LANGLEY

2016

Langley Holdings PLC Annual Report & Accounts 2016

langleyholdings.com

Contents

Group Profile

IFRS Annual Report and Accounts 2016

The Langley racing yacht *Gladiator* at Quantum, Key West, USA race week 2017. In common with Langley businesses, competitive sailing represents the very best technology in its field, attracts highly talented people and is conducted with the highest standards of integrity.

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Group

Langley Holdings PLC is a diverse, globally operating engineering group headquartered in the United Kingdom.

The group comprises 5 divisions, based principally in Germany, France and the United Kingdom, with a substantial presence in the United States and more than 80 subsidiaries worldwide. The group employs around 4,300 people.

Established in 1975 by the current Chairman and CEO, the Langley group is financially independent and remains under family ownership.

5 divisions

more than 80 subsidiaries

circa 4,300 employees

Manroland Sheetfed

manrolandsheetfed.com

Manroland Sheetfed is a leading producer of sheetfed offset litho printing presses. Founded in 1871, the company is a watchword for quality and reliability to printers worldwide.

Formerly part of the MAN group, Manroland Sheetfed GmbH became part of the Langley group in 2013. The company is headquartered and produces all of its iconic presses in Offenbach am Main, Germany.

Location: Germany	
Activity: Printing press builder	
Revenue 2016: €314.8m	
Employees: 1,562	

a watchword for quality and reliability to printers worldwide

Over the last five years, Manroland Sheetfed has installed around 500 'Roland' presses around the world, maintained an installed base of several thousands more and applied for 169 new patents.

Frankfurt's financial district by night, in the foreground the European Central Bank headquarters building – Piller protected.

LANGLEY

Piller

piller.com

Piller is Europe's leading producer of uninterruptable power supply (UPS) systems for high-end data centres. Piller also manufactures ground power systems for civil and military airports and on-board electrical systems for naval vessels.

The company was founded in 1909 and acquired by Langley from the German utility, RWE AG, in 2004. Piller is headquartered at Osterode am Harz, near Hanover, in Germany.

In 2016, Piller acquired the business and assets of Active Power Inc. the kinetic energy storage specialist.

Location: Germany

Activity: Power protection systems, airport ground power systems, naval military systems

Revenue 2016: €225.8m

Employees: 956

DRIVEN BY MOTION
ACTIVE POWER
A Division of Piller Power Systems Inc.

global leaders in mission critical power protection

ARO

arotechnologies.com

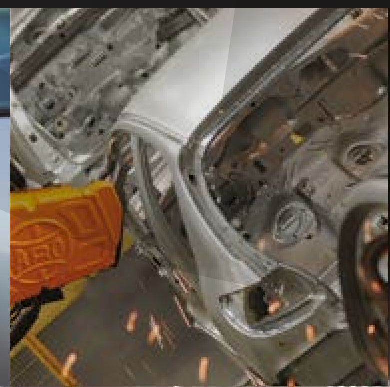
ARO is widely regarded as the world leader in resistance welding to the automotive industry.

The company was founded in 1949, becoming part of the German engineering group IWKA, before being acquired by Langley in 2006.

The ARO group is headquartered near Le Mans, in France. The company also produces in the US and China.

Location: France	
Activity: Welding technology	
Revenue 2016: €120.9m	
Employees: 531	

world leaders in automotive welding technology



Reduced new model development times, increasingly complex structures and the use of aluminium in car production to reduce weight have all led to strong demand for ARO's products.

Claudius Peters, our plant machinery specialist, produces equipment for cement plants like the one below.

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Claudius Peters

claudiuspeters.com

For more than a century Claudius Peters has produced innovative materials handling and processing systems for the global cement, gypsum, steel and alumina industries.

The company's aerospace division manufactures aircraft stringers, several kilometres are found in every Airbus built.

Established in 1906, Claudius Peters was a member of the British Babcock group from the mid 20th century. The company headquartered near Hamburg, was acquired by Langley in 2001.

Location: Germany

Activity: Plant machinery, aerospace components

Revenue 2016: €106.3m

Employees: 536

process technology for cement, gypsum, steel and alumina

Other Businesses

langleyholdings.com

Other businesses operating at locations in Germany, the UK and USA, are **DruckChemie**, the printing chemicals manufacturer, **Bradman Lake**, a producer of packaging machinery for the food industry and **Reader Cement Products**.

Other business units within the division include; **Clarke Chapman** specialist cranes consultants, **Oakdale Homes** the house builder and **JND Technologies** the rotary dryer producer.

Location: Germany, UK, USA & various.

Activity: Diverse capital equipment, Construction, Chemicals

Revenue 2016: €133.1m

Employees: 735

print chemicals • food packaging • specialist cranes • cement products • house building

Other Langley Holdings businesses comprise specialist chemical production, cement products as well as process and packaging machinery through to industrial cranes, dryers and house building.

DRUCKCHEMIE

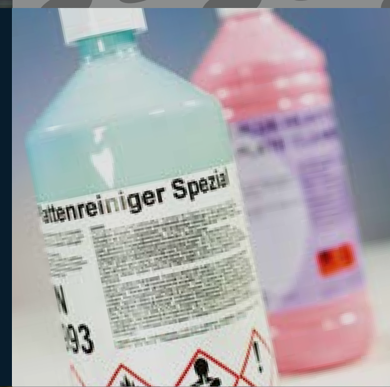
BRADMAN LAKE GROUP

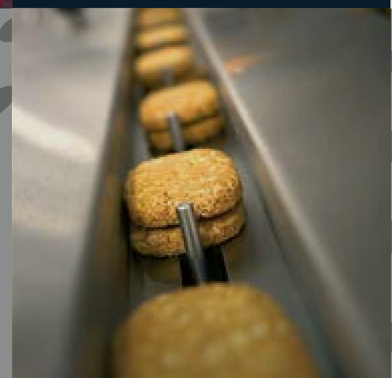
READER CEMENT PRODUCTS

CLARKE CHAPMAN GROUP

OAKDALE HOMES

JND TECHNOLOGIES





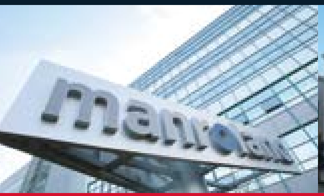
Global Locations

ARGENTINA BUENOS AIRES I **ASIA PACIFIC** SINGAPORE I **AUSTRALIA** SYDNEY I **AUSTRIA** WIENER NEUDORF I **BELGIUM** BRUSSELS, WEMMEL I **BRAZIL** SÃO PAULO I **BULGARIA** SOFIA I **CANADA** TORONTO I **CHILE** SANTIAGO I **CHINA** BEIJING, CHENGDU, GUANGZHOU, HONG KONG, SHANGHAI, SHENZHEN, WUHAN I **COLUMBIA** BOGOTA I **CROATIA** ZAGREB I **CZECH REPUBLIC** PRAGUE, KUŘIM I **DENMARK** BALLERUP I **FINLAND** VANTAA I **FRANCE** LE MANS, MULHOUSE, PARIS, SOPPE LE BAS I **GERMANY** FRANKFURT, HAMBURG, HANOVER, AUGSBURG, STUTTGART I **HUNGARY** BUDAPEST I **INDIA** MUMBAI **INDONESIA** JAKARTA I **IRELAND** DUBLIN I **ITALY** BERGAMO, MILAN I **JAPAN** SAITAMA I **MALAYSIA** SELANGOR I **MEXICO** PUEBL I **NETHERLANDS** AMSTERDAM, HELMOND I **PERU** LIMA I **POLAND** NADARZYN, GNIEZNO I **PORTUGAL** SINTRA I **ROMANIA** BUCHAREST, SIBIU I **RUSSIA** MOSCOW I **SLOVAKIA** BRATISLAVA I **SLOVENIA** LJUBLJANA I **SOUTH AFRICA** CAPE TOWN I **SPAIN** BARCELONA, MADRID I **SWEDEN** FJÄRÅS, TROLLHÄTTAN I **SWITZERLAND** KIRCHBERG, ROGGLISWIL I **TAIWAN** NEW TAIPEI CITY I **THAILAND** BANGKOK I **UNITED KINGDOM** VARIOUS LOCATIONS I **USA** DALLAS, DETROIT, NEW YORK, ROCK HILL (SOUTH CAROLINA), WESTMONT I **VENEZUELA** CARACAS

● Principal subsidiary locations

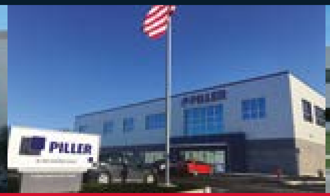
over 80 subsidiaries worldwide

Offenbach, Germany

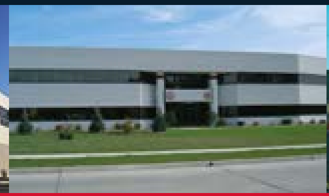


Dallas, USA

New York, USA



Detroit, USA



Le Mans, France

Hamburg, Germany

Mulhouse, France

Hanover, Germany

Stuttgart, Germany

Retford, UK

IFRS Annual Report and Accounts 2016

LANGLEY

Company Information

YEAR ENDED 31 DECEMBER 2016

DIRECTORS:	A J Langley – Chairman B J Langley B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITOR:	Nexia Smith & Williamson Chartered Accountants Statutory Auditor Portwall Place Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank PLC PO Box 3333 Snowhill Queensway Birmingham B4 6GN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

Key Highlights

YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016 €'000	Year ended 31 December 2015 €'000
REVENUE	900,925	874,506
OPERATING PROFIT	121,472	104,866
PROFIT BEFORE TAXATION	122,730	106,688
NET ASSETS	587,377	623,639
CASH AND CASH EQUIVALENTS	296,923	329,634
ORDERS ON HAND	288,589	301,221
	No.	**No.**
EMPLOYEES	4,320	4,266

Chairman's Review

YEAR ENDED 31 DECEMBER 2016

Pre-tax profits up 15% to €122.7m – a new record.

In the year to 31 December 2016 the group recorded revenues of €900.9 million (2015: €874.5 million) and generated an operating profit of €121.5 million (2015: €104.9 million), resulting in a profit before tax of €122.7 million (2015: €106.7 million). A shareholder dividend of €90.0 million was paid in April. The group has nil debt (2015: nil) and at year end the consolidated cash balance stood at €296.9 million (2015: €329.6 million). Orders on hand were €288.6 million (2015: €301.2 million) at the year end and the group's net assets, €587.4 million (2015: €623.6 million).

2016 saw profits before tax increase by 15%, when compared with 2015, to set a new record. Earnings from our businesses in the US accounted for approximately 20% of the group's profits before tax in 2016. The UK also accounted for about 20%, although only a quarter of that was derived from the UK based businesses, the majority coming from the UK subsidiaries of our German and French divisions. Earnings in other currencies accounted for some 15% of profits, but with 45%, euros remained the principal currency in which the group generated its profits and is the principal reason we report in euros.

BREXIT AND TRUMP

In 2016, much was made in the UK and Europe and beyond, of the UK's decision to leave the European Union (EU) and I am often asked how the so-called 'Brexit' will impact our businesses. Immediately following the Brexit decision in June, the value of sterling fell significantly against all major currencies and currently remains at relatively low levels, particularly so against the US dollar. This must be seen as good news for UK exporters, such as Bradman Lake. The other side of the equation of course is that a weaker pound will ultimately fuel inflation in the UK, as imported goods become more expensive in pound terms, but it is not so long ago that the pound / euro was last at the current level – and lower.

Although the majority of the group's UK profits arose from the UK subsidiaries of our German and French divisions, those businesses compete entirely with other EU based companies, so their relative competitiveness remains unchanged and I think it unlikely that the UK will impose import tariffs on the EU, post Brexit. Even if this did happen there are other more fundamental factors affecting investment decisions, not least business confidence and so far this has remained high in the UK since last June.

The other significant political event in 2016, the election of Donald Trump as 45th President of the United States of America, does have some potential to negatively impact our group's performance going forward, if protectionist rhetoric materialises in the form of trade barriers with the EU. Our US manufacturing operations would no doubt lessen any impact, and as the equipment manufactured by our European companies is market leading for technological reasons, I do expect our earnings in the US to remain reasonably robust in the Trump era.

