LANGLEY

LANGLEY HOLDINGS PLC

2018

ANNUAL REPORT & ACCOUNTS

Contents

Group Profile

IFRS Annual Report and Accounts 2018

LANGLEY

"*Gladiator*", the Group sponsored TP52 racing yacht, powering its way in 40 knots of breeze to an overall class win at Cowes Week 2018.

LANGLEY

competitive sailing at the highest level is very much in line with Langley business culture

Group

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

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

Established in 1975 by the current Chairman and CEO, Tony Langley, the Langley group is financially independent and remains under family ownership. The group employed around 4,300 people world wide in 2018.

At the helm, Bernard Langley with Tony Langley calling tactics.

Manroland Sheetfed

manrolandsheetfed.com

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

Manroland Sheetfed GmbH became part of the Langley group in 2012. The company is headquartered and produces all of its iconic presses in Offenbach am Main, Frankfurt, in Germany.

a watchword for quality and reliability to printers worldwide

manroland sheetfed

Location: Germany

Activity: Printing press builder

Revenue 2018: €259.8m

Employees: 1,520

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ROLAND 700 *Evolution.*
2018 saw the 1,000th printing unit roll off the assembly line in Offenbach-am-Main, Germany

Location: Germany

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

Revenue 2018: €220.6m

Employees: 968

global leaders in
mission critical power

Piller

piller.com

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

The company was founded in 1909 and acquired by Langley in 2004. Piller is headquartered at Osterode am Harz, near Hanover, in Germany.

In 2018, the Active Power kinetic energy storage business acquired in 2016, was successfully integrated into the Piller business.

Piller UPS systems are an essential part of the critical infrastructure of data centres worldwide.

Left: Parkland Hospital Texas power protected by Piller.

Right: Stratasys, leaders in 3D printers, trust Piller UPS solutions to protect production of flight certified components.

ARO

arotechnologies.com

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

The company was founded in 1949 and acquired by Langley in 2006.

The ARO group is headquartered between Tours and Le Mans, in the Loire region of France. The company also produces in the US, in Detroit, and Wuhan, China.

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

world leaders in resistance
welding technology

ARO
WELDING TECHNOLOGIES

Location: France

Activity: Welding technology

Revenue 2018: €135.3m

Employees: 503

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Left: ARO's 3G innovative robotic welding technology.

Right: Resistance welding of aluminium is proving to be the most flexible and cost effective solution.

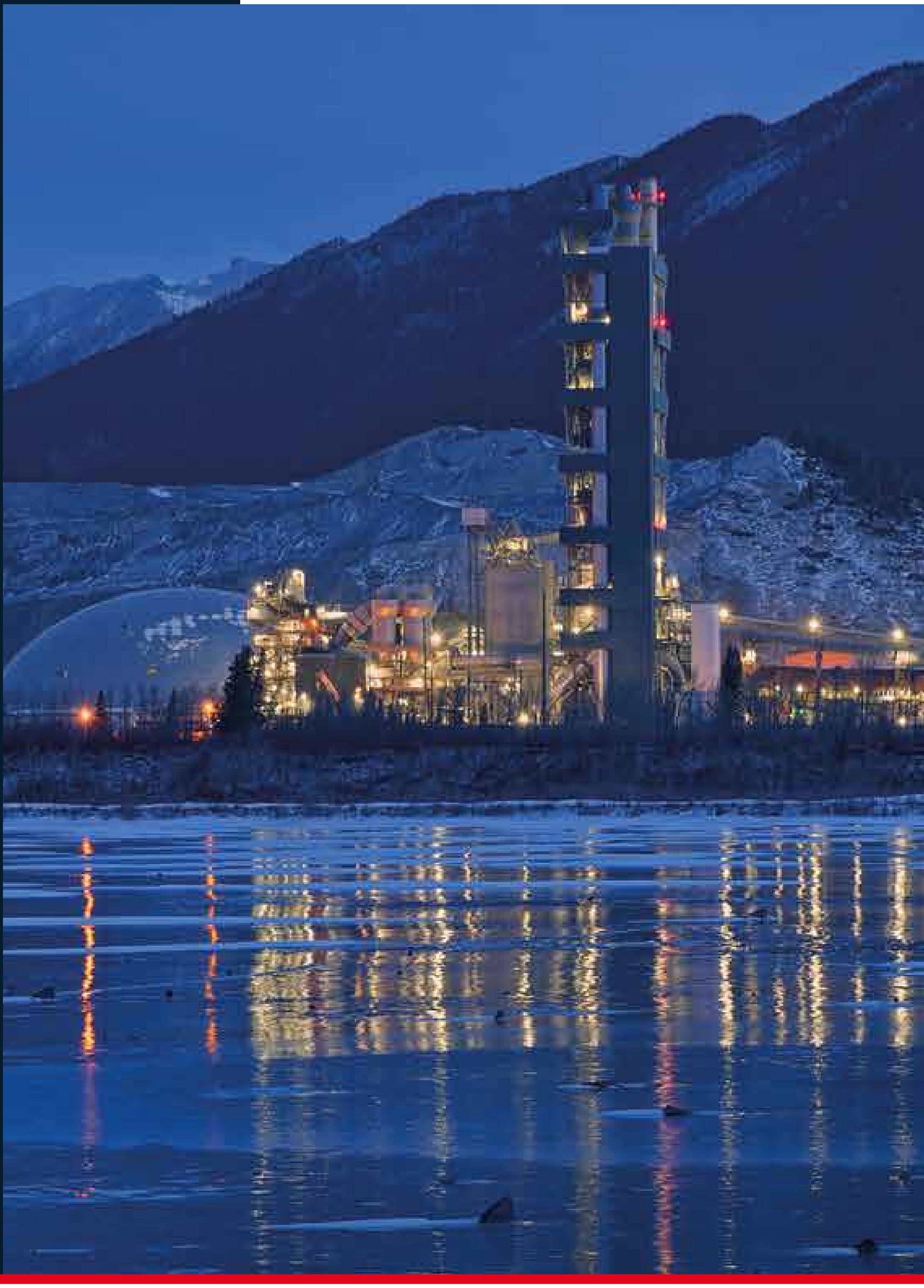
CLAUDIUS PETERS

Location: Germany

Activity: Plant machinery, aerospace components

Revenue 2018: €102.8m

Employees: 508



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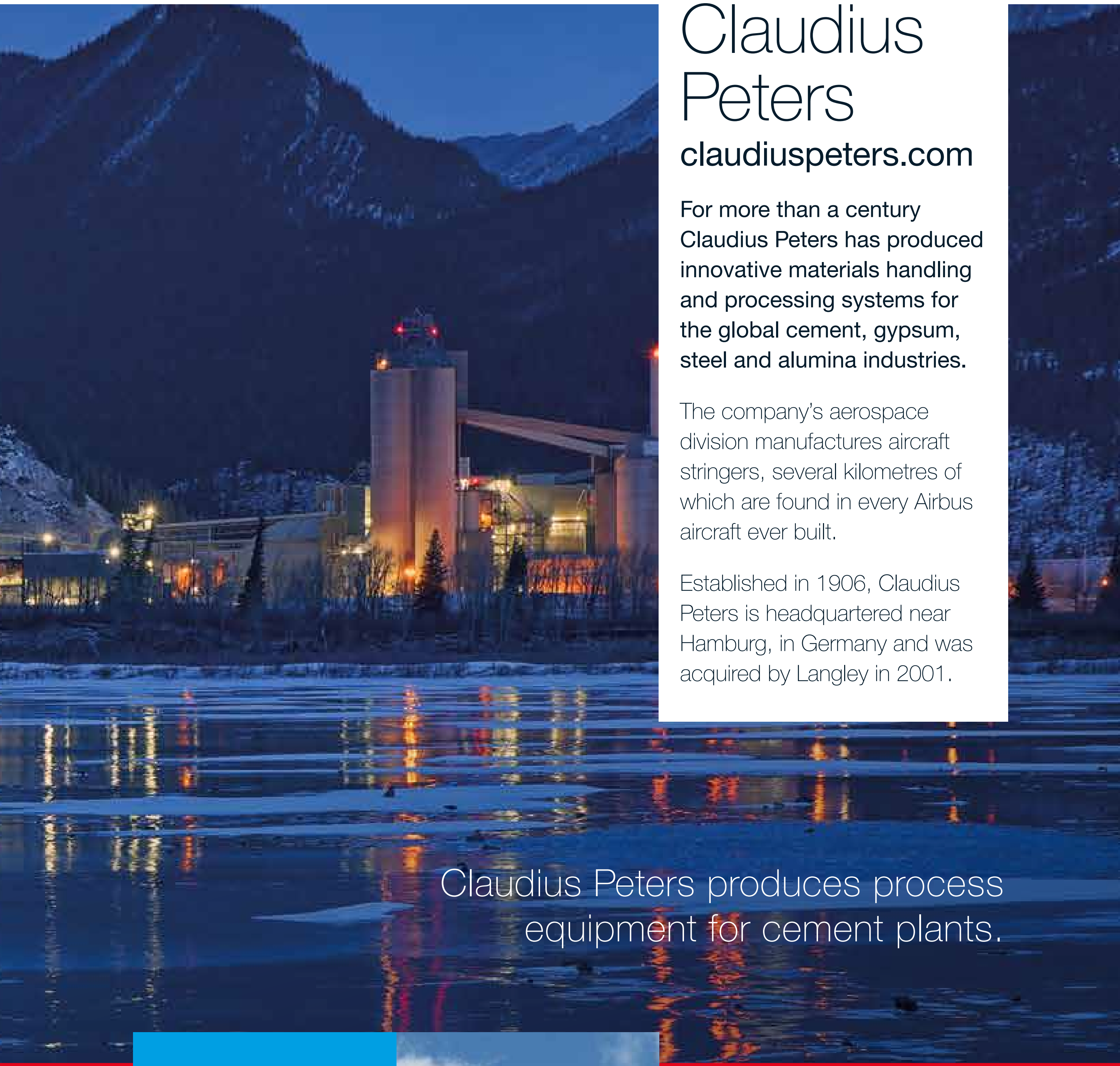
process technology for cement, gypsum, steel and alumina



Claudius Peters

claudiuspeters.com

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

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

Established in 1906, Claudius Peters is headquartered near Hamburg, in Germany and was acquired by Langley in 2001.

Claudius Peters produces process equipment for cement plants.

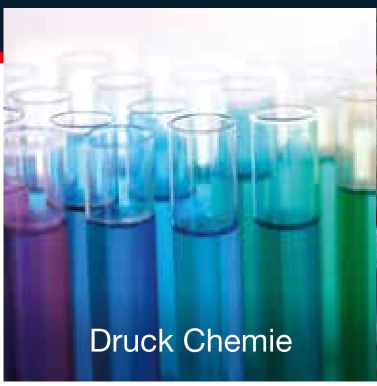
Left: Claudius Peters' award-winning generative design concept is a breakthrough in engineering heavy manufactured components.

