	**–1,332**	**–1,759**	**–108**	**176**	**68**
01.01.2017	**40,000**	**102,070**	**27,691**	**3,645**	**–619**	**–7,523**	**165,264**	**3,545**	**168,810**
Reclassification due to the settlement of pension liabilities	0	0	–128	0	0	128	0	0	0
Payment to shareholders	0	0	0	0	0	0	0	–1,166	–1,166
Consolidated profit before distributions to shareholders	0	0	77,065	0	0	0	77,065	1,222	78,287
Changes to the group of consolidated companies	0	0	0	0	0	0	0	0	0
Distributions to shareholders	0	0	–63,452	0	0	0	–63,452	0	–63,452
Other comprehensive income	0	0	0	–42	–169	–1,071	–1,282	0	–1,282
Consolidated comprehensive income	**0**	**0**	**13,485**	**–42**	**–169**	**–943**	**12,331**	**56**	**12,387**
31.12.2017	**40,000**	**102,070**	**41,176**	**3,603**	**–788**	**–8,466**	**177,595**	**3,601**	**181,196**

Notes to the consolidated financial statements

1 General information and accounting principles applied

Together with its subsidiaries, Lekkerland AG & Co. KG, Frechen, registered in the Company Register of the Local Court Cologne (Amtsgericht Köln) under A 18122, constitutes a European trading group. The focus of its business is trade with convenience goods, such as tobacco, sweets, beverages, snacks, fast food, fresh food, non-food, electronic value products (for example articles such as e-loading, telephone cards and motorway toll stickers) and logistics services.

The Group delivers its goods in particular to filling station shops of international and regional oil companies, to department stores, specialist food shops, drinks markets, fast food chains, kiosks, canteens, bakeries and many other providers of convenient enjoyment on-the-go.

The consolidated financial statements of Lekkerland AG & Co. KG, Frechen, Germany, for the period from 1 January to 31 December 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the European Union and issued by the International Accounting Standards Board (IASB) applying and observing the additional requirements established in sections 315e para. 3 and para. 1 German Commercial Code (HGB). The statutory basis for the preparation of consolidated financial statements is HGB established in sections 290 et seqq. HGB in combination with section 264a HGB.

In the financial years 2016 and 2017 those IFRS rules were applied which are required for all entities in these financial years. The recognition and valuation principles in the IFRS consolidated financial statements as at 31 December 2017 were applied equally for all Group companies. The closing dates of the separate financial statements of the consolidated companies correspond to the closing date of the consolidated financial statements. The Board of Management of the partnership limited by shares Lekkerland AG released the consolidated financial statements for forwarding to the Supervisory Board on 29 March 2018. The Supervisory Board is responsible for auditing the consolidated financial statements and declaring whether it recommends that the general shareholders' meeting approve the consolidated financial statements.

Assets and liabilities in the consolidated financial statements of Lekkerland AG & Co. KG as well as income and expenses are recognised and referred to in € thousand (€ '000). Attention is drawn to the fact that differences may occur where rounded amounts and percentages are used for purposes of commercial rounding.

A further important point is that the discontinued operation was reclassified in accordance with the regulations in IFRS 5 under "Assets held for sale and discontinued operations" in the balance sheet, the income statement, the cash flow statement and in the notes to the consolidated financial statements, and this item was recognised separately.

1.1 Application of new accounting regulations and interpretations in the financial year 2017

Standard / Interpretation	Obligation to apply for the business years from	
IAS 7 Statement of cash flows	01.01.2017	**Short explanation of the amendment:** The amendments are intended to improve information provided by companies to users of financial statements that enable them to evaluate changes in liabilities arising from financing activities. The additional explanations relate to the cash flow from financing activities. **Effects on Lekkerland:** The disclosures in the notes were supplemented by a reconciliation account under item 9 comments on the cash flow statement in which the financial liabilities are presented from the initial status in the balance sheet to the final status in the balance sheet.
IAS 12 Income taxes	01.01.2017	**Short explanation of the amendment:** The amendments to IAS 12 are intended to clarify how to account for deferred tax assets related to unrealised losses on assets measured at fair value, which in practice are currently accounted for differently. **Effects on Lekkerland:** Currently none
Annual Improvements 2014–2016 Amendment to IFRS 12	01.01.2017	**Short explanation of the amendment:** The amendment to IFRS 12 "Disclosures of interests in other entities" makes the scope more precise as to whether or not a classification as an IFRS 5 case "Non-current assets held for sale and discontinued operations" affects the disclosure obligations. **Effects on Lekkerland:** Currently none

1.2 Application of new accounting regulations and interpretations of IASB to be applied in the future

Standard / Interpretation*	Obligation to apply for business years from	
IFRS 9 Financial instruments	01.01.2018	**Short explanation of the amendment:** The standard regulates the accounting of financial instruments. Compared with the previous standard IAS 39, the standard focuses in particular on the new and in the latest version of IFRS 9 revised classification requirements for recognising financial assets. These are based on the attributes of the business model and the contractual payment flows of financial assets. Other new aspects are the requirements for recording reductions in value which are based on a model of the expected losses. New requirements are also provided under IFRS 9 for the presentation of hedge accounting and the standard sets out to enable presentation to be more strongly related to operational risk management. **Effects on Lekkerland:** Lekkerland has assessed the expected effects of first-time application of IFRS 9 on the consolidated financial statements. According to this assessment, the new classification regulations will not have any material effects on the reporting of financial assets. The application of the new impairment model to financial assets will not lead to any additional impairment expenses. The estimated expected credit defaults were calculated on the basis of experience with actual credit defaults over the past three years. Five customer groups were identified which in each case have similar default risk characteristics. The estimated default risk and the expected credit defaults for trade receivables were calculated for each group.
IFRS 15 Revenues from contracts with customers	01.01.2018	**Short explanation of the amendment:** IFRS 15 specifies whether and in what amount and when an IFRS reporter will recognise revenues. It replaces existing standards and interpretations for recognising revenues including IAS 18 Revenues, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes. The application of IFRS 15 is mandatory for all IFRS reporters and applies to virtually all contracts with customers – the important exceptions are leases, financial instruments and insurance contracts. **Effects on Lekkerland:** The focuses of the group-wide project on introduction of IFRS 15 in the financial year 2017 primarily related to identifying and ensuring completeness of the calculated effects and the materiality. Essentially, effects relating to the position of Lekkerland as principal or agent were identified. In the case of certain business models (drop shipping and business with exclusive products), an agent classification is appropriate owing to the concrete nature of the principal and agent definition provided in IFRS 15. In the assessment of the Group, this leads to a reduction of revenues in the double-digit million range. The cost of sales are also reduced in the same amount. This means there will be no impacts on the gross profit, although a slight improvement in the gross profit margin will result in the range of a hundredth of a percent. Lekkerland intends to apply the modified retrospective method in its consolidated financial statements when moving to IFRS 15, according to which the accumulated adjustment amounts are recorded as at 1 January 2018. As a consequence, the Group will not apply the requirements of IFRS 15 to each comparison period shown. The first-time application of IFRS 15 does not result in an adjustment of the opening balance sheet value of retained earnings.
IFRS 15 Clarifications of IFRS 15	01.01.2018	**Short explanation of the amendment:** The clarifications for transfer to IFRS 15 address three of the five topics identified: identifying performance obligations, principal versus agent considerations and licensing). Some transition reliefs were also agreed with the aim of supporting implementation of the new revenue standard and the intention of providing practical expedients. **Effects on Lekkerland:** The clarification and its effects were applied in our project to introduce IFRS 15. In particular, clarification for the principal versus agent consideration served as an aid for classification.
IFRIC 22 Foreign currency transactions and advance consideration	01.01.2018**	**Short explanation of the amendment:** This interpretation provides requirements relating to which exchange rate to use in reporting business transactions that include the receipt or payment of advance considerations in a foreign currency. **Effects on Lekkerland:** Currently none
IAS 40 Investment property	01.01.2018	**Short explanation of the amendment:** The amendments are intended to clarify the regulations in relation to transfers of investment properties into or out of the portfolio. In particular they set out to clarify whether an investment property under construction or development that was previously classified as inventory could be transferred to investment property when there was an evident change in use. **Effects on Lekkerland:** Currently none

* The table shows the new standards and interpretations which can exert a significant influence on the consolidated financial statements. Adopted statements and interpretations which are not expected to exert a significant influence on the consolidated financial statements are not shown.

** Standard or interpretation is – subject to adoption in EU law – to be applied in the first reporting period of a business year commencing on 1 January 2018 or afterwards..

Standard / Interpretation*	Obligation to apply for business years from	
Annual Improvements 2014 – 2016 Amendments and clarifications of different IFRS standards	01.01.2018	**Short explanation of the amendment:** As a result of the Annual Improvements of IFRS from 2014 to 2016, three IFRS standards were changed, of which the two following changes are to be applied for the first time in 2018: IFRS 1: First-time application of the International Financial Reporting Standards IAS 28: Investments in associates and joint ventures **Effects on Lekkerland:** Currently none
IFRS 16 Leases	01.01.2019	**Short explanation of the amendment:** IFRS 16 introduces a uniform accounting model for the presentation of leases in accounts of lessees. A lessee records a right-of-use asset which represents the lessee's right to use the underlying asset, and a liability arising from the leasing relationship which represents the lessee's obligation to make leasing payments. There are exceptions for current leasing relationships and leases with minor-value assets. The accounting principles for the lessor are comparable to the current standard – this means that the lessor will continue to classify leases as finance or operating leases. IFRS 16 will replace the currently applicable standard IAS 17 (Leases) and IFRIC 4 (Determining whether an arrangement contains a lease), SIC-15 (Operating leases - incentives) and SIC-27 (Evaluating the substance of transactions on the legal form of a lease). **Effects on Lekkerland:** The Group carried out an initial assessment of the potential effects on its consolidated financial statements exerted by application of IFRS 16. It is not possible to quantify these effects at the present time. The actual effects on the date of first-time application of IFRS 16 on the consolidated financial statements will depend on future economic conditions. The composition of the leasing portfolio, the assessment of the extension options and the interest rate as at 1 January 2019 will therefore be particularly important factors. Without being able to make any concrete quantitative disclosures at the present time, the assets and liabilities will increase on first-time application and this will therefore reduce the equity ratio. Minimum equity requirements and other financial indicators, which were agreed under loan agreements, are not affected by the new standard, because in accordance with the contractual agreement amendments to IFRS do not have any impacts on these indicators. Lekkerland intends to apply IFRS 16 for the first time on 1 January 2019 with application of the modified retrospective method. According to this, the cumulative effect from the application of IFRS 16 will be recorded as an adjustment of the opening balance-sheet values of retained earnings as at 1 January 2019 without an adjustment of the comparison information.

* The table shows the new standards and interpretations which can exert a significant influence on the consolidated financial statements. Adopted statements and interpretations which are not expected to exert a significant influence on the consolidated financial statements are not shown.

2 Comments on the group of consolidated companies

2.1 Companies included in the group of consolidated companies in 2017

In the consolidated financial statements of Lekkerland AG & Co. KG as at 31 December 2017, besides Lekkerland AG & Co. KG all subsidiaries are fully consolidated in the financial years in which they are controlled in accordance with IFRS 10 and which are material for the fair presentation of the Group's net assets, financial position and results of operations. In the financial year 2017, Lekkerland AG & Co. KG directly or indirectly held the majority of shares in all fully consolidated subsidiaries.

The group of consolidated companies as at 31 December 2017 contains besides Lekkerland AG & Co. KG the following national and international subsidiaries:

Fully consolidated companies: Name and registered office	31.12.2017 Share in %
Lekkerland Deutschland GmbH & Co. KG, Frechen, Germany	100.00
TRIMEX Transit Import Export Carl Nielsen GmbH & Co. KG, Frechen, Germany	100.00
cofact financial services GmbH, Elz, Germany	100.00
Lekkerland information systems GmbH, Frechen, Germany	100.00
MEDIAPOINT GmbH, Frechen, Germany	100.00
amv GmbH (formerly: audio media vertrieb GmbH), Munich, Germany	100.00
Lekkerland Europa Holding GmbH, Frechen, Germany	100.00
and its subsidiaries:	
Lekkerland (Schweiz) AG, Brunegg, Switzerland	100.00
Europrocurement AG, Basel, Switzerland	100.00
Lekkerland Holding-Gesellschaft mbH, Ternitz, Austria	100.00
Lekkerland Handels- und Dienstleistungs GmbH, Ternitz, Austria	100.00
Lekkerland Finanzierungs Gesellschaft mbH, Ternitz, Austria	100.00
convivo GmbH, Vienna, Austria	100.00
Lekkerland Finance B.V., Son, Netherlands	100.00
Gilden Holding B.V., Son, Netherlands	100.00
Lekkerland Beheer N.V., Son, Netherlands	100.00
Lekkerland Nederland B.V., Son, Netherlands	100.00
Convenience Concept Holding B.V., Son, Netherlands	100.00
Lekkerland Vending Services B.V., Son, Netherlands	100.00
Convenience Concept B.V., Son, Netherlands	100.00
Sutrans N.V., Temse, Belgium	100.00
Conway – The Convenience Company België N.V., Temse, Belgium	100.00
Conway – The Convenience Company S.A., Quer, Spain	70.00
Convenience Concept SL Spain, Quer, Spain	70.00
Lekkerland Polska Holding GmbH, Frechen, Germany (in liqu.)	100.00
Primero Holding GmbH, Vienna, Austria	100.00
EZV Gesellschaft für Zahlungssysteme mbH, Frechen, Germany	88.00

Associated companies: Name and registered office	31.12.2017 Share in %
Emere AG, Buchs, Switzerland	50.00

Joint ventures: Name and registered office	31.12.2017 Share in %
shop and more AG, Suhr, Switzerland	50.00

Taking the changes in the group of consolidated companies defined under section 2.2 into account, the shareholdings in the companies have not changed compared with the previous year.