NEW ACQUISITION

The group today is largely defined by a series of acquisitions completed over the previous fifteen years and since 2001 these have been focused on continental European capital equipment producers. In 2016 we widened the search for further potential targets to the US and in September agreed terms to acquire the business and assets of Active Power Inc, a NASDAQ listed company. This was the group's first transaction effectively taking over a listed company and was completed in November, following regulatory and shareholder approvals. Active Power operates in a similar, but essentially non-competing area, to our Piller division and has been merged into Piller's US subsidiary. Based in Austin, Texas, Active Power produces kinetic energy storage devices, an area with significant growth potential.

MANROLAND SHEETFED DIVISION

Revenue: €314.8m. (2015: €291.9m). Orders on hand: €52.8m. (2015: €79.5m).
Headquarters: Germany. Employees: 1,562.

February 2017 marks the fifth anniversary of our acquiring the sheetfed division of German printing press builder, Manroland AG, together with its worldwide network of more than forty sales and service subsidiaries. Much has been achieved under our stewardship and rather than commenting only on 2016, I would like to also reflect a little on the last five years:

During this period, the business has gone through a deep process of transformation, changing the company's structure, processes and, most importantly, its culture. None of the former Manroland AG board were retained and more than half of the managing directors of the forty-plus sales and service subsidiaries have been replaced. All committees, boards, working groups, steering meetings etc at the headquarters were eliminated on day one and substituted by direct responsibilities from department heads, thereby creating a more direct and streamlined decision making process. Satellite locations have been closed and sold off and production rationalised on to a single site. This has greatly improved efficiency and, although significant headcount reductions have been made, the training of apprentices and graduate intake has continued annually, steadily improving the age profile of the workforce.

Roland 700 *Evolution* – the business has installed around 500 presses since 2012.

During the last five years the business has installed around 500 'Roland' presses around the world, maintained an installed base of several thousands more and applied for 169 new patents. In November 2014 the company launched its next-generation printing press, the Roland 700 *Evolution*. Developed in just over two years, this was a record time for developing a new press and one previously thought impossible in the industry. The Roland 700 *Evolution* confounded those that said the company had ceased to develop new products and astonished pundits to become the most technologically advanced printing press in the world today, re-affirming Manroland's long-held reputation as the technology leader in offset litho printing.

During this transformation the division has consistently stood on its own feet, generating sufficient cash resources to not only fund the reorganisation of the business and develop new products, but also to do this without any further financial injection, either from Langley or external sources, and in the process, returning the group's initial outlay in its entirety.

The printing industry continues to face many challenges and in 2016 a slow-down in the Chinese market was high amongst them. Increasingly over previous years, China's economic expansion became a pillar upon which all press builders, Manroland included, had become dependent. The Chinese market has slowed in recent years and the slowdown increased further in 2016. In addition, the crisis in the Brazilian economy all but extinguished this emerging market. Other markets for new presses around the world, in some cases dormant for many years, picked up much of the slack and a remarkably strong performance from the company's US and Canadian subsidiaries, together with a very solid performance in Germany, meant that overall the division was profitable in 2016, as it has been in each of the five years under our stewardship.

PILLER DIVISION

Revenue: €225.8m (2015: €190.8m). Orders on hand: €112.7m. (2015: €100.5m).
Headquarters: Germany. Employees: 956.

Piller, our German producer of uninterruptible power supply (UPS) systems, principally for major data centers, was once again the strongest contributor to the group's result. The division, which also produces aircraft ground power equipment and naval military electrical systems, recorded its strongest year, not only since we acquired the business in 2004, but also in its more than 100 years history. Revenues climbed from €190.8 million in 2015 to €225.8 million in 2016 and profits increased accordingly. The division's production facilities in Osterode and Bilshausen were heavily loaded throughout the year. The Bilshausen factory, which received substantial investment a few years ago to increase its capacity for the assembly and test of the very largest UPS systems, fulfilled much of its potential in 2016.

Piller's largest markets, Europe and the USA, continued to see strong growth whereas Russia, the Middle East and Brazil languished. Piller UK did less well than previously, citing a slow down in IT investment in the banking sector, its traditional main-stay. However, Piller Australia had a remarkably strong year and the recently formed subsidiary in India, completed its first large-scale data center project.

The data center sector globally was at its most lively before the crash of 2008, with much of the activity focused on IT hosting and the Cloud. Over half of 2016 projects were in this area and there is some concern amongst Piller management that the sector may be heading towards a correction.

Towards the end of the year Piller acquired Active Power a producer of similar technology, which has an established outpost in China and going forward as part of the Piller group, the Chinese market will continue to be developed and serviced through this subsidiary.

Shanghai Stock Exchange: Piller protected.

Piller's successes to date have been without any material level of business from China, the UPS market there, being served mainly by local producers and relatively crude equipment. However, there is an increasing trend in China to invest in leading technology and in 2016 the company secured a cornerstone project to install its UPS technology at the Shanghai Stock Exchange, via its Piller Singapore subsidiary.

CHAIRMAN'S REVIEW (CONTINUED) YEAR ENDED 31 DECEMBER 2016

Data centers were Piller's main driver in 2016. Healthcare projects also featured: Karolinska in Stockholm is Europe's largest university hospital.

In March last year the division launched its new Critical Power Module product in the USA and Europe simultaneously at trade fairs in Las Vegas and Hannover. Healthcare projects also featured in 2016, with a major installation in Sweden, whilst ground power and naval military performed profitably in line with expectations.

In all it was a monumental year for Piller, but it is sensible to have concerns that the IT sector may be heading towards another Dot-Com style bubble. We acquired the loss making business in the aftermath of the last bubble burst and it took quite some reorganising to restore Piller to good health. However, the division today is not the same as then and much of Piller's success since 2004, is that it has not increased overhead costs unnecessarily as the business has expanded. From today's perspective, 2017 looks set to be another successful year, whether it is quite as monumental as 2016 remains to be seen, but if not, and a market correction does come, I am confident that the business would manage any slow down efficiently.

ARO DIVISION

Revenue: €120.9m. (2015: €127.3m). Orders on hand: €44.0m. (2015: €32.4m).
Headquarters: France. Employees: 531.

ARO is the leading producer of automotive welding equipment in Europe and the US. Based near Le Mans in France and Detroit in the US, this division also experienced another remarkably successful year in 2016, with both European and US automobile producers continuing to invest heavily in new production lines. ARO's presence in China also went from strength to strength and the factories in France, the US and China were all heavily loaded in 2016. Other ARO subsidiaries in Germany, Belgium, Slovakia, Spain and Mexico all contributed to the excellent division result, only ARO Brazil recording a small loss.

So far a downturn in demand for ARO's products has not yet materialised and the division has experienced strong demand for its technology since the early part of the decade. No doubt at some point the investment cycle will turn but there is an increasing trend amongst automobile manufacturers to shorten new model development times and, in striving to reduce vehicle weight, to design in more complex structural assemblies. Aluminium is also increasingly being used in the quest to reduce vehicle weight. Traditionally aluminium components are joined by riveting rather than welding, the metal being notoriously difficult to weld. ARO have been developing aluminium welding technology for several years and 2016 the process was used in full production.

During our tenure of ARO since 2007 this has all translated into strong demand for welding stations. If there is a downturn, ARO is structured such that capacity can be adjusted quickly and without major cost implications. In the meantime the business continues to enjoy remarkable success.

CLAUDIUS PETERS DIVISION

Revenue: €106.3m. (2015: €123.7m). Orders on hand: €50.3m (2015: €57.7m).
Headquarters: Germany. Employees: 536.

Claudius Peters, our German plant machinery specialist, performed profitably in line with expectations, albeit on a relatively low level of activity. The sectors in which it operates, principally cement, gypsum, steel and alumina, remain at a low point in their cycle and there is generally a dearth of capital investment in these sectors. A malaise in Brazil and Russia and a slowing of the Chinese economy also continue to affect the division. However, Claudius Peters China performed quite well, buoyed by export projects with Chinese contractors. Claudius Peters France, with projects in North Africa, also performed satisfactorily, Claudius Peters in the US did well and the smaller outposts in the UK, Spain and Italy all generated small profits with only the Brazilian outpost in negative territory. The division's order intake did improve in the final quarter and with commodity prices coming off the bottom there are signs that the climate is improving, although it is too early to call a recovery. In all, the results were satisfactorily in a still much subdued sector.

Claudius Peters' aerospace division, which produces stringers for the Airbus programme, also performed in line with expectations. The company has produced these components for Airbus for over 35 years and is currently discussing a renewed contract.

OTHER BUSINESSES (OBD)

Revenue: €133.1m. (2015: €140.8). Orders on hand: €28.8m. (2015: €31.1m).
Located: United Kingdom, Europe & United States. Employees: 735.

OBD comprises principally of: DruckChemie, the German print chemicals producer; Bradman Lake, the UK/US food packaging specialist; Clarke Chapman, a UK specialist crane builder, Reader, a blender and packer of cementitious products in the UK and Oakdale Homes, a small UK house builder.

DruckChemie (DC), which accounts for roughly half of OBD in revenue terms, had a satisfactory year overall, it's subsidiaries in Belgium, Italy, Switzerland, the Czech Republic and Poland all in positive territory. DC in the UK was just short of break even and DC Brazil made a small loss.

Bradman Lake, which represents 25% of OBD revenues, also had a good year overall, although the US operation has consecutively underperformed and management was changed towards the end of the year. Until the Brexit decision in June, Bradman Lake's UK business had struggled somewhat with a strong pound against its mainly European competitors and the second half saw a marked improvement in order intake, following sterling's fall against the euro. The company operates from two locations in the UK and one in the US. The UK location in Bristol has long been inadequate for the business's growing needs and in December a larger factory, just a few miles away, was acquired by the group. The business will move mid-2017, following refurbishment works.

Clarke Chapman, had another satisfactory year on the back of a major nuclear order secured in 2015, whilst Reader stepped up volumes significantly at its new three hectares location, where state-of-the-art plant was commissioned in June. Oakdale Homes was just short of an operating break-even.

OUR PEOPLE

As is customary, no review would be complete without mention of our employees, at year end numbering 4,320 worldwide and I would like to take this opportunity to welcome the good people of Active Power who joined our group in November, together with all other newcomers, to our family of businesses. It is the hard work and diligence of all our employees, that makes the group the success it is today. The results produced by our companies, often substantially exceeding corporate and private equity owned peers, are no accident. They come about by our community knowing that the Langley culture is forged not from short-term profits, or from creating 'shareholder value' by buying and selling companies, but from long-term development of our businesses. I believe that this not only gives our people the will to excel, but also fosters confidence amongst our many customers, suppliers and other stakeholders.

In 2015 we introduced a policy whereby the group equally match any charitable donations made by employees. During the year the divisions matched €60,637 of employee donations to a variety of causes. I have now extended the match funding to include money raised for charity by the immediate family of our employees.

I reported last year, that Manroland in Germany had been approached by the local government to house refugees from Syria, in surplus office accommodation adjacent to the facility. It was a delicate situation: If I agreed to, or declined the request, there were always going to be those who disagreed with my decision. Therefore, I instructed a ballot to be held of all 800 people working at the location. 75% voted in favour and last year the accommodation was modified and the company welcomed 80 refugees displaced by conflict in their home country, to a place of safety.

CONCLUSION & OUTLOOK

2016 was the best performing year since I founded the group in 1975 and is stronger now than at any time in its history. We will continue to operate our existing businesses for the long term, and will continue to seek out acquisition opportunities to develop the group further. Identifying fundamentally good businesses, that for one reason or another, are under-performing and nurturing them to good health has been the recipe for the group's success so far and I see no reason to change the formula.

Although in 2016 the group derived around a fifth of its profits from operations in the US, these operations are all subsidiaries of our European divisions. Last year we extended the search area for acquisition opportunities to include, as well as Europe, the US.

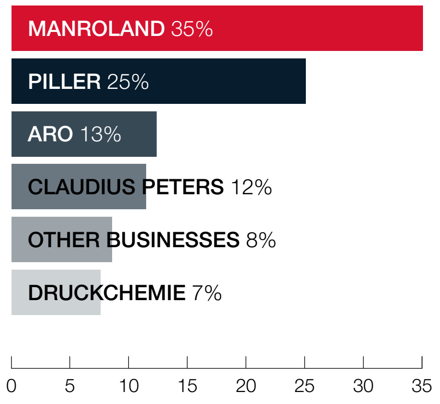
Whether we secure suitable additions in 2017 remains to be seen. In the meantime I am optimistic that 2017 will be another very satisfactory trading year for the group.