Right: Aircraft stringers are produced by Claudius Peters for the aerospace industry.

Other Businesses

langleyholdings.com

Other businesses operating at locations in Germany, the UK and the USA, are Druck Chemie, a printing chemicals manufacturer; Bradman Lake, a food packaging machinery specialist; Reader Cement Products, a blender and packer of cement and cement products; Clarke Chapman a specialist materials handling equipment company; and Oakdale Homes a small new house builder.


Druck Chemie


Bradman Lake


Clarke Chapman

Location: Germany, UK, and USA.

Activity: Diverse capital equipment, Construction, Chemicals

Revenue 2018: €130.0m

Employees: 756

Reader Cement Products record output this year

Oakdale Homes

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5 divisions
more than 80 subsidiaries
circa 4,300 employees

Global Locations

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

Company Information

IFRS Annual Report & Accounts **2018**

Year ended 31 December **2018**

DIRECTORS:	A J Langley - Chairman B J Langley B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED NUMBER:	01321615
AUDITOR:	Nexia Smith & Williamson Chartered Accountants Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc PO Box 3333 One Snowhill Snowhill Queensway Birmingham B4 6GN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

Key Highlights

Year ended 31 December **2018**

	Year ended 31 December 2018 €'000	Year ended 31 December 2017 €'000
REVENUE	848,387	903,529
OPERATING PROFIT	101,120	110,274
PROFIT BEFORE TAXATION	103,520	111,808
NET ASSETS	722,604	647,350
CASH AND CASH EQUIVALENTS	379,541	323,036
ORDERS ON HAND	208,363	275,841
	No.	**No.**
EMPLOYEES	4,255	4,332

‘ Performance overall satisfactory and ahead of budget ’

Anthony J Langley
Chairman

Chairman's Review

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Year ended 31 December **2018**

In the year to 31 December 2018, the group recorded revenues of €848.4m (2017: €903.5m) and generated a profit before tax of €103.5m (2017: €111.8m) and a profit after tax of €73.8m (2017: €74.4m). There were no shareholder dividends paid during the period (2017: nil) and at the year end net assets stood at €722.6m (2017: €647.4m). The group had nil debt throughout the period (2017: nil) and at the year end the consolidated cash balance stood at €379.5m (2017: €323.0m). Orders on hand at the year end were €208.4m (2017: €275.8m).

'...at €722.6m net assets reached a new record high, as did the group's cash position at €379.5m'

After successive record profit years, 2017 being the best ever and after adjusting for currency effects, the group saw something of a much anticipated slow-down in 2018. Revenues reduced by around 6% on the previous year and pre-tax profits were down a similar percentage, although the 2017 result was burdened with a negative currency effect of €9.0m, whereas 2018 included a currency gain of €8.6m. However, at €722.6m, net assets reached a new record high, as did the group's cash position at €379.5m.

Under IFRS reporting rules, exchange variations between our non-euro cash holdings relative to euros are reflected in the Income Statement and the effect of translating US dollar, pounds sterling and various other cash holdings into euro values at year end results in a foreign exchange gain or loss, to the extent that exchange rates have moved from the opening positions a year earlier.

Chairman's Review

Year ended 31 December **2018**

At year end 2018 the group's cash position of €379.5m was represented by 32% euros, 41% US dollars, 21% pounds sterling and 6% other currencies and it is the translation of the non-euro currency values, principally US dollars, to a relatively weak euro value that has given rise to the currency gain in these accounts

Ignoring currency effects, the underlying profit before tax was down from €120.8m to €94.9m. That said, the overall 2018 result was still very satisfactory and ahead of the budget that the board approved in March and at €726m, net assets were at a new record high at year end.

For some time now, I have been cautioning that the remarkably successful performance of the group in recent years, should not be considered "the new normal".

Although the extent to which our business slowed varied from division to division and some of the smaller subsidiaries actually bucked this trend. Piller and ARO were once again the main drivers and still performed strongly.

"...much-anticipated slowdown in 2018 after successive record years....profits satisfactory and ahead of budget"

MANROLAND DIVISION

Revenue: €259.8m. (2017: €286.3m). Orders on hand: €27.4m. (2017: €41.3m). Headquarters: Germany. Employees: 1,520.

Manroland Sheetfed GmbH, the German printing press builder, which we acquired in 2012, together with more than forty subsidiaries worldwide, remains the largest of our operating divisions in terms of revenues, manufacturing footprint, outposts and employee numbers.

The first quarter saw a record high order intake for new presses, only to plummet later in the year. China is Manroland's largest market and tensions between the USA and China have translated into a "wait and see" sentiment amongst many of the predominantly owner-managed print houses. The same sentiment, to a greater or lesser extent, prevails across other markets, but it is the slowdown in China that had the biggest impact.

"...a positive contribution, despite drop off in China orders"

Year ended 31 December **2018**

Consequently the division contributed only nominally to the overall group result in 2018. However it was a positive contribution, and after non-recurring costs of around €2m to reorganise the European market organisations. Despite this, and much more substantial reorganisation costs in the early years of our ownership, the business has stood on its own feet financially since it was acquired and our initial investment has been more than recouped. The company has also been investing heavily in new product development and the company's ROLAND 700 *Evolution* press, developed entirely during our stewardship, is now widely recognised as "best in class".

Whereas tensions between the USA and China will no doubt be resolved sooner or later, I do not expect Manroland to be a significant contributor to the group result in the immediate future and certainly not in 2019. However, I do foresee another positive contribution in the current year. I also expect that the former Manroland headquarters building, vacated by the business and partially let to the German police authority in 2017, will be fully let to the Bundespolizei in due course, the second tranche having been committed to in 2018.

> ‘…ROLAND 700 *Evolution*: widely recognised as "best in class"’

The facility, which has a manufacturing footprint of over a million square feet, although fully rationalised to the lowest common denominator required to build these highly complex machines, is significantly under-utilised and the search continues to find a suitable bolt-on acquisition for this state-of the-art facility and world-class sales and service organisation. Investment also continues in product development and in apprentice training in Germany, although net employee numbers will reduce due to retirements in the coming year. As with all of our businesses, our perspective on Manroland is long term and I am satisfied with the performance of the division overall, when considering all of the circumstances.

Chairman's Review

Year ended 31 December **2018**

PILLER DIVISION

Revenue: €220.6m. (2017: €249.4m). Orders on hand: €87.6m. (2017: €84.7m). Headquarters: Germany. Employees: 968.

Piller, our German producer of electrical systems - principally uninterruptible power supply (UPS) systems for data centres, along with its overseas sales and service subsidiaries - was once again the largest contributor to the group result.

However, management concerns over a possible slow down, finally materialised in 2018, mainly due to a drop in Piller's USA business. However, it was still a very strong performance overall, despite lower revenues.

Piller's result exceeded budget expectations, despite delays with significant orders from the USA, resulting in a reduction of bookings and revenues. At the close of the year, the order intake was slightly ahead of 2017, even though in the US alone, over €30m of orders had slipped out of 2018 into the current year.

A number of Piller's subsidiaries were at, or appreciably above, their respective budgets for order intake and revenues; noteably Germany, Singapore, the UK, and France. Australia missed out on exceeding its order intake, due to a major data centre project slipping into 2019, whereas Piller India did very well on its order intake, but missed out on its revenue target due to end of year delays with local shipments.

> '...a very strong performance overall, despite lower revenues...Active Power: another solid contribution'

Active Power, the Texas based kinetic energy storage business, acquired by Piller at the end of 2016 is now integrated into the Piller USA organisation, with its former subsidiaries in the UK, Germany and Singapore now part of Piller's market organisation. The business made another solid contribution to the Piller result and the Austin manufacturing facility was finally fully rationalised with the closure of an adjacent satellite R&D unit. This is now part of the main freehold factory which the group acquired in 2017.

During the year, development of Active Power's XT multi-module system was completed and released to the market, following in the footsteps of the earlier single module release. Active Power brand products, were for the first time promoted alongside Piller brand products, during the 4th Piller International Power and Conditioning Symposium, (IPCS) 2018, held in the middle of the year which stimulated immediate interest from the market.

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Year ended 31 December **2018**

Major profit over-achievers were Piller Germany, Australia and Singapore, with solid contributions from the UK and France. The USA also made a major contribution, despite much reduced revenue, when compared with the previous year. All companies were profitable, and the aircraft ground power and military business of Piller also made a solid contribution to another excellent overall result.

ARO DIVISION

Revenue: €135.3m. (2017: €145.6m). Orders on hand: €21.7m. (2017: €37.8m). Headquarters: France. Employees: 503.

The ARO Welding Technologies Division, headquartered between Tours and Le Mans in the Loire region of central France, recorded another remarkably good year. Although revenue was down by some 7% on last year - an all-time record in revenue and profit terms - ARO was the other main driver of the group result.

> ‘...another remarkably good year’

Whilst a much anticipated slowdown in ARO's principal market, the automotive sector, began to materialise in 2018, it started later than expected and the impact is now expected to have a greater effect in 2019 than in 2018.

The market became more uncertain in the second half of 2018, with projects appearing and disappearing at short notice, or being constantly reshuffled. A number of major car producers changed their investment plans several times during the year, while others have been vague in their planning communication.

> ‘...slowdown in automotive expected to affect 2019, more than 2018 results’

It seems that ARO is experiencing the beginning of the end of an investment cycle that has lasted some six to seven years; since the knock on from the financial crisis, now a distant memory for many, all but paralysed the industry.

Whilst I am not expecting ARO to have to manage such a seismic impact to its business this time, with European and North American car sales plateauing and Chinese domestic car sales down for the first time in thirty years, a slowdown was inevitable at some point and it seems to me that we have now reached that point.

Chairman's Review

Year ended 31 December **2018**

How the new market cycle will look is not yet clear as worldwide car sales remain relatively strong. However another factor to consider is electric powertrain and autonomous driving technologies which are consuming so much R&D investment that OEM's are looking to cut costs in other areas. With production facilities now well invested for current technology, this may translate into revised investment strategies, potentially affecting ARO.

Ultimately, these new technologies will result in new investment and with no sign of steel ceasing to be the primary material of car construction, and the aim for structures to be more complex to save weight, resistance welding remains the primary manufacturing method thereby assuring a long term future for our ARO business.

CLAUDIUS PETERS DIVISION

Revenue: €102.8m (2017: €95.6m). Orders on hand: €56.8m (2017: €81.8m). Headquarters: Germany. Employees: 508.

Claudius Peters, our plant machinery specialist based in Buxtehude, in northern Germany, had another disappointing year.

