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

Condensed consolidated interim financial statements for the 6 months ended 31 March 2015 (unaudited)

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Operating and financial review

Overview of the business

Selecta is the leading independent operator of vending machines in Europe by revenue, with operations in 21 countries across Europe and leading market shares in its key markets of Switzerland, Sweden and France. We operate a network of approximately 144'000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services ("OCS"), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high traffic public locations, such as airports, train and subway stations and gas stations, where our longer term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

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

We operate our vending machine network primarily under the "Selecta" brand. We are the overall market leader by revenue in the European vending market, with an estimated market share of approximately 7% based on market size data from the European Vending Association for 2012 and our own estimates.

Presentation of financial information

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

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

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

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

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

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

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

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

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

Operating review

Sales in the three months ended 31 March 2015 were 2.6% ahead of last year due to the translation impact arising from the appreciation of the Swiss Franc and the British Pound against the Euro in the quarter, partially offset by the weakening of the Swedish Krona against the Euro. Excluding these translation impacts, sales were 2.1% lower than last year.

The like-for-like sales decline at constant foreign currency[1] rates was driven by the negative trend in public vending in France, in particular the railway and metro business, as well as same machine sales[2] which continue to run at an average of -3% across the Group. Year to date sales are 1.4% ahead of last year, -1.2% behind on a constant foreign currency[1] basis.

At 31 March 2015 the Group has 346 Starbucks on the go installations, of which 233 are installed in Business and Industry. The expansion of the contract into semi-public areas has enabled the acceleration of the pace of rollout, in particular in petrol and convenience retail sectors.

79 Starbucks on the go machines have now been installed in petrol stations. 55 of these are at Eurogarages sites in the UK, representing the first wave of installations with approximately 180 further machines to be installed by 31 December 2015. The 19 trial machines installed at Shell sites in the Netherlands continue to deliver strong sales uplift in line with expectations, whilst 5 trial machines have now been installed at Total stations in France.

In the convenience retail sector the Group has initiated trials at Valora stores in Switzerland (13 machines) and more recently at Relay stores in France (5 machines). In addition the Group now has 21 Starbucks on the go installations in hospitals and universities.

Whilst the Group's new machine generations are continuing to drive new business growth and provide sales uplift on reinvestments, initial technical problems have impacted the pace of growth. Technical problems with the Ferrara table top coffee machine have now been resolved through the replacement of a faulty hydraulic module in some batches. Quality of the new Move snack and cold drink machine for public vending has improved significantly in the latest batches received, such that the roll out plan of 88 machines per month has now started. The sales uplift of 4-5% in stations where the Move machine has been implemented is therefore below expectations as a result of the technical issues experienced. The Mirante free standing coffee machine has also shown a positive impact on throughput on the 500 machines installed to date, despite also experiencing early technical problems.

Adjusted EBITDA in the quarter was € 2.1 million, or 7.0%, lower than last year due to investment in the sales force to drive the group's sales force effectiveness program plus additional costs associated with the implementation of client gains and costs incurred in relation to the new machine rollout driving higher personnel expenses and logistic costs. In addition profit on sale of assets was € 0.6m lower in current year than previous year.

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78
[2] Same machine sales excludes the impact of reinvestments at existing client sites

Financial review

Financial summary

	3 months ended			Year to date		
	March 15 €m	**March 14 €m**	**Change %**	**March 15 €m**	**March 14 €m**	**Change %**
Revenue	176.6	172.2	2.6%	353.7	349.0	1.4%
Materials and consumables used	(55.1)	(53.6)	-2.8%	(111.3)	(109.7)	-1.5%
Gross profit	121.5	118.6	2.5%	242.4	239.3	1.3%
% margin	*68.8%*	*68.9%*	*-0.1 pts*	*68.5%*	*68.6%*	*-0.1 pts*
Employee benefits expense	(59.5)	(56.5)	-5.2%	(115.9)	(110.4)	-4.8%
Other operating expenses	(37.1)	(35.9)	-3.3%	(76.9)	(74.7)	-2.8%
EBITDA	25.0	26.2	-4.6%	49.6	54.1	-8.1%
% margin	*14.1%*	*15.3%*	*-1.2 pts*	*14.0%*	*15.5%*	*-1.5 pts*
Adjustments	2.4	3.3	-26.5%	4.4	6.2	-29.8%
Adjusted EBITDA	27.4	29.5	-7.0%	54.0	60.3	-10.4%
% margin	*15.5%*	*17.1%*	*-1.6 pts*	*15.3%*	*17.3%*	*-2.0 pts*
Depreciation & amortisation	(21.7)	(21.2)	-2.2%	(42.6)	(42.6)	0.0%
% revenue	*-12.3%*	*-12.3%*	*0.0 pts*	*-12.1%%*	*-12.2%*	*0.1 pts*

Revenue

Revenue increased by 2.6% in the 3 months ended 31 March 2015 to € 176.6 million compared to prior year (2014: € 172.2 million) due to the impact of currency translation effects, in particular due to the appreciation of the Swiss Franc and the British Pound against the Euro. At constant foreign currency[1] rates sales were 2.1% below prior year.