Anthony J Langley
Chairman
9 February 2017

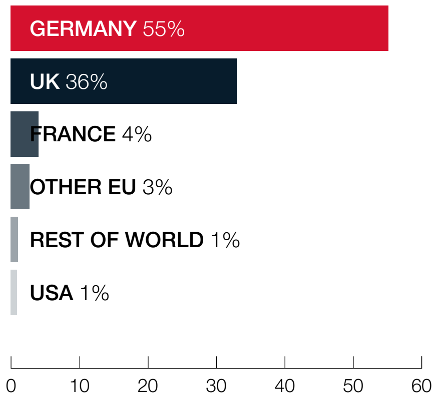
Geographical Distribution

YEAR ENDED 31 DECEMBER 2016

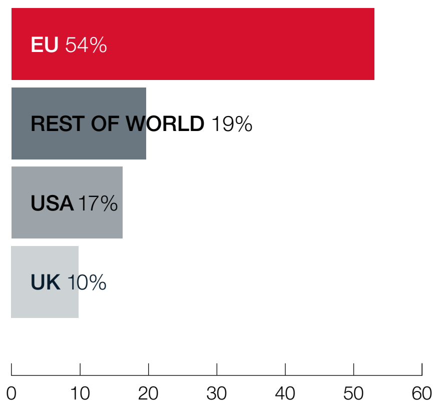
REVENUE BY DIVISION



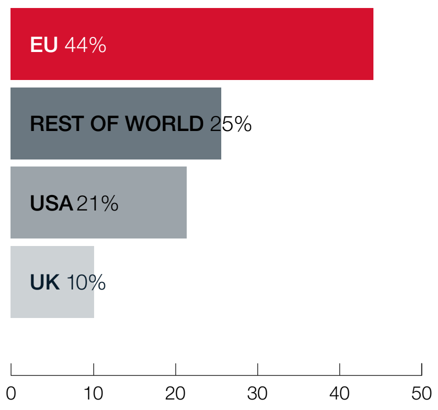
SITU OF FIXED ASSETS



REVENUE BY ORIGIN



REVENUE BY DESTINATION



LANGLEY

Directors' Report

YEAR ENDED 31 DECEMBER 2016

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the design, manufacture, supply and servicing of capital equipment. The specific activities of the subsidiary undertakings are as disclosed in note 14 to the Accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 33. The profit attributable to the shareholder for the financial year was €82,502,000 (2015 – €75,836,000).

Dividends of €90,000,000 were paid to the ordinary shareholder during the year (2015 – €30,000,000). No final dividend was proposed at the year end.

Financial risk management, research and development and the Group's employment policy is considered within the Strategic Report.

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 24 days (2015 – 25 days).

DIRECTORS' INTERESTS

The Directors of the Company in office during the year and their beneficial interests in the issued share capital of the Company were as follows:

	At 31 Dec 2016 Ordinary shares of £1 each	**At 31 Dec 2015 Ordinary shares of £1 each**
A J Langley (Chairman)	60,100,010	60,100,010
B J Langley	-	-
B A Watson	-	-

The shareholding of Mr A J Langley represents 100% of the issued share capital of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare Accounts for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Accounts; and;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board
B A WATSON
Company Secretary

Langley Holdings PLC

Registered in England and Wales

Company number 01321615

9 February 2017

Strategic Report

YEAR ENDED 31 DECEMBER 2016

The Directors present their Strategic Report for the year ended 31 December 2016 to provide a review of the Group's business, principal risks and uncertainties and performance and position alongside key performance indicators.

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. The Chairman's Review on pages 19 to 25 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it limits its exposure to any downturn in its traditional trading sector by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products for all markets. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Group's exposure to the volatility of exchange rates is mitigated through its geographical spread of operations.

(c) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 19 to 25. The financial position of the Group, its cash flows and liquidity position are also described in the Chairman's Review. In addition, note 30 to the Accounts includes the Group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments, and its exposures to credit risk, interest rate risk and liquidity risk.

The Group's subsidiaries are for the most part either market leaders or niche operators in their particular field and operate across numerous different geographic areas and industries. None of the subsidiaries are reliant on any individual supplier or customer and the Group has considerable financial resources. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully and thus they continue to adopt the going concern basis of accounting in preparing the annual Accounts.

(d) Financial Risk Management

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 30 to the Accounts.

LANGLEY

Strategic Report (continued)

YEAR ENDED 31 DECEMBER 2016

(e) Key performance indicators (KPI's)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPI's) on a regular and consistent basis across the Group. Examples of KPI's currently used include:

Targets

- Regular monthly monitoring of sold and developed contract margins
- Orders on hand
- Cash held

	2016 **€'000**	2015 **€'000**
Orders on hand	288,589	301,221
Cash held	296,923	329,634

The Board also considers the following non-financial key performance indicator:

- Staff turnover

These are reviewed monthly on information provided to the Board and details are shown on page 18.

(f) Research and development

The Group is committed to innovation and technical excellence. The Group, through its divisions, maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

(g) Employment Policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability, without discrimination of any kind, and to training for the existing and likely needs of the business.

It is the Group's policy to keep its employees informed on matters affecting them and actively encourage their involvement in the performance of the Group.

By order of the Board
B A WATSON
Company Secretary

Langley Holdings PLC

Registered in England and Wales

Company number 01321615

9 February 2017

Independent Auditor's Report to the Member

YEAR ENDED 31 DECEMBER 2016

We have audited the Accounts of Langley Holdings PLC for the year ended 31 December 2016 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE ACCOUNTS

A description of the scope of an audit of Accounts is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON ACCOUNTS

In our opinion:

- the Accounts give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Accounts have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Member (continued)

YEAR ENDED 31 DECEMBER 2016

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified material misstatements in the Strategic Report or the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol BS1 6NA

9 February 2017

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
REVENUE	2	900,925	874,506
Cost of sales		(587,673)	(570,813)
GROSS PROFIT		313,252	303,693
Net operating expenses	3	(191,780)	(198,827)
OPERATING PROFIT	4	121,472	104,866
Finance income	5	1,502	1,987
Finance costs	6	(244)	(165)
PROFIT BEFORE TAXATION		122,730	106,688
Income tax expense	10	(40,228)	(30,852)
PROFIT FOR THE YEAR		82,502	75,836

Profit for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 41 to 100 form part of these accounts

LANGLEY

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Profit for the year		82,502	75,836
Other comprehensive income:			
Items which will not be reclassified to profit and loss			
Remeasurement loss on defined benefit pension schemes	9	(361)	(74)
Deferred tax relating to remeasurement	28	72	13
		(289)	(61)
Other deferred tax movements	28	35	35
Items which may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	36	(28,510)	14,812
Other comprehensive income for the year		(28,764)	14,786
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		53,738	90,622

Total comprehensive income for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 41 to 100 form part of these accounts

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	Note	2016 €'000	2016 €'000	2015 €'000	2015 €'000
NON-CURRENT ASSETS					
Intangible assets	12		3,255		3,353
Property, plant and equipment	13		200,894		202,214
Investments	14		14		14
Trade and other receivables	15		3,041		3,482
Deferred income tax assets	28		23,781		22,377
			230,985		231,440
CURRENT ASSETS					
Inventories	16	160,973		161,149	
Trade and other receivables	18	182,120		165,824	
Cash and cash equivalents	19	296,923		329,634	
Current income tax recoverable	20	4,827		8,163	
		644,843		664,770	
CURRENT LIABILITIES					
Current portion of long term borrowings	24	86		129	
Current income tax liabilities	23	10,375		11,964	
Trade and other payables	21	204,721		189,277	
Provisions	22	27,168		23,016	
		242,350		224,386	
NET CURRENT ASSETS			402,493		440,384
Total assets less current liabilities			633,478		671,824
NON-CURRENT LIABILITIES					
Provisions	22	2,426		1,950	
Long term borrowings	25	91		173	
Trade and other payables	26	13,214		15,480	
Retirement benefit obligations	27	13,021		13,004	
Deferred income tax liabilities	28	17,349		17,578	
			46,101		48,185
NET ASSETS			587,377		623,639
EQUITY					
Share capital	33		71,227		71,227
Merger reserve	34		4,491		4,491
Revaluation reserve	35		3,768		3,849
Retained earnings	36		507,891		544,072
TOTAL EQUITY			587,377		623,639

Approved by the Board of Directors on 9 February 2017 and signed on its behalf by

A J LANGLEY
Director

B J LANGLEY
Director

The notes on pages 41 to 100 form part of these accounts

LANGLEY

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2016

	Share capital €'000	Merger reserve €'000	Revaluation reserve €'000	Retained earnings* €'000	Minority interest €'000	Total €'000
AT 1 JANUARY 2015	71,227	4,491	3,929	483,040	230	562,917
Profit for the year	-	-	-	75,836	-	75,836
Depreciation transfer	-	-	(80)	115	-	35
Currency exchange difference arising on retranslation	-	-	-	14,812	-	14,812
Remeasurement of defined benefit schemes net of deferred tax	-	-	-	(61)	-	(61)
TOTAL COMPREHENSIVE INCOME	-	-	(80)	90,702	-	90,622
Dividends paid	-	-	-	(30,000)	-	(30,000)
Purchase of minority interest	-	-	-	330	(230)	100
AT 31 DECEMBER 2015	71,227	4,491	3,849	544,072	-	623,639
Profit for the year	-	-	-	82,502	-	82,502
Depreciation transfer	-	-	(81)	116	-	35
Currency exchange difference arising on retranslation	-	-	-	(28,510)	-	(28,510)
Remeasurement of defined benefit schemes net of deferred tax	-	-	-	(289)	-	(289)
TOTAL COMPREHENSIVE INCOME	-	-	(81)	53,819	-	53,738
Dividends paid	-	-	-	(90,000)	-	(90,000)
AT 31 DECEMBER 2016	71,227	4,491	3,768	507,891	-	587,377

* Movements in foreign currency translation reserves are detailed in note 36.

The notes on pages 41 to 100 form part of these accounts

Company Statement of Financial Position

AS AT 31 DECEMBER 2016

	Note	2016 €'000	€'000	2015 €'000	€'000
NON-CURRENT ASSETS					
Property, plant and equipment	13		27,215		23,347
Investments	14		79,520		92,144
Deferred income tax assets	28		-		76
			106,735		115,567
CURRENT ASSETS					
Inventories	16	4		-	
Trade and other receivables	18	145,680		152,687	
Cash and cash equivalents	19	117,139		162,969	
Current income tax recoverable	20	60		706	
		262,883		316,362	
CURRENT LIABILITIES					
Current income tax liabilities	23	1,599		-	
Trade and other payables	21	3,255		3,299	
		4,854		3,299	
NET CURRENT ASSETS			258,029		313,063
Total assets less current liabilities			364,764		428,630
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	28		141		-
NET ASSETS			364,623		428,630
EQUITY					
Share capital	33		71,227		71,227
Merger reserve	34		4,491		4,491
Retained earnings	36		288,905		352,912
TOTAL EQUITY			364,623		428,630

During the year ended 31 December 2016, the Company generated a profit of €66,126,000 (2015 - €70,396,000).

Approved by the Board of Directors on 9 February 2017 and signed on its behalf by

A J LANGLEY
Director

B J LANGLEY
Director

The notes on pages 41 to 100 form part of these accounts

LANGLEY

Company Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2016

	Share capital €'000	Merger reserve €'000	Retained earnings* €'000	Total €'000
AT 1 JANUARY 2015	71,227	4,491	298,899	374,617
Profit for the year	-	-	70,396	70,396
Currency exchange differences arising on retranslation	-	-	13,617	13,617
TOTAL COMPREHENSIVE INCOME	-	-	84,013	84,013
Dividends paid	-	-	(30,000)	(30,000)
AT 31 DECEMBER 2015	71,227	4,491	352,912	428,630
Profit for the year	-	-	66,126	66,126
Currency exchange differences arising on retranslation	-	-	(40,133)	(40,133)
TOTAL COMPREHENSIVE INCOME	-	-	25,993	25,993
Dividends paid	-	-	(90,000)	(90,000)
AT 31 DECEMBER 2016	71,227	4,491	288,905	364,623

* Movements in foreign currency translation reserves are detailed in note 36.

