QUADPACK INDUSTRIES, S.A.
and Subsidiary Undertakings

Consolidated Annual Accounts and Management Report
for the fiscal year ended on 31 January 2017

Consolidated Annual Accounts

QUADPACK INDUSTRIES, S.A. AND SUBSIDIARY UNDERTAKINGS
Consolidated report to the annual accounts for the fiscal year ended on 31 January 2017

1. Parent Company and subsidiary undertakings

QUADPACK INDUSTRIES, S.A. (the parent Company) was incorporated on 22 June 2010 (under the name of ANLOMO SPAIN, S.L. until 13 October 2015).

Its registered office is located in plaza de Europa no. 9, planta 11, in L´Hospitalet de Llobregat.

The main activities of the parent Company are acquisition, holding, administration and management of holdings in other companies with the purpose of controlling and managing the activity of these owned subsidiaries; providing support services to the management of the owned companies; and providing business consulting services.

On 20 April 2016, QUADPACK INDUSTRIES, S.A. started trading in the Paris (France) stock market called EURONEXT. To this end the Company during the first quarter of 2016 transformed its shares into book entries by registering said shares in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (IBERCLEAR) [the Spanish Central Securities Depository]. From this register and through the services of a Participating Agent they transfer some of the shares, with the help of another Participating Agent in France, to the Accounting Registry entity in France (Euroclear) so that the aforementioned portion of shares is admitted for trading in the EURONEXT (Free Market) stock exchange.

The EURONEXT trading market in the Free Market segment or level is not a regulated market, so the Company is not subject to the control levels and requirements of “listed” companies set by Spanish legislation. However, both in order to access said Free Market and to maintain the transfers and quotes system it is subject to the supervision and monitoring of its quarterly results, evolution of sales and internal variables and it must report any type of structural or ownership movement to said market.

The Group was first consolidated on 1 February 2013.

QUADPACK INDUSTRIES, S.A. AND SUBSIDIARY UNDERTAKINGS
Consolidated report to the annual accounts for the fiscal year ended on 31 January 2017

The subsidiary undertakings included in the consolidation perimeter are as follows:

Year ended 31.01.2017

Undertakings	Company holding the direct participation	Percentage of the investment attributed to the holding company	Net value of the investment (in euros)	Address	Activity
Quadpack UK LTD (a)	Quadpack Industries S.A.	100%	164.586	United Kingdom	Trading of packaging for perfumery and cosmetics
QUADPACK FRANCE, S.A.R.L. (b)	Quadpack Industries S.A.	100%	1.685.000	France	Trading of packaging for perfumery and cosmetics
QUADPACK ITALY, S.L.R	Quadpack Industries S.A.	100%	50.000	Italy	Trading of packaging for perfumery and cosmetics
QUADPACK SPAIN, S.L.	Quadpack Industries S.A.	100%	3.705.661	Spain	Trading of packaging for perfumery and cosmetics
YONWOO EUROPE SAS (b)	Quadpack Industries S.A.	90%	127.187	France	Trading of packaging for perfumery and cosmetics
QUADPACK AUSTRALIA PTY LTD (c)	Quadpack Industries S.A.	100%	2.098.714	Germany	Trading of packaging for perfumery and cosmetics
QUADPACK GERMANY GmbH	Quadpack Industries S.A.	100%	150.000	Germany	Trading of packaging for perfumery and cosmetics
QUADPACK LTD (a)	Quadpack Industries S.A.	100%	327.388	United Kingdom	Trading of packaging for perfumery and cosmetics
QUADPACK MANUFACTURING DIVISION, S.L.	Quadpack Industries S.A.	80%	935.467	Spain	Acquisition, holding, administration and management of holdings in other companies and all kinds of real estate activities.
TECHNOTRAF WOOD PACKAGING, S.L.	Quadpack Manufacturing Division S.L.	80%	480.000	Spain	Manufacture of wooden containers
QUADPACK IMPRESSIONS, S.L.	Quadpack Manufacturing Division S.L.	56%	89.636	Spain	Decoration of containers
QUADPACK PLASTICS S.A.	Quadpack Manufacturing Division S.L.	80%	656.000	Spain	Manufacture of plastic containers
COLLCAP PRIME LTD	Quadpack Industries S.A.	100%	2.451.642	United Kingdom	Acquisition, holding, administration and management of holdings in other companies and all kinds of real estate activities.
COLLCAP HOLDING LTD (a)	Collcap Prime LTD	100%	962	United Kingdom	Acquisition, holding, administration and management of holdings in other companies and all kinds of real estate activities.
COLLCAP PACKAGING LTD (a)	Collcap Holding LTD	100%	3.755.341	United Kingdom	Trading of packaging for perfumery and cosmetics
COLLCAP PACKAGING HK LTD	Collcap Packaging LTD	100%	12	Hong Kong	Trading of packaging for perfumery and cosmetics

(a) Company audited by Grant Thornton UK LLP (United Kingdom)
(b) Company audited by Françoise Spiri (France)
(c) Company audited by Grant Thornton Australia (Australia)

Year ended 31.01.2016

Undertakings	Company holding the direct participation	Percentage of the investment attributed to the holding company	Net value of the investment (in euros)	Address	Activity
Quadpack UK LTD (a)	Quadpack Industries, S.L.	100%	83.331	United Kingdom	Trading of packaging for perfumery and cosmetics
Spirit LTD (a)	Quadpack Industries, S.L.	60%	-	Reino Unido	Trading of packaging for perfumery and cosmetics
Quadpack France, SARL (b)	Quadpack Industries, S.L.	100%	1.685.000	France	Trading of packaging for perfumery and cosmetics
Quadpack Italy, S.R.L.	Quadpack Industries, S.L.	100%	50.000	Italia	Trading of packaging for perfumery and cosmetics
Quadpack Spain, S.L.	Quadpack Industries, S.L.	100%	3.705.662	Spain	Trading of packaging for perfumery and cosmetics
Yonwoo Europe, SAS (b)	Quadpack Industries, S.L.	90%	150.000	France	Trading of packaging for perfumery and cosmetics
Quadpack Australia, PTY LTD.	Quadpack Industries, S.L.	25%	70.454	Australia	Trading of packaging for perfumery and cosmetics
Quadpack Germany, GmbH	Quadpack Industries, S.L.	100%	25.000	Germany	Trading of packaging for perfumery and cosmetics
Quadpack LTD (a)	Quadpack Industries, S.L.	100%	327.388	United Kingdom	Trading of packaging for perfumery and cosmetics
Technotraf Wood Packaging, S.L.	Quadpack Manufacturing Division, S.L.	70%	420.000	Spain	Manufacture of wooden containers
Krampack, S.L.	Quadpack Manufacturing Division, S.L.	49%	68.876	Spain	Decoration of containers
Quadpack Manufacturing Division, S.L.	Quadpack Industries, S.L.	70%	371.458	Spain	Acquisition, holding, administration and management of holdings in other companies and all kinds of real estate activities.

(a) Company audited by Roffe Swayne (United Kingdom)
(b) Company audited by Françoise Spiri (France)

In the fiscal year ended on 31 January 2017, Quadpack Plastics S.A., Collcap Prime Ltd, Collcap Holding Ltd, Collcap Packaging Ltd and Collcap Packaging HK Ltd were incorporated into the consolidation perimeter.

The first of these was acquired on 5 February 2016 and the remainder on 24 November 2016. Quadpack Plastics, S.A. was included in the consolidation perimeter on 5 February 2016, the rest of the companies were included on 24 November 2016.

During the 2017-16 fiscal year the remaining 75% of Quadpack Australia PTY Ltd. was acquired for 2 million Euros, so it is now consolidated through global integration. The effective date of this operation is 1 February 2016.

All the aforementioned companies close their annual accounts to 31 January. The companies have been included in the consolidation using the global integration method.

Quadpack Industries, S.A. owns 100% and 71% of the shares of Quadpack Foundation and QPNET TECHNOLOGIES, S.L. for a value of 30,000 and 147,680 Euros respectively. These companies have not been included in the consolidation perimeter due to their low significance.

Quadpack Limited owns 100% of the share capital of Quadpack Hong Kong Ltd, located in Hong Kong, with the value of the financial holding for this undertaking being 30,928 Euros. This company has not been included in the consolidation perimeter due to its low significance.

Collcap Packaging Ltd owns 100% of the shares of Collcap USA Inc., Collcap Packaging (Australia) Pty Ltd. and Diva Cosmetics Ltd., for a value of 922.7 and 116 Euros, respectively. These companies have not been included in the consolidation perimeter due to their low significance.

2. Basis for the presentation of the consolidated annual accounts

a) True and fair view

The consolidated annual accounts, which consist of the consolidated balance sheet, the consolidated profit and loss statement, the statement of changes in the consolidated net equity, the consolidated cash flow statement and the consolidated report, which consists of notes 1 to 25, have been prepared from the accounting records of the companies mentioned in the previous note, applying the legal provisions that are in force as regards accounting matters, in particular, Royal Decree 1159/2010, of 17 September which approves the Standards for preparing consolidated annual accounts and modifies the National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November 2007 and its modifications approved by Royal Decree 1159/2010, of 17 September and by Royal Decree 602/2016, of 2 December, and in order to show a true and fair view of the Group's equity, financial situation, results, changes in net equity and cash flows occurred during the year.

All the amounts shown in this report are expressed in Euros, unless otherwise stated.

The consolidated annual accounts formulated by the Directors of the parent company will be submitted to the General Meeting of Shareholders of QUADPACK INDUSTRIES, SA, and it is considered that they will be approved without any modification.

b) Accounting principles

The consolidated annual accounts have been prepared by applying the generally accepted accounting principles. No accounting principle, which could have a significant effect, has been omitted.

c) Changes in accounting criteria

During fiscal year 2016-17 there have been significant changes in the accounting criteria compared to the criteria applied in fiscal year 2015-16, with said changes being:

With the entry into force of Royal Decree 602/2016, of 2 December, intangible assets with an indefinite useful life are no longer classified as assets with an indefinite useful life and not subject to amortization, to be amortized according to their estimated useful life, assuming, unless there is evidence to the contrary, that the useful life is a maximum of ten years and that their recovery is linear.

In accordance with what is established in the Sole Temporary Provision of said Royal Decree and as indicated in notes 24) and 3a and 3.f.3, the Company has opted to amortize the book value to 31 January 2016 of the goodwill and fixed assets that they had prospectively classified as intangible assets with an indefinite useful life, recording the amortization payments in the profit and loss statement for the year.

d) Critical aspects for valuations and estimates of uncertainty

When preparing the attached consolidated annual accounts estimates made by the directors of the Parent Company have been used to value some of the assets, liabilities, income, expenses and commitments that have been recorded in the accounts. These estimates refer mainly to:

- The evaluation of possible losses for the impairment of certain assets (notes 3a, 3f, 3g, 3i and 3j).

- The useful lives of the tangible and intangible assets (notes 3f and 3g).

- Estimation of recoverability of tax credits capitalized (note 3m).

- Estimation on provisions and contingent liabilities (note 3n).