The following table sets out the revenue development by region in the 3 months ended and year to date 31 March 2015 and 2014.

	3 months ended			Year to date		
	March 15 €m	**March 14 €m**	**Change %**	**March 15 €m**	**March 14 €m**	**Change %**
France	42.0	44.5	-5.6%	86.8	92.6	-6.2%
West	25.2	25.0	0.8%	51.3	50.7	1.1%
Central	76.8	70.2	9.4%	151.5	142.8	6.1%
North	32.6	32.5	0.3%	64.2	63.0	2.0%
Inter-company eliminations	(0.0)	(0.0)		(0.1)	(0.0)	
Group	**176.6**	**172.2**	**2.6%**	**353.7**	**349.0**	**1.4%**

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78

France

Revenue decreased by 5.6% in the 3 months ended 31 March 2015 to € 42.0 million compared to prior year (2014: € 44.5 million). Public vending sales were weak due to ongoing station works impacting SNCF and Metro stations, machine ageing and increased competition from other sales points. Private vending sales have stabilised with the installation of new contract gains.

West

Revenue of € 25.2 million in the 3 months ended 31 March 2015 was 0.8% higher than last year (2014: € 25.0 million) due to translation impacts from the strong GBP. At constant foreign currency[1] rates sales were 6.8% below last year due to weak same machine sales[2] and increased churn of clients in the UK. Installations of the first wave of Starbucks on the go machines at Eurogarages in the UK has been completed (55 machines) whilst the ongoing Starbucks trial with Shell in Netherlands continues to deliver positive results.

Central

Revenue increased by 9.4% to € 76.9 million in the 3 months ended 31 March 2015 compared to prior year (2014: € 70.3 million) due to translation impacts from the strong CHF. At constant foreign currency[1] rates sales were 1.2% down on last year with strong new business gains in Switzerland offset by continued weak same machine sales[2]. Germany has continued to stabilise whilst Spain contributed € 0.2 million growth based on the implementation of new contract gains.

North

Revenue increased by 0.3% to € 32.6 million in the 3 months ended 31 March 2015 compared to prior year (2014: € 32.5 million) with the continued growth offset by translation impacts from the SEK depreciation. At constant foreign currency[1] rates sales were 4.5% above last year last year driven by the continued impact of the rollout of the new Ferrara machines and coffee price increases

Gross profit

Gross profit increased by 2.5% to € 121.5 million in the 3 months ended 31 March 2015 compared to prior year (2014: € 118.5 million) due to translations impacts arising from the appreciation of the Swiss Franc and British Pound partially offset by the weakening of the Swedish Krona. At constant foreign currency[1] rates gross profit was 2.5% below last year due to the lower sales base. Gross profit margin decreased slightly by 0.1% point to 68.8% in the 3 months ended 31 March 2015 (2014: 68.9%).

Employee benefits expense

Employee benefits expense of € 59.5 million in the 3 months ended 31 March 2015 was € 3.0 million, or 5.2% higher than prior year (2014: € 56.5 million) mainly driven by foreign currency translation impacts. At constant foreign currency[1] rates employee benefits expense was € 0.3 million, or 0.5% lower than last year.

At 31 March 2015 the Group had 4'421 FTE's, 6 less than at 31 March 2014 (4'427).

Other operating expenses

Other operating expenses increased by € 1.2 million, or 3.3%, to € 37.1 million in the 3 months ended 31 March 2015 (2014: € 35.9 million). At constant foreign currency[1] rates other operating expenses were € 0.3 million, or 0.8% lower than last year despite higher logistics costs associated with the rollout of the Group's new machine generation.

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78

[2] Same machine sales excludes the impact of reinvestments at existing client sites

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expense increased by 2.2% to € 21.7 million in the 3 months ended 31 March 2015 (2014: € 21.2 million). At constant foreign currency[1] rates depreciation, amortisation and impairment expense were € 0.3 million, or 1.6% lower than last year.

Adjustments

Adjustments in respect of one off items were € 2.4 million in the 3 months ended 31 March 2015, 26.5% lower than in prior year (2014: € 3.3 million). Adjustments consisted of € 1.6 million in respect of project costs, including the one-time costs associated with the Group's sales force effectiveness programme and the one-time costs of establishing a Project Management Office for the Group, as well € 0.8 million in restructuring costs, primarily in France.

Adjusted EBITDA

Adjusted EBITDA decreased by 7.0% in the 3 months ended 31 March 2015 to € 27.4 million compared to prior year (2014: € 29.5 million). At constant foreign currency[1] rates adjusted EBITDA was 13.2% below prior year.