The notes on pages 41 to 100 form part of these accounts

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	€'000	2015 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	39		134,430		110,738
Bank and loan interest paid			(244)		(165)
Interest received			1,502		1,987
Income taxes paid			(39,641)		(34,453)
NET CASH FROM OPERATING ACTIVITIES			96,047		78,107
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash acquired on business combinations		2,229		-	
Purchase of intangible assets		(202)		(333)	
Purchase of property, plant and equipment		(19,964)		(10,990)	
Proceeds from sale of intangible assets		81		-	
Proceeds from sale of property, plant and equipment		623		1,807	
NET CASH USED IN INVESTING ACTIVITIES			(17,233)		(9,516)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of amounts borrowed		(125)		(586)	
Purchase of minority interest		-		(100)	
Dividends paid to the shareholder		(90,000)		(30,000)	
NET CASH USED IN FINANCING ACTIVITIES			(90,125)		(30,686)
Net (decrease)/increase in cash and cash equivalents			(11,311)		37,905
Cash and cash equivalents at 1 January 2016			329,634		280,747
Effects of exchange rate changes on cash and cash equivalents			(21,400)		10,982
Cash and cash equivalents at 31 December 2016			296,923		329,634
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short term deposits	19		296,923		329,634

The notes on pages 41 to 100 form part of these accounts

Company Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	€'000	2015 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	39		11,995		7,786
Interest paid			-		(11)
Interest received			5,921		6,688
Income taxes paid			(3,409)		(683)
NET CASH FROM OPERATING ACTIVITIES			14,507		13,780
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		54,902		62,810	
Purchase of property, plant and equipment		(8,738)		(2,487)	
Proceeds from sale of property, plant and equipment		26		185	
NET CASH FROM INVESTING ACTIVITIES			46,190		60,508
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to the shareholder		(90,000)		(30,000)	
NET CASH USED IN FINANCING ACTIVITIES			(90,000)		(30,000)
Net (decrease)/increase in cash and cash equivalents			(29,303)		44,288
Cash and cash equivalents at 1 January 2016			162,969		113,426
Effects of exchange rate changes on cash and cash equivalents			(16,527)		5,255
Cash and cash equivalents at 31 December 2016			117,139		162,969
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short term deposits	19		117,139		162,969

The notes on pages 41 to 100 form part of these accounts

Notes to the Accounts

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES

a Basis of preparation

Langley Holdings PLC (registered number 01321615) is a public limited Company incorporated in the United Kingdom and limited by shares. The address of its registered office is Enterprise Way, Retford, Nottinghamshire, DN22 7HH.

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the European Union applied in accordance with the provisions of the Companies Act 2006.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment and measurement of defined benefit pension schemes.

New and amended standards which became effective during the year

There were a number of Amendments to Standards adopted in the current year, but none of these had a material impact on the Group in the current period.

New and amended standards which are not effective for the current period

IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from Contracts with Customers* and IFRS 16, *Leases* are in issue but are not yet effective so the Group has not adopted these standards in these Accounts.

A number of Amendments and Improvements have also been issued but are not yet effective including dealing with recognition of deferred tax assets and treatment of foreign exchange when receiving advance consideration. The directors are currently assessing the impact of these new Standards, Improvements and Amendments on the Group's Accounts.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2016 using the acquisition method, except for common control transactions, and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition.

Minority interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group.

Any excess or deficiency between the cost of acquisition and fair value is treated as positive goodwill or a gain on bargain purchase as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 from presenting its own Income Statement.

c Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

d Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation charged on those intangible assets that do not have an indefinite useful life is calculated as follows:

Patents and licenses	-	2 to 10 years straight line

e Property, plant and equipment

Property, plant and equipment is stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land	-	not depreciated
Freehold buildings	-	50 years straight line
Vehicles	-	4 to 20 years straight line
Plant and machinery	-	4 to 20 years straight line
Computers	-	3 to 8 years straight line

Revaluations of land and buildings are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the year end.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

f Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables do not carry any interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowings
Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for at amortised cost using the effective interest rate method.

Trade payables
Trade payables are non-interest bearing and are initially measured at their fair value and subsequently at their amortised cost.

g Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non-current assets and stated at cost less any impairment in value. Any impairment is charged to the Company Income Statement.

h Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables	-	cost of purchase on first in, first out basis.
Finished goods	-	cost of raw materials and labour together with attributable overheads.
Work in progress	-	cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

i Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to either the contract costs incurred up to the year end as a percentage of total estimated costs for each contract, or by reference to milestone conditions as defined in the contracts, as appropriate to the circumstances of the particular contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion, and are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

j Taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Accounts. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantially enacted at the balance sheet date.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

k Foreign currencies

(a) Transactions and balances

Transactions in currencies other than euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(b) Accounts of overseas operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Preparation of accounts

These Accounts have been presented in euro because the majority of the Group's trade is conducted in this currency. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to a separate component of equity.

The average exchange rate during the year was €1.22 (2015 - €1.38) to the Pound Sterling. The opening exchange rate was €1.36 (2015 - €1.28) to the Pound Sterling and the closing exchange rate was €1.17 (2015 - €1.36) to the Pound Sterling.

l Revenue recognition

Revenue from sale of goods is recognised when the Group has delivered the products and the customer has accepted them, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

m Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of six months or less, and bank overdrafts.

n Post-employment benefit obligations

For defined benefit post-employment schemes, the difference between the fair value of the scheme assets (if any) and the present value of the scheme liabilities is recognised as an asset or liability in the Statement of Financial Position.

Any asset recognised is restricted, if appropriate, to the present value of any amounts the Group expects to recover by way of refunds from the plan or reductions in future contributions. Remeasurements of the net surplus / deficit arising in the year are taken to the Statement of Comprehensive Income.

Other movements in the net surplus or deficit are recognised in the Income Statement, including the current service cost and any past service cost. The net interest cost on the net defined benefit liability is also charged to the Income Statement. The amount charged to the Income Statement in respect of these schemes is included within operating costs.

The most significant assumptions used in accounting for pension schemes are the discount rate and the mortality assumptions. The discount rate is used to determine the interest cost and net present value of future liabilities. The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post employment obligations as closely as possible. Where there is no developed corporate bond market in a country, the rate on government bonds is used. Each year, the unwinding of the discount on the net liabilities is charged to the Group's Income Statement as the interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Valuations of liabilities are carried out using the projected unit method.

The values attributed to scheme liabilities are assessed in accordance with the advice of independent qualified actuaries.

The Group's contributions to defined contribution pension schemes are charged to the Income Statement in the period to which the contributions relate.

o Leased assets

All leases are "operating leases" and the relevant annual rentals are charged to the Consolidated Income Statement on a straight line basis over the lease term.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

p Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's Shareholder.

q Key assumptions and significant judgements

The preparation of the Accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement is required are highlighted below:

i *Pensions*

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 9 for further details.

ii *Property, plant and equipment*

The property, plant and equipment used within the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of the technological change, prospective economic utilisation and the physical condition of the assets.

iii *Revenue recognition*

Revenue and profit are recognised for contracts undertaken based on estimates of the stage of completion of the contract activity. The Group's policies for the recognition of revenue and profit are set out above.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

q Key assumptions and significant judgements (continued)

iv *Impairment of assets*

Property, plant and equipment, and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

v *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 10 and 28 for further information.

vi *Provisions*

Provision is made for liabilities that are uncertain in timing or amount of settlement. These include provision for rectification and warranty claims. Calculations of these provisions are based on cash flows relating to these costs estimated by management supported by the use of external consultants where needed and discounted at an appropriate rate where the impact of discounting is material.

r Research and development

Research expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Income Statement as incurred.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2016 €'000	2015 €'000
Revenue from construction contracts	186,075	190,988
Sale of goods	714,850	683,518
	900,925	874,506

3 ANALYSIS OF NET OPERATING EXPENSES

	2016 €'000	2015 €'000
Distribution costs	49,709	52,093
Administrative expenses	147,760	153,914
Other operating income	(5,689)	(7,180)
Net operating expenses	191,780	198,827

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

4 OPERATING PROFIT

	2016 €'000	2015 €'000
Operating profit has been arrived at after charging:		
Directors' emoluments (note 7)	3,245	2,932
Depreciation of owned assets (note 13)	13,369	13,639
Impairment of owned assets (note 13)	146	1,726
Amortisation of intangibles (note 12)	527	388
Research and development costs	7,179	7,484
Profit on sale of property, plant and equipment	(95)	(1,226)
Fees payable to the Group's auditor for the audit of the Group's Accounts	179	186
Fees payable to the Group's auditor and its associates for other services		
- the auditing of Subsidiary Accounts	1,163	1,158
- other services relating to taxation compliance	133	225
- all other services	165	363
Operating leases		
- land and buildings	4,749	5,600
- other	924	1,114
Impairment of trade receivables	1,356	534
Cost of inventories recognised as an expense (included in cost of sales)	403,555	389,210
Net (profit)/loss on foreign currency translation	(306)	1,682
Write down of inventories	-	2,620

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

5 FINANCE INCOME

	2016 €'000	2015 €'000
Bank interest receivable	1,281	1,425
Other interest receivable	221	562
	1,502	1,987

6 FINANCE COSTS

	2016 €'000	2015 €'000
Other interest	244	165

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

7 KEY MANAGEMENT PERSONNEL COMPENSATION

	2016 €'000	2015 €'000
Salaries and short-term employee benefits	3,654	3,271
Post-employment benefits	31	55
	3,685	3,326

All of the above key management personnel compensation relates to Directors.

Directors' emoluments

	2016 €'000	2015 €'000
Aggregate emoluments as Directors of the Company	3,214	2,877
Value of Group pension contributions to money purchase schemes	31	55
	3,245	2,932
Emoluments of the highest paid Director	2,683	2,036

	No.	No.
Number of Directors who are accruing benefits under money purchase pension schemes	2	3

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

8 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2016 No.	2015 No.
Management, office and sales	2,162	2,076
Manufacturing and direct labour	2,039	2,087
	4,201	4,163

The aggregate payroll costs of these persons were as follows:

	2016 €'000	2015 €'000
Wages and salaries	226,416	222,809
Social security costs	44,689	43,946
Other pension costs	4,750	2,600
	275,855	269,355

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2016 No.	2015 No.
Management, office and sales	31	32

The aggregate payroll costs of these persons were as follows:

	2016 €'000	2015 €'000
Wages and salaries	1,222	1,428
Social security costs	597	573
Other pension costs	42	70
	1,861	2,071

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS

The table below outlines where the Group's post-employment amounts and activity are included in the Accounts.

	2016 €'000	2015 €'000
Balance sheet obligations for:		
Defined pension benefits	(9,603)	(9,598)
Post-employment medical benefits	(3,418)	(3,406)
Liability in the balance sheet	(13,021)	(13,004)
Income statement (charge)/credit included in operating expenses for:		
Defined pension benefits	96	31
Post-employment medical benefits	(129)	(180)
	(33)	(149)
Remeasurements (charge)/credit for:		
Defined pension benefits	(238)	84
Post-employment medical benefits	(123)	(158)
	(361)	(74)

The income statement charge included within operating expenses includes current service costs, net interest costs and past service costs.

a) Defined benefit pension schemes

The group operates defined benefit pension plans in the UK (one defined benefits scheme and one hybrid scheme) and the Eurozone under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with inflation. The plans face broadly similar risks, as described below. UK benefit payments are from trustee-administered funds and Eurozone benefit payments are from unfunded plans where the company meets the benefit payment obligation as it falls due. Assets held in UK trusts are governed by UK regulations and practice, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition. Responsibility for governance of the schemes – including investment decisions and contribution schedules – lies jointly with the Group and the boards of trustees. The boards of trustees must be composed of representatives of the Group and scheme participants in accordance with the schemes' regulations.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

The amounts recognised in the balance sheet are determined as follows:

	2016 €'000	2015 €'000
Present value of funded obligations	(14,282)	(16,325)
Fair value of plan assets	17,274	18,105
Net surplus on funded plans	2,992	1,780
Present value of unfunded obligations	(9,488)	(9,540)
Total deficit of defined benefit pension plans	(6,496)	(7,760)
Impact of asset ceiling	(3,107)	(1,838)
Liability in the balance sheet	(9,603)	(9,598)

The UK defined benefit scheme has a surplus that is not recognised on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund.