The following German consolidated companies have made use of the statutory simplification rule established in accordance with section 264 para. 3 and section 264b German Commercial Code (HGB) and have not prepared notes to their financial statements or a management report, nor have they published their separate relevant financial statements to 31 December 2017 in accordance with national law:

- Lekkerland AG & Co. KG
- Lekkerland Deutschland GmbH & Co. KG
- cofact financial services GmbH
- Lekkerland information systems GmbH
- MEDIAPOINT GmbH
- TRIMEX Transit Import Export Carl Nielsen GmbH & Co. KG

This applies correspondingly for the audit of the relevant separate local financial statements under the German Commercial Code (HGB), with the exception of Lekkerland AG & Co. KG, Lekkerland Deutschland GmbH, cofact financial services GmbH and Lekkerland information systems GmbH.

The following companies including administrative companies and companies with minor operations, were not consolidated in the financial year, because they are individually and overall not material for the presentation of the net asset, financial position and results of the Group:

Not consolidated companies in accordance with Section 296 Para. 2 German Commercial Code (HGB): Name and registered office	31.12.2017 Share in %
Lekkerland Beteiligungs-Management GmbH, Ternitz, Austria	100,00
BREAK TIME UG (haftungsbeschränkt), Frechen, Germany	100,00
Expres Verkaufsförderungs-GmbH, Frechen, Germany	100,00
Getränkeland Getränke Handels- und Dienstleistungs-Verwaltung GmbH, Frechen, Germany	100,00
Buffalo Vertriebs GmbH, Frechen, Germany	100,00
Oberle Schwarzwälder Edelobstbranntweine GmbH, Achern, Germany	100,00
Burghof Vertriebs GmbH, Frechen, Germany	100,00
IT Fact AG, Basel, Switzerland	100,00
Food IQ GmbH, Frechen, Germany	100,00
Lekkerland Prepaid Solutions GmbH, Frechen, Germany	100,00
Conway Services - The Convenience Company S.à r.l., Luxembourg, Luxembourg	100,00
ÜPSYLON-CETT Holding AG, Brunegg, Switzerland	100,00
Eff fünfzigvier Beteiligungsverwaltung GmbH, Vienna, Austria	100,00

Not consolidated companies in accordance with Section 311 Para. 2 German Commercial Code (HGB): Name and registered office	31.12.2017 Share in %
S.H.S Service B.V., Arnhem, Netherlands	50,00
Administratiekantoor Maxxam CBK B.V., Veenendaal, Netherlands	34,40

The companies not included in the group of consolidated companies for reasons of materiality are reviewed on each balance sheet date to assess whether the changed assessment of materiality requires consolidation.

2.2 Changes to the group of consolidated companies

For the first time, the retail company shop and more AG with registered office in Suhr, Switzerland, was included in the consolidated financial statements in 2017. With economic effect from 30 June 2017, 50% of the shares in shop and more AG were acquired to strengthen the ongoing development of filling station shops. The strategic partnership was entered into with a leading oil major and operator of filling stations in Switzerland. The company was included in the consolidated financial statements on account of joint control in accordance with IAS 28 using the equity method.

In the financial year 2017, Lekkerland Polska S.A. with registered office in Poland was liquidated and therefore removed from the group of consolidated companies.

3 Consolidation principles

Business combinations are recognised according to the purchase method established in IFRS 3 from 2008. In accordance with that method, the acquisition cost of a purchased subsidiary is allocated to the acquired, identifiable and measured-at-fair-value assets and liabilities and contingent liabilities at the acquisition date. According to IFRS 3, the acquisition date is the date on which control over the net assets and the operations of the acquired entity is transferred directly or indirectly to the acquirer Lekkerland AG & Co. KG. A remaining positive difference is recognised as goodwill, a negative difference is recognised in profit or loss in accordance with the reassessment of valuation based on the procedure in IFRS 3.34. Goodwill is not amortised but subject to impairment testing at least once a year as provided for in IAS 36. In case of impairment, the carrying value is written down accordingly at the lower recoverable amount.

Shares held in subsidiaries which are not consolidated are valued in accordance with IAS 39 at purchase cost or at the lower current value.

Intragroup gains and losses, income and expenses as well as intercompany receivables and liabilities are also eliminated, as are contingent liabilities and contingencies.

Interim intragroup trading results included in the value of assets are eliminated.

Deferred taxes are measured in accordance with IAS 12 for consolidation procedures recognised in profit or loss, previously unrecognised assets and liabilities recognised in the context of acquisitions as well as effects from the subsequent treatment of the respective assets and liabilities.

Currency translation

Financial statements denominated in foreign currencies and transactions in foreign currencies are translated under the functional currency concept as follows, whereby the functional currency of a subsidiary is equivalent to its local currency:

In accordance with IAS 21, transactions in foreign currencies are translated at the date of the transaction in the separate financial statements of the consolidated entities. Profits and losses from changes in foreign exchange rates between the transaction date and the recognition of receivables and liabilities at the closing date are recognised in the profit or loss account.

If the functional currency of the separate financial statements does not correspond to the Group's presentation currency (€), they are translated at the modified closing rate method established in IAS 21. In the consolidated financial statements, assets and liabilities of the group companies are translated from the functional currency to € at the average closing rates. The income statements of international subsidiaries are translated at average annual rates which approximate to the exchange rate at the transaction date due to insignificant exchange rate fluctuations in the Group. The differences between the two rates are recognised in a currency exchange reserve which is recognised under other reserves in the item "Non-current financial liabilities due to shareholders and equity".

4 Accounting and valuation principles applied at Lekkerland

The assets and liabilities in the consolidated financial statements were generally recognised at amortised purchase or production cost, provided that certain assets and liabilities are not to be mandatorily recognised at market value.

4.1 Classification of items in the balance sheet and in the income statement

The balance sheet is prepared in accordance with IAS 1 and the assets and liabilities are classified as current and non-current items. The income statement was prepared using a classification based on the cost of sales method. Individual items in the balance sheet and in the income statement, which are summarised in order to increase the clarity of the presentation, are further analysed and commented on in the notes to the financial statements.

4.2 Intangible assets

Intangible assets are recognised at amortised acquisition or production cost. All intangible assets – with the exception of goodwill – have a definite useful life and are amortised according to their commercial useful life.

Goodwill is also valued according to IFRS 3.32 at the value which results as the surplus of the acquisition costs of the company merger above the share of the purchaser in the market values of the identifiable assets, debts and contingent liabilities of the acquired company. The amount of all non-controlling shares in the acquired company, or in the case of successive acquisition the amount of the shares attributable to the purchaser, is recognised at market value.

The impairment test on goodwill is performed annually according to schedule on 31 October and if there is evidence of an impairment. The impairment test is carried out in such a way that the recoverable amount of a cash-generating unit (CGU) is compared with its book value including goodwill. The recoverable amount is the higher of the two values comprising market value less the disposal costs of the CGU and its value in use. Lekkerland initially calculates the market value for this less the costs of disposal on the basis of the generally recognised valuation method. If the market value less disposal costs cannot cover a goodwill amount, the value in use is calculated in a second step. This calculation is carried out in accordance with IAS 36 from the perspective of the management and restructuring expenses or initial and follow-on investments not yet commenced are not included in the calculation.

A subsequent write-up of impairment expenses on goodwill is not permitted once they have been formed.

Goodwill of the discontinued operation
Goodwill in respect of the discontinued operation no longer exists after the impairment carried out in 2012.

Goodwill of continuing operations
The valuation of the CGUs of continuing operations continues to be carried out on the basis of expected future discounted cash flows which are generally based on the planning for the relevant CGUs and comes under stage three of the fair-value hierarchy. The planning period here is three years as in the previous year, where the last year is extrapolated as a perpetuity for the remaining periods. During our planning, the growth of sales was valued on the basis of the prevailing market conditions, and the gross profit development reflects the composition of the product range. Expenses were planned corresponding to the development of sales and reflect possible cost savings and cost increases. Furthermore, the sales development was taken into account during the projection of the working capital. Investments correspond to the rise in business volume allowing for required maintenance and avoiding investment backlogs.

The relevant planning parameters are presented separately for the main goodwill CGUs in the following table:

	Goodwill 31.12.2017 € '000	Discount rate 2017 in %	Discount rate 2016 in %	Growth rate in perpetuity 2017/2016 in %	Detailed planning period 2017/2016 years
Goodwill CGU					
Netherlands	50,805	5.1	4.7	1.0	3
Austria	8,481	5.3	4.7	1.0	3
Belgium	4,897	5.5	5.4	1.0	3
Spain	3,303	6.5	7.3	1.0	3
Other	1,648	4.7–5.1	4.2–4.7	1.0	3
	69,134				

The growth rates of the CGUs were derived from the macroeconomic market data on the basis of assessment of the market and similarly to the previous year amounting to 1%. The discount was derived as an average weighted capital cost rate in applying the capital asset pricing model based on data from the capital market. The country-specific interest rates ranged between 4.7% and 6.5% (previous year: between 4.2% and 7.3%). The current historically low returns on German government bonds have created a functioning market and led to correspondingly low interest base rates.

On account of the increased ongoing uncertainties observed in the capital markets and the associated increase in aversion to risk, Lekkerland used an unchanged market risk premium of 6.25% in the financial year 2017. This value continues within the recommended unchanged bandwidths.

If the book value exceeds the recoverable amount calculated in this way, an impairment amounting to the difference is recognised on the goodwill assigned to this CGU.

If the determined requirement to record an impairment exceeds the goodwill assigned to the CGU, the other assets of the CGU are amortised in relation to their assets. However, impairment in value may only be carried out if the relevant book value is not less than the market value less disposal costs or the relevant value in use as a result.

On the date of the scheduled impairment test on 31 October 2017, there were no requirements for write-down.

As at 31 December 2017, there continued to be no indications that would have made a further impairment test necessary.

Recognised **customer bases acquired in the acquisition of subsidiaries** are amortised straight-line over five to twelve years. The amortisation period corresponds to the period in which a future commercial benefit accrues. The amortisation has been expensed in the income statement under distribution expenses, please refer to our comments in section 6.4.

Other purchased customer bases are recognised at cost in accordance with IAS 38 and amortised straight-line over three to ten years.

Purchased other intangible assets are stated at their purchase cost and amortised straight-line. The estimated useful life is three to eight years.

Internally generated intangible assets (software) are capitalised at production cost if they fulfil the qualification criteria in IAS 38. An intangible asset is recognised in accordance with IAS 38.21, if future economic benefit is probable from the asset and the purchase or production cost can be reliably assessed. As defined in IAS 38, production cost includes all directly or indirectly attributable costs necessary to create the asset. Capitalised expenses include development time and a proportion of time used for the implementation of the software. Capitalised internally generated assets are amortised straight-line over a period of three to eight years.

For the above-mentioned individual **intangible assets with defined useful lives**, impairment is expensed according to IAS 36 in addition to amortisation if the recoverable amount at the balance sheet date is lower than the carrying value. A reversal of the impairment is carried out if the indication for the impairment recorded in prior periods no longer exists. The carrying amount after the reversal must not exceed amortised purchase or production cost. An impairment test is performed in accordance with IAS 36 in the case of triggering events indicating a possible need to recognise or reverse impairment.

4.3 Property, plant and equipment and leasing

Property, plant and equipment, used by the entities for more than one year and fulfilling the recognition criteria in IAS 16 are recognised at acquisition or production cost as defined in IAS 16.16 and IAS 16.22 net of straight-line depreciation in accordance with their commercial useful life. Acquisition cost of property, plant and equipment comprises the purchase price and all costs directly attributable for the asset to be capable of operating.

Buildings are depreciated over a period of 15 to 30 years, other equipment, fixtures and fittings over three to 15 years. Fixtures and operating equipment in leased buildings are depreciated over the lease term or as necessary over the shorter commercial useful life.

In accordance with IAS 17, **leased assets** are allocated to the lessee if substantially all the related risks and rewards associated with the ownership are transferred (finance lease) to the lessee. If the conditions for a **finance lease agreement** are fulfilled, the asset is recognised at the present value of the minimum lease payments or at a lower market value. A liability resulting from the lease is recognised in the same value. The asset is depreciated straight-line over the lease term. The interest rate implicit in the lease is shown as an expense in the financial result, while the implied repayment reduces the outstanding liability. In determining the reduction of the outstanding liability, a constant interest rate on the remaining balance of the liability is assumed. Payments made under **operating lease agreements** – in this case the asset is allocated to the lessor – are recognised as an expense in the period in which the service is provided in accordance with IAS 17.

In addition to scheduled depreciation, individual items in property, plant and equipment are written down to the recoverable amount, where the need to recognise **impairments** is identified in accordance with IAS 36. If the indications for such an impairment no longer exist, the impairment is reversed up to no more than the depreciated acquisition or production cost.

4.4 Financial investments

Financial investments are financial instruments and loans which Lekkerland plans to hold over the long term. These items essentially include instruments in not consolidated companies classified as “Available for sale”. These are valued at acquisition costs. Associated companies and joint ventures are reported in accordance with the equity method. The shares are valued at the acquisition cost as at the date of purchase, which is increased or reduced in the subsequent accounting periods by the changes in the proportionate result for the year.

4.5 Deferred tax assets and liabilities and actual taxes

Deferred taxes are reported on the basis of the temporary concept in accordance with IAS 12. According to this concept, Lekkerland recognises temporary differences between the assets and liabilities recognised in the IFRS consolidated financial statements and the corresponding values in the tax accounts (tax bases) for deferred tax liabilities or assets, if future income tax payments or refunds will result from these differences. In German partnerships, these tax bases include the values of the joint assets and the tax supplementary balance sheet assets of individual shareholders. Deviations from special purpose balance-sheet amounts are treated as permanent differences. No deferred taxes are recognised on these differences. Furthermore, deferred tax assets are recognised on loss carryforwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred taxes are measured on the basis of the tax rates likely to apply to the period of realisation in the respective countries. They are based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The actual tax refund claims and tax liabilities for current and earlier periods are measured by the figure for the amount at which a refund from the tax authorities or a payment to the tax authorities is expected. The calculation of the amount is based on tax rates and tax legislation which apply on the statement date in the countries where the Group is operating and generates taxable income.