The following table sets out the adjusted EBITDA by region in the 3 months ended and year to date 31 March 2015 and 2014:

	3 months ended			Year to date		
	March 15 €m	March 14 €m	Change %	March 15 €m	March 14 €m	Change %
France	1.7	4.4	-60.2%	6.0	11.1	-45.7%
West	1.9	2.3	-16.4%	3.9	4.5	-12.9%
Central	20.1	18.8	6.7%	38.3	37.0	3.6%
North	7.5	7.9	-4.4%	13.5	14.7	-8.1%
HQ	(3.8)	(3.8)		(7.7)	(7.0)	
Group	**27.4**	**29.5**	**-7.0%**	**54.0**	**60.3**	**-10.4%**

France

Adjusted EBITDA of € 1.7 million in the 3 months ended 31 March 2015 was € 2.6 million, or 60.2%, below last year (2014: € 4.4 million), driven by the gross margin impact of the lower sales base (€ 1.4 million) and € 0.8 million lower profit on sale of assets. Personnel costs are in line with prior year as savings from reductions of operational and administrative FTE's have been reinvested in the sales force and in technicians to roll out the Move machine as well as new client gains.

West

Adjusted EBITDA of € 1.9 million in the 3 months ended 31 March 2015 was € 0.4 million, or 16.4%, below prior year (2014: € 2.3 million). At constant[1] currency rates adjusted EBITDA was € 0.5 million, or 22.5%, below due to the gross profit impact of the sales shortfall (€ 0.8 million) partially offset by personnel cost savings (€ 0.4 million).

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78

Central

Adjusted EBITDA of € 20.1 million in the 3 months ended 31 March 2015 was € 1.3 million, or 6.7%, higher than prior year (2014: € 18.8 million) due to translation impacts from the appreciation of the Swiss Franc. At constant[1] foreign currency rates EBITDA was € 1.1 million, or 5.8%, below last year due to Switzerland (€ 1.5 million below last year as a result of the sales shortfall and sales mix resulting in lower gross margin) offset by EBITDA improvement in Germany (€ 0.3 million higher than last year) and Spain (€ 0.1 million higher than last year).

North

Adjusted EBITDA of € 7.5 million in the 3 months ended 31 March 2015 was € 0.3 million, or 4.4%, below prior year (2014: € 7.9 million). At constant[1] foreign currency rates EBITDA was flat against last year despite the higher sales, due to lower gross margin as a result of the part of coffee price increases in the earlier part of the year which could not be passed on to customers, as well as € 1.0 million of exceptional logistics and technical costs associated with the rollout of the Ferrara machine.

Cash flow

	3 months ended			Year to date		
	March 15 €m	**March 14 €m**	**Change %**	**March 15 €m**	**March 14 €m**	**Change %**
Net cash generated from operating activities	30.2	24.7	22.0%	20.5	39.1	-47.6%
Net cash used in investing activities	(20.2)	(11.4)	-76.2%	(37.8)	(21.7)	-74.0%
Free cash flow	**10.0**	**13.3**	**-24.7%**	**(17.3)**	**17.3**	**-199.3%**
Proceeds from / repayment of borrowings	(14.7)	(8.8)		14.4	(8.1)	
Interest paid	(0.6)	(9.4)		(18.6)	(13.8)	
Other	(1.9)	(0.1)		(2.9)	-	
Net cash used in financing activities	**(17.2)**	**(18.3)**		**(7.1)**	**(21.9)**	
Net change in cash and cash equivalents	**(7.2)**	**(5.0)**		**(24.4)**	**(4.5)**	

Net cash generated from operating activities of € 30.2 million in the 3 months ended 31 March 2015 was € 5.5 million, or 22.0%, higher than last year (2014: € 24.7 million) driven by changes in working capital in the quarter.

Net cash used in investing activities increased by € 8.8 million, or 76.2%, to € 20.2 million in the 3 months ended 31 March 2015 (2014: € 11.4 million). Net capital expenditure increased by € 8.4 million, or 77.1%, to € 19.2 million (2014: € 10.8 million) reflecting the continued increased investment the Group has been making, primarily consisting of investment in vending equipment including further Starbucks on the go installations, roll out of the Group's new machine generations, and new client gains. Cash received from disposals decreased by € 0.6 million, or 25.0%, to € 1.9 million (2014: € 2.5 million) as a result of lower asset sales in the quarter.

Therefore free cash flow in the 3 months ended 31 March 2015 was € 10.0 million, € 3.3 million or 24.7%, below last year (2014: € 13.3 million).

Net cash used in financing activities of € 17.2 million in the 3 months ended 31 March 2015 consists primarily of € 14.7m repayments of the Group's revolving credit facility in the quarter.

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78

Net debt

The following table sets out the group's net debt[2] at 31 March 2015.

	March 15 €m	Sep 14 €m	Change €m
Cash at bank	**23.0**	**45.4**	**(22.4)**
Revolving credit facility	16.8	-	16.8
Senior notes	584.9	553.0	31.9
PIK loan	233.8	220.7	13.1
Accrued interest	18.2	16.7	1.5
Finance leases	16.1	15.8	0.3
Total debt	**869.8**	**806.2**	**63.6**
Net debt	**846.8**	**760.8**	**86.0**

Cash at bank decreased by € 22.4 million to € 23.0 million at 31 March 2015 (30 September 2014: € 45.4 million) due primarily to payment of the interest for the 6 months ended 15 December 2014 of € 17.5 million on the Group's senior secured notes as well as the increased capital expenditure investments the Group is making.