However, the business, which supplies materials handling equipment and machinery to the steel, alumina, cement and gypsum industries, remained profitable on still very low volumes. Only China exceeded expectations in what was otherwise a lack-lustre performance, although Claudius Peters in the USA managed to exceed its budgeted profit due a more favourable business mix.

> ‘Claudius Peters: disappointing, but remained profitable on low volumes’

Claudius Peters came into 2018 with a healthier order book than the previous year and I was expecting a better performance. However, a number of major projects were postponed, principally for Russia, and an overspend on one major contract in Germany also added to the malaise.

Performance in the aerospace division of Claudius Peters, which manufactures longitudinal support stringers for Airbus aircraft fuselages, was in line with albeit modest expectations, with lower volumes principally due to reduced demand for A380 aircraft.

> ‘...aerospace division in line with expectations’

LANGLEY

Year ended 31 December **2018**

OTHER BUSINESSES DIVISION

Revenue: €130.0m. (2017: €126.6m). Orders on hand: €14.9m. (2017: €30.2m). Located: United Kingdom, Europe & United States. Employees: 756.

Overall our other businesses division - comprising separate businesses too small in themselves to warrant separate divisions - performed satisfactorily, notwithstanding there were under and over performers.

> 'Overall, other businesses performed satisfactorily, notwithstanding there were under and over performers'

Druck Chemie (DC), the German print chemicals producer, had a challenging year with margins under pressure due to raw material price volatility and competitive pressures. However, the business contributed positively with Germany and France being the main drivers. The very small DC subsidiary in the UK posted a loss, but adding back margin to the German production business, resulted in a positive contribution overall. Subsidiaries in Belgium, Italy, Switzerland, the Czech Republic and Poland all contributed positively to an acceptable, overall result.

Bradman Lake, the food packaging machinery business had a poor 2018. Despite revenues close to budget, there were significant overspends on projects in the UK. Not a satisfactory situation and one that I do not expect to be repeated. However, the US business performed well, exceeding its target to keep the business overall just into positive territory.

Reader Cement Products, the cement blending and packing business, which we invested heavily in new plant and premises in 2014/15, once again exceeded 100,000 tonnes of production and its budgeted profit by a significant margin. The business mix improved in 2018, low margin contract packing being substituted by higher margin blended products for the home improvement market. The company also launched its own brand product range for that market during the year. A very satisfactory year for Reader and 2019 looks set to be similar.

Chairman's Review

Year ended 31 December **2018**

Clarke Chapman, the specialist materials handler, had its best year since we acquired the business in 2000, appreciably over performing its budget.

Nuclear handling equipment for Sellafield, the British nuclear fuel reprocessing and nuclear decommissioning site, and services for the UK rail network, being the highlights, along with strong overseas aftermarket sales. 2019 looks set to be a similarly good year.

Oakdale Homes, the local house builder, which has been part of the group since 1985, continued to work through its land bank. The business made a small operating profit in the period but it is not intended to develop further, once the current build programme is completed.

Property

Finally, whilst reviewing our other businesses, mention should be made of the property holding activities of the group. Principally these are the operating properties of our subsidiaries but include other commercial property investments. Rental income totalled €7.5m in 2018 and today, over 98% of operating locations are owned by the group.

> ‘ Rental income totalled €7.5m in 2018 ’

During the year, development of surplus land at the Clarke Chapman site at Gateshead, in the UK, was completed. Also in 2018, a second tranche of the former headquarters building of Manroland AG was let to the German police authority. As mentioned previously, I expect the entire building to be let to the same tenant in due course and surplus land to be sold for redevelopment as data centres during this year.

Chairman's Review

Year ended 31 December **2018**

OUR PEOPLE

As is customary, no review would be complete without mention of our employees, at year end numbering 4,255 worldwide and I am taking this opportunity to welcome newcomers to our family of businesses.

It is the hard work and diligence of all our employees, that makes the group the success it is today. The results produced by our companies, often substantially exceeding corporate and private equity owned peers are no accident. They come about by all of our employees knowing that the Langley culture is forged not from short-term profits, or from creating 'shareholder value' by buying and selling companies, but from long-term development of our businesses. I believe that this not only gives our people the will to excel, but also fosters confidence amongst our many customers, suppliers and other stakeholders.

In March 2018 I welcomed my daughter Charlotte to the group. She joined as a director of Piller's USA subsidiary, based in Austin TX with responsibility for the Active Power plant there, so becoming the third of my three children to be engaged in the business.

Finally whilst talking about people, in 2015 we introduced a policy whereby the group equally matches any charitable donations made by employees. In 2016, I extended the match funding to include money raised for charity by the immediate families of our employees, and I am pleased to report that in 2018 the company matched €94,464 of employee donations to a variety of causes.

Charlotte Langley: joined the group in March 2018 as head of Piller's Active Power manufacturing plant in Austin, TX

CONCLUSION & OUTLOOK

Although 2018 did not see the stellar results of recent years, the group's overall performance was nonetheless very satisfactory. Currency effects boosted the operating result by some €8.6m, and the group continued to strengthen its balance sheet and cash position.

During the year we examined a number of acquisition opportunities. The first half was taken up almost entirely with one particular target that, had it materialised, would have transformed

Chairman's Review

Year ended 31 December **2018**

CONCLUSION & OUTLOOK (continued)

the group. Major opportunities such as this do not come up frequently as our acquisition criteria are well defined and very specific. Also, we refuse to be drawn in to the euphoria that exists at the top of a market cycle to pay inflated prices and in the end we were out-bid. Historically, our major developments have taken place at or near the bottom of the cycle, where targets have underperformed largely due to a failure of management to adapt to a downturn. With €379.5m of cash and substantial non-target specific banking facilities available to the group, we have a solid war chest available for suitable acquisitions, as and when they arise.

> ' Group cash: €379.5m...a solid war chest available for suitable acquisitions '

In 2018, there was a palpable top of the cycle sense amongst members of the investment banking community who I met and many seasoned professionals are expecting a downturn. Growth in China was at a ten-year low in 2018 and with multiples in the global diversified industrials sector reducing substantially in the last quarter, it may well be that in global economic terms, the next down-wave has already begun.

How this would translate to our businesses is difficult to say. In previous downturns our businesses have actually fared very well, largely because they were not allowed to become bloated in times of plenty.The same holds true now and whereas the future economic climate may look uncertain, I do tend to look back on those previous downturns as less good, rather than bad, for our businesses.

Looking ahead to 2019, the opening order book at €208.4m is much reduced when compared to prior years. Although timing effects partly contributed, this is further indication that 2019 may not be an outstandingly good year, however I am confidently optimistic that 2019 will be another satisfactory year for the group.

Anthony J Langley
Chairman
8 February 2019

5 Year Summary

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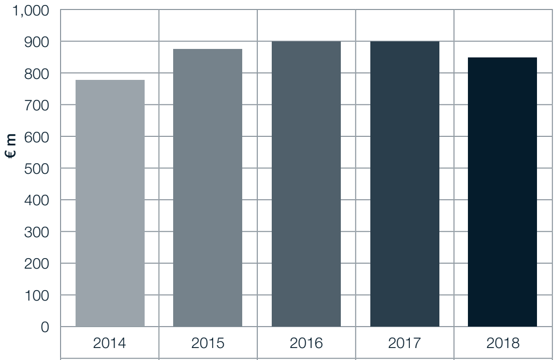
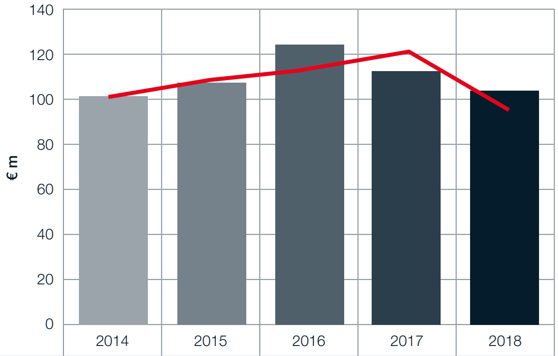
Year ended 31 December **2018**

Revenue 2014 - 2018 (€m)



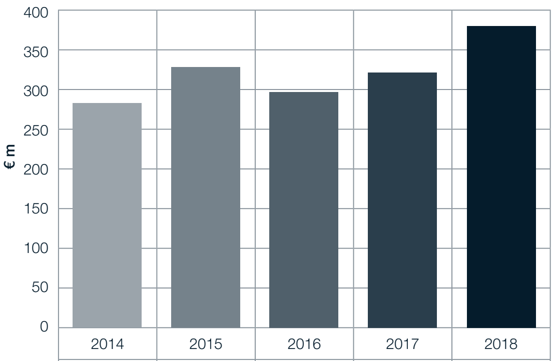
2014	2015	2016	2017	2018
779	875	901	904	848

Profit Before Taxation (PBT) 2014 - 2018 (€m)



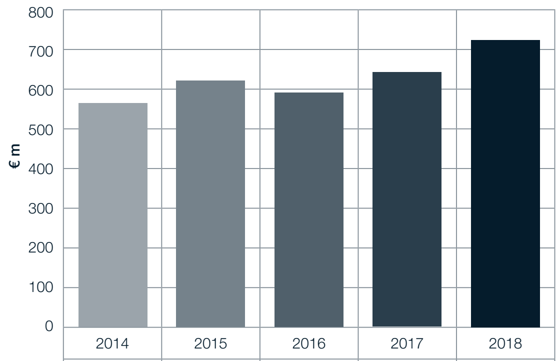
	2014	2015	2016	2017	2018
PBT	101	107	123	112	104
PBT Before Currency	101	108	113	121	95

Cash 2014 - 2018 (€m)



2014	2015	2016	2017	2018
281	330	297	323	380

Nett assets 2014 - 2018 (€m)



2014	2015	2016	2017	2018
563	624	587	647	723

Directors' Report

Year ended 31 December **2018**

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the design, manufacture, supply and servicing of capital equipment. The specific activities of the subsidiary undertakings are as disclosed in note 13 to the Accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 37. The profit attributable to the shareholder for the financial year was €73,821,000 (2017 - €74,448,000).

Dividends of €nil were paid to the ordinary shareholder during the year (2017 - € nil). No final dividend was proposed at the year end.

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

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 25 days (2017– 24 days).

DIRECTORS' INTERESTS

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

	At 31 Dec 2018 Ordinary shares of £1 each	At 31 Dec 2017 Ordinary shares of £1 each
A J Langley (Chairman)	60,100,010	60,100,010
B J Langley	-	-
B A Watson	-	-

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

Year ended 31 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing these Accounts, the directors are required to:

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

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

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

By order of the Board

B A WATSON
Company Secretary
Langley Holdings plc
Registered in England and Wales
Company number 01321615
8 February 2019

Strategic Report

Year ended 31 December **2018**

The Directors present their Strategic Report for the year ended 31 December 2018 to provide a review of the Group's business, principal risks and uncertainties and performance and position alongside key performance indicators.