Although the estimates have been made on the basis of the best information available at the end of the 2017-16 fiscal year, it is possible that events that may take place in the future could force those estimates to be modified (upwards or downwards) over the coming years. If this were necessary, any modifications would be incorporated prospectively.

e) Grouping of items

Certain items on the consolidated balance sheet, the consolidated profit and loss statement, the statement of changes in consolidated net equity and the consolidated cash flows statements have been grouped together to make them easier to understand. However, when significant, they have been presented separately in the corresponding notes to the consolidated reports.

f) Elements recorded in several items

When preparing the consolidated annual accounts, no items have been observed as being registered in two or more balance sheet items.

g) Classification of current and non-current items

When classifying current items, a maximum period of one year from the date of the attached consolidated annual accounts has been considered.

h) Comparison of the information

According to corporate law, for comparison purposes each of the items of the balance sheet, profit and loss statement, statement of changes in net equity and cash flows statement includes, in addition to the figures for the 2016-2017 fiscal year, the figures for the previous year. Quantitative information from the previous year is also included in the report, unless an accounting standard specifically states that this is not required.

In accordance with what is stated in notes 3a and 3f.3 and in relation to intangible assets with indefinite useful lives, the Company has applied for the first time in the year 2016 the change of criteria established in Royal Decree 602/2016, of 2 December, applying the prospective amortization option. In accordance with what is established in the Second Additional Provision of this Royal Decree, this change of criterion has had no effects on the comparative information.

Furthermore, it should also be noted that as a consequence of the inclusion of companies into the consolidation perimeter in the year ended on 31 January 2017, the figures of the balance sheet to 31 January 2017 are not directly comparable with those of the previous year, nor are the figures from the profit and loss statement comparable to those of the previous year; the inclusion in the consolidation perimeter led to an increase in the assets of 9,649,000 euros, in the liabilities of 8,554,000 euros, in the net turnover of 9,433,000 euros and in the result of 192,000 euros.

3. Valuation standards

The main accounting and valuation standards used to prepare the consolidated annual accounts are as follows:

a) Goodwill on consolidation

Corresponds to the positive differences in the elimination between the investment and the fair value of the net assets acquired, calculated on the date of first consolidation or on the date of acquisition of each of the companies in the consolidation perimeter.

The goodwill is assigned to each of the cash generating units in which it is expected that profits will be obtained from the business combination, and it is amortized. The cash generating units in which it is expected profits will be obtained from the business combination and among those for which its value has been assigned, are subject to a value impairment test at least once a year and, if necessary, the relevant value adjustment is recorded.

Any value adjustments due to impairment recorded in the goodwill are not subject to reversal in future financial years.

Goodwill is amortized on a straight-line basis over ten years (or during its useful life - it must be justified if the term is greater than ten years). The useful life will be determined separately for each cash generating unit to which the goodwill has been assigned.

b) Negative difference in consolidation

The negative difference in consolidation, which is classified as a reserve, is the difference that exists between the book value of the parent company's stake, direct or indirect, in the capital of the subsidiary and the value of the proportionate share of the net equity of said subsidiary attributable to said stake on the date of first consolidation, minus the positive differences as indicated in the previous paragraph.

c) Transactions between the companies included in the consolidation perimeter

The elimination of reciprocal debit and credit balances and expenses, revenues and results from internal operations has been performed based on the provisions established in this regard in Royal Decree 1159/2010 of 17 September.

d) Standardization of items

Different items from the individual accounts of each of the companies have been subjected to the corresponding standardization for valuation purposes, adopting in the applicable cases the criteria used by Quadpack Spain, S.L., the most relevant Company in the Group, for its own annual accounts.

e) Exchange conversion differences

The financial statements of the subsidiaries established abroad, denominated in foreign currency, have been converted using the closing exchange rate method, in accordance with the provisions established by Royal Decree 1159/2010. The general exchange conversion method consists mainly of:

- All asset items have been converted at the exchange rate in force on 31 January 2017.

- With regard to the liability and net equity items, except for the "Capital" and "Reserves" headings (historical exchange rates) and "Profit for the year" (average exchange rate), these are converted into Euros at the exchange rate in force on 31 January 2017.

- The closing exchange rate method has entailed the conversion of all items in the profit and loss statement at the average exchange rate for the year.

The exchange rate differences resulting from the application of this criterion is included under the "Exchange conversion differences" heading under the "Adjustments for changes in value" chapter of the accompanying consolidated balance sheet.

f) Intangible fixed assets

As a general rule, intangible fixed assets are registered as long as they comply with the requirement concerning identification. They are initially valued at their acquisition or production cost, being reduced thereafter by the related accumulated amortization and, if required, by the losses for impairment that have arisen. In particular, the following criteria are applied:

f.1) Industrial property

This is initially valued at the acquisition or production cost, including registration and filing costs. It is amortized on a straight-line basis over its useful life (8 years and 50 years).

f.2) Computer software

This concept includes the amounts paid for ownership rights or licensed usage of computer programs.

Computer programs that meet the recognition criteria are capitalized at acquisition or development cost. They are amortized on a straight-line basis over a period of three years from the time each program comes into use.

Maintenance costs for computer software are allocated to the results for the year in which they are incurred.

f.3) Goodwill

The goodwill is only recorded when its value is evidenced under an onerous acquisition, in the context of a business combination.

The amount of the goodwill is the excess cost of the business combination over the corresponding fair value of the acquired identifiable assets minus the fair value of the liabilities assumed.

The goodwill is assigned to each of the cash generating units in which it is expected that profits will be obtained from the business combination, and it is amortized applying an amortization rate of 10%.

The cash generating units in which it is expected profits will be obtained from the business combination and among those for which its value has been assigned, are subject to a value impairment test at least once a year and, if necessary, the relevant value adjustment is recorded.

g) Tangible fixed assets

The tangible fixed assets have been recorded at their acquisition cost.

The indirect taxes associated with tangible fixed assets are only included in the acquisition or production cost when they cannot be recovered directly from the Spanish Revenue Service.

Costs relating to expansions, modernizations or improvements are registered as an increase in the assets value only if they represent an increase in their capacity, efficiency, productivity or a lengthening of their useful lives. Upkeep and maintenance expenses are recorded in the profit and loss statement of the year in which they are incurred.

The amortization is performed using the straight-line basis and on the basis of the estimated useful lives of the assets. The annual amortization percentages applied are the following:

	Percentage
Facilities	15%
Mold facilities	33%
Other facilities	20% - 33%
Furniture	15% - 25%
Computer systems	25% - 38%
Transport equipment	16% - 25%
Other fixed assets	20%

- Impairment of the value of intangible and tangible fixed assets

At the end of each fiscal year or whenever there is an indication of a loss in value, the Group proceeds to estimate the possible existence of a loss in value that could reduce the recoverable value of said assets to an amount lower than their book value by carrying out impairment tests.

The recoverable amount is the fair value minus the sale costs, or the use value, whichever is greater.

The procedure implemented by the Management of the Group in order to carry out that test is as follows:

Recoverable values are calculated for each cash generating unit, although for tangible fixed assets, whenever possible, impairment calculations are carried out asset-by-asset on an individualized basis.

If the Group has to recognise an impairment loss of a cash generating unit to which all or part of the goodwill had been assigned, firstly the book value of the goodwill corresponding to said unit is reduced. If the impairment exceeds the amount thereof, secondly the rest of the assets of the cash generating unit are reduced in proportion to their book value, up to the limit of the higher of the following values: their fair value minus sale costs, their value in use and zero. The impairment loss has to be registered against the results for the year.

When a loss of value due to impairment is reverted on a later date (a circumstance which is not permitted in the specific case of goodwill), the book value of the asset or of the cash generating unit is increased up to the revised estimate of its recoverable value, but in such a way that the increased book value does not exceed the book value that would have been calculated in the absence of any impairment losses recognised in prior years. This reversal of an impairment loss is recognised as income in the consolidated profit and loss statement.

h) Leases and other similar operations

The Group records as a financial lease any operation whereby the lessor substantially transfers to the lessee the risks and rewards inherent to the ownership of the asset covered by the contract. All other operations are treated as operating leases.

h.1) Financial leases

In financial leasing operations in which the Group companies are the lessee, the Group records an asset in the balance sheet according to the type of asset covered by the contracts and a liability for the same amount. The amount registered in the accounts is the lower of the following amounts: the fair value of the leased asset and the current value at the start of the lease of the minimum agreed leasing payments, including the purchase option. Contingent payments are not included and neither are services or taxes recharged by the lessor. The financial cost is charged to the profit and loss statement in the year in which it is accrued, using the effective interest rate method. Contingent payments are recognised as an expense for the year in which they are incurred.

Assets recorded for this type of operation are depreciated using the same criteria as those used for all tangible (or intangible) fixed assets, according to their nature.

h.2) Operating leases

Income and expenses derived from operating lease contracts are recorded in the profit and loss statement in the year in which they are accrued.

Furthermore, the acquisition cost of the leased asset is recorded in the balance sheet according to its nature. The cost is increased by the contract costs that are directly assignable to the agreement and these are recognised as expenses over the life of the contract, using the same criterion that is used for recognising the income from the operating lease.

Any collection or payment that may be made when entering into an operating lease agreement will be treated as an advance collection or payment that will be included in the long term results of the lease period, as the profits from the leased asset are given or received.

The expenses associated with operating lease agreements are recorded in the profit and loss statement in the year in which they are accrued.

Any collection or payment that may be made when entering into an operating lease agreement will be treated as an advance collection or payment that will be included in the long term results of the lease period, as the profits from the leased asset are given or received.

i) Stocks

Stocks are valued at the lower of their purchase price, or net realizable value. The valuation methodology applied is the average price. Commercial discounts, rebates and similar items, and, any interest included in the nominal value of the amounts payable are deducted when determining the purchase price.

The net realizable value is the estimated sales price minus the estimated costs to complete the manufacture of the item, and, minus those costs that will be incurred in the processes relating to marketing, sale and distribution.

Valuation adjustments are recognised as expenses in the profit and loss statement when the net realizable value of the stocks is lower than their acquisition price or production cost.

These adjustments are reversed when the circumstances that caused the original adjustment to the value of the stocks have ceased to exist and the reversal is recognised as income in the profit and loss statement.

The value of obsolete, defective or slow-moving products is reduced to their possible realizable value, recording the adjustment in the profit and loss statement for the year.

j) Financial instruments

j.1) Financial assets

For valuation purposes, the financial assets of the Group are classified as follows:

j.1.1) Loans and other amounts receivable

These correspond to commercial and non-commercial loans arising from the sale of goods, deliveries of cash or the delivery of services, with the corresponding amounts receivable being fixed or determinable and not negotiated in any market.

Initially, these are recorded at the fair value of the consideration paid plus the direct costs of the transaction. Thereafter, they are valued at their amortized cost, recording the interest accrued in the profit and loss account on the basis of their effective interest rate.

Notwithstanding the above, loans maturing at less than one year that are initially valued at their nominal value will continue to be valued at that value, unless there has been impairment.