Deferred tax assets and liabilities are recognised separately. They are offset if, and only if, the timing effects arising from the reversal coincide and the entity has a legally enforceable right to set off current tax receivables against current tax liabilities levied by the same taxation authority. “Actual income tax” is recognised accordingly under the items income tax receivables or “Income tax provisions or liabilities”. For further details, please refer to sections 5.2 and 6.8.

4.6 Inventories

Inventories include merchandise for trading purposes and materials and supplies. Inventories are valued at cost in accordance with IAS 2. Cost includes the purchase price, customs duties and taxes, transport and delivery costs and all other costs related to the purchase of the inventories. Discounts, rebates and other similar items are deducted in determining the costs of purchase. Cost is determined on the basis of the moving average method. Inventories are written down to their net realisable value at the balance sheet date if the net realisable value is below the carrying value in accordance with IAS 2. With regard to the separate recognition of telephone cards, please refer to our comments in section 4.15.

4.7 Trade receivables, other assets and financial assets

Trade receivables and other assets include loans and receivables as defined in IAS 39, which are recognised at (amortised) cost. The swaps also recorded under financial assets are recognised at their market value in accordance with IAS 39. Impairment losses are recognised on individual doubtful receivables at the likely recoverable value. Write-downs are also recorded for overdue trade receivables and depending on the credit rating of the debtors on the basis of past experience.

Receivables, other assets and financial assets due within one year are classified as current items in the balance sheet. These assets due after one year are classified as non-current items accordingly.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances. Negative current account balances in connection with the existing cash pool agreements are offset against the corresponding positive balances in accordance with the conditions set out in IAS 32.42. Items recognised as cash and cash equivalents are recognised at the nominal value. The measurement corresponds to the market value defined in IAS 39.

4.9 Non-current financial liabilities due to shareholders and equity

The ultimate parent company, Lekkerland AG & Co. KG, has the legal status of a commercial partnership as defined in the HGB. As a consequence, the partners in a commercial partnership normally have a statutory right to cancel their participation. The limited partners' capital (share capital) and the reserve under common control (consolidated reserve), which are classified as equity according to the HGB, are at present non-current financial liabilities under IAS 32.17 et seqq. and are to be valued in accordance with IAS 39 and recognised in **"Non-current financial liabilities due to shareholders and equity"**. The recognised IFRS net assets correspond to the market value. This also applies to the Group's profits and to the differences from currency translation, which are recognised under other reserves. The shareholders' liability accounts to which the distributed statutory profits are credited are recognised in other current liabilities. For ease of presentation, non-controlling interests are also included in "Non-current financial liabilities due to shareholders and equity".

4.10 Provisions

Provisions are recognised if there is uncertainty about the timing or amount required in the settlement of a future expenditure but an outflow of benefits from the Group is probable and its amount can be reliably determined.

Pension provisions are recognised in accordance with IAS 19 for defined benefit plans. In cases where a defined benefit plan is not recognised as such because the necessary information is missing, this plan is recognised as a defined contribution plan. The valuation of defined benefit plans is carried out using the projected unit credit method. Accordingly, the liability is determined on the basis of the accrued pensions and earned benefits identified at the closing date taking into account expected future increases in salaries and pensions as well as employee fluctuation. On account of IAS 19, the pension liabilities in accordance with the rules of IAS 8 were no longer recognised retrospectively under the corridor method with effect from 1 January 2012. All actuarial gains and losses are therefore accounted under cumulative other comprehensive income and will in future no longer affect the income statement. The interest share in the calculation of pension liabilities is shown in the financial result. **Liabilities for similar post-employment benefits** are also recognised in the pension provision and valued at their present value in accordance with IAS 19. The provision for pensions and other post-employment benefits is recognised on the face of the balance sheet in non-current provisions. With regard to use of actuarial assumptions, please refer to our comments in section 5.9.

Current **income tax provisions** and **other provisions** are recognised in accordance with IAS 12, IAS 37 and IAS 19 accounting for all identified risks and contingent liabilities due to third parties. They are recognised if a present obligation (legal or constructive) exists as a result of past events and it is likely that the settlement of the obligation will lead to a future outflow of financial resources which can be reliably determined. Provisions are made at the estimated settlement value using the amount determined as best estimate. Other non-current provisions are recognised at their present value. Provisions due within one year are classified in the balance sheet as current provisions, those due after one year as non-current provisions.

4.11 Liabilities

Liabilities are recognised for all obligations with a defined amount and term, the fulfilment of which will result in an outflow of economic benefits.

Financial liabilities and material other non-current liabilities are valued at (amortised) cost in accordance with IAS 39.43 or IAS 39.47 respectively. Interest incurred in subsequent periods is recognised in the financial result on the face of the income statement. At initial recognition, liabilities under finance leases are measured at the present value of the minimum lease payments or the market value (IAS 17.20). Measurement in subsequent periods apportions the lease payments between the finance charge and the reduction of the outstanding liability. In accordance with IAS 17.25, a constant rate of interest on the remaining balance of the liability is assumed. Current liabilities are recognised at their settlement values in accordance with IAS 39.43.

Liabilities due within one year are classified in the balance sheet as current liabilities, those due after one year as non-current liabilities.

4.12 Contingent liabilities

Contingent liabilities are possible or existing obligations which arose from past events and where the outflow of economic benefits is not sufficiently probable to recognise a provision in the balance sheet in accordance with IAS 37.

If a company merger takes place, any contingent liabilities taken over at the point of acquisition are recognised in accordance with IFRS 3.23, even if the outflow of resources with economic benefit is unlikely, in order to meet this obligation.

4.13 Derivative financial instruments

If risks arise for the Group from such transactions, they are essentially interest and currency risks, these transactions are hedged with **derivatives** particularly in the form of cross-currency swaps. Since the previous year, raw materials derivatives to provide protection against the market risk associated with diesel have been concluded. Cash-flow hedges were contracted for those risks. Where evidence of efficiency is provided, the market value of the derivatives net of deferred taxes was recognised in other comprehensive income until gains or losses resulting from the hedged underlying transactions are recognised in profit or loss. The item is reported in the balance sheet under the cash-flow hedge reserve as other reserves. The effectiveness was verified for all cash-flow hedges recognised in the current financial year.

The currency exchange risk implied in individual other transactions is also hedged with forward exchange agreements as necessary.

All derivatives are recognised with matching maturity at market value as required under IAS 39. The negative market values for swaps in respect of US$ loans are recognised under financial liabilities. Positive market values are recognised under financial assets. Positive or negative amounts from external swap agreements for loans are recognised in accordance with their maturity under financial assets or financial liabilities.

4.14 Use of assumptions and estimates and exercise of discretion when applying accounting and valuation principles

In the preparation of the consolidated financial statements, assumptions and estimates were made with regard to the recognition and measurement of assets, liabilities, income and expenses. Such assumptions and estimates mainly relate to the useful life of assets and to the **assessment of possible** impairment of assets, in particular of goodwill, customer bases and trademarks recognised in intangible assets, and to the valuation of provisions and deferred taxes on tax loss carryforwards and on contingent liabilities. In some instances, actual values may differ from those estimates. Changes are recognised in profit or loss when required due to new evidence. See the relevant explanations relating to the application of accounting and valuation principles and the individual items in the income statement for further information and for the relevant exercise of discretion during the application of accounting and valuation principles.

4.15 Recognition of electronic value (e-va) in the consolidated balance sheet and income statement

For agency services connected to the acquisition and sale of **electronic value (e-va)**, only the sales commissions received are recognised as revenues and only the commissions granted to customers are recognised in the cost of sales. The nominal values of electronic value (e-va) are not recognised. Correspondingly, the assets are offset against the related liabilities in the consolidated balance sheet. Possible positive differences are recognised in other current assets.

4.16 Recognition of income and expense

Income and expense in the reporting period are recognised on realisation irrespective of the date of payment. Income is recognised in accordance with IAS 18 when a good is sold or a similar claim is generated if the amount of income can be determined reliably and it is probable that benefits will flow to the entity. Expenses are recognised when a benefit is claimed or when they are incurred. Income and expense related to a certain period are recognised to the extent they relate to the reporting period.

4.17 Segment reporting

In accordance with IFRS 8, the **business segments** are defined on the basis of internal organisational and reporting structure. These segments are then used by the responsible corporate decision-makers to make decisions on the allocation of resources. Lekkerland is organised according to countries where the Group is operating for purposes of corporate controlling. Apart from Germany, the activities of the Group are focused on the Rest of Western Europe in the Benelux countries, in Spain, in Austria and in Switzerland. The operating business activity was discontinued in Eastern Europe at the end of 2013. The Czech company was liquidated in 2014. The Eastern Europe segment is shown as a discontinued operation for the financial year 2017 in accordance with IFRS 5. This segment will be ceased in 2018 because the company included in it, Lekkerland Polska S.A., was liquidated during the course of the financial year.

The Germany, Rest of Western Europe and Eastern Europe business segments continue to be shown as mandatory for reporting purposes in the current financial year 2017.

5 Comments on the balance sheet

5.1 Intangible assets and property, plant and equipment as well as financial assets

The following tables provide an overview of the intangible assets:

INTANGIBLE ASSETS

€ '000	31.12.2017	31.12.2016
Goodwill	69,134	69,253
Customer bases	7,563	10,210
Other intangible assets		
Internally generated software	7,987	813
Software and licences	50,771	46,914
Payments on account	3,542	20,516
Other	93	172
	62,393	**68,415**
	139,090	**147,878**

At the closing date, goodwill in the various countries is carried at the following amounts:

€ '000	31.12.2017	31.12.2016
Goodwill		
Netherlands	50,805	50,805
Austria	8,481	8,481
Belgium	4,897	4,897
Spain	3,303	3,303
Other	1,648	1,767
	69,134	**69,253**

The review of goodwill revealed no impairment requirement. The decrease in the amount of €119 thousand results from exchange-rate adjustments.

In the context of company acquisitions, customer bases with limited useful lives at the time of acquisition and other customer bases purchased by the consolidated entities were recognised as assets.

The carrying values of customer bases developed as follows:

	Useful life	Carrying amount 31.12.2016	Change 2017	Amorti-sation 2017	Carrying amount 31.12.2017
	years	€ '000	€ '000	€ '000	€ '000
Customer bases					
from the first-time consolidation of the companies in Austria as of 01.03.2005	12	113	0	113	0
from the acquisition of customer base Spain as of 01.05.2013	10	2,792	0	447	2,345
from the acquisition of customer base Switzerland as of 01.06.2013 / 01.02.2016	5	4,629	–321	1,263	3,045
from the acquisition of customer base of amv GmbH as of 01.08.2016	7	2,509	0	381	2,128
Other	3–5	167	0	122	45
		10,210	**–321**	**2,326**	**7,563**

The customer bases in Switzerland, Spain and the other customer bases result from customer bases acquired in the individual countries.

Other intangible assets are analysed as follows:

	Useful life	Carrying amount 31.12.2016	Change 2017	Amorti-sation / Impair-ment 2017	Carrying amount 31.12.2017
	years	€ '000	€ '000	€ '000	€ '000
Other intangible assets					
Internally generated software	3–8	813	8,684	1,510	7,987
Software and licences	3–8	46,914	13,648	9,791	50,771
Other	3–8	172	19	98	93
Payments on account	–	20,516	–16,496	478	3,542
		68,415	**5,855**	**11,877**	**62,393**

The change in software and licences essentially relates to a reclassification from the payments on account in conjunction with the European project Become One, which is directed towards the introduction of a group-wide standardised IT and process landscape. The book value for this project is €50,203 thousand with a remaining term for amortisation of six years. Furthermore, payments on account for this project amount to €3,542 thousand.

On the face of the income statement, amortisation and impairments of intangible assets relating to continuing operations are recognised in the amount of €14,203 thousand (previous year: €14,386 thousand). Thereof, €2,073 thousand (previous year: €2,777 thousand) were recognised in distribution expenses including amortisation on customer bases arising from company acquisitions, and €12,130 thousand (previous year: €11,609 thousand) in general and administrative expenses. In 2017, impairment expenses in accordance with IAS 36 amounting to €478 thousand (previous year: €1,720 thousand) were reported. This is a web portal where the future economic benefit is limited, since only partial use of this portal is possible owing to the further development of the existing web shops.