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. The Chairman's Review on pages 18 to 28 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

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

(c) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 18 to 28. The financial position of the Group, its cash flows and liquidity position are also described in the Chairman's Review. In addition, note 31 to the Accounts includes the Group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments, and its exposures to credit risk and interest rate risk.

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

(d) Financial Risk Management

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 31 to the Accounts.

Year ended 31 December 2018

(e) **Key performance indicators (KPI's)**

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

Targets

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

	2018 **€'000**	2017 **€'000**
Orders on hand	208,363	275,841
Cash held	379,541	323,036

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

- Staff turnover

These are reviewed monthly through information provided to the Board and details are shown on page 17. Analysis using the above KPI's is presented in the Chairman's review.

(f) **Research and development**

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

(g) **Employment Policy**

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

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

The company gives full and fair consideration to application for employment by the Group made by disabled persons, having regard to their particular aptitudes and abilities. The Group also gives full and fair consideration to employees of the Group who have become disabled persons during their period of employment, including arranging appropriate training.

By order of the Board

B A WATSON
Company Secretary
Langley Holdings plc
Registered in England and Wales
Company number 01321615

Independent Auditor's Report to the Member

Year ended 31 December **2018**

Opinion

We have audited the accounts of Langley Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company accounts, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the accounts give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- the group accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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Other information

The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 31, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Member

(Continued)

Year ended 31 December **2018**

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Nigel Hardy
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

14th February, 2019

Consolidated Income Statement

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Year ended 31 December **2018**

	Note	2018 €'000	2017 €'000
REVENUE	2	848,387	903,529
Cost of sales		(561,175)	(593,513)
GROSS PROFIT		287,212	310,016
Net operating expenses	3	(186,092)	(199,742)
OPERATING PROFIT	4	101,120	110,274
Finance income	5	2,443	1,582
Finance costs	6	(43)	(48)
PROFIT BEFORE TAXATION		103,520	111,808
Income tax expense	10	(29,699)	(37,360)
PROFIT FOR THE YEAR		73,821	74,448

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

The notes on pages 45 to 98 form part of these accounts

Consolidated Statement of Comprehensive Income

Year ended 31 December **2018**

	Note	2018 €'000	2017 €'000
Profit for the year		73,821	74,448
Other comprehensive income:			
Items which will not be reclassified to profit and loss			
Remeasurement loss on defined benefit pension schemes	9	353	(48)
Deferred tax relating to remeasurement	29	(71)	10
		282	(38)
Other deferred tax movements	29	(800)	(500)
Gain on revaluation of properties		5,330	1,782
Items which may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	37	(3,379)	(15,719)
Other comprehensive expense for the year		1,433	(14,475)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		75,254	59,973

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

The notes on pages 45 to 98 form part of these accounts

Consolidated Statement of Financial Position

As at 31 December **2018**

	Note	2018 €'000	2018 €'000	2017 €'000	2017 €'000
NON-CURRENT ASSETS					
Intangible assets	11		2,920		2,985
Property, plant and equipment	12		183,056		206,863
Investments	13		14		14
Investment properties	14		17,676		-
Trade and other receivables	15		2,724		3,724
Deferred income tax assets	29		15,183		16,483
			221,573		230,069
CURRENT ASSETS					
Inventories	16	166,594		163,720	
Trade and other receivables	18	165,540		177,961	
Cash and cash equivalents	19	379,541		323,036	
Current income tax recoverable	20	7,622		7,437	
Assets held for sale	21	16,782		-	
		736,079		672,154	
CURRENT LIABILITIES					
Current portion of long term borrowings	25	39		54	
Current income tax liabilities	24	8,351		7,892	
Trade and other payables	22	166,409		180,831	
Provisions	23	17,820		17,565	
		192,619		206,342	
NET CURRENT ASSETS			543,460		465,812
Total assets less current liabilities			765,033		695,881
NON-CURRENT LIABILITIES					
Provisions	23	1,775		1,633	
Long term borrowings	26	-		39	
Trade and other payables	27	11,333		17,350	
Retirement benefit obligations	28	11,400		11,970	
Deferred income tax liabilities	29	17,921		17,539	
			42,429		48,531
NET ASSETS			722,604		647,350
EQUITY					
Share capital	34		71,227		71,227
Merger reserve	35		4,491		4,491
Revaluation reserve	36		9,315		4,935
Retained earnings	37		637,571		566,697
TOTAL EQUITY			722,604		647,350

Approved by the Board of Directors, and authorised for issue on 8 February 2019 and signed on its behalf by

A J LANGLEY
Director

B J LANGLEY
Director

The notes on pages 45 to 98 form part of these accounts

Consolidated Statement of Changes in Equity

Year ended 31 December **2018**

	Share Capital €'000	Merger Reserve €'000	Revaluation Reserve €'000	Retained Earnings* €'000	Total €'000
AT 1 JANUARY 2017	71,227	4,491	3,768	507,891	587,377
Profit for the year	-	-	-	74,448	74,448
Depreciation transfer	-	-	(80)	115	35
Currency exchange difference arising on retranslation	-	-	-	(15,719)	(15,719)
Remeasurement of defined benefit schemes net of deferred tax	-	-	-	(38)	(38)
Revaluation gain net of deferred tax	-	-	1,247	-	1,247
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**1,167**	**58,806**	**59,973**
AT 31 DECEMBER 2017	71,227	4,491	4,935	566,697	647,350
Profit for the year	-	-	-	73,821	73,821
Depreciation transfer	-	-	(106)	150	(44)
Currency exchange difference arising on retranslation	-	-	-	(3,379)	(3,379)
Remeasurement of defined benefit schemes net of deferred tax	-	-	-	282	282
Revaluation gain net of deferred tax	-	-	4,486	-	4,486
TOTAL COMPREHENSIVE INCOME	-	-	4,380	70,874	75,254
AT 31 DECEMBER 2018	71,227	4,491	9,315	637,571	722,604

* Movements in foreign currency translation reserves are detailed in note 37.

Company Statement of Financial Position

LANGLEY

As at 31 December **2018**

	Note	2018 €'000	2018 €'000	2017 €'000	2017 €'000
NON-CURRENT ASSETS					
Property, plant and equipment	12		25,743		27,315
Investments	13		75,372		76,475
Investment properties	14		5,676		-
			106,791		103,790
CURRENT ASSETS					
Inventories	16	8		9	
Trade and other receivables	18	121,519		129,382	
Cash and cash equivalents	19	217,037		177,381	
Current income tax recoverable	20	-		1,539	
		338,564		308,311	
CURRENT LIABILITIES					
Current income tax liabilities	24	1,662		-	
Trade and other payables	22	3,040		3,955	
		4,702		3,955	
NET CURRENT ASSETS			333,862		304,356
Total assets less current liabilities			440,653		408,146
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	29		130		189
NET ASSETS			440,523		407,957
EQUITY					
Share capital	34		71,227		71,227
Merger reserve	35		4,491		4,491
Retained earnings	37		364,805		332,239
TOTAL EQUITY			440,523		407,957

During the year ended 31 December 2018, the Company generated a profit of €37,624,000 (2017 - €54,126,000).

Approved by the Board of Directors, and authorised for issue on 8 February 2019 and signed on its behalf by

A J LANGLEY
Director

B J LANGLEY
Director

The notes on pages 45 to 98 form part of these accounts

Company Statement of Changes in Equity

As at 31 December **2018**

	Share capital €'000	Merger reserve €'000	Retained earning* €'000	Total €'000
AT 1 JANUARY 2017	71,227	4,491	288,905	364,623
Profit for the year	-	-	54,126	54,126
Currency exchange differences arising on retranslation	-	-	(10,792)	(10,792)
TOTAL COMPREHENSIVE INCOME	-	-	43,334	43,334
AT 31 DECEMBER 2017	71,227	4,491	332,239	407,957
Profit for the year	-	-	37,624	37,624
Currency exchange differences arising on retranslation	-	-	(5,058)	(5,058)
TOTAL COMPREHENSIVE INCOME	-	-	32,566	32,566
AT 31 DECEMBER 2018	71,227	4,491	364,805	440,523

* Movements in foreign currency translation reserves are detailed in note 37.

The notes on pages 45 to 98 form part of these accounts

Consolidated Statement of Cash Flows

Year ended 31 December **2018**

	Note	2018 €'000	2018 €'000	2017 €'000	2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	39		102,447		95,927
Bank and loan interest paid			(43)		(48)
Interest received			2,443		1,582
Income taxes paid			(28,652)		(36,259)
NET CASH FROM OPERATING ACTIVITIES			76,195		61,202
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of intangible assets		(121)		(800)	
Purchase of property, plant and equipment		(17,497)		(24,536)	
Proceeds from sale of property, plant and equipment		516		975	
NET CASH USED IN INVESTING ACTIVITIES			(17,102)		(24,361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of amounts borrowed		(54)		(84)	
NET CASH USED IN FINANCING ACTIVITIES			(54)		(84)
Net increase in cash and cash equivalents			59,039		36,757
Cash and cash equivalents at 1 January 2018			323,036		296,923
Effects of exchange rate changes on cash and cash equivalents			(2,534)		(10,644)
Cash and cash equivalents at 31 December 2018			379,541		323,036
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short term deposits	19		379,541		323,036

The notes on pages 45 to 98 form part of these accounts

Company Statement of Cash Flows

Year ended 31 December **2018**

		2018		2017	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	39		14,466		1,000
Interest received			6,534		5,680
Income taxes (paid)/received			(3,445)		110
NET CASH FROM OPERATING ACTIVITIES			17,555		6,790
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		25,945		66,192	
Purchase of property, plant and equipment		(6,483)		(2,971)	
Proceeds from sale of property, plant and equipment		58		163	
NET CASH GENERATED BY INVESTING ACTIVITIES			19,520		63,384
Net increase in cash and cash equivalents			37,075		70,174
Cash and cash equivalents at 1 January 2018			177,381		117,139
Effects of exchange rate changes on cash and cash equivalents			2,581		(9,932)
Cash and cash equivalents at 31 December 2018			217,037		177,381
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short term deposits	19		217,037		177,381

The notes on pages 45 to 98 form part of these accounts

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Year ended 31 December 2018

1 ACCOUNTING POLICIES

a Basis of preparation

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

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

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

New and amended Standards and Interpretations adopted by the Group

New Standards which have been adopted in these accounts, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 "Financial Instruments"; and
- IFRS 15 "Revenue from Contracts with Customers"

The adoption of the above standards did not have a significant effect on the accounts.