Valuation adjustments for impairment are recorded on the basis of the difference between the book value and the present value at the end of the fiscal year of the estimated future cash flows that will be generated, discounted at the effective interest rate calculated at the date of the initial accounting entry. These adjustments are recognised in the profit and loss statement.

j.1.2) Investments held to maturity

These include the investments that relate to debt, with fixed maturities and determinable amounts to be collected, which are negotiated in an active market, when the Company manifests its intention and capacity to hold these investments until they mature.

Initially, these are recorded at the fair value of the consideration paid plus the direct costs of the transaction.

Thereafter, they are valued at their amortized cost and the interest accrued in the period is determined using the effective interest rate method.

Valuation adjustments for impairment are recognised in the profit and loss statement and calculated on the basis of the difference between their book value and the present value at the end of the fiscal year of the estimated future cash flows they will generate, discounting the effective interest rate calculated at the date of the initial accounting entry.

The Group removes the financial assets when they expire or when the rights to the cash flows of the relevant financial asset have been assigned and the risks and benefits inherent to owning the asset have been substantially transferred, such as in firm sales of assets, assignments of business loans in factoring operations in which the company does not retain any loan or interest risks, sales of financial assets with fair value re-purchase agreements or the securitization of financial assets in which the assigning company does not retain related financing or grant any type of guarantee or assume any other type of risk.

j.2) Financial liabilities

These are the liabilities and amounts payable that the Group has that have arisen from the purchase of goods and services as a result of the company's commercial activity, as well as those that might not have arisen from commercial activities but cannot be considered as derivative financial instruments.

They are valued initially at the fair value of the consideration received, adjusted for the costs directly attributable to the transaction. Thereafter, these liabilities are valued based upon their amortized cost, using the effective interest rate.

Notwithstanding the above, loans maturing at less than one year that are initially valued at their nominal value will continue to be valued at that value, unless there has been impairment.

The Group eliminates financial liabilities from the accounting registers when the associated obligations have expired.

j.3 Equity instruments

An equity instrument represents a residual interest in the equity of the Company, after deducting all its liabilities.

The capital instruments issued by the Company are recorded in net equity for the amount received, net of issuance expenses.

The treasury shares that the Company acquires are recorded, for the value of the consideration given in exchange, directly as a lower value of Net Equity. The results derived from the purchase, sale, issuance or amortization of equity instruments are recognised directly in Net Equity, without in any case registering any result in the profit and loss statement.

j.4) Deposits paid and received

The difference between the fair value of the deposits paid and received and the amount disbursed or collected is treated as an advance payment or collection relating to the operating lease or the rendering of the service, which is recognised in the profit and loss statement during the rental period or over the duration of the period during which the service is provided. Nevertheless, as these are long term deposits with insignificant amounts, the cash flows have not been deducted.

When these are long-term deposits no cash flow is deducted as their impact is not significant.

k) Transactions in foreign currencies

k.1) Monetary items

The conversion of the treasury and accounts payable stated in foreign currencies into the functional currency is carried out by applying the exchange rate that is in effect at the time the operation takes place and they are valued at year-end according to the exchange rate that is in effect at that time.

Exchange differences occurring as a result of the year-end valuation of amounts payable and receivable in foreign currency are recognised directly in the profit and loss statement.

k.2) Non-monetary items

The conversion of financial investments in foreign currencies into the functional currency is carried out by applying the exchange rate that is in effect when the operation takes place.

Thereafter, the valuation is carried out based upon the nature of the item in question:

k.2.1) Items valued at historic cost:

Amounts provided for amortization are calculated using the amount of the functional currency converted at the exchange rate that is in effect when the item was initially recognised.

Valuation adjustments are recorded when the recoverable value at the year-end exchange rate is lower than the net book value.

k.2.2) Items valued at fair value:

These are valued applying the exchange rate that is in effect on the date their fair value is calculated.

l) Hedges

Cash flow hedges are those which provide hedging against the risk of changes in the cash flows attributed to a specific risk associated with recorded assets or liabilities or a highly probable transaction. The gain or loss on the hedging instrument is recognised on a temporary basis as part of net equity and is transferred to the profit and loss statement in the same period as the hedged item. If the hedging relates to an expected transaction that will result in the recognition of a non-financial asset or liability, then the amounts recorded in net equity are included as part of the cost of the asset or liability when it is acquired or assumed.

m) Corporation tax

The expense or income for corporation tax is calculated based upon the sum of the expense or income for current tax plus the corresponding part of the expense or income for deferred taxes. The Group does not pay taxes on a consolidated taxation basis, it pays taxes individually for each company.

Current tax is the amount resulting from the application of the tax rate to the taxable result for the fiscal year, after having taken into account allowable tax deductions.

The expense or income for deferred taxes relates to the recognition or cancellation of the deferred tax assets and liabilities. These include the timing differences which are those amounts that are expected to be recoverable or payable due to the differences between the book value of assets and liabilities and the value of the same items for tax purposes, as well as tax losses available for future offset and unused tax credits or deductions. These amounts are recorded by applying to the appropriate timing differences or credits, the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recorded for all taxable timing differences, except for those that arise from the initial recognition of goodwill or from other assets and liabilities in an operation that affects neither the tax result nor the accounting result and is not a business combination.

In turn, deferred tax assets are only recognised to the extent that it is considered likely that the Company will have future tax earnings with which they may be offset.

Deferred tax assets and liabilities arising from credit or debit operations recorded directly in equity accounts, are also recognised as part of the net equity.

As part of the closing process for each year-end, the recorded deferred tax balances are reviewed to verify that they are still valid and any adjustments required are recorded. Likewise, the deferred tax assets not recorded on the balance sheet are also reviewed and these are recorded in as far as their recovery against future taxable profits is considered likely.

n) Provisions and contingencies

When drafting the consolidated annual accounts, the directors of the Parent Company make a distinction between:

n.1) Provisions

Credit balances that cover present obligations arising from past events, whose settlement is likely to cause an outflow of resources, but the amount and date of the settlement are not yet determined.

n.2) Contingent liabilities

Possible obligations arising from past events, whose future materialization depends on the occurrence of one or more future events which are beyond the control of the Group.

The consolidated annual accounts reflect all the provisions concerning those matters where it is estimated that the probability of having to meet the obligation is higher than the improbability; they are recorded at the present value of the best possible estimate of the amount required to settle the obligation or to transfer it to a third party. Contingent liabilities are not recorded in the consolidated annual accounts, instead information is provided about these in the notes to the report.

o) Liabilities for long-term remunerations to staff

Payments based on equity instruments

The goods or services received in these operations are recorded as assets or expenses according to their nature, at the time of their acquisition, and the corresponding increase in net equity if the transaction is settled with equity instruments, or the corresponding liability if the transaction is settled with an amount based on their value.

In those cases in which the provider or supplier of goods or services has the option to decide how to receive the consideration, a composite financial instrument is recorded.

Transactions with employees settled with equity instruments, both as regards the services rendered and the increase in net equity to be recognised, are valued at the fair value of the transferred equity instruments, on the date of the transfer agreement.

In transactions with employees settled with equity instruments whose counterpart are goods or services not provided by employees, these are valued at the fair value of the goods or services on the date they are received. In the event that said fair value cannot be reliably estimated, the goods or services received and the increase in net equity are valued at the fair value of the transferred equity instruments, on the date on which the company obtains the goods or the other party provides the services.

In transactions settled in cash, the goods or services received and the liability to be recognised are valued at the fair value of the liability, on the date on which the requirements for recognition were met.

The liability generated in these operations is valued, at its fair value, on the date the fiscal year comes to an end, and any changes in the valuation occurred during the year are allocated to the profit and loss statement.

p) Related party transactions

Operations between related parties, irrespective of the degree of relationship between the parties, are accounted for in accordance with the general standards, being recorded initially at their fair value. If the agreed price for an operation is different to the fair value, the difference is recorded based upon the economic reality of the operation.

q) Income and expenses

These are recognised on an accrual basis. That is to say, accounting recognition takes place when the real flow of goods and services that they represent occurs, irrespective of the timing of the related monetary or financial flow. Income is valued at the fair value of the consideration received, after deducting discounts and taxes.

Sales income is recognised when the significant risks and rewards inherent to the ownership of the sold good have been transferred to the purchaser and the Group no longer retains either the daily management of said good or actual control thereof.

As for sales income for services rendered, this is recognised based upon the level of completion of the rendering of the service on the date of the balance sheet, as long as the result of the transaction can be reliably estimated.

r) Cash flow statement

The cash flow statement has been prepared using the indirect method, and it uses the following expressions with the meanings indicated below:

- Operating activities: activities that constitute the Group’s ordinary income, as well as other activities that cannot be classified as investing or financing activities.

- Investing activities: activities having to do with the procurement, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the net equity and the liabilities that are not part of the operating activities.

s) Segmented information

The Group is internally organised by operative segments that in general coincide with the activity of each of the companies that are included in the consolidation perimeter. Note 20d shows information about the contribution made by each company included in the consolidation perimeter to the consolidated results, and note 24 shows the most important segmented information.

4. Intangible assets

The balances and variations during the fiscal years of the gross and accumulated amortization values are as follows:

	Concessions	Industrial property	Computer software	Other intangible fixed assets	Goodwill	Total
Gross values						
Balance as at 01.02.15	649	16.934	459.533	65.387	-	542.503
Outputs in the scope of consolidation	-	-	-	(65.387)	-	(65.387)
Additions	-	-	63.627	-	327.825	391.452
Withdrawals	-	(1.198)	(2.644)	-	-	(3.842)
Balance as at 31.01.16	649	15.736	520.516	-	327.825	864.726
Additions of the scope of consolidation	-	-	39.204	-	-	39.204
Additions	-	2.826	54.847	-	6.123.988	6.181.661
Withdrawals	-	(776)	(44)	-	-	(820)
Translation differences	-	-	-	327.825	(327.825)	-
Conversion differences	-	8.168	-	(37.482)	-	(29.314)
Balance as at 31.01.17	649	25.954	614.523	290.343	6.123.988	7.055.457
Accumulated depreciation						
Balance as at 01.02.15	(649)	(599)	(380.483)	(65.387)	-	(447.118)
Outputs in the scope of consolidation	-	-	-	65.387	-	65.387
Endowment to the amortization	-	(560)	(56.728)	-	-	(57.288)
Withdrawals	-	906	110	-		1.016
Balance as at 31.01.16	(649)	(253)	(437.101)	-	-	(438.003)
Additions of the scope of consolidation	-	-	(16.951)	-	-	(16.951)
Endowment to the amortization	-	(897)	(60.717)	-	(376.018)	(437.632)
Conversion differences	-	(8.167)	-	-		(8.167)
Balance as at 31.01.17	(649)	(9.317)	(514.769)	-	(376.018)	(900.753)
Valuation adjustment						
Balance as at 01.02.15	-	-	-	-	-	-
Additions	-	-	-	-	(299.938)	(299.938)
Conversion differences	-	-	-	-	14.708	14.708
Balance as at 31.01.16	-	-	-	-	(285.230)	(285.230)
Additions	-	-	-	(32.754)	-	(32.754)
Translation differences	-	-	-	(285.230)	285.230	-
Conversion differences	-	-	-	36.332	-	36.332
Balance as at 31.01.17	-	-	-	(281.652)	-	(281.652)
Net book as at al 31.01.16	-	15.483	83.415	-	42.595	141.493
Net book as at al 31.01.17	-	16.637	99.754	8.691	5.747.970	5.873.052

The Group has certain elements that are part of the intangible assets that are located outside Spanish territory. They are detailed below:

	31.01.2017		
Account	Gross value	Accumulated amortisation	Net value
Concessions	649	(649)	-
Industrial property	2.826	(566)	2.260
Computer software	2.243	(2.243)	-
Total	5.718	(3.458)	2.260

	31.01.2016		
Account	Gross value	Accumulated amortisation	Net value
Concessions	649	(649)	-
Computer software	2.243	(2.243)	-
Total	2.892	(2.892)	-

The gross value of the elements in use that were totally amortized is as follows:

Account	Balance as at 31.01.17	Balance as at 31.01.16
Concessions	649	649
Computer software	408.895	374.480
	409.544	375.129

Goodwill

As a result of the acquisition by Quadpack UK Limited of the activities of Spirit Limited in 2015-16 a goodwill was generated that amounts to 327,825 Euros. At the end of the 2015-16 fiscal year an impairment test was performed based on a calculation of the value in use. This calculation considered the projected future cash flows based on financial budgets. Based on the value in use the Group recorded a goodwill impairment loss that amounts to 299,938 Euros. During the 2016-17 fiscal year an additional impairment of 32,754 Euros was recorded

Goodwill on consolidation

To 31 January 2016, the goodwill net balance is 5,747,970 Euros.