The amounts outstanding under the Group's revolving credit facility increased by € 16.8 million to € 16.8 million at 31 March 2015 (30 September 2014: zero) as a result of drawings made under the facility to finance the Group's capital expenditure and short term working capital timing differences.

The amounts outstanding on the senior notes increased by € 31.9 million to € 584.9 million at 31 March 2015 (30 September 2014: € 553.0 million) due entirely to translation effects arising from the appreciation of the Swiss Franc. € 245 million of the Group's senior notes have been issued in Swiss Francs.

The amounts outstanding on the PIK loan increased by € 13.1 million to € 233.8 million at 31 March 2015 (30 September 2014: € 220.7 million) due to the capitalisation of the PIK interest for the 6 months ended 15 December 2014 of € 13.1 million.

Accrued interest increased by € 1.5 million to € 18.2 million at 31 March 2015 (30 September 2014: € 16.7 million) representing unpaid interest on the senior secured notes, due on 15 June 2015, and on the PIK loan.

As a result net debt increased by € 86.0 million to € 846.8 million at 31 March 2015 (30 September 2014: € 760.8 million).

Other material developments

There have been no other material developments in respect of the Group in the 3 months ended 31 March 2015 or since this date and up to the date of approval of these condensed consolidated interim financial statements.

[1] Constant foreign currency rates based on 30 September 2014 as follows: CHF/EUR 1.21; SEK/EUR 9.11; GBP/EUR 0.78
[2] The above definition of debt is different to the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred

Condensed consolidated interim financial statements

Consolidated statement of profit or loss

	Notes	*6 months ended 31 March 2015 € (000's)*	*6 months ended 31 March 2014 € (000's)*
Revenue	6	353'724	349'006
Materials and consumables used		(111'333)	(109'663)
Employee benefits expense		(115'856)	(110'350)
Depreciation, amortisation and impairment expense		(42'634)	(42'647)
Other operating expenses		(82'703)	(83'790)
Other operating income		5'849	9'056
Profit before interest and income tax		**7'047**	**11'612**
Finance costs	7	(8'429)	(15'711)
Finance income		57	72
Loss before income tax		**(1'325)**	**(4'027)**
Income taxes		(755)	(685)
Net profit/(loss) for the period attributable to equity holders of the parent		**(2'080)**	**(4'712)**

Consolidated statement of comprehensive income

	6 months ended 31 March 2015 € (000's)	*6 months ended 31 March 2014 € (000's)*
Net profit (loss) for the period	**(2'080)**	**(4'712)**
Items that will not be reclassified to the consolidated statement of profit or loss		
Remeasurement gain on post-employment benefit obligations	(18'277)	1'001
Income tax relating to remeasurement gain on post-employment benefit obligations	4'843	(265)
	(13'434)	**736**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss		
Effective portion of changes in fair value of cash flow hedges	(3'249)	-
Income tax relating to effective portion of changes in fair value of cash flow hedges	861	-
Foreign exchange translation differences for foreign operations	(63'661)	899
	(66'049)	**899**
Other comprehensive income net of tax	**(79'483)**	**1'635**
Total comprehensive income attributable to equity holders of the parent	**(81'563)**	**(3'077)**

Consolidated balance sheet

	Notes	31 March 2015 € (000's)	30 September 2014 € (000's)
Assets			
Non-current assets			
Property, plant and equipment	8	183'628	168'925
Goodwill	9	483'128	483'128
Trademarks	10	286'301	286'301
Customer contracts	10	171'984	182'655
Other intangible assets	10	9'710	7'812
Deferred income tax assets		12'471	8'450
Derivative financial instruments	13	252	-
Non-current financial assets		2'524	2'563
Total non-current assets		**1'149'998**	**1'139'834**
Current assets			
Inventories		44'862	38'960
Trade receivables		43'040	38'522
Other current assets		33'535	35'409
Cash and cash equivalents		28'707	50'758
Total current assets		**150'144**	**163'649**
Total assets		**1'300'142**	**1'303'483**
Equity and liabilities			
Equity			
Share capital	12	187	187
Share premium	12	279'191	279'191
Additional paid-in capital	12	220'529	220'529
Currency translation reserve	12	(147'966)	(84'305)
Hedging reserve	12	(3'074)	(686)
Retained earnings	12	(231'169)	(215'655)
Equity attributable to equity holders of the parent		**117'698**	**199'261**
Non-current liabilities			
Borrowings	11	814'136	751'623
Derivative financial instruments	13	16'389	2'308
Non-current finance lease liabilities		8'292	11'116
Post-employment benefit obligations		31'824	10'694
Provisions		6'656	6'639
Deferred income tax liabilities		129'760	132'142
Total non-current liabilities		**1'007'057**	**914'522**
Current liabilities			
Borrowings	11	-	-
Derivative financial instruments	13	1'932	1'993
Current finance lease liabilities		7'777	4'206
Trade payables		83'712	98'112
Provisions		753	1'146
Current income tax liabilities		2'568	3'967
Other current liabilities		78'645	80'276
Total current liabilities		**175'387**	**189'700**
Total liabilities		**1'182'444**	**1'104'222**
Total equity and liabilities		**1'300'142**	**1'303'483**