The items summarised in the consolidated balance sheet of Lekkerland AG & Co. KG are disaggregated in the statements of Group fixed asset movements as shown below. The statements of Group fixed asset movements give an overview over the changes from 1 January 2016 to 31 December 2017:

Statement of fixed asset movements for the financial year 2017

€ '000	Acquisition and production costs 01.01.2017	Additions	Transfers	Change in consolidated companies	Currency differences	Disposals	31.12.2017
Intangible assets							
Goodwill	70,287	0	0	0	–119	0	70,168
Customer bases	81,748	0	0	0	–546	666	80,536
Trademarks, patents and similar legal rights as well as licences on such rights and assets	104,984	2,252	20,099	0	–8	1,299	126,028
Payments on account	20,516	3,603	–20,099	0	0	478	3,542
	277,535	**5,855**	**0**	**0**	**–673**	**2,443**	**280,274**
Property, plant and equipment							
Land, land use rights and buildings	26,030	2,651	10,357	0	–42	130	38,866
Other assets and equipment	167,108	11,080	520	0	–200	13,554	164,954
Finance leasing							
Land, land use rights and buildings	29,950	0	–10,345	0	0	0	19,605
Other assets and equipment	71,941	7,654	–157	0	–480	5,029	73,929
Assets under construction	370	201	–375	0	0	4	192
	295,399	**21,586**	**0**	**0**	**–722**	**18,717**	**297,546**
Financial investments							
Shares in not consolidated subsidiaries, associated companies and joint ventures	3,998	2,880	0	0	–208	–1	6,671
Other non-current financial investments	203	0	0	0	0	3	200
	4,201	**2,880**	**0**	**0**	**–208**	**2**	**6,871**
Total	**577,135**	**30,321**	**0**	**0**	**–1,603**	**21,162**	**584,691**

Statement of fixed asset movements for the financial year 2016

€ '000	Acquisition and production costs 01.01.2016	Additions	Transfers**	Change in consolidated companies*	Currency differences	Disposals	31.12.2016
Intangible assets							
Goodwill	70,273	0	0	0	14	0	70,287
Customer bases	73,885	5,230	0	2,668	102	137	81,748
Trademarks, patents and similar legal rights as well as licences on such rights and assets	66,433	336	51,823	76	1	13,685	104,984
Payments on account	57,865	16,051	–51,689	0	0	1,711	20,516
	268,456	**21,617**	**134**	**2,744**	**117**	**15,533**	**277,535**
Property plant and equipment							
Land, land use rights and buildings	27,595	1,470	21	0	7	3,063	26,030
Other assets and equipment	168,459	11,836	3,859	417	23	17,486	167,108
Finance leasing							
Land, land use rights and buildings	29,950	0	0	0	0	0	29,950
Other assets and equipment	77,164	5,843	–2,145	–227	61	8,755	71,941
Assets under construction	2,623	458	–2,294	0	0	417	370
	305,791	**19,607**	**–559**	**190**	**91**	**29,721**	**295,399**
Financial investments							
Shares in not consolidated subsidiaries, associated companies and joint ventures	4,479	69	0	0	0	550	3,998
Other non-current financial investments***	192	11	0	0	0	0	203
	4,671	**80**	**0**	**0**	**0**	**550**	**4,201**
Total	**578,918**	**41,304**	**–425**	**2,934**	**208**	**45,804**	**577,135**

* The change in the group of consolidated companies results from the first-time consolidation of amv GmbH, Germany, and the deconsolidation of CSG Convenience Service GmbH, Germany. On account of deconsolidation, residual book values in property, plant and equipment amounting to €133 thousand were derecognised. Of which a residual book value in the amount of €128 thousand is attributable to finance leasing.

** The balance of the transfer column amounting to €–425 thousand relates to reclassification of "Assets under construction" in the item "Other assets" under "Current assets".

*** Loans to third parties will no longer be recognised in "Financial investments" owing to reporting realignment but under "Financial assets". The previous year was adjusted for comparative purposes, €–248 thousand book value was therefore reclassifed from "Financial investments" in "Financial assets" amounting to €+248 thousand (see item 5.6).

Amortisation and depreciation							Carrying amounts	
01.01.2017	Annual amortisation and depreciation/ Impairment	Transfers	Change in consolidated companies	Currency differences	Amortisation and depreciation of disposed assets	31.12.2017	31.12.2017	31.12.2016
1,034	0	0	0	0	0	1,034	69,134	69,253
71,538	2,326	0	0	−225	666	72,973	7,563	10,210
57,085	11,399	0	0	−8	1,299	67,177	58,851	47,899
0	478	0	0	0	478	0	3,542	20,516
129,657	**14,203**	**0**	**0**	**−233**	**2,443**	**141,184**	**139,090**	**147,878**
17,284	1,682	3,551	0	−24	125	22,368	16,498	8,746
129,414	13,134	157	0	−132	13,132	129,441	35,513	37,694
16,368	1,302	−3,551	0	0	0	14,119	5,486	13,582
43,756	7,732	−157	0	−301	4,592	46,438	27,491	28,185
27	0	0	0	0	0	27	165	343
206,849	**23,850**	**0**	**0**	**−457**	**17,849**	**212,393**	**85,153**	**88,550**
2,097	0	0	0	0	−3	2,100	4,571	1,901
0	0	0	0	0	0	0	200	203
2,097	**0**	**0**	**0**	**0**	**−3**	**2,100**	**4,771**	**2,104**
338,603	**38,053**	**0**	**0**	**−690**	**20,289**	**355,677**	**229,014**	**238,532**

Amortisation and depreciation							Carrying amounts	
01.01.2016	Annual amortisation and depreciation / Impairment	Transfers**	Change in consolidated companies*	Currency differences	Amortisation and depreciation of disposed assets	31.12.2016	31.12.2016	31.12.2015
1,034	0	0	0	0	0	1,034	69,253	69,239
68,762	2,887	0	0	26	137	71,538	10,210	5,123
60,929	9,788	0	52	1	13,685	57,085	47,899	5,504
0	1,711	0	0	0	1,711	0	20,516	57,865
130,725	**14,386**	**0**	**52**	**27**	**15,533**	**129,657**	**147,878**	**137,731**
18,740	1,596	0	0	3	3,055	17,284	8,746	8,855
131,139	13,230	2,054	197	17	17,223	129,414	37,694	37,320
15,007	1,361	0	0	0	0	16,368	13,582	14,943
45,942	7,771	−2,054	−99	38	7,842	43,756	28,185	31,222
45	247	0	0	0	265	27	343	2,578
210,873	**24,205**	**0**	**98**	**58**	**28,385**	**206,849**	**88,550**	**94,918**
2,647	0	0	0	0	550	2,097	1,901	1,832
0	0	0	0	0	0	0	203	192
2,647	**0**	**0**	**0**	**0**	**550**	**2,097**	**2,104**	**2,024**
344,245	**38,591**	**0**	**150**	**85**	**44,468**	**338,603**	**238,532**	**234,673**

PROPERTY, PLANT AND EQUIPMENT

€ '000	31.12.2017	31.12.2016
Land, land use rights and buildings	21,984	22,328
Other assets and equipment	63,004	65,879
Assets under construction	165	343
	85,153	**88,550**

Besides land and buildings, and finance lease assets, the item land, land use rights and buildings also includes fixtures and equipment in leased buildings.

Land, land use rights and buildings as well as other equipment, which are recognised as finance lease relationships as classified in IAS 17, mainly relate to leased buildings, trucks and cars. Extension options are included in the calculation for reporting purposes, if it is likely that these options will be exercised. Index adjustments are recorded as expense in the accounting period in which they are incurred. The net carrying value from finance leasing at 31 December 2017 of land and buildings is €5,486 thousand (previous year: €13,582 thousand). The fall compared with the previous year of €8,096 thousand essentially results from the purchase of the building in Temse, Belgium. The net book value for other assets and equipment amounts to €27,491 thousand (previous year: €28,185 thousand), essentially including trucks and cars. The development of depreciation and the gross book values are presented in the statement of fixed asset movements.

For further details on finance and operating lease agreements, please refer to sections 5.10 and 7.2.

In the income statement, depreciation and impairments of property, plant and equipment relating to continuing operations are recognised to the total amount of €23,850 thousand (previous year: €24,205 thousand) in distribution expenses amounting to €15,314 thousand (previous year: €16,191 thousand) and general and administrative expenses amounting to €8,536 thousand (previous year: €8,014 thousand). In 2017, there were impairment losses as defined in IAS 36 amounting to €0 thousand (previous year: €365 thousand).

The financial investments among others include shares in group companies in which the Group holds the majority of voting rights but which were not fully consolidated due to immateriality for the fair presentation of financial position and financial performance.

Shop and more AG and Emere AG are recognised as a joint venture and an associated company respectively under "Financial investments accounted for by the equity method". The balance sheet indicators and the share of profit taken over into the Group reported below have been prepared in accordance with Swiss law.

In 2017, 50% of the shares in shop and more AG were acquired and valued according to the equity method. The balance sheet total is €10,585 thousand, of which €164 thousand relates to cash and cash equivalents. Total liabilities amount to €10,587 thousand. As at 31 December 2017, the carrying value is €2,564 thousand. In 2017, the result amounting to €–269 thousand and currency translation effects of €–196 thousand are attributable to the Group.

Emere AG was established in 2013 as a purchasing cooperation and valued according to the equity method. The balance sheet total is €692 thousand (previous year: €588 thousand), of which €601 thousand relates to cash and cash equivalents (previous year: €505 thousand). Total liabilities amount to €97 thousand (previous year: €110 thousand). As at 31 December 2017, the carrying value is €227 thousand (previous year: €154 thousand). In 2017, the result amounting to €85 thousand and currency translation effects of €–12 thousand are attributable to the Group.

5.2 Deferred tax assets and liabilities

The following table provides an overview of the deferred taxes formed:

DEFERRED TAX

€ '000	31.12.2017	31.12.2016
Taxes on:		
Consolidation of investments:		
Deferred taxes on recognised hidden assets		
Intangible assets	–493	–739
Deferred tax effects on depreciation and amortisation in the financial year		
Intangible assets	180	246
	–313	**–493**
Other intangible assets	–969	–847
Property, plant and equipment	176	137
Financial investments	152	–12
Inventories	–715	–1,089
Receivables and other assets	446	–15
Provisions	1,968	2,819
Liabilities	440	691
Temporary differences	**1,185**	**1,191**
Loss carryforwards	9,548	14,700
Total	**10,733**	**15,891**
Thereof:		
Deferred tax assets	14,289	20,053
Deferred tax liabilities	–3,556	–4,162

Besides deferred taxes on hidden assets resulting from the acquisition of entities, the additional temporary differences result from valuation differences between the IFRS and the individual tax balance-sheet values as shown above. Furthermore, deferred tax assets are recognised for carryforwards of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be offset. As at 31 December 2017, write-downs on deferred taxes on carry-forwards of unused taxes amount to €3,256 thousand (previous year: €3,598 thousand), and further write-downs on other deferred tax assets amount to €121 thousand (previous year: €0 thousand).

In 2017, €333 thousand (previous year: €1,016 thousand) in connection with derivative financial instruments were offset through other comprehensive income with the item “Non-current financial liabilities due to shareholders and equity”.

Deferred taxes amounting to €5,564 thousand (previous year: €1,089 thousand) were offset in the income statement. For further details, the tax amounts reported in the income statement, and the applied tax rates, please refer to our comments in section 6.8.

5.3 Inventories

Inventory assets include the following items:

INVENTORIES

€ ’000	31.12.2017	31.12.2016
Materials and supplies	241	230
Merchandise		
Food / Non-food	155,182	147,174
Tobacco goods	316,395	235,688
Other	5,240	5,448
Less valuation allowance	–3,078	–2,986
	473,980	**385,554**

Inventory assets show an increase of €88,426 thousand as result of higher tobacco stockpiling at the end of the year. The amount recognised in the income statement for valuation allowances on inventories amounted to €–92 thousand in the financial year (previous year: €961 thousand) and essentially relates to inventories involving risk of loss.

5.4 Trade receivables

Trade receivables net of bad debt reserves are analysed as follows:

TRADE RECEIVABLES

€ ’000	31.12.2017	31.12.2016
Food / Non-food	179,384	158,653
Tobacco goods	238,879	249,492
Commissions on electronic value (e-va) / miscellaneous	40,091	37,461
	458,354	**445,606**

All trade receivables listed above are due within one year.

TRADE RECEIVABLES

€ ’000	31.12.2017	31.12.2016
Carrying amount	**458,354**	**445,606**
Thereof: as at balance sheet date neither written down nor overdue	447,217	432,955
Thereof: as at balance sheet date not impaired and overdue in the following periods		
≤ 30 days	8,847	7,465
31–90 days	955	2,600
91–180 days	552	2,017
181–360 days	338	145
> 360 days	445	424

In relation to the not impaired portfolio of trade receivables, there is no indication that the debtors will be unable to meet their payment obligations.

At 31 December 2017, allowances on bad debts amounted to €6,276 thousand (previous year: €6,911 thousand). Bad debts are covered by trade credit insurance in Germany, Austria, Switzerland, Belgium, Spain and the Netherlands. Receivables from certain major customers, central payment facilities and minor receivables are not covered under the insurance.

Valuation allowances on trade receivables developed as follows:

TRADE RECEIVABLES

€ ’000	31.12.2017	31.12.2016
Valuation allowances as at 1 January	6,911	7,526
Changes in consolidated companies	0	10
Additions recognised in the income statement	1,579	1,530
Utilisation not recognised in the income statement	–1,652	–1,619
Releases recognised in the income statement	562	536
Valuation allowances as at 31 December	**6,276**	**6,911**

The table below shows the expenses for the complete derecognition of trade receivables and income from the receipt of derecognised receivables:

TRADE RECEIVABLES

€ ’000	31.12.2017	31.12.2016
Expenses for derecognising assets	1,875	1,788
Income from receipt of derecognised assets	1,548	1,217

5.5 Income tax receivables and other assets

The table below shows the income tax receivables and other assets:

€ '000	31.12.2017	Due within < 1 year	Due within > 1 year
Income tax receivables	**3,587**	**3,587**	**0**
Other assets			
Refunds / bonuses / deposits	137,170	137,170	0
Other tax refunds	21,900	21,900	0
Contract fees	11,385	5,841	5,544
Receivables from shareholders	5,993	5,993	0
Receivables from group companies	1,500	1,500	0
Debit balances in accounts payable	2,285	2,285	0
Other	2,673	2,638	35
	182,906	**177,327**	**5,579**

€ '000	31.12.2016	Due within < 1 year	Due within > 1 year
Income tax receivables	**1,235**	**1,235**	**0**
Other assets			
Refunds / bonuses / deposits	124,846	124,846	0
Other tax refunds	13,684	13,684	0
Contract fees	9,769	5,259	4,510
Receivables from shareholders	4,431	4,431	0
Debit balances in accounts payable	1,737	1,737	0
Other	5,798	5,765	33
	160,265	**155,722**	**4,543**

From 2017, owing to reporting realignment customer and employee loans are recorded in financial assets under item 5.6 in the line "Loans". The previous year was adjusted accordingly.

In the context of the dividend payouts, the withholding tax on capital payable and the solidarity surcharge were transferred to the German Tax Office in a total amount of €5,986 thousand (previous year: €4,428 thousand) in December 2017. As at 31 December 2017, this amount is recognised in receivables from the shareholders.