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

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2018

At the date of authorisation of these accounts, the following standards and interpretations which have not been applied in these accounts were in issue but not yet effective:

- IFRS 16 "Leases" will be effective for the year ending 31 December 2019 onwards and the impact on the accounts is expected to be immaterial.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

Notes to the Accounts

(Continued)

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2018 using the acquisition method, except for common control transactions, and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition.

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

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 from presenting its own Income Statement. The profit generated by the Company is disclosed under the Company Statement of Financial Position.

c Goodwill

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

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

Year ended 31 December 2018

1 **ACCOUNTING POLICIES (continued)**

d Impairment of intangible assets

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

The amortisation on those intangible assets that do not have an indefinite useful life is charged to net operating expenses in the Income Statement and is calculated as follows:

Patents and licenses	-	2 to 10 years straight line

e Property, plant and equipment

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

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

Revaluations of land and buildings are made when there are indicators that the value has fallen below the book value in the accounts. The Group holds a number of properties which have been valued at varying intervals over the past 10 years.

f Investment properties

Freehold land and buildings are transferred to investment property when they are no longer used to facilitate the principal activity of the Group. At this point, they are transferred at fair value to the investment property, with any revaluations required recognised in the revaluation reserve. Following transfer, any subsequent revaluations are recognised in the Consolidated Income Statement.

Investment properties are properties which are held to earn rental income and/or for capital appreciation. Investment properties are measured at fair value which reflects market conditions the at statement of financial position date. Any gains or losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Fair value is derived from expected rental yields that can be gained from the property, net of associated costs where relevant.

Rental income from investment property is accounted for as other income.

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

f Investment property (continued)

All tenant leases have been examined to determine if there has been any transfer of the risks and rewards of ownership from the Group to the tenant in accordance with IAS 17 'Leases'. All tenant leases were determined to be operating leases. Accordingly, all the Group's leased properties are classified as investment properties and included in the statement of financial position at fair value.

In accordance with IAS 40 'Investment Property', no depreciation is provided in respect of investment properties.

g Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial measurement or subsequent write-down of the asset to fair value less costs to sell. Any impairment loss is recognised in the Consolidated Income Statement, unless the asset had been measured at revalued amount in which case the impairment is treated as a revaluation decrease. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset. Any gain is recognised in the Consolidated Income Statement to the extent that it is not in excess of the cumulative impairment loss.

Non-current assets are not depreciated while they are held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position.

1 ACCOUNTING POLICIES (continued)

h Financial instruments

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

Trade receivables and contract assets

Trade receivables and contract assets do not carry any interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are impaired when the asset meets one of the following criteria:

a) The financial asset is credit-impaired; or

b) Credit losses are expected on the asset. Any loss allowance relating to trade receivables has been calculated with reference to historical experience in the recoverability of such receivables, taking into consideration current conditions and forecasts of future economic conditions.

Borrowings

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

Trade payables

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

i Investments

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

j Inventories and work in progress

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

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

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

Year ended 31 December 2018

1 **ACCOUNTING POLICIES (continued)**

k **Revenue recognition**

Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gains control of the good/service), and is measured as the consideration which the Group expects to be entitled to in exchange for those goods or services. Consideration is typically fixed on the agreement of a contract. Payment terms are agreed on a contract by contract basis.

Contracts include promises to transfer goods and/or services to a customer (i.e. "performance obligations") which are typically indistinct and hence are accounted for together in a single performance obligation. Where multiple performance obligations exist within one contract, the transaction price is allocated between each performance obligation on the basis of past experience, with reference to stand-alone selling prices of each component.

A good or service is distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. A performance obligation is satisfied over time when the vendor's performance creates an asset with no alternative use for the vendor and the customer has an obligation to pay the vendor for performance to date.

The above mentioned criterion is commonly met for the Claudius Peters and Piller sub-groups as their trade involves the building of highly specific machinery, and hence revenue is recognised over time.

The Group uses either output methods or input methods to measure the progress towards completion of a performance obligation satisfied over time, depending on which method is considered to faithfully depict the entity's performance.

Output methods recognise revenue on the basis of direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The output method used by Group companies is based on milestones reached.

Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The input method used by Group companies is based on costs incurred to date.

Year ended 31 December 2018

1 ACCOUNTING POLICIES (continued)

k Revenue recognition (continued)

If revenue is recognised over a period of time, the Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions (contract liabilities) are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Contract asset and liability balances fluctuate due to the timing and mix of contracts held across the Group.

Contracts are deemed to be complete, and hence performance obligations fully satisfied, post customer acceptance of the goods. Amounts disclosed as current deferred income reflect revenue that will be recognised on performance obligations that will be satisfied within a year.

The ARO, Manroland and Druck Chemie sub-groups instead recognise revenue at the point in time that goods are transferred to a customer, which is the point in time that the customer gains control of the goods. This is due to the nature of goods being fairly standardised and hence specific contract accounting does not apply.

Revenue from standalone maintenance and service contracts across all subgroups is recognised over the time-period spanned by the contract, as this is considered to best depict the customer's consumption of the benefit of this arrangement. Standard warranties included within contracts are accounted for in accordance with note 1r.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the end of the reporting period is disclosed as orders on hand in the strategic report. This revenue will be recognised in the next accounting period.

l Taxes

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

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

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

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

m Foreign currencies

(a) Transactions and balances

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

(b) Accounts of overseas operations

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

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

(c) Preparation of Accounts

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

The average exchange rate during the year was €1.13 (2017 - €1.14) to the Pound Sterling. The opening exchange rate was €1.13 (2017 - €1.17) to the Pound Sterling and the closing exchange rate was €1.11 (2017 - €1.13) to the Pound Sterling.

n Cash and cash equivalents

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

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

o Post-employment benefit obligations

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

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

Other movements in the net surplus or deficit are recognised in the Income Statement, including the current service cost and any past service cost. The net interest cost on the net defined benefit liability is also charged to the Income Statement. The amount charged to the Income Statement in respect of these schemes is included within operating costs. Any changes required following the Guaranteed Minimum Pension (GMP) equalisation, which is determined by a third party actuary, are charged or credited to the Income Statement.

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

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

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

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

p Leased assets

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

q Rental income from investment properties

Rental income from investment properties is credited to the Consolidated Income Statement on a straight line basis over the lease term.

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

r Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

s Dividend policy

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

t Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

i Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations.
A performance obligation is satisfied over time, and hence revenue is recognised over time, when an asset is created with no alternative use for the vendor. This requires the application of judgement to determine whether the asset is sufficiently specialised that it would have no alternative use.

The input method used by the Group to measure the amount of revenue to be recognised is based on costs incurred to date relative to total expected costs, which requires significant judgement. Contracts can be highly bespoke and hence historical cost information is not always useful in estimating future costs. The Group's policies for the recognition of revenue and profit are set out above.

Key sources of estimation uncertainty

i Freehold land and building valuation

Determining the fair value of freehold land and building requires significant estimates to be made, with reference to third party information and market conditions.

Year ended 31 December **2018**

1 ACCOUNTING POLICIES (continued)

t Critical accounting judgements and key sources of estimation uncertainty (continued)

ii Pensions

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

iii Property, plant and equipment depreciation

The property, plant and equipment used within the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset.

iv Impairment of assets

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

v Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimation is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 10 and 29 for further information.

vi Provisions

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

u Research and development

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

Year ended 31 December **2018**

2 REVENUE

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

	2018 €'000	2017 €'000
Revenue from construction contracts	171,671	175,400
Sale of goods	676,716	728,129
	848,387	903,529

An analysis of the Group's revenue between each sub group is as follows:

	2018 €'000	2017 €'000
Manroland Sheetfed	259,771	286,340
Piller	220,611	249,358
ARO	135,253	145,575
Claudius Peters	102,762	95,554
Druck Chemie	61,312	64,278
Other businesses	68,678	62,424
	848,387	903,529

Information regarding the nature of revenue derived from the above sub groups is provided in note 1k.

3 ANALYSIS OF NET OPERATING EXPENSES

	2018 €'000	2017 €'000
Distribution costs	50,392	50,898
Administrative expenses	143,732	154,709
Other operating income	(8,032)	(5,865)
Net operating expenses	186,092	199,742

4 OPERATING PROFIT

		2018	2017
		€'000	**€'000**
Operating profit has been arrived at after charging			
Directors' emoluments (note 7)		4,422	4,268
Depreciation of owned assets (note 12)		15,318	14,173
Impairment of owned assets (note 12)		113	1,513
Amortisation of intangibles (note 11)		284	736
Research and development costs		7,468	7,234
(Profit)/Loss on sale of property, plant and equipment		(72)	154
Fees payable to the Group's auditor for the audit of the Group's Accounts		161	153
Fees payable to the Group's auditor and its associates for other services			
- the auditing of Subsidiary Accounts		956	962
- other services relating to taxation compliance		208	197
- all other services		315	216
Operating leases	- land and buildings	3,074	2,889
	- other	320	421
Impairment of trade receivables		924	229
Cost of inventories recognised as an expense (included in cost of sales)		344,592	413,971
Net (profit)/loss on foreign currency translation		(8,550)	9,013

Year ended 31 December **2018**

5 FINANCE INCOME

	2018 €'000	2017 €'000
Bank interest receivable	2,245	1,362
Other interest receivable	198	220
	2,443	1,582

6 FINANCE COSTS

	2018 €'000	2017 €'000
Other interest	43	48

7 KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 €'000	2017 €'000
Salaries and short-term employee benefits	4,633	4,800
Post-employment benefits	13	8
	4,646	4,808

All of the above key management personnel compensation relates to Directors and their close family members.