As a result of the acquisition of Quadpack Plastics, S.A., Quadpack Australia PTY Ltd. and Collcap Prime Ltd. in the 2017-16 fiscal year, goodwill was generated for a net value of 5,747,970 Euros.

As of that year, the Group has recorded a goodwill amortization of 10% per annum in accordance with current regulations.

To 31 January 2017, the goodwill balance is as follows:

	2017-16		
Company	Gross value	Accumulated amortisation	Net value
Collcap Prime Ltd.	2.836.570	(47.276)	2.789.294
Quadpack Plastic, S.A.	1.133.040	(113.304)	1.019.736
Quadpack Australia PTY Ltd.	2.154.378	(215.438)	1.938.940
Total	6.123.988	(376.018)	5.747.970

5. Tangible assets

The balances and variations during the fiscal years of the gross and accumulated amortization values are as follows:

	Land and buildings	Technical installations and other tangible fixed assets	Advances and Fixed Assets in Progress	Total
Gross values				
Balance as at 01.02.15	-	3.147.942	46.649	3.194.591
Outputs in the scope of consolidation	-	(16.592)	-	(16.592)
Additions	-	562.583	544.780	1.107.363
Withdrawals	-	(74.738)	-	(74.738)
Translation differences	-	80.625	(80.625)	-
Conversion differences	-	46.679	-	46.679
Balance as at 31.01.16	-	3.746.499	510.804	4.257.303
imputs in the scope of consolidation	120.570	2.928.459	-	3.049.029
Additions	-	1.145.209	208.363	1.353.572
Withdrawals	-	(117.919)	(95.365)	(213.284)
Translation differences	1.569	474.181	(475.750)	-
Conversion differences	-	(16.792)	-	(16.792)
Balance as at 31.01.17	122.139	8.159.637	148.052	8.429.828
Accumulated depreciation				
Balance as at 01.02.15	-	(1.185.874)	-	(1.185.874)
Outputs of the scope of consolidation	-	16.592	-	16.592
Endowment to the amortization	-	(510.374)	-	(510.374)
Withdrawals	-	67.762	-	67.762
Conversion differences	-	(47.155)	-	(47.155)
Balance as at 31.01.16	-	(1.659.049)	-	(1.659.049)
imputs in the scope of consolidation	(53.051)	(1.608.482)	-	(1.661.533)
Endowment to the amortization	(6.564)	(1.112.561)	-	(1.119.125)
Withdrawals	-	98.091	-	98.091
Translation differences	-	-	-	-
Conversion differences	(798)	15.664	-	14.866
Balance as at 31.01.17	(60.413)	(4.266.337)	-	(4.326.750)
Net book as at 31.01.16	-	2.087.450	510.804	2.598.254
Net book as at 31.01.17	61.726	3.893.300	148.052	4.103.078

During the 2016-17 and 2015-16 periods, the Group sold tangible assets whose net book value amounts to 115,193 and 6,976 Euros, respectively, obtaining a profit of 17,867 Euros and a loss of 4,875 Euros, respectively.

The Group has certain elements that are part of the tangible assets that are located outside Spanish territory. They are detailed below:

Account	Country	Balance as at 31.01.17 Gross value	Balance as at 31.01.17 Accumulated amortisation	Balance as at 31.01.16 Gross value	Balance as at 31.01.16 Accumulated amortisation
Technical installations, machinery and other tangible fixed assets	United Kingdom	769.444	(649.219)	127.238	(118.322)
	France	422.445	(257.749)	205.339	(106.227)
	Germany	2	-	30.647	(28.598)
	Hong Kong	24.627	(12.743)	-	-
	Italy	143.303	(123.438)	72.449	(52.683)
	Australia	303.457	(181.461)	-	-
	China	86.522	(55.166)	59.331	(50.850)
	South Korea	15.575	(15.339)	203.033	(107.454)
		1.765.375	(1.295.115)	698.037	(464.134)

The value of the tangible asset elements that are totally amortized and are still in use is as follows:

Account	Balance as at 31.01.17	Balance as at 31.01.16
Technical installations, machinery and other tangible fixed assets	673.812	430.365
	673.812	430.365

The Group's policy is to take out insurance policies to cover the potential risks to which the various elements of its tangible assets are subject. At the end of the 2016-17 and 2015-16 periods these were fully insured against said risks.

As explained in note 6.1, the Group has contracted several finance leasing operations on its tangible assets.

6. Leases and other similar operations

6.1. Financial leases

The Group has minimum leasing payments contracted with the lessors (including, if appropriate, purchase options) which, according to the current contracts in force are as follows:

2015-16

Account	Initial Cost value	Initial Cost value	Duration of the contract (month)	Period elapsed (month)	Value of quotas: Payments in previous years	Payments in 2015-2014	Outstanding payments plus purchase option
Machinery	114.002	1.975	60	31	42.080	34.316	37.606
Vehicles	20.507	-	60	58	12.832	2.244	5.431
Other installations, tooling, fixture and fittings	78.867	1.142	60	15	2.844	9.032	66.991
Other installations, tooling, fixture and fittings	288.000	-	72	-	-	-	288.000
Machinery	30.830	403	60	10	-	13.900	16.930
Machinery	106.500	6.320	60	2	-	3.241	103.259
Machinery	45.000	893	60	9	-	6.639	38.361
	683.706	10.733			57.756	69.372	556.578

2016-17

Account	Initial Cost value	Initial Cost value	Duration of the contract (month)	Period elapsed (month)	Value of quotas: Payments in previous years	Payments in 2016-17	Outstanding payments plus purchase option
Machinery	114.002	1.975	60	43	76.396	15.287	22.319
Transports	20.507	-	60	60	15.076	5.431	-
Other installations, tooling, fixture and fittings	78.867	1.142	60	27	11.876	22.533	44.458
Other installations, tooling, fixture and fittings	288.000	-	72	12	-	30.913	257.087
Machinery	30.830	403	60	22	13.900	14.343	2.587
Machinery	106.500	6.320	60	14	3.241	20.295	82.964
Machinery	45.000	893	60	21	6.639	8.852	29.509
Machinery	133.080	-	60	4	-	-	133.080
Machinery	169.500	-	72	7	-	16.269	153.231
Machinery	19.000	-	60	35	6.528	3.674	8.798
Machinery	35.000	-	60	55	27.449	5.262	2.289
Machinery	106.925	-	60	45	70.698	15.025	21.202
Machinery	30.000	-	60	39	18.190	4.015	7.795
Machinery	31.875	-	36	36	28.172	3.703	-
Machinery	11.181	-	36	20	5.527	3.725	1.929
Vehicles	14.227	-	60	29	6.440	477	7.310
Computing machinery	40.953	-	36	33	33.613	3.644	3.696
Vehicles	28.877	-	60	53	11.480	5.459	11.938
Computing machinery	7.458	-	24	13	-	2.562	4.896
Mold	95.674	-	48	35	39.556	27.536	28.582
Other installations, tooling, fixture and fittings	16.059	-	48	30	2.178	5.411	8.470
	1.423.515				376.959	214.416	832.140

6.2. Operating leases

The Group has contracted minimum future operating lease payments with the lessees, which, according to the current contracts in force are as follows:

	Nominal value	
Minimum quotas	2016-17	2015-16
Less than a year	808.839	623.394
Between one and five years	3.756.688	1.652.892
More than five years	2.702.102	712.000
	7.267.629	2.988.286

The main lease contract is the one signed by the parent Company for the offices, located in the "Torre INBISA" building in Plaza Europa, 9-11 in Hospitalet de Llobregat (Barcelona). In the contract there is an early settlement clause, stating that the obligatory occupancy period will not exceed five years. The amount of the lease payments for the office lease contract was updated in September 2013, increasing the payments based on the CPI. In this fiscal year the Parent Company has renewed its contract for the offices on the 11th floor for ten years and in turn has signed a new ten-year contract for half of the 19th floor.

During the current fiscal year there is a large increase in operating leases due to different circumstances. New lease contracts have been signed by Quadpack Italy, S.R.L., Quadpack Manufacturing Division, S.L. and Quadpack UK Ltd.
With the acquisition of Quadpack Plastics, S.A., Quadpack Australia PTY Ltd. and Collcap Packaging Ltd. the amount of the leases has been increased by more than one million three hundred thousand Euros.

7. <u>Financial investments</u>

7.1. Long term and short term investments

Financial investments, except for the investments in group and associated companies that are detailed in note 7.2, are classified using the following categories:

	Longterm financial investments	
	Loans, derivatives and others	
Categories	31.01.17	31.01.16
Loans and other receivables	39.046	23.509
Deposits	220.365	3.857
Other financial assets	-	478.818
	259.411	506.184

The other long-term financial assets to 31 January 2016 correspond to deposits for foreign currency exchange rate insurance that the Group had contracted for an aggregate amount of 84,863 Euros and factoring guarantees amounting to 259,043 Euros as well as various other deposits.

	Short-term financial investments	
	Loans, derivatives and others	
Categories	31.01.17	31.01.16
Short-term deposit	182.383	181.383
Derivatives (note 16)	416.481	407.912
Other financial assets	644.040	861.679
	1.242.904	1.450.974

The fixed term deposits accrue market interests.

The other financial assets correspond to deposits for foreign currency exchange rate insurance that the Group has contracted for an aggregate amount of 255,732 Euros (565,968 Euros to 31 January 2016) and factoring guarantees amounting to 388,308 Euros (295,711 to 31 January 2016).

7.2. Long term investments in group and associated companies

The ownership interests correspond to investments in companies that have been excluded from the consolidation perimeter because they are not significant. These companies are Quadpack Hong Kong Ltd., Quadpack Foundation, QP NET TECHNOLOGIES, S.L., Collcap USA Inc., Collcap Packaging (Australia) Pty Ltd and Diva Cosmetics Ltd.