Statement of changes in consolidated equity

	Share capital *€ (000's)*	***Share premium*** *€ (000's)*	***Additional paid-in capital*** *€ (000's)*	***Currency translation reserve*** *€ (000's)*	***Hedging reserve*** *€ (000's)*	***Retained earnings*** *€ (000's)*	***Equity attribut-able to equity holders of the parent*** *€ (000's)*
Balance at 1 October 2013	**187**	**278'457**	**220'529**	**(86'659)**	**-**	**(195'701)**	**216'813**
Other comprehensive income	-	-	-	2'354	(686)	3'368	5'036
Net profit/(loss)	-	-	-	-	-	(23'322)	(23'322)
Total comprehensive income	-	-	-	*2'354*	*(686)*	*(19'954)*	*(18'286)*
Capital contribution	-	*734*	-	-	-	-	*734*
Balance at 30 September 2014	**187**	**279'191**	**220'529**	**(84'305)**	**(686)**	**(215'655)**	**199'261**
Other comprehensive income	-	-	-	(63'661)	(2'388)	(13'434)	(79'483)
Net profit/(loss)	-	-	-	-	-	(2'080)	(2'080)
Total comprehensive income	-	-	-	(63'661)	(2'388)	(15'514)	(81'563)
Balance at 31 March 2015	**187**	**279'191**	**220'529**	**(147'966)**	**(3'074)**	**(231'169)**	**117'698**

Consolidated cash flow statement

	Notes	*6 months ended 31 March 2015 € (000's)*	*6 months ended 31 March 2014 € (000's)*
Cash flows from operating activities			
Net loss before income tax		(1'325)	(4'027)
Depreciation, amortization and impairment expense		42'634	42'647
Gain on disposal of property, plant and equipment, net		(1'172)	(2'594)
Net finance costs		8'372	15'761
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
(Increase)/Decrease in inventories		(3'766)	(3'430)
(Increase)/Decrease in trade receivables		(3'258)	(4'934)
(Increase)/Decrease in other current assets		3747	2'187
Increase/(Decrease) in trade payables		(16'061)	3'647
Increase/(Decrease) in other liabilities		(5'605)	(6'447)
Income taxes (paid)/received		(3'037)	(3'734)
Net cash generated from/(used in) operating activities		**20'529**	**39'076**
Cash flows from investing activities			
Purchases of property, plant and equipment		(37'775)	(25'263)
Proceeds from sale of property, plant and equipment		2'988	4'586
Purchases of intangible assets		(3'082)	(1'123)
Interest received		57	72
Net cash used in investing activities		**(37'812)**	**(21'728)**
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings	11	14'390	-
Repayments of borrowings	11	-	(8'100)
Interest paid		(18'638)	(13'808)
Other non-cash items		(2'853)	-
Net cash generated from/(used in) financing activities		**(7'102)**	**(21'908)**
Net increase/(decrease) in cash and cash equivalents		**(24'385)**	**(4'560)**
Cash and cash equivalents at the beginning of the period		50'758	95'498
Exchange gains/(losses) on cash and cash equivalents		2'334	52
Cash and cash equivalents at the end of the period		**28'707**	**90'990**

Notes to the condensed consolidated interim financial statements

1. General Information

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

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2014.

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2014.

3. Summary of significant accounting policies

3.1. Accounting policies

The accounting policies adopted in the interim period are consistent with those in the previous financial year as disclosed in the financial statements for the year ended 30 September 2014, except for those accounting policies which have changed as a result of the issuance of new or revised standards and interpretations as disclosed in note 3.2 below.

3.2. New and revised/amended standards and interpretations

The Group has applied the following new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS) as from 1 October 2014.

	Effective date	***Planned application by Selecta Group B.V.***
New Standards or Interpretations		
IFRIC 21 Levies	1 January 2014	Reporting year 2014/15
Revisions and amendments of Standards and Interpretations		
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	Reporting year 2014/15
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014	Reporting year 2014/15
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014	Reporting year 2014/15
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	Reporting year 2014/15
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	Reporting year 2014/15
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	Reporting year 2014/15

3.3. Foreign exchange rates

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

		31 March 2015	
		Balance sheet	*Income statement*
Czech Koruna	CZK	27.53	27.65
Danish Krone	DKK	7.47	7.45
Great Britain Pound	GBP	0.73	0.76
Hungarian Forint	HUF	299.43	307.29
Norwegian Kroner	NOK	8.70	8.71
Swedish Krona	SEK	9.29	9.33
Swiss Franc	CHF	1.05	1.13

3.4. Statement of seasonality of operations

Whilst the business of Selecta fluctuates from month to month, the impact between the first nine months and the remaining three months is limited, and in addition seasonal fluctuations across the months offset each other to a certain degree at group level.