If income tax receivables and other assets have a remaining term of more than one year, they are classified in each case as non-current, otherwise they are to be regarded as current assets. They are presented separately in the balance sheet.

INCOME TAX RECEIVABLES AND OTHER ASSETS

€ '000	31.12.2017	31.12.2016
Carrying amount	**186,493**	**161,500**
Thereof: as at balance sheet date neither written down nor overdue	178,304	152,913
Thereof: as at balance sheet date not impaired and overdue in the following periods		
≤ 30 days	2,364	2,798
31–90 days	2,559	4,404
91–180 days	2,362	618
181–360 days	181	539
> 360 days	723	228

In relation to the not written down portfolio of other assets, there is no indication that the debtors will be unable to meet their payment obligations.

In 2017, valuation allowances are recognised in the amount of €1,639 thousand (previous year: €2,186 thousand). They have developed as follows:

OTHER ASSETS

€ '000	31.12.2017	31.12.2016
Valuation allowances as at 1 January	2,186	2,490
Additions recognised in the income statement	531	299
Utilisation not recognised in the income statement	–138	–39
Releases recognised in the income statement	940	564
Valuation allowances as at 31 December	**1,639**	**2,186**

In 2017, income from receipt of derecognised assets was booked in the amount of €1,549 thousand (previous year: €295 thousand) and expenses in the amount of €533 thousand (previous year: €280 thousand) for complete derecognition of assets.

5.6 Financial assets

The following table provides an overview of the non-current and current financial assets. The positive market values from external swap agreements relating to US$ loans, raw materials derivatives and receivables from finance leasing are recognised. The leasing receivables relate to vending machines for our product ranges and to shop equipment leased to customers.

€ '000	31.12.2017	Due within < 1 year	Due within > 1 year
Market values of derivative financial instruments (swaps)	7,278	451	6,827
Receivables from finance leasing	1,981	753	1,228
Loans	2,508	64	2,444
	11,767	**1,268**	**10,499**

€ '000	31.12.2016	Due within < 1 year	Due within > 1 year
Market values of derivative financial instruments (swaps)	34,056	18,198	15,858
Receivables from finance leasing	2,346	837	1,509
Loans	434	150	284
	36,836	**19,185**	**17,651**

In 2017, a loan to the joint venture shop and more AG amounting to €2,194 thousand is essentially recognised in the line "Loans". A change in recognition relating to customer and employee loans was also undertaken, which were previously included in financial assets and other assets. These are now shown under financial assets in the line "Loans". The previous year was also supplemented by the line "Loans" for purposes of comparison. €248 thousand were reclassified from financial assets and €186 thousand from other assets.

The following table shows the allocation of the future minimum leasing payments for gross and net investment in lease financing transactions and for the present value of the outstanding minimum leasing payments:

€ '000	31.12.2017	31.12.2016
Future minimum leasing rates	2,180	2,637
Plus: Not guaranteed residual value	0	0
Gross investment in lease financing transactions	**2,180**	**2,637**
Less: Unrealised finance income	–199	–291
Net investment in lease financing transactions	**1,981**	**2,346**
Less: Impairment of doubtful receivables	0	0
Less: Present value of not guaranteed residual value	0	0
Present value of outstanding lease payments	**1,981**	**2,346**

The gross investment in lease financing transactions and the present value of outstanding minimum leasing payments are due as follows:

€ '000	31.12.2017	31.12.2016
Gross investment in lease financing transactions	**2,180**	**2,637**
due within < 1 year	822	930
due between 1 and 5 years	1,358	1,707
due within > 5 years	0	0
Present value of outstanding minimum lease payments	**1,981**	**2,346**
due within < 1 year	753	837
due between 1 and 5 years	1,228	1,509
due within > 5 years	0	0

5.7 Cash and cash equivalents

€ '000	31.12.2017	31.12.2016
Cash and cheques	2,142	2,814
Bank balances (including cash pool)	109,033	102,115
	111,175	**104,929**

At 31 December 2017, cash pool receivables were offset with cash pool liabilities amounting to €117,212 thousand (previous year: €108,262 thousand).

5.8 Non-current financial liabilities due to shareholders and equity

The changes in non-current financial liabilities due to shareholders and equity are presented in the statement of changes in consolidated equity.

Share capital and consolidated reserves

Share capital contains the total of all limited partners' contributions. A contribution in excess of the liability amount and determined undistributed profits are disclosed in the consolidated reserves if an appropriate resolution has been passed.

Consolidated retained earnings

Consolidated retained earnings comprise the profits of past periods remaining after distributions to shareholders and transfer to consolidated reserves and after non-controlling shares.

Other reserves

Currency translation differences

This item includes currency translation differences from the consolidation of foreign subsidiaries, whose currencies are not denominated in euro, booked through other comprehensive income as provided for in IAS 21.

Cash-flow hedge reserve

The reserve comprises market value changes of derivatives designated as cash-flow hedges including deferred tax effects until the realisation of profit or loss effects of the underlying transaction.

Pension reserve

The reserve includes all actuarial gains and losses under IAS 19 including the deferred taxes attributable to them.

Non-controlling interests

Non-controlling interests are held in the following subsidiaries:

€ '000	31.12.2017	31.12.2016
Conway – The Convenience Company S.A., Quer, Spain	3,999	3,932
Convenience Concept SL Spain, Quer, Spain	–326	–326
EZV Gesellschaft für Zahlungssysteme mbH, Frechen, Germany	–72	–61
	3,601	**3,545**

The increase in non-controlling interests amounts to a total of €56 thousand (previous year: €176 thousand).

5.9 Provisions

Current and non-current provisions include the following items:

€ '000	31.12.2017	Due within < 1 year	Due within > 1 year
Pension provisions and liabilities for similar post-employment benefits	23,074	0	23,074
Other provisions	99,431	95,989	3,442
	122,505	**95,989**	**26,516**

€ '000	31.12.2016	Due within < 1 year	Due within > 1 year
Pension provisions and liabilities for similar post-employment benefits	23,752	0	23,752
Other provisions	116,394	114,164	2,230
	140,146	**114,164**	**25,982**

Pension provisions and liabilities for similar post-employment benefits as well as current tax provisions and other provisions due after one year are classified as non-current, tax liabilities and other provisions due within one year as current. Current and non-current provisions are presented separately in the balance sheet.

Pension provisions and liabilities for similar post-employment benefits

Pension provisions and liabilities for similar post-employment benefits are liabilities under direct post-employment benefit promises in accordance with corporate pension plans. These are measured on the basis of estimated actuarial assumptions. The assumptions are based on the statutory, economic and tax situation of each country. The actuaries use country-specific mortality tables for their calculations. The obligations are partly financed by funded plans. These defined benefit plans provide for granting to the beneficiaries a monthly pension entitlement after starting retirement, the amount of which generally depends on the length of service, and is calculated on the basis of the individual pay of the beneficiary. The rules for the commencement of retirement vary in different countries and are generally based on the statutory pension age. Austria is an exception to this. The arrangement here does not relate to an old-age pension but to a so-called transitional payment which is only guaranteed for a specified time after leaving or transferring to retirement. This entitlement also varies depending on length of service and the individual salary grade.

The Lekkerland Group is subject to different risks from the defined benefit plans. Apart from the unpredictabilities of mortality tables, changes in interest rate and exchange-rate risks, other risks apply in cases in which the pension liabilities are shown against a plan asset. These result from a general capital market risk and the individual risks arising from the differing investment strategies.

Where contributions are made to defined benefit multi-employer plans, but the corresponding assets cannot be reliably attributed to the individual entities, no provision is recognised. Instead, the contributions are recognised as current expenses amounting to €2,183 thousand (previous year: €2,151 thousand) in accordance with IAS 19.34 in combination with IAS 19.51 and 52. Contributions at the same amount are expected in the following financial year. A pension plan implemented in the Netherlands is a defined benefit plan. However, not enough information is available to determine the Lekkerland share in the cash value of the obligation, the plan assets and the costs. Since an allocation of this nature is not possible, this plan is therefore reported as a defined contribution plan. The regulations for this fund were changed in 2015. This resulted in a new way of calculating the margin on the basis of a 12-month average.

If this reveals that the margin is below the currently required margin of 112.6%, the fund must implement a plan for reinstatement of the required margin, so that the margin can be regained within the next twelve years. The stated coverage ratio at 107.3% as at 31 December 2017 was below the ratio required to cover the obligation in the financial statements. Since December 2015, the fund has been subject to such a reinstatement period because it continues to fall short of the required margin. If the measures did not produce the effect, the fund can essentially take two measures. It can increase the premium or adjust the pension rules.

From 2018, the pensionable age in the Netherlands will also increase from 67 to 68 years and this will exert corresponding effects on the degree of coverage hoped for.

The following actuarial parameters were applied:

in %	2017	2016
Germany		
Interest	1.6	1.5
Projected salary increase	2.5	2.5
Projected post-employment increase	1.7	1.7
Fluctuation	4.5	4.5
International		
Interest	0.6–2.0	0.6–2.0
Projected salary increase	1.0–3.0	1.0–3.0
Projected post-employment increase	0.0	0.0–0.1

The interest is determined locally on the basis of high-quality fixed interest corporate bonds with terms corresponding to those of the earned benefits. Depending on the number of employees with earned benefit and pensioners, the interest and terms may vary in different countries and periods.

The fluctuation is calculated abroad on the basis of specific age tables.

The proportion of Germany in the provision for pension provisions and liabilities for similar post-employment benefits is 73% (previous year: 73%).

The net carrying values of pension provisions and liabilities for similar post-employment benefits developed as follows:

€ '000	31.12.2017	31.12.2016
Provision as at 1 January	23,752	21,686
Payments and transfers of employee benefits and employer contributions	−1,775	−1,969
Current service expense	1,088	1,274
Post-employment service cost / plan changes	−1,396	−270
Interest effect	329	404
General administrative expense / other effects	−348	57
Actuarial gains (–) / losses (+)	1,424	2,570
Carrying amount of the pension provision	**23,074**	**23,752**

The composition of the actuarial gains developed as follows:

€ '000	31.12.2017	31.12.2016
Changed interest assumptions of the defined-benefit obligation	−17	3,030
Experience adjustments	−590	1,607
Biometric changes in assumption	0	−319
Income of the plan assets not including interest	199	−1,748
Other changes in assumption	1,832	0
Actuarial gains / losses	**1,424**	**2,570**

The other change in assumption results from Switzerland. Here, a right to choose in relation to the pension contract was given concrete form, whereby the previous treatment of pensioners could no longer be retained and this consequently leads to a change in assumption.

The interest effect is equivalent to the balance made up of the interest on the pension liability and the return on the plan assets. In 2018, the Group expects payments for pension benefits amounting to €1,606 thousand.

At the balance sheet date, the value of the provision is determined as follows:

€ '000	31.12.2017	31.12.2016
Present value of pension liabilities and similar post-employment benefits	42,196	50,519
Market value of plan assets	−19,122	−26,767
Carrying amount of the pension provision	**23,074**	**23,752**

The average term of the liabilities is 17 years depending on the plan.

The gross obligation before netting with plan assets developed as follows:

€ '000	2017	2016
Defined benefit obligation as at 1 January	50,519	48,674
Current service expense	1,088	1,274
Interest expense	421	794
Employee contributions	486	632
Actuarial gains (–) / losses (+)	9,945	4,318
Payments and transfers of post-employment benefits	–3,431	952
Post-employment service cost	0	0
Plan settlement	–15,076	–6,260
Other including exchange-rate effects	–1,756	135
Present value of pension liabilities and similar post-employment benefits as at 31 December	**42,196**	**50,519**
Actuarial present values of pension liabilities financed by funds	23,775	31,458

The plan assets developed as follows:

€ '000	2017	2016
Market value of plan assets as at 1 January	26,767	26,988
Employer contributions	754	1,006
Interest income from plan assets	92	390
Employee contributions	486	632
Plan settlement	–13,680	–5,990
Actuarial gains (+) / losses (–)	8,521	1,748
Deposit / payout of post-employment claims	–2,410	1,916
Exchange-rate effects for plans in foreign currencies	–1,408	90
General and administrative expenses	0	–12
Market value of plan assets as at 31 December	**19,122**	**26,767**

The expected employee contribution to the plan assets is €613 thousand. The plan settlement results from conversion of a defined benefit obligation into a defined contribution plan in the Netherlands. This results in an effect on earnings amounting to €–1,396 thousand.

The plan assets on the closing date are comprised as follows:

	2017 € '000	2017 %	2016 € '000	2016 %
Shares	5,161	27	3,349	13
Debentures, mortgages, government bonds	5,836	31	18,514	69
Real estate	6,764	35	4,330	16
Liquidity	1,361	7	574	2
Market value of plan assets	**19,122**	**100**	**26,767**	**100**

The expenses listed below were offset in the income statement:

€ '000	2017	2016
Interest expenses at present value of entitlement	421	794
Expected return from plan assets	–92	–390
Effective interest expense	**329**	**404**
Current service expense	1,088	1,274
Past service cost / plan changes / plan settlement	–1,396	–270
General and administrative expenses	7	17
Expenses for pensions and similar post-employment obligations	**28**	**1,425**

The sensitivity analysis in the following table shows the liability taking account of the change in the following parameters:

€ '000	2017	2016
Interest:		
Interest + 0.25%	–1,439	–2,078
Interest – 0.25%	1,588	2,241
Wage increase by 0.25%	184	274

The sensitivity analysis was calculated for interest rates which in each case deviate by 0.25% up or down. An increase of + 0.25% was assumed for salary changes when calculating the sensitivity.

For details on total pension expenses recognised in profit or loss, including contributions to pensions not mandated as a liability, please refer to the comments on personnel expenses in section 6.11.

Current income tax provisions

Current income tax provisions are reclassified in the current financial year owing to a reporting realignment in income tax liabilities and reported in section 5.11. An amount of € 3,456 thousand was reclassified for the previous year.