The breakdown of the ownership interests that have been excluded from the consolidation perimeter is as follows:

Company	31.01.17	31.01.16
Quadpack Hong Kong Ltd	30.928	90.922
Quadpack Fundation	30.000	-
QP NET TECHNOLOGIES, S.L.	147.680	-
Collcap USA Inc.	922	-
Collcap Packaging (Australia) Pty Ltd.	7	-
Diva Cosmetics Ltd.	116	-
	209.653	30.922

The ownership interests recorded following the equity method of the 2015-16 fiscal year correspond entirely to the participation in Quadpack Australia PTY LTD.

The breakdown of the financial information of Quadpack Australia PTY LTD to 31 January 2016, stated in Euros, is the following:

	31.01.2016
Total assets	2.693.712
Total liability	1.952.671
Total Own Funds	765.176
Result of exploitation	839.051
Result for the year	586.514

8. Trade debtors and other receivables

The breakdown of the "Trade debtors and other receivables" heading of the balance sheet is as follows:

Account	31.01.17	31.01.16
Accounts receivable for sales and services	18.029.600	17.173.581
Clients trade debtor-group and associated (Note 22)	88.882	16.353
Sundry debtors	332.431	110.039
Employees	1.618	42.759
Current tax assets (Note 18)	239.188	129.575
Other loans with goverment bodies (Note 18)	674.069	719.590
Total	19.365.788	18.191.897

The variations from impairment losses due to credit risk broken-down by financial assets have been as follows:

Account	Clients
Balance as at 01.02.15	(300.100)
Valuation adjustment for impairment	(17.319)
Valuation adjustment for impairment	71.022
Balance as at 31.01.16	(246.397)
Valuation adjustment for impairment	(8.415)
Balance as at 31.01.17	(254.812)

9. Long and short term debts

Long and short term debts are classified based on the following categories:

	Long term debts							
	Borrowings-financial institutions		Finance lease		Derivatives and others		Total	
	31.01.17	31.01.16	31.01.17	31.01.16	31.01.17	31.01.16	31.01.17	31.01.16
Categories:								
Loans and other payables	3.648.541	1.214.748	662.076	442.959	621.307	47.591	4.931.924	1.705.298
	3.648.541	1.214.748	662.076	442.959	621.307	47.591	4.931.924	1.705.298

	Short term debts							
	Borrowings-financial institutions		Finance lease		Derivatives and others		Total	
	31.01.17	31.01.16	31.01.17	31.01.16	31.01.17	31.01.16	31.01.17	31.01.16
Categories:								
Loans and other payables	2.937.476	664.367	170.064	113.619	377.767	59.052	3.485.307	837.038
	2.937.476	664.367	170.064	113.619	377.767	59.052	3.485.307	837.038

a) Classification by maturity

The breakdown of the long term maturity dates with financial institutions is as follows:

	2016-17					
	2018-19	2019-20	2020-21	2021-22	Rest	Total
Debts:						
Borrowings-financial institutions	1.102.960	1.099.393	982.016	464.172	-	3.648.541
Finance lease creditors	212.117	178.066	155.539	95.513	20.841	662.076
Other financial liabilities	317.518	101.263	101.263	101.263	-	621.307
	1.632.595	1.378.722	1.238.818	660.948	20.841	4.931.924

	2015-16				
	2017-18	2018-19	2019-20	2020-21	Total
Debts:					
Borrowings-financial institutions	395.142	314.681	297.252	207.673	1.214.748
Finance lease creditors	120.449	110.887	99.660	111.963	442.959
Other financial liabilities	47.591	-	-	-	47.591
	563.182	425.568	396.912	319.636	1.705.298

b) Other information

The breakdown of debts with financial institutions is as follows:

		Balance as at 31.01.17	
Type of operations	Limit granted	Shor term debts	Long term debts
ICO Loan	82.347	82.347	-
Loan policies	6.498.365	2.849.824	3.648.541
Finance lease borrowings	832.140	170.064	662.076
Others	-	5.305	-
		3.107.540	4.310.617

		Balance as at 31.01.16	
Type of operations	Limit granted	Shor term debts	Long term debts
Loan ICO	167.898	85.148	82.750
Loan policies	1.464.731	332.733	1.131.998
Finance lease borrowings	556.578	113.619	442.959
Discount customers	-	246.486	-
		777.986	1.657.707

All the finance operations accrue market interests.

Quadpack Industries, S.A. has signed guarantees with Banc Sabadell for Quadpack Spain, S.L., for 4,900,000 Euros, with the majority of the guarantees being commercial in nature.

10. Trade creditors and other accounts payable

The breakdown of the "Trade creditors and other accounts payable" heading of the balance sheet is:

Account	31.01.17	31.01.16
Suppliers	13.922.883	13.311.212
Suppliers, companies equity accounted (Note 22)	2.908	-
Sundry creditors	1.691.407	862.170
Employees (remmunerations pending payment)	677.083	427.264
Liabilities for current taxes (Note 18)	763.212	882.096
Other debts with Govermment bodies (Note 18)	1.505.862	1.188.238
Advances received from customers	330.734	298.342
Total	18.894.089	16.969.322

For the purposes of the provisions established in the second additional provision of Act 31/2014, of 3 December which amends the Capital Companies Act and in accordance with the Resolution of 29 February 2016 of the Institute of Accounting and Auditing of Accounts, a breakdown is provided below with the average period of payment to suppliers, ratio of transactions paid, ratio of transactions pending payment, total payments made and total outstanding payments for the Spanish companies included in the consolidation perimeter:

	2016-17	2015-16
Concept	Days	Days
Average payment period to suppliers	62	54
Ratio paid operations	79	50
Ratio of outstanding payment transactions	64	79
	Amount (euros)	Amount (euros)
Total payments	18.181.443	6.801.492
Total outstading payments	3.322.552	4.343.725

11. Capital and reserves

a) Share capital

At the end of the 2016-17 fiscal year, the share capital of the Parent Company amounts to 3,798,869Euros, represented by 3,798,869 shares with a par value of 1 Euro each. All the shares are of the same class, they are totally subscribed and paid up and they confer the same rights to each of their holders.

In June 2016 the capital was increased by creating 72,500 new shares, each with a par value of one Euro and they were created with a share premium of 6.7793104 Euros per each share.

In November 2016 two capital increases took place by creating 103,970 new shares each with a par value of one Euro, and they were created with a share premium of 8.618160 Euros per each share.

Another increase took place in November 2016 for 278,019 shares with a par value of one Euro each and a share premium of 7.81825343 Euros per share.

At the end of the 2015-16 fiscal year, the share capital of the Parent Company was 3,344,380 Euros, represented by 3,344,380 shares with a nominal value of 1 Euro each. All the shares are of the same class, they are totally subscribed and paid up and they confer the same rights to each of their holders.

The shareholders that own 10% or more of the share capital are:

Eudald Holdings, S.L.	60,08%
Anlomo Société Civile	12,88%

b) Reserves

The breakdown is as follows:

	2016-17	2015-16
Legal reserve of the parent company	565.884	483.189
Voluntary reserves of the parent company	6.034.416	4.305.737
Negative differences in consolidation	(1.878)	(1.978)
Reserves in companies consolidated	686.018	(26.731)
Reserve equity method	-	(27.102)
Total	7.284.439	4.733.115

<u>Legal reserve of the Parent Company</u>

In accordance with the Consolidated Text of the Capital Companies Act, 10% of the profit for the year must be allocated to the legal reserve until it reaches, at least, 20% of the share capital. The legal reserve may be used to increase share capital, as long as the balance remaining is at least equal to 10% of the already increased share capital. Except for the aforementioned use, the legal reserve may only be used to offset retained losses, as long as no other reserves exist that may be used for that purpose and as long as the aforementioned 20% minimum level is respected.

At the end of the 2016-17 fiscal year the legal reserve is not yet completely formed.

Voluntary reserves of the Parent Company

These reserves include profits from previous years of the Group's Parent Company not distributed to the partners or used for other purposes.

In July 2016, the Ordinary and Extraordinary General Meeting of Shareholders of the Group's Parent Company agreed to distribute dividends in the amount of 1,000,000 Euros, 744,257 charged to the results of 2015 and 255,743 charged to freely distributable reserves.

Treasury Shares/Ownership Interests

The treasury shares held by the Company are as follows:

Treasury shares	Number	Nominal value	Average purchase price	Total acquisition cost
Year end 2016	167.219	167.219	5,13	857.171
Year end 2015	-	-	-	-

On 21 July 2016, the General Shareholders' Meeting approved the direct acquisition of 167,219 treasury shares, through the acquisition of said shares from one of the Company's shareholders in accordance with the provisions established in Article 146 of the Capital Companies Act and with the purpose of the acquired shares being offered (as options to be bought at an already set and non-variable price) to part of the Company's workers and some of its directors, through the implementation of a Stock Options Plan with a maximum term to exercise the stock options of five years. The goal of the Plan is to reward employee loyalty, join efforts at future strategic points, and improve overall remuneration. Said Plan has a period of five years to be exercised and is based upon a series of milestones related to results and to the beneficiaries' time with the company.

Negative differences on first consolidation

The breakdown is as follows:

Company	31.01.2017	31.01.2016
Quadpack UK LTD	(1.878)	(1.878)
Technotraf Wood Packaging, S.L.	-	(100)
	(1.878)	(1.978)

Reserves in consolidated companies

The breakdown of this account by companies is as follows:

Company	31.01.2017	31.01.2016
Quadpack Italy, S.R.L.	635.584	155.636
Quadpack Spain, S.L.	(475.013)	(532.307)
Yonwoo Europe, SARL	(98.150)	19.967
Quadpack Impressions, S.L.	(162.979)	(154.007)
Technotraf Wood Packaging, S.L.	371.829	(38.097)
Quadpack Germany, GmbH	330.227	1.016.417
Quadpack manufacturing	(149.536)	222.584
Quadpack UK LTD	(862.816)	(637.749)
Spirit LTD		-
Quadpack France	95.302	(74.882)
Quadpack Limited	283.239	(4.292)
Quadpack Australia	119.528	-
Quadpack Plastics	598.803	-
	686.017	(26.731)

12. Minority interests

The balance and movements for the year are:

Balance as at 31.01.15	342.206
Results 2015-16	223.281
Result January 2015 de Krampack, S.L. by change of annual closing date	(6.679)
Outputs in the scope of consolidation	233.330
Balance as at 31.01.16	792.138
Results 2016-17	230.644
Dividend distribution	(50.000)
Additions en el perimetro de consolidación	(260.241)
Outputs in the scope of consolidation	14.138
Balance as at 31.01.17	726.679

The breakdown of this account by company to 31 January 2017 and 2016 is as follows:

	Year end 2016-17					
Account	Quadpack Plastics, S.L.	Quadpack Manufacturing Division, S.L.	Quadpack Impressions, S.L.	Yonwoo Europe SAS	Technotraf Wood Packaging, S.L.	Total
Capital	12.020	165.680	2.332	16.700	60.000	256.732
Share premium account	(5.506)	-	65.032	-	-	59.526
Other reserves	64.878	8.841	(15.961)	(10.939)	182.958	229.777
Result for the year	(60.591)	(4.868)	36.907	8.273	200.923	180.644
	10.801	169.653	88.310	14.034	443.881	726.679

Account	Quadpack Manufacturing Division, S.L.	Krampack, S.L. (*)	Yonwoo Europe SAS	Technotraf Wood Packaging,	Total
Capital	248.520	2.703	16.700	90.000	357.923
Share premium account	-	75.378	-	-	75.378
Other reserves	(16.750)	(653)	2.186	150.773	135.556
Result for the year	30.012	(18.523)	(39.372)	251.164	223.281
	261.782	58.905	(20.486)	491.937	792.138

(*) The other reserves of Krampak, S.L. include the result for the month of January 2015 due to the change of the year-end date to 31 January 2015.