The amounts recognised in the income statement:

	2016 €'000	2015 €'000
Current service cost	165	(59)
Expenses	-	113
Net interest cost	(69)	(23)
	96	31

The above amounts are included as an employee cost within net operating expenses.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

Remeasurement of the net defined benefit liability to be shown in other comprehensive income:

	2016 €'000	2015 €'000
(Loss)/gain from changes in financial assumptions	(404)	391
Gain/(loss) from changes in demographic assumptions	23	(987)
Experience gains/(losses)	159	(532)
Return on assets, excluding interest income	1,501	(510)
Change in the effect of the asset ceiling excluding interest income	(1,517)	1,722
	(238)	84

Changes in present value of obligations:

	2016 €'000	2015 €'000
Present value of obligations at start of the year	(25,865)	(24,053)
Current service cost	165	(59)
Other income	-	113
Interest cost	(612)	(555)
Acturial gain / (loss) on Scheme liabilities based on:		
- Changes in financial assumptions	(404)	391
- Changes in demographic assumptions	23	(987)
- Experience gains/ (losses)	159	(532)
Benefits paid	518	436
Other movements	-	190
Exchange differences	2,246	(809)
Present value of obligation at end of the year	(23,770)	(25,865)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

Changes in the fair value of scheme assets:

	2016 €'000	2015 €'000
Fair value of scheme assets at the start of the year	18,105	17,253
Interest income	606	653
Remeasurement of scheme assets	1,501	(511)
Contributions by employers	83	94
Benefits paid	(476)	(394)
Exchange differences	(2,545)	1,010
Fair value of scheme assets at the end of the year	17,274	18,105

The significant actuarial assumptions were as follows:

	2016		2015	
	UK	**Eurozone**	**UK**	**Eurozone**
Rate of increase in salaries	-	1.77%	-	1.92%
Discount rate	2.6%	1.3–1.36%	3.7-3.8%	2.0-2.2%
Inflation	3.4–3.5%	1.3–1.36%	3.1%	2.0-2.2%

The inflation assumption shown for the UK is for the Retail Price Index. The assumption for the Consumer Price Index at 31 December 2016 was 2.4 – 2.5%.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2016	2015
Retiring at the end of the reporting period:		
Male	22 years	22 years
Female	24 - 25 years	24 years
Retiring 20 years after the end of the reporting period:		
Male	24 - 25 years	24 years
Female	26 - 27 years	26 - 27 years

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease obligation by 3.6 – 5.6%	Increase obligation by 3.6 – 5.6%
Inflation	0.25%	Increase obligation by 0.2 – 3.9%	Decrease obligation by 0.2 – 3.9%
Life expectancy	1 year	Increase obligation by 4.3 – 5.2%	Decrease obligation by 4.3 – 5.2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

b) Post-employment medical benefits

The group operates a post-employment medical benefit scheme in the US. This scheme is unfunded. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 3.0% a year and claim rates of 5.5%.

The amounts recognised in the balance sheet are determined as follows:

	2016 €'000	2015 €'000
Present value of unfunded obligations	(3,418)	(3,406)
Liability in the balance sheet	(3,418)	(3,406)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

Changes in the present value of defined benefit obligations:

	2016 €'000	2015 €'000
Present value of obligation at the start of the year	(3,406)	(2,853)
The amount recognised in the income statement:		
Current service cost	(168)	(175)
Past service cost	48	-
Interest expense	(9)	(5)
	(129)	(180)
Remeasurements of the defined benefit liability to be shown in other comprehensive income:		
Loss from change in demographic assumptions	(49)	-
Loss from change in financial assumptions	(74)	(157)
	(123)	(157)
Other movement	40	49
Payments from scheme contributions - benefit payments	312	243
Exchange differences	(112)	(508)
Present value of obligations at the end of the year	(3,418)	(3,406)

c) Post-employment benefits (pension and medical)

Schemes' assets are comprised as follows:

	2016		2015	
	Total €'000	%	Total €'000	%
Equity instruments	11,223	65%	11,982	66%
Equities and equity funds	4,655		4,643	
Diversified growth fund	6,568		7,339	
Debt instruments	5,787	34%	5,714	32%
Government	3,926		3,885	
Corporate bonds (investment grade)	1,861		1,829	
Property	198	1%	328	2%
Cash and cash equivalents	66	-	81	-
Total	17,274	100%	18,105	100%

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

9 POST-EMPLOYMENT BENEFITS (continued)

Through its defined benefit pension schemes and post-employment medical plans, the Group is exposed to a number of risks, most of which are detailed below:

Asset volatility The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The UK schemes hold a significant proportion of equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

The Group has reduced the level of investment risk by investing in assets that better match the liabilities. This has been done by the purchase of a mixture of government and corporate bonds. The government bonds represent investments in UK government securities only. The corporate bonds are global securities with an emphasis on the UK.

Changes in bond yield A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against extreme inflation). The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy The majority of the schemes' obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

In case of the Eurozone defined benefit scheme, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The UK hybrid scheme currently has no asset-liability matching strategy. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2016 consist of equities and bonds, although the Group also invests in property and cash.

The Group has agreed that it will aim to eliminate the deficit in the hybrid scheme over the next 15 years. There is no deficit in the defined benefits scheme. The next triennial valuations are due to be completed as at 5 April 2018 and 31 July 2018 for the defined benefits scheme and hybrid scheme respectively. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period.

Expected contributions to post-employment benefit schemes for the year ending 31 December 2017 are €239,030.

The weighted average duration of the defined benefit obligation is 16.4 years.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

10 INCOME TAX EXPENSE

(a) Charge for the year	2016	2015
	€'000	€'000
Current income tax:		
UK corporation tax at 20% (2015 – 20.25%)	7,686	3,109
Overseas tax	32,317	28,849
Adjustments to prior year UK tax	(100)	(111)
Adjustments to prior year overseas tax	1,495	(738)
Total current taxation	41,398	31,109
Deferred income tax:		
Movement in overseas deferred tax	(1,484)	(593)
Movement in UK deferred tax	314	336
Total deferred taxation	(1,170)	(257)
Income tax expense	40,228	30,852

(b) Factors affecting tax expense	2016	2015
	€'000	€'000
Profit before taxation	122,730	106,688
Profit before taxation multiplied by the standard rate of tax of 20% (2015 – 20.25%)	24,546	21,604
Expenses not deductible for tax purposes	4,449	733
Income not taxable	(285)	(1,576)
Timing differences	(1,362)	(629)
Effect of foreign tax rates	11,726	12,910
Utilisation of losses brought forward	(2,652)	(3,984)
Deferred tax assets not recognised	1,666	2,124
Exchange adjustment	745	519
Adjustment to tax charge in previous period	1,395	(849)
Tax expense	40,228	30,852

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

10 INCOME TAX EXPENSE (continued)

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €1,860,000 at 31 December 2016 (2015 - €1,755,000) available for carry forward against future trading profits. In addition the Claudius Peters Group had overseas tax losses of approximately €600,000 at 31 December 2016 (2015 - €548,000), the Manroland Group €139,461,000 (2015 - €139,001,000), the DruckChemie Group €7,013,000 (2015 - €10,512,000), the Bradman Lake Group €1,793,000 (2015 - €131,000) and the Active Power Group €1,641,000 (2015 - €nil) available for carry forward against future trading profits of that Group.

(d) Impact of future tax rate changes

Finance Act 2016, which received Royal Assent on 15 September 2016, includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

11 ACQUISITIONS DURING THE PERIOD

The Active Power Group was acquired on 18 November 2016 by Piller Inc, a company in which Langley Holdings PLC indirectly holds 100% of the share capital.

On this date, Piller Inc purchased the trade and substantially all of the assets and liabilities of Active Power Inc. The holdings in other Active Power companies listed in note 14 were acquired indirectly through this transaction.

The Active Power Group specialises in the development, manufacture and supply of flywheel energy and power technology.

Further details of the group's investments are provided in note 14.

The acquisition of the Active Power Group enables the Group to provide complementary goods and services to the Group's existing offering in uninterruptable power supplies.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

11 ACQUISITIONS DURING THE PERIOD (continued)

The acquisition had the following effect on the Group's assets and liabilities:

	Net assets acquired
	€'000
Property, plant and equipment	1,596
Inventories	7,309
Cash	2,229
Other assets	4,889
Other liabilities	(16,023)
Net assets	-
Cash consideration	-
Goodwill	-

The above reflects the book value of assets and liabilities acquired. No fair value adjustments were required on acquisition as the book value was considered to reflect the fair value of the assets and liabilities acquired.

In accordance with IFRS 3, it is considered impracticable to disclose revenue and profit had the acquisition occurred on 1 January 2016 due to the lack of historic information relating specifically to the assets and liabilities acquired.

The post acquisition revenue and profit impact of Active Power is immaterial to disclose.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

12 INTANGIBLE ASSETS

GROUP	Positive Goodwill **€'000**	Patents and Licences **€'000**	Total **€'000**
Cost			
At 1 January 2016	2,652	4,655	7,307
Additions	-	202	202
Disposals	-	(164)	(164)
Exchange adjustment	116	150	266
At 31 December 2016	2,768	4,843	7,611
Aggregate impairment and amortisation			
At 1 January 2016	-	3,954	3,954
Amortisation charge for the year	-	527	527
Disposals	-	(91)	(91)
Exchange adjustment	-	(34)	(34)
At 31 December 2016	-	4,356	4,356
Net book values			
At 31 December 2016	2,768	487	3,255
At 31 December 2015	2,652	701	3,353
Cost			
At 1 January 2015	2,391	4,051	6,442
Additions	-	333	333
Exchange adjustment	261	271	532
At 31 December 2015	2,652	4,655	7,307
Aggregate impairment and amortisation			
At 1 January 2015	-	3,130	3,130
Amortisation charge for the year	-	388	388
Exchange adjustment	-	436	436
At 31 December 2015	-	3,954	3,954
Net book values			
At 31 December 2015	2,652	701	3,353
At 31 December 2014	2,391	921	3,312

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2016	152,351	117,673	59,380	16,198	345,602
Additions	5,356	9,779	3,522	1,307	19,964
On acquisition	-	1,853	-	161	2,014
Disposals	(33)	(2,330)	(1,239)	(501)	(4,103)
Reclassification	2,038	(2,038)	-	-	-
Exchange adjustments	(2,420)	(1,046)	(6,673)	(90)	(10,229)
At 31 December 2016	157,292	123,891	54,990	17,075	353,248
Depreciation					
At 1 January 2016	42,789	74,269	11,815	14,515	143,388
Charge for the year	3,094	5,403	4,027	845	13,369
On acquisition	-	357	-	61	418
Provision for impairment	18	101	-	27	146
Disposals	(33)	(2,047)	(790)	(498)	(3,368)
Reclassification	427	(427)	-	-	-
Exchange adjustments	(109)	(414)	(1,037)	(39)	(1,599)
At 31 December 2016	46,186	77,242	14,015	14,911	152,354
Net book amount					
At 31 December 2016	111,106	46,649	40,975	2,164	200,894
At 31 December 2015	109,562	43,404	47,565	1,683	202,214

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

13 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2015	147,032	116,224	55,277	15,233	333,766
Additions	2,645	4,562	2,740	1,043	10,990
Disposals	(332)	(997)	(1,337)	(498)	(3,164)
Reclassification	238	(3,346)	(99)	-	(3,207)
Exchange adjustments	2,768	1,230	2,799	420	7,217
At 31 December 2015	152,351	117,673	59,380	16,198	345,602
Depreciation					
At 1 January 2015	38,390	71,488	7,839	13,783	131,500
Charge for the year	3,012	5,095	4,634	898	13,639
Provision for impairment	1,711	15	-	-	1,726
Disposals	(268)	(937)	(884)	(494)	(2,583)
Reclassification	(729)	(2,343)	(41)	-	(3,113)
Exchange adjustments	673	951	267	328	2,219
At 31 December 2015	42,789	74,269	11,815	14,515	143,388
Net book amount					
At 31 December 2015	109,562	43,404	47,565	1,683	202,214
At 31 December 2014	108,642	44,736	47,438	1,450	202,266