4. Use of estimates and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2014.

5. Segmental reporting

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

Region France: includes operating entities in France.

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

Region Central: includes operating entities in Switzerland, Germany, Spain, Austria, Czech Republic, Slovakia and Hungary.

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

In addition to the segments identified above, the Group reports separately on its Headquarters (HQ), which includes corporate centre functions in Switzerland and in the Netherlands.

The operating results, earnings before interest, tax, depreciation and amortisation (EBITDA), of each reportable segment are regularly reviewed by the Chief Executive Officer, as the Group's Chief Operating Decision Maker, to assess performance and to determine how resources should be distributed.

Result for the 6 months ended 31 March 2015

	France € *(000's)*	**West** € *(000's)*	**Central** € *(000's)*	**North** € *(000's)*	**Total segments** € *(000's)*	**HQ** € *(000's)*	**IC elimin-ations** € *(000's)*	**Total Group** € *(000's)*
External revenue	86'809	51'258	151'520	64'229	**353'816**	-	(92)	**353'724**
Profit before interest, tax, depreciation and amortisation (EBITDA)	**4'430**	**3'587**	**38'187**	**13'154**	**59'358**	**(9'677)**	**-**	**49'681**
Depreciation and amortisation	(6'215)	(4'897)	(12'904)	(6'428)	**(30'444)**	(12'190)	-	**(42'634)**
Impairment expense	-	-	-	-	**-**	-	-	**-**
Profit before interest and income tax								**7'047**
Finance costs and finance income, net								**(8'372)**
Loss before income tax								**(1'325)**

Result for the 6 months ended 31 March 2014

	France € *(000's)*	**West** € *(000's)*	**Central** € *(000's)*	**North** € *(000's)*	**Total segments** € *(000's)*	**HQ** € *(000's)*	**IC elimin-ations** € *(000's)*	**Total Group** € *(000's)*
External revenue	92'584	50'693	142'801	62'984	**349'062**	19	(75)	**349'006**
Profit before interest, tax, depreciation and amortisation (EBITDA)	**9'446**	**3'790**	**36'298**	**13'771**	**63'305**	**(9'047)**	**-**	**54'258**
Depreciation and amortisation	(6'812)	(4'874)	(12'716)	(6'201)	**(30'603)**	(12'044)	-	**(42'647)**
Impairment expense	-	-	-	-	**-**	-	-	**-**
Profit before interest and income tax								**11'612**
Finance costs and finance income, net								**(15'639)**
Loss before income tax								**(4'027)**

There is no material revenue earned between the operating segments.

In addition, net revenues and non-current assets other than financial instruments and deferred tax assets are allocated according to the registered office of the related Group company as follows:

	Net revenue		*Non-current assets excluding deferred tax assets*	
	6 months ended 31 March 2015 € (000's)	*6 months ended 31 March 2014 € (000's)*	*31 March 2015 € (000's)*	*30 September 2014 € (000's)*
Switzerland	108'283	100'203	778'689	672'282
France	86'809	92'584	47'472	41'481
Sweden	49'817	48'978	46'192	45'739
UK	35'959	35'033	16'856	16'870
Germany	20'946	20'823	8'741	9'133
Netherlands	12'608	12'814	4'277	4'824
All other countries	39'302	38'571	37'596	40'248
Not allocated			197'452	300'807
Total	**353'724**	**349'006**	**1'137'275**	**1'131'384**

6. Revenue

	6 months ended 31 March 2015 € (000's)	*6 months ended 31 March 2014 € (000's)*
Revenue from publicly accessible points of sale	70'648	72'163
Revenue from privately placed points of sale	242'645	235'295
Revenue from trade sales of machines and products	25'347	26'693
Other revenue	15'084	14'855
Total revenue	**353'724**	**349'006**

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

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

7. Finance costs

	6 months ended 31 March 2015 € (000's)	*6 months ended 31 March 2014 € (000's)*
Interest on borrowings	(34'989)	(15'358)
Finance lease interest	(306)	(205)
Change in fair value of derivative financial instruments	(9'552)	-
Foreign exchange gain/(loss) (net)	36'418	(148)
Total finance costs	**(8'429)**	**(15'711)**

8. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 6 months ended 31 March 2015 amount to € 38.4 million.

Net book values of disposals of property, plant and equipment in the 6 months ended 31 March 2015 amount to € 22.6 million.

As at 31 March 2015 commitments in respect of capital expenditure amounted to € nil (30 September 2014: € 19.0 million).