13. Adjustments for change in value

a) Exchange conversion differences

The breakdown of this account by companies is as follows:

Company	31.01.2017	31.01.2016
Quadpack UK Ltd.	45.548	58.479
Collcap Prime Ltd.	(12.694)	-
Quadpack Ltd.	(90.753)	(19.280)
Quadpack Australia Pty Ltd.	18.162	
	(39.737)	39.199

14. Stocks

The breakdown to 31 January 2017 and 2016 is as follows:

Concept	Net book value at 31.01.2017	Net book value at 31.01.2016
Commercialisation of packaging for perfumes and cosmetics division		
Commercial	6.044.075	3.574.383
Work in progress	1.333	870
Advance payments	554.019	183.695
Subtotal	6.599.427	3.758.948
Manufacturing wooden containers division		
Raw materials and other consumables	379.548	286.407
Work in progress	365.608	330.825
Finished goods	-	7.944
Advance payments	9.479	19.336
Subtotal	754.635	644.512
Manufacturing plastic containers division		
Raw materials and other consumables	153.425	-
Work in progress	357.654	-
Advance payments	8.106	-
Subtotal	519.185	-
Decoration of containers division		
Raw materials and other consumables	34.823	11.615
Advance payments	-	292
Subtotal	34.823	11.907
Total	7.908.070	4.415.367

The balances and variations for value corrections due to impairment have been:

Balance as at 31.01.15	(82.814)
Additions	-
Endowment	(33.465)
Withdrawals	-
Balance as at 31.01.16	(116.279)
Additions	(18.681)
Endowment	(26.088)
Withdrawals	56.901
Balance as at 31.01.17	(104.147)

15. Foreign currency

The breakdown of the assets and liabilities denominated in foreign currencies is as follows:

2016-17

Assets	Pounds	US Dollars	Yuan Renminbi	South Korean Won	Hong Kong Dollars	Australian Dollars
Accounts receivable commercial and other	8.455.711	973.658	4.172	-	-	579.302

2016-17

Liabilities	Pounds	US Dollars	Yuan Renminbi	South Korean Won	Hong Kong Dollars	Australian Dollars
Accounts payable commercial and other	(7.383.766)	(1.620.461)	(203.069)	(270.400)	(416)	(18.140)

2015-16

Liabilities	Pounds	US Dollars	Yuan Renminbi	South Korean Won
Accounts payable commercial and other	(1.088.654)	(3.417.358)	(386.131)	(160.753)

2015-16

Assets	Pounds	US Dollars	Yuan Renminbi	South Korean Won
Accounts receivable commercial and other	1.161.893	571.671	-	-

The amounts that correspond to sales and purchases, as well as services rendered and received, denominated in Euros, is as follows:

2016-17

	Pounds	US Dollars	Yuan Renminbi	South Korean Won	Dolor Hong Kong	Australian Dollars
Purchases	(3.368.737)	(12.213.739)	(3.082.305)	(1.533.108)	-	(56.638)
Sales	5.621.166	2.641.732	-	-	-	4.247.307
Services rendered	1.019.836	45.075	-	-	-	539
Services received	(1.840.345)	(273.787)	(168.763)	(49.824)	-	(323.664)

2015-16

	Pounds	US Dollars	Yuan Renminbi	South Korean Won	Dolor Hong Kong
Purchases	(1.522.328)	(10.865.867)	(2.343.906)	(1.068.982)	(6)
Sales	3.106.589	1.503.476	-	-	-
Services rendered	1.039.487	34.161	-	-	-
Services received	(1.857.113)	(85.428)	(195.887)	(47.792)	(50.291)

The amount of the exchange rate differences recognised in the result of the year, by financial instrument type, is as follows:

	Transactions paid during the year end	
Assets	Year end 2016-17 (Cost) / Income	Year end 2015-16 (Cost) / Income
Accounts receivable commercial and other	51.953	56.142

	Transactions paid during the year end	
Liabilities	Year end 2016-17 (Cost) / Income	Year end 2015-16 (Cost) / Income
Accounts payable commercial and other	(144.714)	(107.300)

16. Hedging operations with derivative financial instruments

As of the 2014-15 fiscal year the Group uses derivative financial instruments to cover the risks associated with its activities, operations and future cash flows. As part of these operations the Company has contracted certain financial instruments to provide hedging against the exposure to cash flows variations resulting from the exchange rates of the US Dollar against the Euro.

The Group has complied with the requirements detailed in note 3l) concerning the valuation standards to be able to classify the financial instruments detailed hereunder as hedging instruments. Specifically, they have been formally designated as such, and the effectiveness of their hedge has been verified.
The breakdown of the cash flow hedging is as follows:

Year end 2016-17

Concept	Type	Exchange rate assured Euro US Dollar	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	1,1043	794.652	09/05/2017	15.727	-
"Swap" exchange rate	Exchange rate hedge	1,1142	294.234	28/04/2017	8.362	-
"Swap" exchange rate	Exchange rate hedge	1,1190	1.000.000	31/07/2017	26.988	-
"Swap" exchange rate	Exchange rate hedge	1,1109	1.000.000	03/02/2017	29.518	-
"Swap" exchange rate	Exchange rate hedge	1,1715	1.224	28/04/2017	89	-
"Swap" exchange rate	Exchange rate hedge	1,1644	2.051.664	05/05/2017	137.104	-
"Swap" exchange rate	Exchange rate hedge	1,1430	1.700.000	15/08/2017	76.700	-
"Swap" exchange rate	Exchange rate hedge	1,1595	1.750.000	10/09/2018	67.463	-
"Swap" exchange rate	Exchange rate hedge	1,1400	375.000	17/05/2017	1.242	-
"Swap" exchange rate	Exchange rate hedge	1,1400	900.000	17/05/2017	32.245	-
"Swap" exchange rate	Exchange rate hedge	1,1500	1.040.000	27/12/2017	12.307	-
"Swap" exchange rate	Exchange rate hedge	1,1060	1.650.000	27/12/2017	-	(5.986)
"Swap" exchange rate	Exchange rate hedge	1,0620	3.000.000	03/02/2017	-	(41.130)
"Swap" exchange rate	Exchange rate hedge	1,0800	3.000.000	18/01/2018	-	(38.812)
					407.746	(85.928)

Concept	Type	Exchange rate assured AUD / USA Dólar	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	0,7300	125.000	21/02/2017	-	(3.157)
"Swap" exchange rate	Exchange rate hedge	0,7300	125.000	21/03/2017	-	(3.111)
"Swap" exchange rate	Exchange rate hedge	0,7300	125.000	21/04/2017	-	(3.066)
"Swap" exchange rate	Exchange rate hedge	0,7300	150.000	23/05/2017	-	(2.428)
"Swap" exchange rate	Exchange rate hedge	0,7300	150.000	23/06/2017	-	(2.560)
"Swap" exchange rate	Exchange rate hedge	0,7300	150.000	24/07/2017	-	(2.732)
					-	(17.053)

Concept	Type	Exchange rate assured AUD / Euro	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	1,5000	375.300	27/10/2017	5.901	-
					5.901	-

Concept	Type	Exchange rate assured USA Dólar Euro	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	0,8772	328.947	17/05/2017	-	(19.164)
					-	(19.164)

Concept	Type	Exchange rate assured GBP / Euro	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	0,8750	218.750	31/07/2017	2.834	-
					2.834	-
			Total		416.481	(122.145)

Year end 2015-16

Account	Type	Ex change rate assured Euro US Dollar	Amount contracted in currency US	Maturity	Fair value asset	Fair value liability
"Swap" exchange rate	Exchange rate hedge	1,0638	731.646	09/03/2016	-	(18.458)
"Swap" exchange rate	Exchange rate hedge	0,7128	73.613	09/03/2016	-	(7.033)
"Swap" exchange rate	Exchange rate hedge	1,1299	2.225	27/04/2016	63	-
"Swap" exchange rate	Exchange rate hedge	1,1315	86.504	04/05/2016	2.548	-
"Swap" exchange rate	Exchange rate hedge	1,1476	1.310.509	04/05/2016	54.861	-
"Swap" exchange rate	Exchange rate hedge	1,1475	-	04/05/2016	-	-
"Swap" exchange rate	Exchange rate hedge	1,1128	2.000.000	23/07/2016	23.275	-
"Swap" exchange rate	Exchange rate hedge	1,1129	470.450	23/07/2016	5.513	-
"Swap" exchange rate	Exchange rate hedge	1,1052	813.351	03/08/2016	4.180	-
"Swap" exchange rate	Exchange rate hedge	1,1253	1.000.000	06/08/2016	21.188	-
"Swap" exchange rate	Exchange rate hedge	1,1331	581.528	17/08/2016	15.736	-
"Swap" exchange rate	Exchange rate hedge	1,1331	1.000.000	17/08/2016	27.060	-
"Swap" exchange rate	Exchange rate hedge	1,1331	2.000.000	17/08/2016	54.120	-
"Swap" exchange rate	Exchange rate hedge	1,1507	1.764.050	14/09/2016	70.214	-
"Swap" exchange rate	Exchange rate hedge	1,1057	2.700.000	22/10/2016	8.732	-
"Swap" exchange rate	Exchange rate hedge	1,1037	400.000	22/10/2016	636	-
"Swap" exchange rate	Exchange rate hedge	1,1043	1.500.000	07/12/2016	1.358	-
"Swap" exchange rate	Exchange rate hedge	1,1043	1.000.000	07/12/2016	905	-
"Swap" exchange rate	Exchange rate hedge	1,1269	1.000.000	09/05/2016	28.939	-
"Swap" exchange rate	Exchange rate hedge	1,1041	1.000.000	29/04/2016	8.446	-
"Swap" exchange rate	Exchange rate hedge	1,1509	1.750.000	20/09/2016	80.137	-
					407.912	(25.491)

The recognised income and expense statement, which is part of the Statement of Changes in Net Equity, includes the amounts recognised during the year in net equity and in the profit and loss statement in relation to the above hedging transactions.

17. Information on the nature and level of risk associated with financial instruments

Qualitative information

The management of the Group's financial risks is centralized in the Parent Company's Financial Management Department, which has established the necessary mechanisms to control the exposure to variations in the interest rates and exchange rates, as well as risks generated by liquidity and credit.

a) Credit risk

In general, the Group holds its cash and equivalent liquid assets in financial institutions that have high credit ratings.