Other provisions

Other provisions show the following changes:

€ '000	as at 01.01.2017 Due within < 1 year	Due within > 1 year	Total	Currency transla-tion	Change in consolidated companies	Utilisation	Addition	Release	Trans-fers	as at 31.12.2017 Total	Due within < 1 year	Due within > 1 year
Other provisions												
Personnel-related provisions	40,377	1,638	42,015	–44	0	28,642	23,028	3,574	0	32,783	30,425	2,358
Distribution / outstanding credits	53,469	0	53,469	–509	0	35,918	42,742	13,810	839	46,813	46,813	0
Deposits on disposable packaging	10,384	0	10,384	–12	0	176	158	99	–17	10,238	10,238	0
Legal, advisory and audit fees	1,863	0	1,863	–9	0	1,020	1,215	335	–3	1,711	1,711	0
Liabilities under lease agreements, integration and restructuring	763	92	855	–8	0	92	0	0	200	955	372	583
Other	7,308	500	7,808	–1	0	1,415	2,491	933	–1,019	6,931	6,430	501
	114,164	**2,230**	**116,394**	**–583**	**0**	**67,263**	**69,634**	**18,751**	**0**	**99,431**	**95,989**	**3,442**

Personnel-related provisions included in other provisions mainly relate to gratifications and bonuses, redundancies, accrued holiday entitlements and contributions to employer's liability insurance.

Provisions for distribution and outstanding credit notes mainly include amounts for customer refunds and other payments due to customers. The decrease by €6,656 thousand is essentially due to the release amounting to €13,810 thousand (previous year: €8,423 thousand), which is based on current knowledge and customer refunds already billed in the fourth quarter.

The provision for deposits on disposable packaging relates to obligations arising from the return of deposits to customers and the associated disposal costs for disposable packaging. As in the previous year, no significant interest effects result from non-current provisions.

5.10 Financial liabilities

Current and non-current financial liabilities include the following items:

€ '000	31.12.2017	31.12.2016
Loans including swaps and accrued interest	160,604	164,941
Finance leases	38,589	42,149
Liabilities to financial institutions	570	0
Market values of derivative financial instruments (swaps)	0	142
	199,763	**207,232**

Liabilities arising from loans are broken down as follows:

	Currency	US$ interest rate	31.12.2017 € '000	€ interest rate	Due
Loans including swaps and accrued interest					
US private placement 2007					
35,000	US$ '000	6.46	29,219	5.587	2019
35,000	US$ '000	6.46	29,219	5.575	2019
US private placement 2017					
70,000	€ '000	–	70,000	1.870	2027
30,000	€ '000	–	30,000	2.070	2029
Loan amount as at 31.12.2017			158,438		
Accrued interest			2,166		
Market value of swaps for US$ loans			0		
			160,604		

The loans in a total of four tranches recognised on the balance sheet date relate to two private placements in US$ still in place from the year 2007 and the new private placements denominated in euros taken out in the current year, which were also raised in the US market.

	Currency	US$ interest rate	31.12.2016 € '000	€ interest rate	Due
Loans including swaps and accrued interest					
US private placement 2005					
40,000	US$ '000	5.88	38,040	4.400	2017
US private placement 2007					
30,000	US$ '000	6.36	28,529	5.507	2017
30,000	US$ '000	6.36	28,529	5.553	2017
35,000	US$ '000	6.46	33,284	5.587	2019
35,000	US$ '000	6.46	33,284	5.575	2019
Loan amount as at 31.12.2016			161,666		
Accrued interest			3,275		
Market value of swaps for US$ loans			0		
			164,941		

To hedge the currency and interest risks in the loans denominated and bearing interest in US$, cross currency swaps were agreed with terms corresponding to the terms of the underlyings. These swaps fix both the historic currency translation rate of US$ 1.377 / €1 for the loans from 2007 and the historic interest in € on the translated € amount. Consequently, there is no interest or currency risk over the term of these loans.

The market value of these swaps as at 31 December 2017 is not recognised for the remaining loans floated in US$ in the balance sheet under financial liabilities as in the previous year but under financial assets amounting to €6,827 thousand (previous year: €33,963 thousand). The loans raised in 2007 as underlying transactions and the cross-currency swaps concluded to hedge currency and interest risks were designated overall as a cash-flow hedge relationship. Hedge transactions are therefore valued through other comprehensive income so that any changes in market value are recognised in the cash-flow hedge reserve.

The loans in the foreign currency are converted at the rate on the balance sheet date. For compensation of the foreign currency translation differences a corresponding amount is transferred from or returned to the item "cash-flow hedge reserve" with an effect on income. The remaining amount of €–1,125 thousand (previous year: € –862 thousand) represents the interest. The deferred taxes to be formed on this amount and recognised amount to €–281 thousand (previous year: €–215 thousand) on 31 December 2017 so that in the context of this swap valuation an amount of €–844 thousand (previous year: €–647 thousand) is included in the item "Non-current financial liabilities due to the shareholders and equity" on the balance sheet date.

The loans are subject to financial covenants which have to be observed during their respective terms. Mainly, financially unfavourable transactions with related parties may only be concluded under certain conditions on the arm's length principle, no major consolidated assets may be transferred to third parties in a business combination or sale without prior consent and the Group is not allowed to change its business significantly. The assets can be charged or pledged only subject to conditions. The ratio of net debt to EBITDA must not therefore exceed 3:1 and the ratio of EBITDA to the interest result shall not fall below 4:1. The minimum of non-current financial liabilities due to shareholders and equity is €100 million. In the context of loans from 2007, the Group company Lekkerland Deutschland GmbH & Co. KG may only take out further loans amounting to a maximum of 7% of the consolidated balance sheet total, if these are given preferential treatment before the US investors. There is an analogous regulation for the Group whereby the limit for the borrowing from 2007 is a maximum of 10%.Also borrowings for financing the working capital of Lekkerland Deutschland GmbH & Co. KG are excluded.

The covenants of the euro loans raised during the course of the current financial year vary insofar that the regulation relating to equity and the regulation on taking out borrowings at Lekkerland Deutschland GmbH & Co. KG are waived. The restriction on borrowings at Group level described above was changed from 10% to 15%. Furthermore, the newly concluded contracts established that if Lekkerland had to comply with stricter covenants for additional borrowings, these would automatically also apply to US investors.

All the covenants referred to above were complied with.

As in previous years, existing cash pool liabilities were offset in full with cash pool receivables. For further details, please refer to section 5.7.

Financing liabilities from loans with the following terms are recognised as at 31 December 2017:

€ '000	< 180 days	181–360 days	1–3 years	4–5 years	> 5 years	Total
Loans including swaps and accrued interest	2,166	0	58,438	0	100,000	**160,604**

Terms of liabilities under finance lease agreements are as follows:

€ '000	< 180 days	181–360 days	1–3 years	4–5 years	> 5 years	Total
Finance leases						
Minimum lease payments	5,529	5,526	17,087	10,181	4,874	43,197
Discount	–771	–690	–1,912	–901	–334	–4,608
Present value	**4,758**	**4,836**	**15,175**	**9,280**	**4,540**	**38,589**

The table below shows the future cash flows from interest-bearing non-current financial liabilities. The actual cash flows for the loans are shown taking the hedging of interest and currency effects into account.

The total amount for the loan repayments is €150,843 thousand. The carrying value for loans as at 31 December 2017 is €158,438 thousand less accrued interest totalling €2,166 thousand. The difference amounting to €7,595 thousand relates to the exchange-rate share of swaps. Accrued interest is included in interest expense for 2017.

The non-current financial liabilities are available for financing long-term financial assets. In particular, current account credits and cash pool assets and liabilities are an element of liquidity in the Lekkerland Group and are used for short-term finance, specifically when opportunities arise to make purchases for stockpiling and they may vary according to the reference date.

The credit lines agreed with several banks amounted to €175,950 thousand (previous year: €175,825 thousand) on 31 December 2017. The interest to be paid if these credit lines were drawn on was between 0.7 and 1.25 percentage points above the relevant valid Euribor or the relevant valid EONIA rate. The expenses recognised in the interest result arise from drawing on credit lines and cash pool liabilities amounted to €1,457 thousand (previous year: €1,141 thousand), interest income amounting to €940 thousand (previous year: €840 thousand) was recorded for positive liquidity.

In 2017, the Lekkerland Group additionally concluded a raw materials derivative to provide protection against the market risk associated with diesel (market value €43 thousand), which was taken with a network bank through Lekkerland Finance B.V. and then forwarded to the relevant national company as an internal derivative. Furthermore, Lekkerland Finance B.V. concluded a swap to hedge an internal Group loan in a foreign currency (market value €408 thousand) and this was accounted for in the same way as the US loans.

The effectiveness of the hedging arrangement was determined using a sensitivity analysis. This involved regression analysis being used to analyse the link between the underlying transaction, the price change of the diesel purchased by Lekkerland and the price change in the index underlying the hedging transaction. A second stage involved the dollar-offset method being used to determine, at the level of the individual derivative, the price development for the designated diesel volume in each case in relation to the price development for the market value of the derivative. An effectiveness of nearly 100% was revealed in both cases.

A total amount of €68 thousand was therefore also booked in equity under the cash flow hedge reserve based on the market values of the raw materials derivatives or the loan in a foreign currency as at 31 December 2017. Deferred tax amounting to €13 thousand was also recognised in this connection.

€ '000	Cash flows 2018			Cash flows 2019–2022			Cash flows 2023 ff.			Total
	Fixed interest	Floated interest	Repayment	Fixed interest	Floated interest	Repayment	Fixed interest	Floated interest	Repayment	
Loans including swaps and accrued interest										
US private placement 2007:										
Tranche III	1,420	0	0	888	0	25,418	0	0	0	27,726
Tranche IV	1,417	0	0	886	0	25,425	0	0	0	27,728
US private placement 2017:										
Tranche I	1,309	0	0	5,236	0	0	6,054	0	70,000	82,599
Tranche II	621	0	0	2,484	0	0	4,114	0	30,000	37,219
	4,767	**0**	**0**	**9,494**	**0**	**50,843**	**10,168**	**0**	**100,000**	**175,272**
Liabilities to financial institutions	0	0	570	0	0	0	0	0	0	570
Finance leases	1,461	0	9,594	2,814	0	24,455	334	0	4,540	43,198
	6,228	**0**	**10,164**	**12,308**	**0**	**75,298**	**10,502**	**0**	**104,540**	**219,040**

5.11 Trade payables, income tax liabilities and other liabilities

€ '000	31.12.2017	Due within < 1 year	Due within > 1 year
Trade payables	**939,192**	**939,192**	**0**
Income tax liabilities	**4,806**	**4,806**	**0**
Other liabilities			
Liabilities to not consolidated companies	1,602	1,571	31
Debtors' credit balances	14,444	14,444	0
Wages and church taxes	2,995	2,995	0
Value added taxes	3,834	3,834	0
Other current tax liabilities	467	467	0
Social insurance	1,644	1,644	0
Securities for leases	1,757	1,757	0
Customs duties	1,741	1,741	0
Other	5,570	4,620	950
	34,054	**33,073**	**981**

€ '000	31.12.2016	Due within < 1 year	Due within > 1 year
Trade payables	**818,517**	**818,517**	**0**
Income tax liabilities	**3,803**	**3,803**	**0**
Other liabilities			
Liabilities to not consolidated companies	1,574	1,543	31
Debtors' credit balances	25,622	25,622	0
Wages and church taxes	3,404	3,404	0
Value added taxes	5,398	5,398	0
Other current tax liabilities	288	288	0
Social insurance	1,362	1,362	0
Securities for leases	1,731	1,731	0
Customs duties	887	887	0
Other	5,187	4,664	523
	45,453	**44,899**	**554**

The income tax provisions are reclassified in income tax liabilities in the current financial year on account of a reporting realignment. The previous year was correspondingly adjusted and an amount of €3,456 thousand was reclassified.

The decrease in other liabilities amounted to €11,399 thousand (previous year: € 9,090 thousand) and is essentially due to lower settlements for customer refunds.

The amounts recognised on the balance sheet date are due in the following tranches:

TRADE PAYABLES

€ '000	31.12.2017	31.12.2016
Carrying amount	**939,192**	**818,517**
Thereof: Due in the following periods		
< 30 days	880,880	766,513
31–60 days	34,021	28,847
61–90 days	14,885	15,384
91–180 days	9,379	7,773
181–360 days	27	0
> 360 days	0	0

INCOME TAX LIABILITIES AND OTHER LIABILITIES

		Thereof: Due in the following periods		
€ '000	Carrying amount	< 180 days	181–360 days	> 360 days
31.12.2017	**38,860**	36,076	1,803	981
31.12.2016	**49,256**	47,053	1,649	554

The repayment values of the liabilities correspond to their market values.

5.12 Assets and liabilities classified as from a discontinued operation

A decision was taken in 2012, not to continue the Eastern Europe segment. In the financial year 2017, Lekkerland Polska S.A. with registered office in Warsaw, Poland, was liquidated after the legal disputes were completely concluded.

6 Comments on the income statement

6.1 Revenues

Revenues result from trade with convenience goods, mainly tobacco goods, foodstuffs, electronic value and non-food items. The sales area mainly corresponds to the countries where the consolidated entities are located. Consolidated sales to third-party customers by goods and customer groups are split up as follows:

REVENUES ACCORDING TO PRODUCTS RANGES

€ '000	2017	2016
Tobacco goods, including packs for vending machines	10,120,723	10,405,554
Food / Non-food	2,544,351	2,480,299
Commissions on electronic value (e-va) / miscellaneous	119,242	116,739
	12,784,316	**13,002,592**

REVENUES ACCORDING TO SALES CHANNELS

€ '000	2017	2016
Filling stations	6,375,686	6,491,077
System customers	4,513,734	4,423,229
Regional customers	1,894,896	2,088,286
	12,784,316	**13,002,592**

Information on the development of sales by region and further comments on the segments are presented in our segment reporting under item 10.