Directors' emoluments

	2018 €'000	2017 €'000
Aggregate emoluments as Directors of the Company	4,410	4,260
Value of Group pension contributions to money purchase schemes	12	8
	4,422	4,268
Emoluments of the highest paid Director	3,952	3,687

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

Year ended 31 December **2018**

8 EMPLOYEE NUMBERS AND COSTS

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

	2018 **No**	2017 **No**
Management, office and sales	2,113	2,166
Manufacturing and direct labour	2,121	2,063
	4,234	4,229

The aggregate payroll costs of these persons were as follows:

	2018 **€'000**	2017 **€'000**
Wages and salaries	240,498	239,218
Social security costs	49,529	48,771
Other pension costs	2,118	2,215
	292,145	290,204

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

	2018 **No**	2017 **No**
Management, office and sales	29	29

The aggregate payroll costs of these persons were as follows:

	2018 **€'000**	2017 **€'000**
Wages and salaries	1,107	1,177
Social security costs	699	790
Other pension costs	31	26
	1,837	1,993

9 POST-EMPLOYMENT BENEFITS

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

	2018 €'000	2017 €'000
Statement of financial position obligations for:		
Defined pension benefits	(8,231)	(9,012)
Post-employment medical benefits	(3,169)	(2,958)
Liability in the statement of financial position	(11,400)	(11,970)
Income statement charge/(credit) included in operating expenses for:		
Defined pension benefits	(137)	(736)
Post-employment medical benefits	218	118
	81	(618)
Remeasurements charge for:		
Defined pension benefits	281	26
Post-employment medical benefits	72	(74)
	353	(48)

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

a) Defined benefit pension schemes

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

9 **POST-EMPLOYMENT BENEFITS (continued)**

The amounts recognised in the statement of financial position are determined as follows:

	2018	2017
	€'000	**€'000**
Present value of funded obligations	(15,502)	(17,013)
Fair value of plan assets	15,767	16,870
Net surplus/(deficit) on funded plans	265	(143)
Present value of unfunded obligations	(8,231)	(8,650)
Total deficit of defined benefit pension plans	(7,966)	(8,793)
Impact of asset ceiling	(265)	(219)
Liability in the statement of financial position	(8,231)	(9,012)

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

The amount recognised in the income statement:

	2018	2017
	€'000	**€'000**
Current service cost	(441)	(788)
Past service cost	251	-
Net interest cost	53	52
	(137)	(736)

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

Year ended 31 December **2018**

9 POST-EMPLOYMENT BENEFITS (continued)

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

	2018 **€'000**	2017 **€'000**
Gain/(loss) from changes in financial assumptions	1,005	(3,520)
Gain from change in demographic assumptions	273	43
Experience losses/(gains)	110	(136)
Return on assets, excluding interest income	(1,061)	530
Change in the effect of the asset ceiling excluding interest income	(46)	3,109
	281	26

Changes in present value of obligations:

	2018 **€'000**	2017 **€'000**
Present value of obligations at start of the year	(25,663)	(23,770)
Current service cost	441	788
Past service cost	(251)	-
Interest cost	(456)	(480)
Actuarial gain/(loss) on Scheme liabilities based on:		
Changes in financial assumptions	1,005	(3,520)
Changes in demographic assumptions	273	43
Experience gains/(losses)	110	(136)
Benefits paid	588	818
Exchange differences	220	594
Present value of obligation at end of the year	(23,733)	(25,663)

9 POST-EMPLOYMENT BENEFITS (continued)

Changes in the fair value of scheme assets:

	2018	2017
	€'000	**€'000**
Fair value of scheme assets at the start of the year	16,870	17,274
Interest income	403	428
Remeasurement of scheme assets	(1,061)	530
Contributions by employers	331	78
Benefits paid	(548)	(775)
Exchange differences	(228)	(665)
Fair value of scheme assets at the end of the year	15,767	16,870

The significant actuarial assumptions were as follows:

	2018		2017	
	UK	Eurozone	UK	Eurozone
Rate of increase in salaries	-	1.83%	-	1.63%
Discount rate	2.8%	1.4-1.63%	2.4%	1.25–1.45%
Inflation	3.3-3.6%	1.4-1.63%	3.3–3.5%	1.25–1.45%

The inflation assumption shown for the UK is for the Retail Price Index. The assumption for the Consumer Price Index at 31 December 2018 was 2%.

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

	2018	2017
Retiring at the end of the reporting period:		
Male	22 years	22-23 years
Female	24 years	24-25 years
Retiring 20 years after the end of the reporting period:		
Male	23-24 years	24-25 years
Female	25-27 years	26-27 years

9 POST-EMPLOYMENT BENEFITS (continued)

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease obligation by 3.4 - 3.9%	Increase obligation by 3.4 - 3.9%
Inflation	0.25%	Decrease obligation by 0.2 - 2.7%	Increase obligation by 0.2 - 2.7%
Life expectancy	1 year	Increase obligation by 4.0 - 4.3%	Increase obligation by 4.0 - 4.3%

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

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

b) Post – employment medical benefits

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

The amounts recognised in the statement of financial position are determined as follows:

	2018	2017
	€'000	**€'000**
Present value of unfunded obligations	(3,169)	(2,958)
Liability in the statement of financial position	(3,169)	(2,958)

9 POST-EMPLOYMENT BENEFITS (continued)

Changes in the present value of defined benefit obligations

	2018 €'000	2017 €'000
Present value of obligation at the start of the year	(2,958)	(3,418)
The amount recognised in the income statement:		
Current service cost	(138)	(109)
Past service cost	(69)	-
Interest expense	(11)	(8)
	(218)	(117)
Remeasurement of the net defined benefit liability to be shown in other comprehensive income:		
Gain/(loss) from change in demographic assumptions	53	(23)
Gain/(loss) from change in financial assumptions	19	(51)
	72	(74)
Other movement	44	73
Payments from scheme contributions - benefit payments	320	287
Exchange differences	(429)	291
Present value of obligation at the end of the year	(3,169)	(2,958)

c) Post-employment benefits (pension and medical)

Schemes' assets are comprised as follows:

	2018 Total €'000	2018 %	2017 Total €'000	2017 %
Equity instruments	**10,072**	**64%**	**11,255**	**67%**
Equities and equity funds	4,110		4,738	
Diversified growth fund	5,962		6,517	
Debt instruments	**5,313**	**34%**	**5,459**	**32%**
Government	3,365		3,402	
Corporate bonds (investment grade)	1,948		2,057	
Property	198	1%	209	1%
Cash and cash equivalents	184	1%	(53)	-
Total	15,767	100%	16,870	100%

9 POST-EMPLOYMENT BENEFITS (continued)

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

Asset volatility

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

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

Changes in bond yield

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

Inflation risk

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

Life expectancy

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

In case of the Eurozone defined benefit scheme, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The UK hybrid scheme currently has no asset-liability matching strategy. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2018 consist of equities and bonds, although the Group also invests in property and cash.

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

9 POST-EMPLOYMENT BENEFITS (continued)

Expected contributions to post-employment benefit schemes for the year ending 31 December 2018 are €210,816.

The weighted average duration of the defined benefit obligation is 15.8 years.

d) Post-employment benefits (defined contribution schemes)

Contributions to defined contribution pension schemes, whereby the scheme assets and liabilities are held separately from those of the company, totalled €2,118,000 (2017 – €2,215,000).

10 INCOME TAX EXPENSE

(a) Charge for the year

	2018 **€'000**	2017 **€'000**
Current income tax:		
UK corporation tax at 19.00% (2017 – 19.25%)	5,916	3,410
Overseas tax	21,537	29,965
Adjustments to prior year UK tax	46	82
Adjustments to prior year overseas tax	1,427	(2,022)
Total current taxation	28,926	31,165
Deferred income tax:		
Movement in overseas deferred tax	760	6,233
Movement in UK deferred tax	13	(38)
Total deferred taxation	773	6,195
Income tax expense	29,699	37,360

(b) Factors affecting tax expense

	2018 **€'000**	**2017** **€'000**
Profit before taxation	103,520	111,808
Profit before taxation multiplied by the standard rate of tax of 19.00% (2017 – 19.25%)	19,669	21,523
Expenses not deductible for tax purposes	1,524	4,353
Income not taxable	(362)	(1,047)
Timing differences	(504)	(3,897)
Effect of foreign tax rates	7,192	16,701
Utilisation of losses brought forward	(810)	(2,413)
Deferred tax assets not recognised	1,498	4,801
Exchange adjustment	19	(721)
Adjustment to tax charge in previous period	1,473	(1,940)
Tax expense	29,699	37,360

Year ended 31 December **2018**

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €5,366,000 at 31 December 2018 (2017 - €5,445,000) available for carry forward against future trading profits. In addition the Claudius Peters Group had overseas tax losses of approximately €704,000 at 31 December 2018 (2017 - €1,174,000), the Manroland Group €132,740,000 (2017 - €129,084,000), the Druck Chemie Group €6,991,000 (2017 - €7,368,000), the Bradman Lake Group €1,982,000 (2017 - €1,998,000) and the Active Power Group €1,459,000 (2017 - €2,431,000) available for carry forward against future trading profits of that Group.

(d) Impact of future tax rate changes

Finance Act 2016, which received Royal Assent on 15 September 2016, includes legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. Accordingly, deferred tax has been calculated at the tax rate of 17%.

Year ended 31 December **2018**

11 INTANGIBLE ASSETS

GROUP

	Positive Goodwill €'000	Patents and Licences €'000	Total €'000
Cost			
At 1 January 2018	2,439	5,481	7,920
Additions	-	121	121
Disposals	-	(36)	(36)
Exchange adjustment	96	4	100
At 31 December 2018	2,535	5,570	8,105
Aggregate impairment and amortisation			
At 1 January 2018	-	4,935	4,935
Amortisation charge for the year	-	284	284
Disposals	-	(32)	(32)
Exchange adjustment	-	(2)	(2)
At 31 December 2018	-	5,185	5,185
Net book values			
At 31 December 2018	2,535	385	2,920
At 31 December 2017	2,439	546	2,985
Cost			
At 1 January 2017	2,768	4,843	7,611
Additions	5	795	800
Exchange adjustment	(334)	(157)	(491)
At 31 December 2017	2,439	5,481	7,920
Aggregate impairment and amortisation			
At 1 January 2017	-	4,356	4,356
Amortisation charge for the year	-	736	736
Exchange adjustment	-	(157)	(157)
At 31 December 2017	-	4,935	4,935
Net book values			
At 31 December 2017	2,439	546	2,985
At 31 December 2016	2,768	487	3,255

Year ended 31 December **2018**

12 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land & buildings	Plant and machinery	Vehicles	Computers	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Cost or valuation					
At 1 January 2018	168,542	127,235	55,566	17,166	368,509
Additions	8,203	5,856	2,898	540	17,497
Disposals	(57)	(1,490)	(2,190)	(593)	(4,330)
Revaluation	5,331	-	-	-	5,331
Transfers	(32,412)	-	-	-	(32,412)
Exchange adjustments	767	792	(739)	43	863
At 31 December 2018	150,374	132,393	55,535	17,156	355,458
Depreciation					
At 1 January 2018	48,692	80,445	17,646	14,863	161,646
Charge for the year	3,740	6,100	4,653	825	15,318
Impairment	-	-	113	-	113
Disposals	(57)	(1,356)	(1,900)	(577)	(3,890)
Transfers	(1,112)	-	-	-	(1,112)
Exchange adjustments	267	271	(242)	31	327
At 31 December 2018	51,530	85,460	20,270	15,142	172,402
Net book amount					
At 31 December 2018	98,844	46,933	35,265	2,014	183,056
At 31 December 2017	119,850	46,790	37,920	2,303	206,863
Cost or valuation					
At 1 January 2017	157,292	123,891	54,990	17,075	353,248
Additions	13,294	6,063	4,220	959	24,536
Disposals	-	(1,658)	(1,825)	(334)	(3,817)
Revaluation	1,782	-	-	-	1,782
Exchange adjustments	(3,826)	(1,061)	(1,819)	(534)	(7,240)
At 31 December 2017	168,542	127,235	55,566	17,166	368,509
Depreciation					
At 1 January 2017	46,186	77,242	14,015	14,911	152,354
Charge for the year	3,218	5,968	4,026	961	14,173
Impairment	-	-	1,513	-	1,513
Disposals	-	(1,283)	(1,413)	(300)	(2,996)
Exchange adjustments	(712)	(1,482)	(495)	(709)	(3,398)
At 31 December 2017	48,692	80,445	17,646	14,863	161,646
Net book amount					
At 31 December 2017	119,850	46,790	37,920	2,303	206,863
At 31 December 2016	111,106	46,649	40,975	2,164	200,894

Transfers relate to items of freehold land & buildings that have been reclassified to investment properties (note 14) and assets held for sale (note 21) in the year.