Likewise, it must be stated that there is no relevant concentration of credit risk with third parties.

b) Liquidity risk

In order to ensure liquidity and be able to settle all of the payment obligations arising from its activity, the Group has the cash shown on its balance sheet, as well as the lines of credit and financing facilities that are detailed in the Financial Liabilities note (see note 9).

c) Market risk (including interest rates, exchange rates and other price risks):

Due to its operations it is exposed to exchange rate and interest rate risks. To mitigate the exchange rate risk, the Group's policy is to take out financial instruments (exchange insurance) to reduce the exchange differences for foreign currency transactions (see note 16).

18. Tax situation

The breakdown of the accounts related to Public Administrations in the 2016-17 and 2015-16 fiscal years is as follows:

Year end 2016-17

	Debtor balances		Creditor balances	
Account	Non-current	Current	Non-current	Current
VAT	-	672.697	-	1.131.388
Personal income tax	-	-	-	62.247
Deferred tax assets	718.681	-	-	-
Current tax assets	-	239.188	-	-
Deferred tax liabilities	-	-	146.394	-
Current tax liabilities	-	-	-	763.211
Social Security	-	-	-	300.436
Others	-	1.372	-	11.792
	718.681	913.257	146.394	2.269.074

Year end 2015-16

	Debtor balances		Creditor balances
Account	Non current	Current	Current
VAT	-	708.092	729.896
Personal income tax	-	-	54.732
Deferred tax assets	347.400	-	-
Current tax assets	-	129.575	-
Deferred tax liabilities	-	-	100.220
Current tax liabilities	-	-	882.096
Social Security	-	5.126	289.689
Others	-	6.372	13.701
	347.400	849.165	2.070.334

Each of the Group's companies submits tax returns individually. The reconciliation of the sum of taxable amounts of the consolidation perimeter with the taxable amount of the consolidation perimeter is as follows:

Year end 2016-17

	Profit and loss account		Income and expenses directly attributed to net equity		
Concept	Increases	Reductions	Increases	Reductions	Total
Consolidated result for the year	4.292.301	-	294.336	-	4.586.637
Corporation tax	1.669.506	-	-	-	1.669.506
Previous losses	-	(299.796)	-	-	(299.796)
Permanent difference					
- From individual companies	58.605	(44.807)	-	-	13.798
Temporary timing differences					
- From individual companies	1.416.487	(1.444.118)	-	(294.336)	(321.967)
Taxable result of the consolidation scope					5.648.178

Year end 2015-16

	Profit and loss account		Income and expenses directly attributed to net equity		
Concept	Increases	Reductions	Aumentos	Reductions	Total
Consolidated result for the year	4.373.577	(392.628)	382.421	-	4.363.370
Corporation tax	1.349.525	-	-	-	1.349.525
Permanent difference					
- From individual companies	5.368	(1.117.126)	-	-	(1.111.758)
Temporary timing differences					
- From individual companies	1.134.357	(1.430.056)	-	(382.421)	(678.120)
Taxable result of the consolidation scope					3.923.017

The breakdown of the deferred tax assets registered is as follows:

	Balance as at 31.01.2017	Balance as at 31.01.2016
Dedutible temporary timing differences	42.030	117.111
Temporary timing difference amortisation	29.260	17.894
Temporary timing difference stock depreciation	25.882	212.395
Temporary timing difference tax losses	621.509	-
Total	718.681	347.400

The deferred tax assets mentioned above have been recorded in the consolidated balance sheet because the Directors of the Parent Company consider that, bearing in mind the best estimate of the Group's future results, including certain tax planning decisions, it is likely that these assets will be recovered.

Financial years pending verification and inspection

Under current legislation, taxes cannot be considered as finally settled until the tax statements that were submitted have been inspected by the tax authorities or the statute of limitations applicable in each country has expired. At the end of the 2016-17 period, the Group's companies have all the taxes to which they are subject open to inspection for the years for which the statute of limitation has not expired. The Directors of the Parent Company consider that the aforementioned taxes have been correctly settled for the Group's companies. Therefore, even if discrepancies were to arise between the interpretation of the current tax regulations and the manner in which the companies have applied the tax regulation to the operations, the directors consider that any potential liabilities would not have a significant impact upon the attached annual accounts.

At present the VAT of Quadpack UK Ltd. is under inspection. No significant impacts are expected as a result of said inspection.

Quadpack Plastics, S.A. is also pending a resolution from an inspection of the Business Activities Tax for the years from 2013 to 2016. Said tax or penalty is considered reimbursable as it is subject to a liability guarantee from the former owners.

19. Provisions and contingencies

The balance of the "Long term provisions" heading includes a balance of 89,176 Euros (57,705 Euros in 2015-16) which correspond to a provision for guarantees for the company Technotraf Wood Packaging, S.L. The remaining balance, 59,514 Euros (42,551 Euros in 2015-16), corresponds to long term provisions for obligations towards employees.

20. Income and expenses

a) Net turnover

The analysis of the net turnover is as follows:

Activities	2016-17	2015-16
Commercialisation of packaging for perfumes and cosmetics division	62.097.859	48.689.817
Manufacturing wooden containers division	4.500.944	3.241.258
Manufacturing plastic containers division	1.703.812	-
Decoration of containers division	748.921	584.044
Rendering of services	1.040.901	2.357.444
	70.092.437	54.872.563

The analysis by geographical market is as follows:

Geographic markets	2016-17	2015-16
Spain	20.545.074	13.731.950
Rest of the countries of the European Union	43.757.373	39.137.436
Rest of the world	5.789.990	2.003.177
	70.092.437	54.872.563

b) Use of merchandise, raw materials and other consumables

Their breakdown is as follows:

	2016-17	2015-16
Consumption:		
Purchases	39.675.657	30.787.464
Variation in stock values	(281.103)	(91.323)
	39.394.554	30.696.141

The detail of the purchases made by the Group according to their origin is as follows:

	2016-17	2015-16
Net purchases:		
Domestic	2.475.939	1.136.628
Rest of EU	3.503.995	640.738
Imports	33.695.723	29.010.098
	39.675.657	30.787.464

c) Payroll taxes

Their breakdown is as follows:

	2016-17	2015-16
Social Security payable by the company	1.914.380	1.367.185
Other similar costs	31.190	95.489
	1.945.570	1.462.674

d) Breakdown of consolidated results

The contribution of each Company included in the consolidation perimeter to the results for the year is as follows:

Year end 2016-17

	Profit / (Loss)		
Company	Consolidated results	Profit attributable to external shareholders	Profit attributable to parent company
Quadpack Industries, S.A.	(77.578)	-	(77.578)
Quadpack UK LTD	3.132	-	3.132
Quadpack Australia Pty Ltd.	465.328	-	465.328
Quadpack France, SARL	757.469	-	757.469
Quadpack Italy, S.R.L.	432.538	-	432.538
Quadpack Spain, S.L.	1.573.755	-	1.573.755
Yonwoo Europe, SARL	82.728	8.273	74.455
Quadpack Germany, GmbH	291.046	-	291.046
Technotraf Wood Packaging, S.L.	1.004.613	200.923	803.690
Quadpack Impressions, S.L.	83.880	36.907	46.973
Quadpack Manufacturing Divison, S.L.	(182.146)	45.132	(227.278)
Quadpack LTD	131.217	-	131.217
Quadpack Plastics, S.L.	(302.953)	(60.591)	(242.362)
Collcap Packeging	31.406	-	31.406
Collcap Holding Ltd	(1.601)	-	(1.601)
Collcap Hong Kong	(533)	-	(533)
	4.292.301	230.644	4.061.657

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	Profit / (Loss)		
Company	Consolidated results	Profit attributable to external shareholders	Profit attributable to parent company
Quadpack Industries, S.A.	102.545	-	102.545
Quadpack UK LTD	(225.069)	-	(225.069)
Spirit LTD	-	-	-
Quadpack France, SARL	670.184	-	670.184
Quadpack Italy, S.R.L.	479.948	-	479.948
Quadpack Spain, S.L.	857.295	-	857.295
Yonwoo Europe, SARL	(131.241)	(39.372)	(91.869)
Quadpack Germany, GmbH	313.809	-	313.809
Technotraf Wood Packaging, S.L.	837.211	251.164	586.047
Krampack, S.L.	(36.318)	(18.523)	(17.795)
Quadpack Manufacturing Divison, S.L.	(77.553)	30.012	(107.565)
Quadpack LTD	288.148	-	288.148
	3.078.959	223.281	2.855.678

21. Environmental information

The Group does not have assets included in the tangible assets used to minimize the environmental impact of its activities and to protect and improve the environment nor has it received subsidies or incurred expenses during the year for environmental protection and improvement. Likewise, the Group has not accrued provisions to cover risks and costs for environmental actions, since it is estimated that there are no contingencies related to environmental protection and improvement.

22. Operations with related parties

During the year, the Group has conducted operations with the following related parties:

Company
Eudald Holdings, S.L.
Anlomo Societé Civile, S.A.S.
Quadpack Hong Kong LTD
European Outsourcing Group, S.L.
Estate Management, S.L.
Alba Andrea Division, S.L.
Zuncasol Solar 2007, S.L.
Philippe Lenglart
Quadpack Net Technologies S.L.
Collcap USA Inc.
Collcap Packaging (Australia) Pty Ltd

The breakdown of the operations conducted with related parties in 2016-17 and 2015-16 is as follows:

	Year end 2016-17	
Account	Expenses	Income
Services rendered	(271.472)	-
Salaries and wages	(732.188)	-
Purchases	(69.414)	-
Interests	(17.947)	-
Rentals	(392.130)	-
	(1.483.151)	-

	Year end 2015-16	
Concept	Expenses	Income
Services rendered	(217.611)	-
Salaries and wages	(366.085)	-
Purchases	(13.275)	-
Interests	(70.983)	-
Rentals	(337.962)	-
	(1.005.916)	-

The breakdown of the balances with related parties to 31 January 2017 and 2016 is as follows:

31 January de 2017

	Debtor balances	Creditor balances
Comercial debtors	88.882	-
Short term credits	216.582	-
Long term debts	-	(782.171)
Short term debts	-	(934.544)
Comercial creditors	-	(2.908)
	305.464	(1.719.623)

31 January de 2016

	Debtor balances	Creditor balances
Comercial debtors	16.353	-
Long term debts	-	(120.000)
Short term debts	-	(345.615)
	16.353	(465.615)

The long and short term debts correspond to balances for loans and credits, which have been formalized through contracts and in which the interests are indexed to the Euribor.

23. Other information

The average number of people employed during the year distributed by categories, as well as the breakdown according to the staff's gender at year-end, was as follows:

Year end 2016-17

Professional category	Average number of employees	Employees at 31.01.17	
		Males	Females
Management	11	12	2
Administrative	23	7	19
Commercial vendors and similar	36	13	28
Operators and technicians	122	56	82
	192	88	131

Year end 2015-16

Professional category	Average number of employees	Employees at 31.01.17	
		Males	Females
Management	10	8	2
Administrative	41	15	26
Commercial vendors and similar	26	9	17
Operators and technicians	74	31	43
	151	63	88

The Group does not have any member of Senior Management. The Senior Management duties are performed by the members of the Board of Directors. The remuneration of the members of the Board of Directors for their attendance at the Board meetings in the 2016-17 fiscal year amounted to 67,000 Euros. In previous years they were not remunerated for this work.