6.2 Cost of sales

Cost of sales mainly represents cost of purchased merchandise.

6.3 Other operating income

€ '000	2017	2016
Reimbursements and subleases received	6,340	6,807
Income from release of provisions	2,224	1,783
Cost refunds from the disposal of packaging	12,003	11,029
Currency differences	2,161	1,098
Other	13,607	8,854
	36,335	**29,571**
Thereof relating to prior periods	6,957	5,518

6.4 Distribution expenses

€ '000	2017	2016
Personnel expenses	188,342	193,707
Other leasing and building costs	43,122	42,623
Vehicle costs including leasing	28,658	29,811
Freight	75,185	72,298
Amortisation of intangible assets and depreciation of property, plant and equipment	16,788	18,033
Temporary employees and other personnel expenses in distribution	32,388	29,755
Advertising expenses	13,008	14,186
Communication expenses	3,367	3,794
Amortisation of customer bases, trademarks and other assets from company acquisitions	599	935
Other	13,739	13,599
	415,196	**418,741**
Thereof relating to prior periods	7	42

The personnel costs decreased due to the lower number of employees.

6.5 General and administrative expenses

€ '000	2017	2016
Personnel expenses	54,780	57,289
Amortisation of intangible assets and depreciation of property, plant and equipment	20,666	19,623
IT costs	38,862	35,578
Fees for legal advice and consulting	6,675	7,401
Vehicle costs including leasing	1,898	2,006
Currency differences	1,989	1,098
Advertising expenses	1,672	1,343
Temporary employees and other personnel expenses	5,755	4,843
Other leasing and building expenses	3,897	3,720
Other	13,268	12,978
	149,462	**145,879**
Thereof relating to prior periods	778	477

6.6 Other operating expenses

This item is a compound item for those expenses which cannot be effectively assigned to the other expense items of the income statement. This item is €0 thousand in the current financial year and in the previous year.

6.7 Financial result

€ '000	2017	2016
Result from participations	**1,500**	**0**
Profit share of associated companies and joint ventures which are accounted for by the equity method	**–184**	**39**
Interest income		
Interest on bank accounts	940	840
Interest on leasing	44	107
Other	77	1,139
	1,061	**2,086**
Interest expense		
Interest payable to banks	1,457	1,141
Interest on leasing	1,614	1,908
Interest included in pension provision	329	404
Other	7,122	7,068
	10,522	**10,521**
	–8,145	**–8,396**
Thereof from financial instruments in the categories according to IAS 39:		
Available for sale	1,500	0
Loans and receivables	1,061	2,086
Financial liabilities	–10,193	–10,117
	–7,632	**–8,031**

6.8 Income taxes

Taxes on income include current taxes paid and payable as well as deferred taxes determined in accordance with IAS 12. The amounts are listed below:

€ '000	2017	2016
Current tax expenses	12,517	13,803
Deferred tax expenses	5,564	1,089
	18,081	**14,892**

A transition from the income tax amount resulting from application of an average consolidated tax rate of approximately 19% (previous year: approximately 19%) on the consolidated result before taxes to the amount recognised in the income statement is presented in the following table:

€ '000	2017	2016
Result before taxes	96,148	77,024
Average consolidated tax rate (approximately)	18.8%	18.5%
Expected tax expense	18,070	14,281
Adjustments for income tax purposes	742	793
Impairment on unused loss carryforwards and temporary differences	–266	–238
Current tax amounts prior years	–1,277	93
Deferred tax amounts prior years	1,250	–4
Other effects, including changes in the tax rate	–438	–33
Income taxes recognised in the income statement	**18,081**	**14,892**
Total effective tax rate	18.8%	19.3%

The parent company Lekkerland AG & Co. KG and all the other commercial partnerships consolidated in Germany are only subject to trade taxes of approximately 15%. Corporations with their registered office in Germany are also subject to 15% corporation tax plus a 5.5% solidarity surcharge payable thereon – if no agreements on the transfer of profits and losses are in effect. International income taxes, including deferred taxes, are based on local laws and regulations. The tax rates for the international subsidiaries vary between 19% and 34%. For deferred taxes recognised in the context of the acquisition of entities, the tax rate of the respective subsidiary is applied.

For the determination of deferred tax assets and liabilities on temporary differences and tax loss carryforwards, please refer to section 5.2.

6.9 Consolidated result after tax from a discontinued operation

€ '000	2017	2016
Other operating income	293	1,728
Expenses	92	3,680
Financial result	19	27
Result before taxes	**220**	**–1,925**
Consolidated result after tax from discontinued operation	**220**	**–1,925**

This result is included in full in the own consolidated result on account of the wholly owned shareholder structure.

6.10 Amortisation, depreciation and impairment of intangible assets and property, plant and equipment

Expenses recognised in the income statement break down as follows:

€ '000	2017	2016
Amortisation and impairment of intangible assets	14,203	14,386
Depreciation of property, plant and equipment	23,850	24,205
	38,053	**38,591**

For further details, please refer to our comments on intangible assets and property, plant and equipment in section 5.1.

6.11 Supplementary information under HGB

This information includes the discontinued operation.

Personnel expenses

Expenses recognised in the income statement break down as follows:

€ '000	2017	2016
Wages and salaries	201,344	208,821
Social insurance and expenses for post-employment benefits	41,778	42,175
	243,122	**250,996**
Post-employment benefits	15,808	15,147

Payments for post-employment benefits represent additions to the pension provisions and to liabilities for similar post- employment benefits amounting to €1,095 thousand (previous year: €1,019 thousand) and pension contributions amounting to €14,383 thousand (previous year: €13,725 thousand), for which no provision was recognised. These are included under personnel expenses. In addition, a finance charge on pension provisions amounting to €329 thousand (previous year: €404 thousand) is also included, which is shown in the financial result.

The annual average number of employees excluding apprentices in the Group in 2017 was 4,789 (previous year: 4,801), of which 2,267 were salaried staff (previous year: 2,244) and 2,522 wage earners (previous year: 2,557). The annual average was determined as the average of the number of employees as at 31 March, 30 June, 30 September and 31 December, excluding trainees, shareholders and general managers but including executive managers (authorised representatives and plenipotentiaries) and part-time staff.

Auditor's fees

Expenses for auditing services amounting to €566 thousand (previous year: €525 thousand), other certification services amounting to €161 thousand (previous year: €76 thousand), for tax consultancy services amounting to €216 thousand (previous year: €292 thousand) and for other consultancy services amounting to €64 thousand (previous year: €1 thousand) were incurred during the past year.

7 Other information

7.1 Other financial commitments and contingent liabilities

As in the previous year, there are no other significant financial commitments in the Group to be reported. Contingent liabilities relate to possible future obligations of the Group arising from repurchase guarantees and other risks for which no provision has been formed on account of the individual probability of occurrence in accordance with IAS 37. The probable amount of contingent use was reported for contingent liabilities.

7.2 Operating leases

Besides the finance lease agreements – please refer to our comments on non-current assets – the Group is also party to leasing agreements which are classified as operating leases in accordance with IAS 17. The major part of the agreements relates to leased buildings.

Terms of liabilities under operating lease agreements are as follows:

OPERATING LEASES

€ '000	≤ 1 year	1–5 years	> 5 years	Total
Lease payments	30,407	102,742	30,206	163,355

The lease payments recognised as expenses in 2017 amounted to €28,577 thousand (previous year: €27,682 thousand). Future benefits from subleases are expected to flow to the Group in the amount of €690 thousand (previous year: €1,366 thousand) over the residual terms of the agreements made with sub-lessees.

8 Supplementary information on financial instruments

The table shows the book values, carrying amounts and the market values based on valuation categories in accordance with IAS 39.

Trade receivables, other assets and cash and cash equivalents have mainly short residual terms. The book values therefore approximate to the market value. There are no active markets for the financial investments available for sale so that a market value cannot be determined at reasonable expense. A reliable valuation at market value is not possible because the fluctuation margin of appropriate assessment is significant and the probabilities of occurrence of the various estimates within these margins cannot be assessed in a reasonable way. A disposal is not currently planned.

The market values of the non-listed loans are calculated as present values of the payments associated with the debts on the basis of the currency prices and US-market interest rates and € market interest rates (2017: 2.2%, 2016: 1.8%) at the closing date. The finance leases are mainly based on fixed interest rates, although these contractual interest rates do not deviate significantly from the interest rates on the relevant closing date. The book value recognised as the present value of the minimum payments of liabilities from finance leases approximates to the market value. There are therefore no deviations between the book value and market value. Almost all current account and cash pool liabilities, trade liabilities and other liabilities have short residual terms. The book value therefore approximates to the market value.

Effects on income arising from financial instruments are generated particularly in the form of interest and results from investments – for a breakdown on the basis of valuation categories please refer to our comments under section 6.7.

The stages of the fair-value hierarchy and their application to the assets and liabilities of the Group are described below:

Level 1: Quoted market prices are available for identical assets or liabilities in active markets.

Level 2: There is other information available apart from quoted market prices which can be observed directly or indirectly.

Level 3: Information about assets and liabilities, which is not based on observable market data, is available.

The derivative financial assets in the Group are currently only valued at market value. The carrying value of all the financial instruments comes under level 2.

The market values of the swaps are based on the market comparison procedure used by banks. Similar contracts are traded on active markets and the price quotes are effectively based on the underlying spot prices on the closing date and the cash flows calculated therefrom using market interest rates with matching maturities. These are discounted on the relevant closing date.

€ '000	Category according to IAS 39	Carrying amount 31.12.2017	Valuation balance sheet according to IAS 39 Amortised cost	Market value	Market value 31.12.2017
Assets					
Shares in Group, not consolidated companies / Other non-current financial investments	Available for sale	4,771	4,771	–	–
Trade receivables	Loans and receivables	458,354	458,354	–	458,354
Other current and non-current assets without swaps	Loans and receivables	182,906	182,906	–	182,906
Swaps on loans / Swap for diesel / Swap on internal Group loan*	Derivatives designated as hedging instrument	7,278	–	7,278	7,278
Receivables from finance leasing	Loans and receivables	1,981	1,981	–	1,981
Cash and cash equivalents including cash pool receivables	Loans and receivables	111,175	111,175	–	111,175
Liabilities					
Non-current financial liabilities due to shareholders	Financial liability	181,196	181,196	–	181,196
Loans including accrued interest and without swaps*	Financial liability	160,604	160,604	157,456	157,456
Swap for diesel / Swap on internal Group loan*	Derivatives designated as hedging instrument	0	–	0	0
Finance leases	Financial liability	38,589	38,589	–	38,589
Trade payables	Financial liability	939,192	939,192	–	939,192
Other current and non-current liabilities without swaps	Financial liability	34,054	34,054	–	34,054

* The carrying value of all the financial instruments comes under level 2.

€ '000	Category according to IAS 39	Carrying amount 31.12.2016	Valuation balance sheet according to IAS 39 Amortised cost	Market value	Market value 31.12.2016
Assets					
Shares in Group, not consolidated companies / Other non-current financial investments	Available for sale	2,198	2,198	–	–
Trade receivables	Loans and receivables	445,606	445,606	–	445,606
Other current and non-current assets without swaps	Loans and receivables	160,451	160,451	–	160,451
Swaps on loans / Swaps for diesel*	Derivatives designated as hedging instrument	34,056	–	34,056	34,056
Receivables from finance leasing	Loans and receivables	2,346	2,346	–	2,346
Cash and cash equivalents including cash pool receivables	Loans and receivables	104,929	104,929	–	104,929
Liabilities					
Non-current financial liabilities due to shareholders	Financial liability	168,810	168,810	–	168,810
Loans including accrued interest and without swaps*	Financial liability	164,941	164,941	168,737	168,737
Swaps for diesel / Swap on internal Group loan*	Derivatives designated as hedging instrument	142	–	142	142
Finance leases	Financial liability	42,149	42,149	–	42,149
Trade payables	Financial liability	818,517	818,517	–	818,517
Other current and non-current liabilities without swaps	Financial liability	45,453	45,453	–	45,453

* The carrying value of all the financial instruments comes under level 2.

9 Comments on the cash flow statement

The cash flow statement shows changes in cash and cash equivalents during the financial year. In accordance with IAS 7, cash flows are classified as cash flows from operating, investing and financing activities.

In addition, the requirements of IFRS 5.33 (c) are taken account of in the relevant cash flow statement, because a summarised entry for the discontinued operation is included under the relevant cash flow for continued operations. A transfer of the cash flows to change the relevant financial resource fund is not possible due to offsets within the Group.

The financial resource fund shown in the cash flow statement includes cash and bank balances, as well as current account liabilities to banks due at any time. The financial resource fund therefore corresponds in net terms to the cash and cash equivalents recognised on the asset side of the balance sheet net of bank balances in accordance with cash pooling agreements and current account liabilities recognised on the liabilities side. Please refer to our comments under section 5.7 for a breakdown of cash and cash equivalents and section 5.10 for current account liabilities.

The indirect method was applied to determine the cash flow from operating activities. The changes in balance sheet items generally represent the difference between the values at the closing date and those of the prior year.

Cash flow from investing activities comprises investments in intangible assets, in property, plant and equipment and in non-current financial investments and proceeds from the disposal of fixed assets. As in previous years, the cash flow in 2017 is also determined by current proceeds and payments relating to intangible assets and property, plant and equipment. The investments do not include the investments for assets that are subject to finance leases. In accordance with IAS 7, these should be offset with the changes in leasing liabilities with the financing activity.

The cash flow from financing activities mainly reflects payments to the shareholders of Lekkerland AG & Co. KG, the repayment of leasing liabilities, and interest received and paid.

The total change in the financial resource fund in 2017 amounts to €3,845 thousand (previous year: €–8,309 thousand).