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2016	23,175	2,769	2,486	500	28,930
Additions	3,638	4,761	330	9	8,738
Disposals	-	-	(220)	-	(220)
Exchange adjustments	(3,311)	(558)	(345)	(68)	(4,282)
At 31 December 2016	23,502	6,972	2,251	441	33,166
Depreciation					
At 1 January 2016	1,311	2,005	1,827	440	5,583
Disposals	-	-	(219)	-	(219)
Charge for the year	687	366	303	41	1,397
Exchange adjustments	(205)	(288)	(254)	(63)	(810)
At 31 December 2016	1,793	2,083	1,657	418	5,951
Net book amount					
At 31 December 2016	21,709	4,889	594	23	27,215
At 31 December 2015	21,864	764	659	60	23,347

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2015	19,882	2,503	2,496	467	25,348
Additions	2,171	129	182	5	2,487
Disposals	-	(7)	(341)	-	(348)
Exchange adjustments	1,122	144	149	28	1,443
At 31 December 2015	23,175	2,769	2,486	500	28,930
Depreciation					
At 1 January 2015	596	1,755	1,473	367	4,191
Disposals	-	(7)	(165)	-	(172)
Charge for the year	693	156	438	52	1,339
Exchange adjustments	22	101	81	21	225
At 31 December 2015	1,311	2,005	1,827	440	5,583
Net book amount					
At 31 December 2015	21,864	764	659	60	23,347
At 31 December 2014	19,286	748	1,023	100	21,157

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

13 PROPERTY, PLANT AND EQUIPMENT (continued)

If these assets had not been revalued they would have been included at the following historical cost amounts:

	Group	
	2016	2015
	€'000	**€'000**
Freehold land and buildings		
Cost	151,385	146,556
Aggregate depreciation and impairment	43,435	39,344

14 NON-CURRENT INVESTMENTS

	Group Shares in unlisted undertakings	**Company** Shares in group undertakings
	€'000	**€'000**
Cost		
At 1 January 2016	14	92,144
Exchange adjustment	-	(12,624)
At 31 December 2016	14	79,520
Carrying amount		
At 31 December 2016	14	79,520
At 31 December 2015	14	92,144

	Group Shares in unlisted undertakings	**Company** Shares in group undertakings
	€'000	**€'000**
Cost		
At 1 January 2015	15	87,065
Exchange adjustment	(1)	5,079
At 31 December 2015	14	92,144
Carrying amount		
At 31 December 2015	14	92,144
At 31 December 2014	15	87,065

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

A list of wholly owned unlisted subsidiary companies at 31 December 2016 is provided below. The registered office of each subsidiary is detailed in italics.

Company	Country of Registration	Principal Activity
The Clarke Chapman Group Limited *PO Box 9 Saltmeadows Road, Gateshead, Tyne & Wear NE8 1SW*	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment
JND Technologies Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts
Reader Cement Products Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Processing of cementitious grouts
Oakdale Homes Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	House builders
Oakdale Properties Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Residential property
Claudius Peters Group GmbH *Schanzenstraße 40, DE-21614, Buxtehude, Germany*	Germany	Parent company (see below)
Piller Holding GmbH *Abgunst 24, 37520 Osterode, Germany*	Germany	Parent company (see below)
Pressure Engineering International Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Manufacture of process plant and equipment, steel structures, heat exchangers, tankage and pressure vessels
Langley Aviation Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Aircraft transport
ARO Welding Technologies SAS *1, Avenue de Tours, BP 40161, Château du Loir, 72500 Montval-sur-Loir, France*	France	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems
ARO Welding Technologies Inc *48500 Structural Drive, Chesterfield Township, MI 48051*	USA	
Bradman Lake Group Limited *Common Lane North, Beccles, Suffolk NR34 9BP*	England	Parent company (see below)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Principal Activity
Retford Investments LLC *3050 Southcross Blvd Rock Hill, SC 29730*	USA	Holder of real estate for other group companies
CPVA GmbH *Muehlheimer Strasse 341, 63075 Offenbach am Main*	Germany	Property rental
Sheetfed Holdings Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Parent company (see below)
Mikenboard Limited	England	Dormant subsidiary
H Q Engineers Limited	England	Dormant subsidiary
JND Wefco Limited *All of the above:* *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Dormant subsidiary
Sail Cruising Limited *13 Church Street, St Johns, Antigua*	Antigua	Dormant subsidiary

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted subsidiaries of ARO Welding Technologies SAS, at 31 December 2016:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB *AB Timotejvägen, 7 439 71, Fjärås*	Sweden	All of the companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies SA de CV *43B Sur 4720 Estrella del Sur C.P. 72190 Puebla, Pue*	Mexico	
ARO Welding Technologies SAU *C/ Cuzco, 26-28, nave 2 08030 Barcelona*	Spain	
ARO Welding Technologies Limited *Unit 15, Planetary Industrial Estate, Planetary Road, Willenhall, Wolverhampton, WV13 3XA*	England	
ARO Welding Technologies SA-NV *Koningin Astridlaan 61, 1780 Wemmel*	Belgium	
ARO Welding Technologies s.r.o *Karloveská 63 84104 Bratislava*	Slovakia	
ARO Welding Technologies GmbH *Senefelderstraße 4 86368 Gersthofen*	Germany	
ARO Welding Technologies (Wuhan) Ltd *M Building - West District, MinYing Industry Park, 81 CheChengNan Road, Economic & Technology Developing Zone 430056 WUHAN*	China	
ARO Welding Technologias Ltda. *Rua das Figueiras 474 – 3° andar Bairro Jardim, 09080-300 – Santo André SP São Paulo*	Brazil	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted subsidiaries of The Clarke Chapman Group Limited, at 31 December 2016:

Company	Country of Registration	Principal Activity
Clarke Chapman Engineering Services Ltd *Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18*	Ireland	Provision of facilities management services
Clarke Chapman Facilities Management Limited *Office 104 Golborne Enterprise Park Kid Glove Road, Golborne, Warrington, Cheshire WA3 3GR*	England	Provision of facilities management services
Clarke Chapman Aftermarket Limited *PO Box 9 Saltmeadows Road, Gateshead, Tyne & Wear NE8 1SW*	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment
Clarke Chapman Machining Limited	England	Dormant subsidiary
Clarke Chapman Manufacturing Ltd	England	Dormant subsidiary
Mackley Pumps Limited	England	Dormant subsidiary
Cowans Sheldon Limited *All of the above:* *PO Box 9 Saltmeadows Road, Gateshead, Tyne & Wear NE8 1SW*	England	Dormant subsidiary
Wellman Booth Limited *Unit 2, Kirkfield Industrial & Commercial Centre, Kirk Lane, Yeadon, Leeds LS19 7LX*	England	Dormant subsidiary
Stothert and Pitt Limited *1-9 Yelverton Road, Brislington, Bristol BS4 5HP*	England	Dormant subsidiary
Butterley Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Dormant subsidiary

The following companies are wholly owned unlisted subsidiaries of Bradman Lake Group Limited, at 31 December 2016:

Company	Country of Registration	Principal Activity
Bradman-Lake Limited *Common Lane North, Beccles, Suffolk NR34 9BP*	England	Both of the companies are involved in the design and manufacture of packaging equipment.
Bradman-Lake Inc *3050 Southcross Boulevard, Rock Hill, SC 29730*	USA	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted subsidiaries of Claudius Peters Group GmbH, at 31 December 2016:

Company	Country of Registration	Principal Activity
Claudius Peters Projects GmbH *Claudius Peters Projects GmbH Schanzenstraße 40 DE-21614 Buxtehude*	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment.
Claudius Peters Technologies SAS *Claudius Peters Technologies SAS 34, Avenue de Suisse F-68316 Illzach*	France	
Claudius Peters (Italiana) srl *Via Verdi 2 1-24121 Bergamo*	Italy	
Claudius Peters (Iberica) SA *Paseo de la Habana 202 bis, 28036 Madrid*	Spain	
Claudius Peters (China) Limited *Unit 1705-1706, 17/F Laws Commercial Plaza, 788 Cheung Sha Wan Road, Lai Chi Kok, Kowloon*	Hong Kong	
Claudius Peters (UK) Limited *Unit 10, Thatcham Business Village, Colthrop Way, Thatcham, Berkshire, RG19 4LW*	England	
Claudius Peters (Americas) Inc *445 W. President George Bush Hwy Richardson, TX 75080*	USA	
Claudius Peters do Brasil Ltda *Rua das Figueiras, 474 - 3 º andar - Bairro Jardim 09080-300 - Santo André / SP Brazil*	Brazil	
Claudius Peters Romania srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	
Claudius Peters (Beijing) Machinery Services Limited *7/G Hong Kong Macau Centre No 2 Chaoyangmen Bei Da Jie, Beijing 100027*	China	
Claudius Peters India Pvt. Limited *Unit 408, 4th. Floor, Peninsula Plaza A/16 Fun Republic Lane Off Link Road, Andheri West Mumbai 400 053*	India	
Claudius Peters (Asia Pacific) Pte Ltd *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Claudius Peters Automation srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

The following company is a wholly owned unlisted subsidiary of Piller Holding GmbH, at 31 December 2016:

Company	Country of Registration	Principal Activity
Piller Group GmbH *Abgunst 24 37520 Osterode Germany*	Germany	See below

The following companies are wholly owned unlisted subsidiaries of Piller Group GmbH and its subsidiaries at 31 December 2016:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited *2/3 Salisbury Road, Castle Hill, NSW 2154 Sydney*	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS *1 Avenue du Président Pompidou CS 70073 – BAT A F-92508 Rueil-Malmaison cedex*	France	
Piller USA Inc *45 Wes Warren Drive, Middletown, New York 10941-2047 USA*	USA	
Piller UK Limited *Westgate, Phoenix Way, Cirencester, Gloucestershire GL7 1RY*	England	
Piller Italia Srl *Centro Direzionale Colleoni Palazzo Pegaso 3 Viale Colleoni 25 20864 Agrate Brianza (MB)*	Italy	
Piller Iberica SL *U, Paseo de la Habana, 202 Bis Bj E-28036 Madrid*	Spain	
Piller Power Singapore Pte. Limited *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Piller Germany GmbH & Co KG *Abgunst 24 37520 Osterode*	Germany	
Piller Management GmbH *Abgunst 24 37520 Osterode*	Germany	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Principal Activity
Endurance Power Protection Pvt Ltd *B-4, 2nd Floor, Plot No. 422, Nav Bhavana Premises, Co-op Society Ltd, S V Savarkar Marg, Prabhadevi Mumbai, Maharashtra India 400025*	India	
Active Power Beijing *Rm 506-7, Tower A, COFCO Plaza, 8 Jianguomen Nei Ave, Beijing, China*	China	
Active Power HongKong (Holding) *A95, Unit A, s/F, Hung To Centre, 94-96 How Ming Street, Kwun Tong, Kowloon*	Hong Kong	
Active Power Swiss (Holding) *Schöneich 1,6265 Roggliswil*	Switzerland	
Active Power Germany *An der Leege 22, 37520 Osterode am Harz, Osterode*	Germany	
Active Power UK Ltd. *Unit 1.2, Lauriston Business Park, Pitchill, Evesham, Worcestershire WR11 8SN*	England	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

The following companies are investments held by Sheetfed Holdings Limited and its subsidiaries, at 31 December 2016:

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheetfed GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 1
Manroland Deutschland GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 2
Manroland Used Equipment GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 2
Manroland Sheetfed (UK) Limited *1st Floor, Southerton House, Boundary Business Court, 92-94 Church Road, Mitcham, Surrey, CR4 3TD*	England	100%	Note 2
Manroland Latina S.A. *Mariano Sanchez, Fontecilla No.374, Las Condes, Santiago de Chile, 7550296*	Chile	100%	Note 2
Manroland Latina S.A. de C.V *Av. Rio San Joaquin, No. 6107, Col. Popo, Del. Miguel Hidalgo, C.P.11480, Mexico City*	Mexico	99.9%	Note 2
Manroland do Brasil Serviços Ltda *Rua das Figueiras, 474 – 3 andar Edifício Eiffel Bairro Jardim, 09080-300, Santo Andre, SP*	Brazil	99.9%	Note 2
Manroland Latina S.A. *Av. Regimiento de Patricios 1054 C1265AEQ CABA, Buenos Aires*	Argentina	100%	Note 2
Manroland Latina S.A.C *Los Geranios No.328 Lince, Lima*	Peru	100%	Note 2
PT Manroland Indonesia *Management Building 2nd Floor, Jl Buncit Raya Kav.100, Jakarta*	Indonesia	100%	Note 2
Manroland Thailand Ltd *22/6 Ladprao Soi 21 Jomphol, Jatujak Bangkok 10900*	Thailand	100%	Note 2
Manroland Nordic Finland Oy *Valimotie 22, 01510 Vantaa*	Finland	100%	Note 2
Manroland Nordic Sverige AB *Nohabgatan 12H, Byggnad 33, SE-461*	Sweden	100%	Note 2
Manroland Nordic Danmark A/S *Lautruphøj 1-3 DK-2750 Ballerup*	Denmark	100%	Note 2
Manroland Inc *800 East Oak Hill Drive, Westmont, Illinois, 60559*	USA	100%	Note 2
Manroland Sheetfed Pvt Ltd *A-15, Phase – II, Naraina Industrial Area, New Delhi - 110028*	India	100%	Note 2

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Canada Inc *120 Jevlan Dr., Unit #3 Vaughan, ON L4L 8G3*	Canada	100%	Note 2
Manroland Western Europe Group B.V. *Kuiperbergweg 50 NL-1101 AG Amsterdam Zuidoost Postbus 61007 NL-1005 HA Amsterdam*	Netherlands	100%	Note 2
Manroland Österreich GmbH *IZ NÖ-Süd, Strasse 16, Objekt 70/1, Wiener Neudorf 2355*	Austria	100%	Note 2
Manroland Malaysia Sdn. Bhd *Unit 315, Laman Seri Industrial Park, Persiaran Sukan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan*	Malaysia	100%	Note 2
Manroland Japan Co. Ltd *2-3-4, Niizo-Minami, Toda-shi, Saitama 335-0026*	Japan	100%	Note 2
Manroland (Korea) Ltd *2F, Gaya Building,570-1 Yeonnam-dong Mapo-Gu,Seoul 121-869*	Korea	100%	Note 2
Manroland (Taiwan) Ltd *17F-9, No. 738, Chung Cheng Road Chung-Ho District, New Taipei City 23511*	Taiwan	100%	Note 2
Manroland (China) Limited *7/F, Capella HTR, Kwun Tong, Kowloon, Hong Kong*	China	100%	Note 2
Guangzhou Printcom Printing Supplies Co. Ltd *1/F, 11# Building, Standard Industrial Garden, Taishi Industrial Park, Dongchung Town, Panyu District, 511475, Guangzhou*	China	100%	Note 2
Manroland Printing Equipment (Shanghai) Co. Ltd *Room 901, Bld A, HongKou Plaza, No. 388, West Jiang Wan Rd Hong Kou District, Shanghai*	China	100%	Note 2
Manroland Printing Equipment (Shenzhen) Ltd *Room 101-106, Block C, Huahan Chuangxin Park, LangShan Road, Nanshan District, Shenzhen*	China	100%	Note 2
Manroland d.o.o *Škrlovica 3 SI-1315, Velike Lašče*	Slovenia	100%	Note 2
Manroland Hrvatska d.o.o. *Kovinska 4A, 10000 Zagreb*	Croatia	100%	Note 2
Manroland ROMANIA S.R.L *Str. Ziduri Intre Vii 19, Corp C, Parter, Spatiu C-5, Sector 2, Bucuresti, 023321*	Romania	100%	Note 2

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Bulgaria EOOD *1766 Sofia 251 Okolovrasten pat Street Delta center floor 2, office 203*	Bulgaria	100%	Note 2
Manroland Magyarorzag Kft. *Táblás u. 36-38 1097 Budapest*	Hungary	100%	Note 2
Manroland Polska Sp. z.o.o *Wolica Aleja Katowicka 11 PL-05 830 Nadarzyn*	Poland	100%	Note 2
Manroland Czech s.r.o *Prumyslova 10/1428, Praha 10, 102 00*	Czech Republic	100%	Note 2
Manroland France S.A.S *Bat. M1 Les Aralias Paris Nord II 66 rue des Vanesses CS 53290 Villepinte 95958 Roissy CDG Cedex*	France	100%	Note 2
Manroland Swiss A.G. *Schöneich 1, 6265 Roggliswil*	Switzerland	100%	Note 2
Manroland Ireland Ltd *Unit N2, North Ring Business Park, Santry, Dublin 9*	Ireland	100%	Note 2
Manroland Iberica Sistemas S.L *Centro de Negocios Eisenhower Avda. Sur Aeropuerto de Barajas, 24 – Edif. 5 – 5º C 28042 Madrid*	Spain	100%	Note 2
Manroland Iberica Sistemas S.A *Rua de Pé de Mouro Polígono Empresarial Pé de Mouro, 19 2710-335 Sintra*	Portugal	100%	Note 2
Manroland Italia S.R.L. *Via Lambretta 2 20090 Segrate (MI)*	Italy	100%	Note 2
Manroland Benelux N.V. *Koningin Astridlaan, 61 1780 Wemmel*	Belgium	100%	Note 2
Manroland Nordic Norge A/S *Postboks 473 N-1473 Lørenskog*	Norway	100%	Note 2
AS Polymark *Valimotie 22 01510 Vantaa*	Estonia	48%	Note 2
Manroland Southern Africa (PTY) Ltd *15 Manhattan Street Airport Industria Cape Town 7490*	South Africa	100%	Note 2
Manroland IP GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	50%	Note 4
Manroland Thailand Ltd *22/6 Ladprao S01 21 Jomphol, Jatujak, Bangkok 10900*	Thailand	100%	Note 2

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

14 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheetfed (Thailand) Co. Ltd *22/6 Ladprao Soi 21, Jomphol, Jatujak Bangkok 10900*	Thailand	100%	Note 2
Wood International Inc *333 Cedar Avenue, Middlesex NJ 08846*	USA	100%	Dormant
DC DruckChemie GmbH *Wiesenstraße 10 D-72119 Ammerbuch-Altingen*	Germany	100%	Note 5
DC Green France SAS *(Ouest) Route du Prouau F-44980 Ste Luce Sur Loire*	France	100%	Note 5
DC Iberica SL Spain *C/ Tresols 11 bajos Apartdo de correos 109 E-08850 Gava (Barcelona)*	Spain	100%	Note 5
DC DruckChemie Polska Sp.z.o.o. *Spichrzowa 16 62-200 Gniezno*	Poland	100%	Note 5
DC DruckChemie s.r.o *K AMP 1294 664 34 Kuřim*	Czech Republic	100%	Note 5
DC DruckChemie SAS *(Est) Route de Bretten F-68780 Soppe le Bas*	France	100%	Note 5
DC DruckChemie UK Limited *10th Floor, 133 Finnieston Street, Glasgow, G3 8HB*	Scotland	100%	Note 5
DC DruckChemie Italia S.R.L *Via Tirso, 12 20098 San Giuliano Milanese (MI)*	Italy	100%	Note 5
DC DruckChemie Benelux BV *Gerstdijk 7 NL-5704 RG Helmond*	Benelux	100%	Note 5
DC DruckChemie Brazil LTDA *Rua Rosa Belmir Ramos 151 13.275-400 Valinhos / Sao Paulo*	Brazil	100%	Note 5
DC DruckChemie AG *Schöneich CH-6265 Roggliswil*	Switzerland	100%	Note 5

Note 1: The design, manufacture and sale of sheetfed offset litho printing presses and aftermarket services
Note 2: The sale of sheetfed offset litho printing presses and aftermarket services
Note 3: Property rental
Note 4: Intellectual Property
Note 5: The development, manufacture and supply of chemical and technical products and accessories for the printing industry, as well as providing waste processing and recycling services

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

15 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2016	2015
	€'000	**€'000**
Other receivables	2,306	2,696
Pension scheme prepayment	735	786
	3,041	3,482

16 INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	71,488	60,269	-	-
Work in progress	59,652	63,862	-	-
Finished goods	29,833	37,018	4	-
	160,973	161,149	4	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

17 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2016	2015
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 18)	20,301	15,451
Amounts due to contract customers included in trade and other payables (note 21)	(4,808)	(1,732)
	15,493	13,719
Contract costs incurred plus recognised profit less recognised losses to date	150,147	164,794
Less: Progress billings	(134,654)	(151,075)
	15,493	13,719

18 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	133,355	116,593	181	214
Retentions	3,241	3,836	-	-
Amounts recoverable on construction contracts	20,301	15,451	-	-
Amounts owed by Group undertakings	-	-	142,797	149,320
Directors' current accounts (note 32)	665	848	665	848
Other receivables	6,556	8,598	136	-
VAT recoverable	4,107	5,543	480	508
Prepayments and accrued income	13,895	14,955	1,421	1,797
	182,120	165,824	145,680	152,687

For terms and conditions relating to related party receivables, refer to note 32.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

18 CURRENT TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group	
	2016	2015
	€'000	€'000
Balance at beginning of the year	18,538	18,703
Exchange differences	(23)	(7)
Charge for the year	1,356	793
Amounts written off	-	(12)
Unused amounts reversed	(1,421)	(939)
Balance at end of the year	18,450	18,538

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms.

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	€'000	€'000	€'000	€'000
Group					
2016	30,003	5,661	3,429	1,566	2,819
2015	22,530	7,050	2,084	2,302	1,277
Company					
2016	4	-	4	173	-
2015	-	-	5	183	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Cash in hand, at bank and short term deposits	296,923	329,634	117,139	162,969

20 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Income tax	4,827	8,163	60	706

21 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Trade payables	39,276	41,544	747	526
Other payables	12,056	8,939	75	86
Other taxes and social security	7,029	7,773	142	63
Accruals and deferred income	68,682	57,585	471	574
VAT payable	7,182	7,724	-	-
Amounts owed to Group undertakings	-	-	1,820	2,050
Payments on account	65,688	63,980	-	-
Amounts due on construction contracts	4,808	1,732	-	-
	204,721	189,277	3,255	3,299

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

22 PROVISIONS

GROUP	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2016	19,314	5,652	24,966
Additional provision recognised	11,194	6,843	18,037
On acquisition	939	-	939
Provision utilised during the year	(6,794)	(1,852)	(8,646)
Provision released during year	(5,163)	(493)	(5,656)
Foreign exchange difference	(48)	2	(46)
Balance at 31 December 2016	19,442	10,152	29,594
Current	17,100	10,068	27,168
Non-current	2,342	84	2,426

	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2015	21,023	10,472	31,495
Additional provision recognised	9,761	2,414	12,175
Provision utilised during the year	(6,040)	(4,913)	(10,953)
Provision released during year	(5,707)	(2,329)	(8,036)
Foreign exchange difference	277	8	285
Balance at 31 December 2015	19,314	5,652	24,966
Current	17,413	5,603	23,016
Non-current	1,901	49	1,950

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. There were no provisions in the Company.