To 31 January 2017 and 2016 there are no advances or loans granted to the directors of the Group and it has not contracted any obligations concerning pensions, life insurance and liability insurance.

On 21 July 2016, the General Shareholders' Meeting approved the direct acquisition of 167,219 treasury shares, through the acquisition of said shares from one of the Company's shareholders in accordance with the provisions established in Article 146 of the Capital Companies Act and with the purpose of the acquired shares being offered (as options to be bought at an already set and non-variable price) to part of the Company's workers and some of its directors, through the implementation of a Stock Options Plan with a maximum term to exercise the stock options of five years. The goal of the Plan is to reward employee loyalty, join efforts at future strategic points, and improve overall remuneration. Said Plan has a period of five years to be exercised and is based upon a series of milestones related to results and to the beneficiaries' time with the company. The letters of adhesion to the plan were signed by the beneficiaries on 20 September 2016. The total amount of shares offered as of 31 January 2017 is 144,500, the date of delivery of these shares will be in 2020. The expense recorded in the profit and loss statement for the year ended on 31 January 2017 amounts to 212,000 Euros, and corresponds to the accrual for two years given that the accrual plan was moved back to 1 February 2015, with its counterpart being the net equity reserves account.

In accordance with the provisions established in Article 229 of the Capital Companies Act, the Company's directors state that there is no, direct or indirect, conflict that the directors of the Parent Company and persons related to them referred to in Article 231, may have with the Group's interests.

The fees accrued by the Group's auditors during the 2016-17 and 2015-16 fiscal years for the audits of the annual accounts have amounted to 150,300 and 47,025 Euros, respectively.

The fees accrued for other services during the 2016-17 and 2015-16 fiscal years by the auditing firm have amounted to 7,200 and 10,700 Euros, respectively.

24. Financial information by segments

The Group is organised internally by operating segments that generally coincide with the activity of the different companies. The various products and services are operatively managed separately, because they require different technology and market strategies, although the financial management of the Group is common to all its companies.

To 31 January 2017 and 2016 the assignment and allocation criteria used to determine and provide information on each of the segments is consistent with the Group's business lines and are as follows:

- Trading of packaging and containers for perfumery and cosmetics.
- Manufacture of wooden containers
- Manufacture of plastic containers
- Decoration for containers

The criteria followed for establishing inter-company transfer prices follow the application of the normal market value.

The distribution of sales made in the 2016-17 and 2015-16 fiscal years by geographical markets and by segments, bearing in mind the consolidation adjustments, is as follows:

	Year end 2016-17				
Geographical market	Trading of packaging	Manufacture of wooden containers	Manufacture of plastic containers	Decoration of containers	Total
Spain	17.019.856	1.692.948	1.777.886	907.898	21.398.588
Exports	45.091.040	6.363.046	24.314	350	51.478.750
	62.110.896	8.055.994	1.802.200	908.248	72.877.338

	Year end 2015-16			
Geographical market	Trading of packaging	Manufacture of wooden containers	Decoration of containers	Total
Spain	12.782.850	1.096.734	721.530	14.601.114
Exports	36.906.557	5.845.925	22.852	42.775.334
	49.689.407	6.942.659	744.382	57.376.448

The above table reflects the information of the distribution of sales before the elimination of transactions between group companies for the 2016-17 and 2015-16 fiscal years amounting to 3,825,802 Euros and 4,861,329 Euros, respectively.

The breakdown of the financial statements segmented for the 2016-17 and 2015-16 fiscal years, which do not include consolidation adjustments, is summarised below:

QUADPACK INDUSTRIES, S.A. AND SUBSIDIARY UNDERTAKINGS
Consolidated report to the annual accounts for the fiscal year ended on 31 January 2017

	Year end 2016-17					
Concepts	Trading of packaging	Manufacture of wooden containers	Manufacture of plastic containers	Decoration of containers	Services rendered	Total
Net turnover	63.993.178	8.055.994	1.802.200	908.248	8.504.621	83.264.240
- Sales	62.110.896	8.055.994	1.802.200	908.248	-	72.877.338
- Services rendered	1.882.282	-	-	-	8.504.621	10.386.902
Changes in inventories of finished goods and work in progress	433.808	-	(152.705)	-	-	281.103
Tasks performed by the company for assets	-	26.838	334.836	-	-	361.675
Other income	291.976	53.923	25.177	-	43.927	415.003
Supplies	(40.943.395)	(2.819.701)	(598.247)	(226.407)	(5.556)	(44.593.306)
Staff costs	(4.100.172)	(915.700)	(719.885)	(334.852)	(3.423.134)	(9.493.743)
External services	(15.022.259)	(2.919.654)	(638.403)	(155.514)	(4.378.193)	(23.114.024)
Amortisation and depreciation	(222.096)	(149.965)	(414.620)	(69.911)	(356.901)	(1.213.493)
Provision surpluses	60.183	-	-	-	-	60.183
Impairment and gains / (losses) on disposal of fixed assets	16.227	-	1.533	-	107	17.867
Other results	442.251	-	-	(143)	1.461	443.570
Operating result	**4.949.702**	**1.331.735**	**(360.116)**	**121.422**	**386.331**	**6.429.074**
Finance income	86.129	32.544	485	-	2.588.254	2.707.412
Finance expenses	(161.939)	(24.795)	(53.304)	(9.581)	(109.513)	(359.132)
Exchange gains / (losses)	22.993	-	-	-	(25.448)	(2.455)
Impairment and gain / (losses) on disposal of financial instruments	(4.328)	-	-	-	176.093	171.765
Result before tax	**4.892.557**	**1.339.484**	**(412.935)**	**111.841**	**3.015.717**	**8.946.664**
						-
Segment assets	36.473.727	4.617.944	2.468.360	824.785	26.536.426	70.921.242
Segment liabilities	26.056.839	2.398.545	2.009.299	624.080	13.056.864	44.145.628

Concepts	Ejercicio 2015-16				
	Trading of packaging	Manufacture of wooden containers	Decoration of containers	Services rendered	Total
Net turnover	52.646.274	6.942.659	744.382	5.783.751	66.117.066
- Sales	49.689.407	6.942.659	744.382	-	57.376.448
- Services rendered	2.956.867	-	-	5.783.751	8.740.618
Changes in inventories of finished goods and work in progress	771	19.589	-	-	20.360
Other income	195.243	66	-	30.066	225.375
Supplies	(33.341.147)	(2.258.228)	(97.838)	(5.373)	(35.702.586)
Personal expenses	(3.152.717)	(1.269.869)	(292.403)	(2.243.709)	(6.958.698)
External services	(12.235.880)	(2.151.574)	(341.199)	(2.460.159)	(17.188.811)
Amortisation and depreciation	(123.571)	(110.541)	(51.898)	(281.651)	(567.661)
Provision surpluses	50.693	-	-	-	50.693
Impairment and gains / (losses) on disposal of fixed assets	(304.091)	-	-	(722)	(304.813)
Other results	(118.200)	11.142	985	4.201	(101.873)
Operating result	**3.617.376**	**1.183.245**	**(37.972)**	**826.404**	**5.589.052**
Finance income	89.756	20.044	-	43.948	153.748
Finance expenses	(138.356)	(34.194)	(8.301)	(117.797)	(298.648)
Exchange gains / (losses)	(63.798)	(2.551)	-	16.344	(50.005)
Impairment and gains / (losses) on disposal of financial instruments	187	-	-	(63.860)	(63.673)
Result before tax	**3.505.164**	**1.166.543**	**(46.273)**	**705.039**	**5.330.474**
					-
Segment assets	32.410.473	4.118.650	627.110	16.196.325	53.352.558
Segment liabilities	23.033.769	2.628.865	511.606	8.121.923	34.296.163

25. Events after reporting period

There are no significant subsequent events that may affect these annual accounts.

PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS BY THE MANAGEMENT BODY

The directors of QUADPACK INDUSTRIES, S.A. have prepared the consolidated annual accounts of QUADPACK INDUSTRIES, S.A. and SUBSIDIARY UNDERTAKINGS (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in net equity, consolidated statement of cash flows and consolidated report) for the year ended on 31 January 2017.

Likewise, they declare that they have signed the aforementioned documents in their own handwriting, by signing this page which is attached to the report, which is set out on pages 1 to 47.

Barcelona, 28 April 2017

Mr Philippe Lenglart	Mr Timothy John Eaves
Mr John McDermott	Mr Marc Sahonet

Consolidated Management Report

CONSOLIDATED MANAGEMENT REPORT

QUADPACK INDUSTRIES, S.A. AND SUBSIDIARY UNDERTAKINGS

Fiscal year Ended on 31 January 2017

The fiscal year ended on 31 January 2017 developed in the manner foreseen by the Group's Parent Company, despite the multiple difficulties of the economic environment. The net turnover of the companies that make up the consolidation perimeter has reached 70,000,000 Euros, which represents an increase of 27% compared to the previous year, where it was 55,000,000 Euros. A similar increase is expected for the following year, reaching a turnover of 90,000,000 Euros.

The after-tax result, for the fiscal year ended on 31 January 2017 has amounted to 4,292,301 Euros compared to last year's profit of 3,078,959 Euros, an increase of 39.41%.

For next year the group hopes to continue the cost control and consolidation policy in the increasingly competitive European market while maintaining turnover at the levels indicated in the first paragraph.

The investment in resources to improve management will improve the group's profitability and, based on the market's conditions we expect that next year, we will improve the Group's consolidated result after taxes.

During the fiscal year ended on 31 January 2017 treasury shares corresponding to 4.4% of the capital were acquired in order to offer share options to the Group's managers.

QUADPACK INDUSTRIES, S.A., in accordance with its external growth strategy continues to carry out the operational integration of the Collcap group from England, a group absorbed at the end of 2016 to strengthen its presence in the English market.

Thanks to this acquisition and the good performance of its internal growth, the Quadpack Industries group plans to repeat, for the third consecutive year, a sales growth of more than 20%, with a minimum sales figure of 85 million Euros.

This growth will further improve the company's profitability.

The stock market value of the shares of QUADPACK INDUSTRIES in the free market, which at the end of April 2017 reached a unit value of 18 Euros, with the company reaching a market capitalization of around 70 million Euros, is also worth mentioning.

PREPARATION OF THE CONSOLIDATED MANAGEMENT REPORT BY THE MANAGEMENT BODY

The Directors of QUADPACK INDUSTRIES, S.A. have prepared the consolidated management report of QUADPACK INDUSTRIES, S.A. and SUBSIDIARY UNDERTAKINGS for the fiscal year ended on 31 January 2017.

Likewise, they declare that they have signed the aforementioned document in their own handwriting, by signing this page which is attached thereto, which is set out on page number 1.

Barcelona, 28 April 2017

Mr Philippe Lenglart	Mr Timothy John Eaves
Mr John McDermott	Mr Marc Sahonet