RECONCILIATION ACCOUNT FOR FINANCIAL LIABILITIES:

€ ’000	2016	Cash flows	Reclassification in current financial liabilites (non-cash)	Additions / Disposals (non-cash)	Change due to fair value valuation (non-cash)	2017
Non-current loans including swaps	66,568	100,000	0	0	–8,130	158,438
Current loans including swaps and including accrued interest	98,373	–79,274	0	2,166	–19,099	2,166
Non-current leasing liabilities	31,692	0	–9,594	6,897	0	28,995
Current leasing liabilities	10,457	–10,910	9,594	453	0	9,594
Current liabilities to financial institutions	0	570	0	0	0	570
Non-current negative market values of other swaps	81	0	0	0	–81	0
Current negative market values of other swaps	61	0	0	0	–61	0
Total financial liabilities:	**207,232**	**10,386**	**0**	**9,517**	**–27,372**	**199,763**
Swaps capitalised as assets for hedging loans / diesel swap	34,056	0	0	–18,198	–8,580	7,278
Total financial liabilities including swaps capitalised as assets:	**241,288**	**10,386**	**0**	**–8,681**	**–35,952**	**207,041**

10 Segment reporting

In the individual countries, the activities of the Lekkerland Group are focused on the distribution of food and non-food convenience goods and tobacco goods, as well as on agency services in connection with electronic value (e-va). Furthermore, the Group provides retail shop systems and equipment. The goods are mainly sold to retailers such as filling station shops, kiosks, tobacco goods shops and retail chains. The Group also provides logistics services for fast-food restaurants.

Segment figures are determined on the basis of the accounting and valuation principles applied in the consolidated financial statements. Receivables, liabilities, expenses and income resulting from transactions between segments are eliminated in the column "Holdings / Consolidation" in segment reporting. In addition, the column "Holdings / Consolidation" includes expenses incurred for functions at Group level as well as common assets and liabilities.

Revenues from third parties represent the sale of merchandise. The sales area mainly corresponds to the countries where the consolidated entities are located. Accordingly, the sales are segmented on this basis. The recognised revenues result from trade between the individual segments. Segment assets, segment liabilities and segment investments are also determined on the basis of the site of the Group company.

The operating result of the business segments is monitored separately by the management in order to make decisions on the allocation of resources and to determine the profitability of the segments. On the basis of the segments, the result from operations before the financial result and taxes (EBIT) forms the key controlling parameter.

The separately recognised EBITDA corresponds to the result before the financial result, income taxes, and before scheduled and unscheduled amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Segment assets are the operating assets employed by a segment. They comprise mainly the intangible assets and attributable goodwill, trademarks, and customer bases resulting from business combinations, the items in property, plant and equipment, and current assets, excluding current income taxes receivable and cash and cash equivalents. Segment assets do not include deferred tax assets and financial investments. Segment liabilities are the operating liabilities and provisions of a segment. Segment liabilities do not include non-current financial liabilities due to shareholders and equity, financial liabilities, provisions for income taxes, current income tax liabilities and deferred tax liabilities. The reconciliation to the consolidated balance sheet total is shown separately.

The investments include additions to intangible assets and property, plant and equipment, and investments from goodwill and hidden assets acquired in the course of company acquisitions. The Eastern Europe segment is recognised as a discontinued operation in segment reporting, although the presentation here also remains unchanged.

In 2017, revenues with a customer amounting to €1,319,208 thousand (previous year: €1,313,398 thousand) were transacted in the segments Germany and Rest of Western Europe.

Operating segments	Germany		Rest of Western Europe		Eastern Europe (discontinued)		Holdings / Consolidation		Group*	
€ '000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	7,570,975	7,736,858	5,213,341	5,265,734	0	0	0	0	12,784,316	13,002,592
Intersegment revenues / Revenue reductions (intersegmental)	12,871	12,131	258	−2,236	0	0	−13,129	−9,895	0	0
	7,583,846	7,748,989	5,213,599	5,263,498	0	0	−13,129	−9,895	12,784,316	13,002,592
(thereof consolidation)							(−13,129)	(−9,895)		
EBITDA	**105,425**	**91,657**	**47,027**	**44,417**	**−93**	**−2,138**	**−9,812**	**−11,877**	**142,547**	**122,059**
(thereof consolidation)							(0)	(0)		
Amortisation and depreciation	25,914	23,779	11,541	12,608	0	0	120	119	37,575	36,506
(thereof consolidation)							(0)	(0)		
Impairment losses in accordance with IAS 36	478	2,085	0	0	0	0	0	0	478	2,085
Segment result (EBIT)	**79,033**	**65,793**	**35,486**	**31,809**	**−93**	**−2,138**	**−9,932**	**−11,996**	**104,494**	**83,469**
(thereof consolidation)							(0)	(0)		
Financial income	62	898	1,871	546	19	27	713	680	2,665	2,151
(thereof associated company)			(85)							
(thereof consolidation)							(−20)	(−5)		
Financial expense	−6,152	−6,293	−2,864	−2,056	0	0	−1,775	−2,172	−10,791	−10,521
(thereof joint venture)			(−269)							
(thereof consolidation)							(5,483)	(5,378)		
Income tax	11,760	9,535	8,449	7,454	0	0	−2,128	−2,097	18,081	14,892
Consolidated profit before attribution of results									**78,287**	**60,207**
Other information										
Segment assets	**749,170**	**647,533**	**604,737**	**595,601**	**0**	**181**	**−10,064**	**3,692**	**1,343,843**	**1,247,007**
(thereof associated company)			(226)							
(thereof joint venture)			(2,564)							
(thereof consolidation)							(−32,645)	(−31,625)		
Allocation to balance sheet total									141,229	148,017
Total assets									**1,485,072**	**1,395,024**
Segment liabilities	**744,148**	**571,269**	**500,698**	**478,911**	**6,472**	**8,455**	**−6,231**	**−51,251**	**1,245,087**	**1,007,382**
(thereof consolidation)							(58,722)	(63,883)		
Allocation to balance sheet total									239,985	387,642
Total equity and liabilities									**1,485,072**	**1,395,024**
Investments	**18,072**	**29,883**	**9,135**	**11,170**	**0**	**0**	**234**	**171**	**27,441**	**41,224**

* Including discontinued operation

REVENUES BY PRODUCT RANGE

€ '000	Food / Non-food		Tobacco goods including packs for vending machines		Commissions on electronic value (e-va) / miscellaneous		Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	2,544,351	2,480,299	10,120,723	10,405,554	119,242	116,739	12,784,316	13,002,592

11 Financial risk and capital management

A key element in the business activities of the Group relates to the trade in tobacco products which leads to not insignificant stockpiling requirements. Furthermore, it is a key aim of the Group to have a fast and flexible approach to taking advantage of opportunities for making acquisitions and for integrating companies that have been taken over into the operating and financial structures of the Group. The function of financial and capital management is thus to make the necessary liquidity available, to optimise the high level of liquidity, of non-current and current financial liabilities and of the working capital, while at the same time minimising interest and currency risks. Financial and capital management is an element of the risk management of the Group.

In order to ensure adequate liquidity at any time, the Group has a strategy of taking out long-term loans to finance non-current assets. As at 31 December 2017, the Group has non-current financial liabilities due to shareholders and equity in the amount of €181,196 thousand – please refer to our comments under section 5.8. In addition, without the tranches already repaid, loans were taken out in the USA in 2007 and 2017 amounting to US$ 70,000 thousand and €100,000 thousand. This financing is partly linked with specific contractual conditions (financial covenants) where non-compliance can entail a premature right to serve notice of termination or request immediate repayment. Compliance with these covenants is continuously monitored by Lekkerland within the framework of operating business activities and also taken account of in planning. There were no indications of a potential risk arising from non-compliance with these financial covenants at the balance sheet date, and currently this is also the case.

Additionally, finance lease agreements for which there are liabilities amounting to €38,589 thousand as at 31 December 2017 – especially in relation to due dates and our comments can be seen under section 5.10.

The interest and currency risks arising from the loans were hedged with cross-currency swaps. The hedges contracted were fully effective. Interest and currency fluctuations from financial liabilities therefore exert no influence on the result. The interest / currency swaps are always reported under the primary underlying transactions so that no risks result from these financial instruments. There continues to be one raw materials derivative to provide protection against the market risk associated with diesel, which was concluded for the period from January 2017 to November 2018. The raw materials derivatives is a diesel swap. The swap was designated as a cash flow hedge.

The majority of the finance lease agreements have fixed interest rates so that no material risks arise from fluctuations in interest rates. Foreign currency risks in the financial area result from loans in foreign currencies which were issued in the course of internal Group financing to Group companies. These transactions are covered and designated as cash-flow hedges. Foreign currency risks arising from the conversion of financial statements from foreign Group companies to the Group currency are not hedged because they have no influence on the cash flow of the Group. These exchange differences are recognised in a separate reserve in “Non-current financial liabilities due to shareholders and equity” with no effect on profit or loss. There are no other material foreign currency risks in the Group.

Apart from cash and cash equivalents, the Group finance over the short term and cover in particular for supplier liabilities will be provided in future by credit lines with several independent principal banks amounting to €175,950 thousand. Cash pooling is operated internationally and is used to optimise internal Group financing. In particular, short-term credit lines meet the liquidity requirement for working capital as well as financing other short-term assets. In addition, working capital management is further optimised. The credit lines have flexible interest rates. For further details, please refer to our comments under section 5.10. The hypothetical complete use of credit lines and a hypothetical increase in the annual interest rate of 1% would result in additional expenditure of €1,759 thousand and a reduction in the annual interest rate of the same amount would lead to a corresponding reduction in expenses. The average amount for short-term financial funds recognised in the cash flow statement amounted to €110,605 thousand (previous year: €104,929 thousand) at 31 December 2017.

The Group is subject to risks from bad debts arising from operating business in particular relating to trade receivables and other current assets. Risks of bad debts are allowed for by means of special allowances and flat-rate special allowances. Outstanding debts are continuously monitored. Risks arising from bad debts have been covered by domestic trade insurance in Germany, Austria, in Switzerland, Belgium, Spain and in the Netherlands. Receivables from certain major customers, central payment facilities and minor receivables are not covered under the insurance. We see no receivable credit risk that is likely to lead to a significant influence on the financial position and financial performance.

12 Related party disclosures

Limited partners in Lekkerland AG & Co. KG are Austria Tabak GmbH, Vienna (Austria), Express SOW Holding GmbH & Co. KG, Mülheim / Ruhr; EXPRESS MITTE HOLDING GmbH & Co. KG, Elz; CGL Handel GmbH & Co. KG, Braak; TL Süd GmbH & Co. KG, Mögglingen; and EXPRESS NORD-WEST-HOLDING GmbH & Co. KG, Lotte, with a total contribution of €40,000 thousand. €63,452 thousand (previous year: €55,903 thousand) was distributed to the shareholders' liability accounts.

In addition, buildings are leased from the indirect and direct shareholders of Lekkerland AG & Co. KG and remuneration for activities is paid to them. The corresponding lease expenses amounted to €9,725 thousand for 2017 (previous year: €10,850 thousand). Furthermore, tobacco goods were purchased from these shareholders in the course of business activities of the Group. The associated purchases after deduction of tobacco tax amounted to some €247,529 thousand (previous year: €240,469 thousand) for 2017.

Furthermore, service expenses were incurred with the associated company amounting to €448 thousand (previous year: €488 thousand). Furthermore, revenues amounting to €8,863 thousand were recorded with the joint venture. At the year-end, trade receivables from the joint venture amounted to €626 thousand.

The sole fully liable shareholder of Lekkerland AG & Co. KG is Lekkerland AG, Ternitz (Austria), with a share capital of €400 thousand. The following were appointed as members of the Board of Management of Lekkerland AG, Ternitz (Austria) in the financial year 2017:

Patrick Steppe, (Chairman)
Chief Executive Officer, Stabroek (Belgium)

Dr Edgar C. Lange, Chief Financial Officer, Munich

Dr Jochen Großpietsch (from 23 October 2017),
Chief Supply Chain Officer, Cologne

Kay Schiebur (until 22 September 2017),
Chief Supply Chain Officer, Cologne

The compensation from Lekkerland AG & Co. KG to the active board members for the business year 2017 amounted to €2,812 thousand (previous year: €3,295 thousand) and to non-active board members €267 thousand (previous year: €0 thousand).

On the balance sheet date, pension provisions amounting to €1,967 thousand (previous year: €2,040 thousand) existed for former members of the Board of Management. Pension payments in the amount of €188 thousand (previous year: €192 thousand) were made to former members of the Board of Management.

Lekkerland AG & Co. KG has a Supervisory Board. The members of the Supervisory Board received no remuneration as in the previous year.

The Supervisory Board consists of the following members in the financial year 2017:

Lorenz Bresser (Chairman), Rottach-Egern
Hassan Ben Djemia, Herne
John Fales Eckerberg (until 15 June 2017), Geneva (Switzerland)
Peter Kilburg (from 1 May 2017), Trier
Eugen Kohm, Karlsruhe
Hanns-Joachim Pagel, Braak
Samuel Pelichet (until 1 May 2017), Geneva (Switzerland)
Stephan Rißmann (from 15 June 2017), Chambèsy (Switzerland)
Marc Rüede, Geneva (Switzerland)
Jörg Veil, Cologne

The Corporate Governance Report, which is based on the Lekkerland Corporate Governance Code drawn up on the basis of the German Corporate Governance Code, was made voluntarily by the Board of Management and the Supervisory Board in accordance with the declaration of compliance prescribed for joint-stock companies pursuant to section 161 Stock Corporation Act (Aktiengesetz) and was made publicly accessible at the Internet address http://www.lekkerland.com.

13 Events after the balance sheet date

Subsequent to the finish of the financial year, no events of particular importance occurred with an impact on the presentation of a true and fair view of the actual relationships of the business performance, the business result, the position and the likely development of the Group.

Frechen, 29 March 2018

Lekkerland AG, Ternitz (Austria)

Patrick Steppe Dr Edgar C. Lange Dr Jochen Großpietsch