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

23 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Income tax	10,375	11,964	1,599	-

24 CURRENT PORTION OF LONG TERM BORROWINGS

	Group	
	2016 €'000	2015 €'000
Loans	86	129

25 LONG TERM BORROWINGS

	Group	
	2016 €'000	2015 €'000
Loans	177	302
Due within one year (included in current liabilities)	(86)	(129)
	91	173
Amounts payable:		
Between one and two years	49	102
Between two and five years	42	71
	91	173

The fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 7% (2015 - 7%) on those loans during the year.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

26 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2016	2015
	€'000	**€'000**
Trade payables	263	366
Accruals and deferred income	12,951	15,114
	13,214	15,480

27 RETIREMENT BENEFIT OBLIGATIONS

GROUP	2016	2015
	€'000	**€'000**
At 1 January 2016	13,004	12,874
Total expense recognised in the Income Statement in the year	33	149
Actuarial losses/(gains) – financial assumptions	478	(234)
Actuarial losses – demographic assumptions	26	987
Actuarial (gains)/losses – experience	(1,661)	1,043
Changes in the effect of asset ceiling	1,517	(1,722)
Contributions paid	(123)	(94)
Payments from the plan	(354)	(285)
Exchange differences	101	524
Other movement	-	(238)
At 31 December 2016	13,021	13,004

UK defined benefit pension schemes	115	58
Overseas unfunded defined benefit pension obligations	9,488	9,540
Overseas unfunded medical benefits obligations	3,418	3,406
Retirement benefit obligation in balance sheet	13,021	13,004

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	23,781	22,377	-	76
Deferred tax liabilities	(17,349)	(17,578)	(141)	-
	6,432	4,799	(141)	76

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2016	(4,799)	(4,052)	(76)	(45)
Transfer to revaluation reserve	(35)	(35)	-	-
Exchange differences	(356)	(442)	4	(3)
Income Statement charge (note 10)	(1,170)	(257)	213	(28)
Release to equity on actuarial loss	(72)	(13)	-	-
At 31 December 2016	(6,432)	(4,799)	141	(76)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

28 DEFERRED INCOME TAX (continued)

GROUP

The movement in net deferred tax assets and liabilities during the year is as follows:

	Accelerated tax depreciation €'000	Tax losses €'000	Other short-term temporary differences €'000	Retirement benefit obligations €'000	Fair value gains €'000	Total €'000
At 1 January 2015	3,199	(9,684)	(7,113)	(2,183)	11,729	(4,052)
Charge/(credit) to income	368	2,736	(1,123)	688	(2,926)	(257)
Recognised in equity regarding remeasurement of defined benefit scheme	-	-	-	(13)	-	(13)
Transfer to revaluation reserve	-	-	-	-	(35)	(35)
Exchange differences	348	(1,055)	(774)	(238)	1,277	(442)
At 31 December 2015	3,915	(8,003)	(9,010)	(1,746)	10,045	(4,799)
Gross assets	(551)	(8,003)	(12,077)	(1,746)	-	(22,377)
Gross liabilities	4,466	-	3,067	-	10,045	17,578
(Credit)/charge to income	(1,664)	(255)	264	224	261	(1,170)
Recognised in equity regarding remeasurement of defined benefit scheme	-		-	(72)	-	(72)
Transfer to revaluation reserve	-		-	-	(35)	(35)
Exchange differences	453	(743)	(837)	(162)	933	(356)
At 31 December 2016	2,704	(9001)	(9,583)	(1,756)	11,204	(6,432)
Gross assets	(868)	(9,001)	(12,156)	(1,756)	-	(23,781)
Gross liabilities	3,572	-	2,573	-	11,204	17,349

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

28 DEFERRED INCOME TAX (continued)

COMPANY

	Accelerated capital allowances €'000	Fair value gains €'000	Total €'000
At 1 January 2015	(44)	(1)	(45)
Charge to income	(28)	-	(28)
Exchange differences	(4)	1	(3)
At 31 December 2015	(76)	-	(76)
Charge to income	214	-	214
Exchange differences	3	-	3
At 31 December 2016	141	-	141

Unprovided deferred taxation

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Accelerated tax depreciation	2	7	-	-
Tax losses available	38,989	40,066	-	-
Other short term timing differences	434	720	-	-
Retirement benefit obligation	367	316	-	-
	39,792	41,109	-	-

Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantially enacted at the balance sheet date.

No deferred tax asset has been recognised in respect of the above accelerated tax depreciation, other short term temporary differences, tax losses and retirement benefit obligations because there is uncertainty as to whether the Group will have sufficient relevant taxable profits to utilise these assets in the near future.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

29 CONTINGENT LIABILITIES

Contingent liabilities exist at the balance sheet date in respect of:

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	1,524	4,911
UK Group value added tax	-	-	906	874
UK Bonds, guarantees and indemnities	7,792	3,853	7,752	3,807
Overseas bank guarantees	71,728	62,325	-	-
Overseas bonds, guarantees and indemnities	29,459	31,505	-	-
	108,979	97,683	10,182	9,592

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a group VAT registration. Throughout the Group, contingent liabilities exist in respect of guarantees, performance bonds and indemnities issued on behalf of Group companies by banks and insurance companies in the ordinary course of business.

In view of the net cash position held with the same UK bank within the group, the Directors believe that the likelihood of the guarantees being invoked is unlikely, therefore no provision has been recognised in these Accounts.

30 FINANCIAL INSTRUMENTS

The Group and parent Company's principal financial instruments that arise directly from their operations and are detailed below:

	Group		Company	
	2016	2015	2016	2015
	€'000	**€'000**	**€'000**	**€'000**
Loans and receivables	180,319	162,977	143,779	150,382
Financial liabilities measured at amortised cost	125,262	110,468	3,113	3,236

The main purpose of these financial instruments is to fund the operations of the Group and the parent Company, as well as to manage their working capital, liquidity and surplus funds.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any bank borrowings.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

30 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally sterling, euro and US dollars).

The Group publishes its Consolidated Accounts in euro and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the euro is not the functional currency of that operation.

Financial risk

The following table demonstrates the sensitivity to a reasonably possible change in the sterling to euro and other currencies to euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Increase / decrease in sterling rate	Effect on profit before tax	Increase / decrease in other exchange rates	Effect on profit before tax
		€'000		**€'000**
2016	+20%	(2,857)	+20%	(6,041)
	-20%	4,285	-20%	8,645
2015	+20%	(841)	+20%	(5,912)
	-20%	1,261	-20%	8,549

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit.

Capital risk management

The Group defines capital as being share capital plus reserves and manages capital to ensure adequate resources are retained for continued growth of the Group. Access to capital includes the retention of cash on deposit and availability of funding through agreed capital facilities. Long term deposits are used to obtain more favourable rates of return only when adequate cash resources are maintained on shorter term deposit for the Group's working capital requirements.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

31 FAIR VALUE MEASUREMENTS

As at 31 December 2016 there were no significant differences between book values and fair values of financial assets and liabilities.

The following table categorises the Group's assets and liabilities held at fair value by the lowest level of the significant inputs used in determining their fair value:

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
2) Inputs other than quoted prices included within level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

GROUP Recurring fair value measurements	Level 1 2016 €'000	Level 2 2016 €'000	Level 3 2016 €'000	Total 2016 €'000
Freehold property	-	111,106	-	111,106
	-	111,106	-	111,106

COMPANY Recurring fair value measurements	Level 1 2016 €'000	Level 2 2016 €'000	Level 3 2016 €'000	Total 2016 €'000
Freehold property	-	21,709	-	21,709
	-	21,709	-	21,709

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

31 FAIR VALUE MEASUREMENTS (continued)

GROUP Recurring fair value measurements	Level 1 2015 €'000	Level 2 2015 €'000	Level 3 2015 €'000	Total 2015 €'000
Freehold property	-	109,562	-	109,562
	-	109,562	-	109,562

COMPANY Recurring fair value measurements	Level 1 2015 €'000	Level 2 2015 €'000	Level 3 2015 €'000	Total 2015 €'000
Freehold property	-	21,864	-	21,864
	-	21,864	-	21,864

For valuations based on a valuation technique the following information is provided about the technique used and significant inputs:

GROUP	Fair value at 31 Dec 2016 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	110,025	Market comparable approach	Market price per square metre for comparable properties

COMPANY	Fair value at 31 Dec 2016 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	21,709	Market comparable approach	Market price per square metre for comparable properties

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

31 FAIR VALUE MEASUREMENTS (continued)

GROUP	Fair value at 31 Dec 2015 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	109,562	Market comparable approach	Market price per square metre for comparable properties

COMPANY	Fair value at 31 Dec 2015 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	21,864	Market comparable approach	Market price per square metre for comparable properties

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

32 RELATED PARTY TRANSACTIONS

At 31 December 2016, A J Langley owed €665,000 (2015 - €848,000) to the Company. The maximum overdrawn balance during the year was €5,074,000 (2015 - €16,022,000). The full amount has been repaid since the year end.

During the year, the Company invoiced management charges of €8,654,000 (2015 - €6,189,000) and provided funding to Group companies with the following amounts outstanding at the year end:

	Amount outstanding at the year end 2016 €'000	2015 €'000
COMPANY		
The ARO group of companies	11	183
The Bradman Lake group of companies	78	418
The Claudius Peters group of companies	1,198	(9)
The Piller group of companies	11,101	11,163
The Manroland group of companies	33,669	33,600
CPVA GmbH	22,163	22,679
Sheetfed Holdings Limited	8,986	14,999
The DruckChemie group of companies	88	(164)
Retford Investments LLC	10,779	9,440
Langley Aviation Limited	40,927	44,717
Other group companies	11,977	10,243

During the year, Langley Aviation Limited invoiced the company €1,842,000 (2015 - €1,718,000) in respect of the use of aircraft.

During the year, the company received interest on loans to other Group companies of €5,384,000 (2015 - €6,229,000) and dividends from other Group companies of €54,902,000 (2015 - €62,810,000).

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €870,000 impairment of receivables relating to amounts owed by subsidiary undertakings during the year (2015 - €2,191,000) and reversed €1,900,000 (2015 - €124,000) against previous impairments.

The Company and Group are controlled by A J Langley, a Director of the Company.

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in the individual company Accounts.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

33 SHARE CAPITAL

	2016 €'000	2015 €'000
Authorised:		
60,100,010 ordinary shares of £1 each	71,227	71,227

Allotted, issued and fully paid:	2016 €'000	2015 €'000
60,100,010 ordinary shares of £1 each	71,227	71,227

34 MERGER RESERVE

The merger reserve arose during the year ended 31 December 2013 on the business combination with Sheetfed Holdings Limited. The transaction qualified for merger relief under section 612 of the Companies Act 2006.

35 REVALUATION RESERVE

This reserve is used to reflect changes in the fair value of assets, net of deferred tax, as indicated in note 1(e). It is not available for the payment of dividends.

36 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation reserves of €(5,115,000) (2015 - €23,395,000). Included within the retained earnings reserve for the Company is €(15,756,000) (2015 - €24,377,000) of foreign currency translation reserves.

The net currency exchange difference arising on retranslation in the year was a loss of €28,510,000 (2015 - gain of €14,812,000) for the Group and a loss of €40,133,000 (2015 - gain of €13,615,000) for the Company. The foreign currency translation reserve contains the accumulated foreign currency translation differences arising when the Accounts of the Company and Group operations are translated from their own functional currency to the euro, being the presentation currency for the group Accounts.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2016

37 MINORITY INTEREST

	2016 €'000
At 1 January 2016	-
At 31 December 2016	-

	2015 €'000
At 1 January 2015	230
Purchase of minority interest	(230)
At 31 December 2015	-

The minority interest reserve arose in 2014 on the acquisition of the DruckChemie Group. Sheetfed Holdings Limited owned 82% of the share capital of DC DruckChemie Brazil LTDA and 90% of the share capital in DC DruckChemie Polska Sp.z.o.o. The share holdings of the minority interest were acquired by Sheetfed Holdings Limited in the prior year.

38 COMMITMENTS UNDER OPERATING LEASES

At the year end, the Group had outstanding commitments for future minimum lease payments and other costs under non-cancellable operating leases, which fall due as follows:

	2016 €'000	2015 €'000
Within one year	5,062	5,291
In two to five years	10,530	6,754
After five years	1,758	1,536
	17,350	13,581

The lease commitments relate primarily to leases of land and buildings. The leases have various terms and renewal rights.

39 CASH GENERATED FROM OPERATIONS

GROUP	2016 €'000	2015 €'000
Profit before taxation	122,730	106,688
Depreciation	13,369	13,639
Profit on sale of property, plant and equipment	(95)	(1,226)
Amortisation of intangibles	527	388
Interest income	(1,502)	(1,987)
Impairment of fixed assets	146	1,726
Interest expense	244	165
Decrease/(increase) in inventories	7,485	(7,462)
Increase in trade and other receivables	(10,963)	(2,398)
Increase in trade and other payables	1,817	2,703
Movement in retirement benefit obligations	(446)	(469)
Foreign exchange translation adjustments	1,118	(1,029)
Cash generated from operations	134,430	110,738

COMPANY	2016 €'000	2015 €'000
Profit before taxation	71,993	70,368
Depreciation	1,397	1,339
Profit on sale of property, plant and equipment	(27)	(9)
Dividend income received	(54,902)	(62,810)
Interest income	(5,921)	(6,688)
Interest expense	-	11
(Increase)/decrease in inventories	(4)	12
Decrease in trade and other receivables	7,009	3,545
Decrease in trade and other payables	(44)	(44)
Foreign exchange translation adjustments	(7,506)	2,062
Cash generated from operations	11,995	7,786

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