9. Goodwill

	31 March 2015 € (000's)	*30 September 2014 € (000's)*
Goodwill	**483'128**	**483'128**

During the financial year ended 30 September 2014 the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

In respect of the 6 months ended 31 March 2015 management has reviewed whether there are any indications of impairment which would trigger the requirement to perform an impairment test at 31 March 2015 and concluded that there are no such indications of impairment.

10. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

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

During the financial year ended 30 September 2014 the carrying value of the trademark has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

In respect of the 6 months ended 31 March 2015 management has reviewed whether there are any indications of impairment which would trigger the requirement to perform an impairment test at 31 March 2015 and concluded that there are no such indications of impairment.

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

11. Borrowings

	31 March 2015 € (000's)	*30 September 2014 € (000's)*
Borrowings at amortised cost	584'486	535'013
Loans due to parent undertaking at amortised cost	229'650	216'610
Total borrowings	**814'136**	**751'623**

The maturity of borrowings is as follows:

	31 March 2015 € (000's)	*30 September 2014 € (000's)*
Less than one year	-	-
After one year but not more than five years	16'778	-
More than five years	797'358	751'623
Total borrowings	**814'136**	**751'623**

11.1. Total borrowings by currency

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

	31 March 2015			30 September 2014 (as restated)		
	€ million	*in %*	*Interest rate*	*€ million*	*in %*	*Interest rate*
EUR	602.9	71.6%	8.6%	577.4	74.0%	8.6%
CHF	239.6	28.4%	6.4%	203.0	26.0%	6.5%
GBP	-			-	-	-
SEK	-			-	-	-
Total	**842.5**	**100%**	**8.0%**	**780.4**	**100%**	**8.0%**

The amounts shown above excluded unamortised borrowing costs.

11.2. Rate structure of borrowings

	31 March 2015 € million	*30 September 2014 € million*
Total borrowings at variable rates	16.8	-
Total borrowings at fixed rates	797.4	751.6
Total	**814.1**	**751.6**

11.3. Details of borrowing facilities

In June 2014 the Group issued a € 350 million 6.5% senior secured note (ISIN: XS1078234686, XS1078234330) and a CHF 245 million 6.5% senior secured note (ISIN: XS1078234926, XS1078235147). The notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF market.

In addition the Group's parent undertaking, Selecta Group S.a.r.L. issued a PIK loan for € 220 million, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%

As part of the refinancing package the Group entered into a € 50 million super senior revolving credit facility. The amount drawn under this facility at 31 March 2015 is € 16.8 million (30 September 2014: nil).

The senior secured notes and the revolving credit facility are secured by first ranking security interests over all the issued share capital of certain Group companies (together the "Guarantors"), certain receivables and intercompany receivables of the Company and the Guarantors, including assignment of the PIK Proceeds Loan and certain bank accounts of the Company.

12. Equity

12.1. Share capital and share premium

The Group's share capital consists of 187'000 fully paid ordinary shares (30 September 2014: 187'000) with a nominal value of € 1 per share.

Fully paid ordinary shares carry one vote per share and a right to dividends.

12.2. Reserves

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

	Attributed to equity holders of the parent			
31 March 2015	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(63'661)			**(63'661)**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax		(13'434)		**(13'434)**
Effective portion of change in fair value of cash flow hedges, net of tax			(2'388)	**(2'388)**
Total other comprehensive income, net of tax	**(63'661)**	**(13'434)**	**(2'388)**	**(79'483)**

	Attributed to equity holders of the parent			
30 September 2014	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	2'354	-	-	**2'354**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	3'368	-	**3'368**
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	(686)	**(686)**
Total other comprehensive income, net of tax	**2'354**	**3'368**	**(686)**	**5'036**

Reserves arising from foreign currency translation adjustments comprise the differences from the foreign currency translation of the financial statements of subsidiaries from the functional currency into EURO.

Retained earnings include the accumulated net losses as well as the accumulated remeasurement gains and losses on post-employment benefit obligations, including any income taxes.

The hedging reserves comprise the effective portion of changes in the fair value of hedging instruments which were designated a cash flow hedges, included any related income taxes.

13. Financial instruments

13.1. Accounting classifications and fair values

At 31 March 2015

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps used for hedging	252	-	-	**252**	-	252	-	**252**
	252	**-**	**-**	**252**				
Financial assets not measured at fair value								
Trade receivables	-	43'040	-	**43'040**				
Non-current other financial assets	-	2'525	-	**2'525**				
Cash and cash equivalents	-	28'707	-	**28'707**				
Accrued income	-	22'576	-	**22'576**				
	-	**96'848**	**-**	**96'848**				
Financial liabilities measured at fair value								
Cross currency swaps used for hedging	(18'321)	-	-	**(18'321)**	-	(18'321)	-	**(18'321)**
	(18'321)	**-**	**-**	**(18'321)**				
Financial liabilities not measured at fair value								
Revolver credit facility	-	-	(16'778)	**(16'778)**	-	(16'778)	-	**(16'778)**
Secured loan notes	-	-	(567'708)	**(567'708)**	(592'909)	-	-	**(592'909)**
Loans due to parent undertaking	-	-	(229'650)	**(229'650)**	-	(229'650)	-	**(229'650)**
Finance lease liabilities	-	-	(16'069)	**(16'069)**	-	(16'069)	-	**(16'069)**
Trade payables	-	-	(83'712)	**(83'712)**				
	-	**-**	**(913'917)**	**(913'917)**				

At 30 September 2014

	Carrying amount				Fair value			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets not measured at fair value								
Trade receivables	-	38'522	-	**38'522**				
Non-current other financial assets	-	2'563	-	**2'563**				
Cash and cash equivalents	-	50'758	-	**50'758**				
Accrued income	-	20'185	-	**20'185**				
	-	**112'028**	**-**	**112'028**				
Financial liabilities measured at fair value								
Cross currency swaps used for hedging	(4'301)	-	-	**(4'301)**	-	(4'301)	-	**(4'301)**
	(4'301)	**-**	**-**	**(4'301)**				
Financial liabilities not measured at fair value								
Secured loan notes	-	-	(535'013)	**(535'013)**	(517'928)	-	-	**(517'928)**
Loans due to parent undertaking	-	-	(216'610)	**(216'610)**	-	(216'610)	-	**(216'610)**
Finance lease liabilities	-	-	(15'322)	**(15'322)**	-	(15'322)	-	**(15'322)**
Trade payables	-	-	(98'112)	**(98'112)**				
	-	**-**	**(865'057)**	**(865'057)**				

13.2. Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 fair values:

Financial instruments measured at fair value

	Valuation technique	*Significant unobservable inputs*
Cross currency swaps used for hedging	Periodic mid market values are based on observable inputs including foreign currency exchange rates and interest rates. A credit spread is added to the standard, risk-free discount curve, determined by comparing the composite yield of a basket of fixed-rate bonds issued by entities with similar credit characteristics to the Company, to the risk-free rate.	Not applicable

Financial instruments not measured at fair value

	Valuation technique	*Significant unobservable inputs*
Debt securities	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

13.3. Derivative financial instruments designated as cash flow hedges

The Group holds certain cross currency swaps in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments and borrowings. These cross currency swaps have been designated as cash flow hedges to the extent that they represent an effective accounting hedge.

At 31 March 2015 the derivative financial instruments had a negative fair value of € 18.1 million (30 September 2014: € -4.3 million). In the 6 months ended 31 March 2015 the negative change in fair value of the derivative financial instruments which was recorded in other comprehensive income was € 3.2 million (2014: € -0.7 million).

The following table shows the original trade date, maturity date, notional amounts and carrying amount of the cross currency swaps:

31 March 2015	*Original trade date*	*Maturity date*	*Notional amount € (000's)*	*Carrying amount € (000's)*
CHF / EUR cross currency swap	20 June 2014	15 June 2017	85'000	(17'037)
SEK / EUR cross currency swap	20 June 2014	15 June 2017	170'000	(1'032)

30 September 2014	*Original trade date*	*Maturity date*	*Notional amount € (000's)*	*Carrying amount € (000's)*
CHF / EUR cross currency swap	20 June 2014	15 June 2017	85'000	(1'198)
SEK / EUR cross currency swap	20 June 2014	15 June 2017	170'000	(3'103)

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

	Carrying amount € (000's)	*Total € (000's)*	*One year or less € (000's)*	*More than one year € (000's)*
31 March 2015				
Cross currency swaps used for hedging	(18'069)	(19'751)	(2'858)	(16'893)
30 September 2014				
Cross currency swaps used for hedging	(4'301)	(4'534)	(2'051)	(2'483)

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

	Carrying amount € (000's)	*Total € (000's)*	*One year or less € (000's)*	*More than one year € (000's)*
31 March 2015				
Cross currency swaps used for hedging	(18'069)	(19'751)	(2'858)	(16'893)
30 September 2014				
Cross currency swaps used for hedging	(4'301)	(4'534)	(2'051)	(2'483)

13.4. Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives master netting agreements under which, in the event of a default, the amounts owed by each counterparty at any given point in time are aggregated into a single net amount that is payable by one party to the other.

14. Acquisition and disposal of subsidiaries

During the 6 months ended 31 March 2015 there have not been any acquisitions or disposals of subsidiaries (2014: none).

15. Events after the balance sheet date

To the best of management's knowledge, no events have occurred between 31 March 2015 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the 6 months ended 31 March 2015 have been authorised by the Board of Directors on 18 May 2015.

Amsterdam, 18 May 2015

Dr. Rainer Husmann,
Member of the Supervisory Board

Joerg Spanier,
Member of the Supervisory Board

Mark Brown,
Member of the Supervisory Board

Remo Brunschwiler,
Member of the Management Board

Gary Hughes,
Member of the Management Board

Christian Zarnitz,
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Cornelis Bunschoten,
Member of the Management Board