Year ended 31 December **2018**

12 PROPERTY, PLANT AND EQUIPMENT (continued)
COMPANY

	Freehold land & buildings	Plant and machinery	Vehicles	Computers	Total
Cost or valuation	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2018	24,055	7,110	2,665	368	34,198
Additions	5,970	37	471	5	6,483
Disposals	-	(1)	(281)	(44)	(326)
Transfers	(5,676)	-	-	-	(5,676)
Exchange adjustments	(454)	(93)	(42)	(14)	(603)
At 31 December 2018	23,895	7,053	2,813	315	34,076
Depreciation					
At 1 January 2018	2,489	2,580	1,467	347	6,883
Disposals	-	(1)	(273)	(44)	(318)
Charge for the year	780	591	515	8	1,894
Exchange adjustments	(49)	(37)	(25)	(15)	(126)
At 31 December 2018	3,220	3,133	1,684	296	8,333
Net book amount					
At 31 December 2018	20,675	3,920	1,129	19	25,743
At 31 December 2017	21,566	4,530	1,198	21	27,315
Cost or valuation					
At 1 January 2017	23,502	6,972	2,251	441	33,166
Additions	1,473	410	1,075	13	2,971
Disposals	-	-	(569)	(68)	(637)
Exchange adjustments	(920)	(272)	(92)	(18)	(1,302)
At 31 December 2017	24,055	7,110	2,665	368	34,198
Depreciation					
At 1 January 2017	1,793	2,083	1,657	418	5,951
Disposals	-	-	(544)	(68)	(612)
Charge for the year	776	585	415	11	1,787
Exchange adjustments	(80)	(88)	(61)	(14)	(243)
At 31 December 2017	2,489	2,580	1,467	347	6,883
Net book amount					
At 31 December 2017	21,566	4,530	1,198	21	27,315
At 31 December 2016	21,709	4,889	594	23	27,215

Transfers relate to items of freehold land & buildings that have been reclassified to investment properties (note 14) in the year.

Notes to the Accounts

(Continued)

Year ended 31 December **2018**

12 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group	
	2018	2017
	€'000	**€'000**
Freehold land and buildings		
Cost	137,443	160,981
Aggregate depreciation and impairment	48,525	45,877

13 NON-CURRENT INVESTMENTS

	Group	**Company**
	Shares in unlisted undertakings	Shares in group undertakings
	€'000	**€'000**
COST		
At 1 January 2018	14	76,475
Exchange adjustment	-	(1,103)
At 31 December 2018	14	75,372
Carrying amount		
At 31 December 2018	14	75,372
At 31 December 2017	14	76,475

	Group	**Company**
	Shares in unlisted undertakings	Shares in group undertakings
	€'000	**€'000**
COST		
At 1 January 2017	14	79,520
Exchange adjustment	-	(3,045)
At 31 December 2017	14	76,475
Carrying amount		
At 31 December 2017	14	76,475
At 31 December 2016	14	79,520

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

A list of wholly owned unlisted subsidiary companies at 31 December 2018 is provided below. The registered office of each subsidiary is detailed in italics.

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

Notes to the Accounts

(Continued)

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

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

The following companies are wholly owned unlisted subsidiaries of ARO Welding Technologies SAS, at 31 December 2018:

Company	**Country of Registration**	**Principal Activity**
ARO Welding Technologies AB *AB Timotejvägen, 7 439 71, Fjärås*	Sweden	All of the companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies SA de CV *43B Sur 4720 Estrella del Sur C.P. 72190 Puebla, Pue*	Mexico	
ARO Welding Technologies SAU *C/ Cuzco, 26-28, nave 2 08030 Barcelona*	Spain	
ARO Welding Technologies Limited *Unit 15, Planetary Industrial Estate, Planetary Road, Willenhall, Wolverhampton, WV13 3XA*	England	

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Principal Activity
ARO Welding Technologies SA-NV *Koningin Astridlaan 61, 1780 Wemmel*	Belgium	
ARO Welding Technologies s.r.o *Karloveská 63 84104 Bratislava*	Slovakia	
ARO Welding Technologies GmbH *Senefelderstraße 4 86368 Gersthofen*	Germany	
ARO Welding Technologies (Wuhan) Ltd *M Building - West District, MinYing Industry Park, 81 CheChengNan Road, Economic & Technology Developing Zone 430056 WUHAN*	China	
ARO Welding Technologias Ltda. *Rua das Figueiras 474 – 3° andar Bairro Jardim, 09080-300 – Santo André SP São Paulo*		

The following companies are wholly owned unlisted subsidiaries of The Clarke Chapman Group Limited, at 31 December 2018:

Company	Country of Registration	Principal Activity
Clarke Chapman Facilities Management Limited *Office 104 Golborne Enterprise Park Kid Glove Road Golborne Warrington Cheshire WA3 3GR*	England	Provision of facilities management services
Clarke Chapman Aftermarket Limited *PO Box 9 Saltmeadows Road Gateshead Tyne & Wear NE8 1SW*	England	Dormant subsidiary
Clarke Chapman Machining Limited *PO Box 9 Saltmeadows Road Gateshead Tyne & Wear NE8 1SW*	England	Dormant subsidiary
Clarke Chapman Manufacturing Ltd *PO Box 9 Saltmeadows Road Gateshead Tyne & Wear NE8 1SW*	England	Dormant subsidiary
Mackley Pumps Limited *PO Box 9 Saltmeadows Road Gateshead Tyne & Wear NE8 1SW*	England	Dormant subsidiary

Notes to the Accounts

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Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Principal Activity
Cowans Sheldon Limited *PO Box 9 Saltmeadows Road Gateshead Tyne & Wear NE8 1SW*	England	Dormant subsidiary
Wellman Booth Limited *Unit 2, Kirkfield Industrial & Commercial Centre, Kirk Lane, Yeadon Leeds LS19 7LX*	England	Dormant subsidiary
Stothert and Pitt Limited *1-9 Yelverton Road Brislington Bristol BS4 5HP*	England	Dormant subsidiary
Butterley Limited *Enterprise Way Retford Nottinghamshire DN22 7HH*	England	Dormant subsidiary

The following companies are wholly owned unlisted subsidiaries of Bradman Lake Group Limited, at 31 December 2018:

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

The following companies are wholly owned unlisted subsidiaries of Claudius Peters Group GmbH, at 31 December 2018:

Company	Country of Registration	Principal Activity
Claudius Peters Projects GmbH *Claudius Peters Projects GmbH* *Schanzenstraße 40 DE-21614 Buxtehude Germany*	Germany	Both of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment.
Claudius Peters Technologies SAS *Claudius Peters Technologies SAS 34, Avenue de Suisse* *F-68316 Illzach France*	France	
Claudius Peters (Italiana) srl *Via Verdi 2 1-24121 Bergamo, Italy*	Italy	

Notes to the Accounts

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LANGLEY

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	**Country of Registration**	**Principal Activity**
Claudius Peters (Iberica) SA *Paseo de la Habana 202 bis, 28036 Madrid Spain*	Spain	
Claudius Peters (China) Limited *Unit 1705-1706, 17/F Laws Commercial Plaza, 788 Cheung Sha Wan Road, Lai Chi Kok,, Kowloon, Hong Kong SAR*	Hong Kong	
Claudius Peters (UK) Limited *Unit 10, Thatcham Business Village, Colthrop Way, Thatcham Berkshire, RG19 4LW*	England	
Claudius Peters (Americas) Inc *445 W. President George Bush Hwy Richardson, TX 75080*	United States of America	
Claudius Peters do Brasil Ltda *Rua das Figueiras, 474 - 3 º andar - Bairro Jardim 09080-300 - Santo André / SP Brazil*	Brazil	
Claudius Peters Romania srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu Romania*	Romania	
Claudius Peters (Beijing) Machinery Services Limited *7/G Hong Kong Macau Centre No 2 Chaoyangmen Bei Da Jie, Beijing 100027, China*	China	
Claudius Peters India Pvt. Limited *Unit 408, 4th. Floor, Peninsula Plaza A/16 Fun Republic Lane Off Link Road, Andheri West Mumbai 400 053 India*	India	
Claudius Peters (Asia Pacific) Pte Ltd *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Claudius Peters Automation srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu Romania*	Romania	

Notes to the Accounts

(Continued)

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

The following company is a wholly owned unlisted subsidiary of Piller Holding GmbH, at 31 December 2018:

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

The following companies are wholly owned unlisted subsidiaries of Piller Group GmbH and its subsidiaries at 31 December 2018:

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

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Principal Activity
Piller Power India Pvt Ltd *B-4, 2nd Floor, Plot No. 422, Nav Bhavana Premises, Co-op Society Ltd, S V Savarkar Marg, Prabhadevi Mumbai, Maharashtra India 400025*	India	
Active Power Beijing *Rm 506-7, Tower A, COFCO Plaza, 8 Jianguomen Nei Ave, Beijing, China*	China	
Active Power HongKong (Holding) *A95, Unit A, s/F, Hung To Centre, 94-96 How Ming Street, Kwun Tong, Kowloon, Hong Kong*	Hong Kong	
Active Power Swiss (Holding) *Schöneich 1,6265 Roggliswil, Swiss*	Switzerland	
Active Power (Germany) GmbH *Abgunst 24, 37520 Osterode, Germany*	Germany	
Active Power UK Ltd. *Unit 1.2, Lauriston Business Park, Pitchill, Evesham, Worcestershire WR11 8SN*	England	

The following companies are investments held by Sheetfed Holdings Limited and its subsidiaries, at 31 December 2018:

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheetfed GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main, Germany*	Germany	100%	Note 1
Manroland Sheetfed Deutschland GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main, Germany*	Germany	100%	Note 2
Manroland Used Equipment GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main, Germany*	Germany	100%	Note 2
Manroland Sheetfed (UK) Limited *1st Floor, Southerton House, Boundary Business Court, 92-94 Church Road, Mitcham, Surrey, CR4 3TD*	England	100%	Note 2
Manroland Latina S.A. *Mariano Sanchez, Fontecilla No.374, Las Condes, Santiago de Chile, 7550296*	Chile	100%	Note 2
Manroland Latina S.A. de C.V *Av. Rio San Joaquin, No. 6107, Col. Popo, Del. Miguel Hidalgo, C.P.11480, Mexico City*	Mexico	99.9%	Note 2

Notes to the Accounts
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Year ended 31 December **2018**

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland do Brasil Serviços Ltda *Rua das Figueiras, 474 – 3 andar Edificio Eiffel Bairro Jardim, 09080-300, Santo Andre, SP*	Brazil	99.9%	Note 2
Manroland Latina S.A. *Av. Regimiento de Patricios 1054 C1265AEQ CABA, Buenos Aires*	Argentina	100%	Note 2
Manroland Latina S.A.C *Los Geranios No.328 Lince, Lima*	Peru	100%	Note 2
PT Manroland Indonesia *Management Building 2nd Floor, Jl Buncit Raya Kav.100, Jakarta*	Indonesia	100%	Note 2
Manroland Thailand Ltd *22/6 Ladprao Soi 21 Jomphol, Jatujak Bangkok 10900, Thailand*	Thailand	100%	Note 2
Manroland Nordic Finland Oy *Valimotie 22, 01510 Vantaa*	Finland	100%	Note 2
Manroland Nordic Sverige AB *Nohabgatan 12H, Byggnad 33, SE-461*	Sweden	100%	Note 2
Manroland Nordic Danmark A/S *Lautruphøj 1-3 DK-2750 Ballerup*	Denmark	100%	Note 2
Manroland Inc *800 East Oak Hill Drive, Westmont, Illinois, 60559.*	USA	100%	Note 2
Manroland Sheetfed Pvt Ltd *A-15, Phase – II, Naraina Industrial Area, New Delhi - 110028*	India	100%	Note 2
Manroland Canada Inc *120 Jevlan Dr., Unit #3 Vaughan, ON L4L 8G3 Canada*	Canada	100%	Note 2
Manroland Western Europe Group B.V. *Kuiperbergweg 50 NL-1101 AG Amsterdam Zuidoost Postbus 61007 NL-1005 HA Amsterdam*	Netherlands	100%	Note 2
Manroland Österreich GmbH *IZ NÖ-Süd, Strasse 16, Objekt 70/1, Wiener Neudorf 2355*	Austria	100%	Note 2
Manroland Malaysia Sdn. Bhd *Unit 315, Laman Seri Industrial Park, Persiaran Sukan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan*	Maylaysia	100%	Note 2

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Japan Co. Ltd *2-3-4, Niizo-Minami, Toda-shi, Saitama 335-0026*	Japan	100%	Note 2
Manroland (Korea) Ltd *2F,Gaya Building,570-1 Yeonnam-dong Mapo-Gu,Seoul 121-869*	Korea	100%	Note 2
Manroland (Taiwan) Ltd *17F-9, No. 738, Chung Cheng Road Chung-Ho District, New Taipei City 23511, Taiwan*	Taiwan	100%	Note 2
Manroland (China) Limited *7/F, Capella HTR, Kwun Tong, Kowloon, Hong Kong*	China	100%	Note 2
Guangzhou Printcom Printing Supplies Co. Ltd *1/F, 11# Building, Standard Industrial Garden, Taishi Industrial Park, Dongchung Town, Panyu District, 511475, Guangzhou, P.R. China*	China	100%	Note 2
Manroland Printing Equipment (Shanghai) *Co. Ltd* *Room 901, Bld A, HongKou Plaza, No. 388, West Jiang Wan Rd Hong Kou District, Shanghai, P.R. China*	China	100%	Note 2
Manroland Printing Equipment (Shenzhen) Ltd *Room 101-106, Block C, Huahan Chuangxin Park, LangShan Road, Nanshan District, Shenzhen, P.R. China*	China	100%	Note 2
Manroland Bulgaria EOOD *Business Park Sofia 1 Mladost 4, Blok 14. Sofia 1715. Bulgaria*	Bulgaria	100%	Note 2
Manroland Adriatic d.o.o. *Kovinska 4A, 10000 Zagreb*	Croatia	100%	Note 2
Manroland ROMANIA S.R.L *Str. Ziduri Intre Vii 19, Corp C, Parter, Spatiu C-5, Sector 2, Bucuresti, 023321*	Romania	100%	Note 2
Manroland Magyaroszag Kft. *Táblás u. 36-38 1097 Budapest*	Hungary	100%	Note 2
Manroland Polska Sp. z.o.o *Wolica Aleja Katowicka 11 PL-05 830 Nadarzyn*	Poland	100%	Note 2

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Czech s.r.o *Prumyslova 10/1428, Praha 10, 102 00*	Czech Republic	100%	Note 2
Manroland France S.A.S *Bat. M1 Les Aralias Paris Nord II 66 rue des Vanesses CS 53290 Villepinte 95958 Roissy CDG Cedex*	France	100%	Note 2
Manroland Swiss A.G. *Schöneich 1, 6265 Roggliswil*	Switzerland	100%	Note 2
Manroland Ireland Ltd *Unit N2 North Ring Business Park Santry Dublin 9*	Ireland	100%	Note 2
Manroland Iberica Sistemas S.L *Centro de Negocios Eisenhower Avda. Sur Aeropuerto de Barajas, 24 – Edif. 5 – 5º C 28042 Madrid*	Spain	100%	Note 2
Manroland Iberica Sistemas S.A *Rua de Pé de Mouro Polígono Empresarial Pé de Mouro, 19 2710-335 Sintra*	Portugal	100%	Note 2
Manroland Italia S.R.L. *Via Lambretta 2 20090 Segrate (MI)*	Italy	100%	Note 2
Manroland Benelux N.V. *Koningin Astridlaan, 61 1780 Wemmel*	Belgium	100%	Note 2
Manroland Nordic Norge A/S *Postboks 473 N-1473 Lørenskog*	Norway	100%	Note 2
Manroland Southern Africa (PTY) Ltd *15 Manhattan Street Airport Industria Cape Town 7490*	South Africa	100%	Note 2
Manroland IP GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main, Germany*	Germany	50%	Note 4
Manroland Sheetfed (Thailand) Co. Ltd *22/6 Ladprao Soi 21, Jomphol, Jatujak Bangkok 10900 Thailand*	Thailand	100%	Note 2
Wood International Inc *333 Cedar Avenue, Middlesex NJ 08846, USA*	USA	100%	Dormant

Year ended 31 December **2018**

13 NON-CURRENT INVESTMENTS (continued)

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

Note 1: The design, manufacture and sale of sheetfed offset litho printing presses and aftermarket services

Note 2: The sale of sheetfed offset litho printing presses and aftermarket services

Note 3: Property rental

Note 4: Intellectual Property

Note 5: The development, manufacture and supply of chemical and technical products and accessories for the printing industry, as well as providing waste processing and recycling services

The following subsidiaries have taken exemption from audit under s479a of Companies Act 2006:

Reader Cement Products Limited (03025049)
Oakdale Homes Limited (02922110)
Oakdale Properties Limited (07525468)

Year ended 31 December **2018**

14 INVESTMENT PROPERTIES

	Group	
	2018	2017
	€'000	**€'000**
Balance at the beginning of the year	-	-
Transfers	14,518	-
Revaluation	3,158	-
Balance at the end of the year	17,676	-

	Company	
	2018	2017
	€'000	**€'000**
Balance at the beginning of the year	-	-
Transfers	5,676	-
Balance at the end of the year	5,676	-

Transfers relate to items of freehold land & buildings that have been reclassified from property, plant & equipment (note 12).

Third party rental income from investment properties for the year totalled €1,021,000 (2017 – €nil).

15 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2018	2017
	€'000	**€'000**
Trade and other receivables	2,068	3,057
Pension scheme prepayment	656	667
	2,724	3,724

16 INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	75,381	77,154	-	-
Work in progress	66,546	57,482	-	-
Finished goods	24,667	29,084	8	9
	166,594	163,720	8	9

Year ended 31 December **2018**

17 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2018	2017
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 18)	23,165	18,280
Amounts due to contract customers included in trade and other payables (note 22)	(2,428)	(6,543)
	20,737	11,737
Contract costs incurred plus recognised profit less recognised losses to date	110,020	156,511
Less: Progress billings	(89,283)	(144,774)
	20,737	11,737

18 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	109,297	132,985	222	211
Retentions	3,024	2,332	-	-
Amounts recoverable on construction contracts	23,165	18,280	-	-
Amounts owed by Group undertakings	-	-	118,813	126,891
Directors' current accounts (note 33)	256	-	256	-
Other receivables	5,347	5,541	705	441
VAT recoverable	3,523	5,034	496	572
Prepayments	20,928	13,789	1,027	1,267
	165,540	177,961	121,519	129,382

For terms and conditions relating to related party receivables, refer to note 33.

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

	Group	
	2018	2017
	€'000	**€'000**
Balance at beginning of the year	16,404	18,450
Exchange differences	(86)	(11)
Charge for the year	924	229
Unused amounts reversed	(5,939)	(2,264)
Balance at end of the year	11,303	16,404

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

Year ended 31 December **2018**

18 CURRENT TRADE AND OTHER RECEIVABLES (continued)

The provision for bad and doubtful debts includes estimated potential credit losses. No adjustment was required to the provision on transition to IFRS 9.

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

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Group					
2018	20,077	6,562	2,973	1,465	923
2017	29,285	6,559	2,512	1,233	1,326
Company					
2018	3	18	3	-	-
2017	4	-	-	-	203

19 CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand, at bank and short term deposits	379,541	323,036	217,037	177,381

20 CURRENT INCOME TAX RECOVERABLE

	Group		**Company**	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Income tax	7,622	7,437	-	1,539

21 ASSETS HELD FOR SALE

	Group	
	2018	2017
	€'000	**€'000**
Balance at the beginning of the year	-	-
Transfers	16,782	-
Balance at the end of the year	16,782	-

Amounts included in assets held for sale relate to a property held within the Group where the sale to a third party has been agreed, but the legal formalisation is still in process. The sale is expected to occur in early 2019. A fair value uplift of €5,331,000 was recognised on the value of the property on transfer from property, plant & equipment to assets held for sale.

Year ended 31 December **2018**

22 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	37,537	39,635	698	675
Other payables	6,562	9,459	71	72
Other taxes and social security	7,713	7,809	50	50
Accruals and deferred income	59,912	62,540	527	611
VAT payable	5,243	7,299	-	-
Amounts owed to Group undertakings	-	-	1,694	1,711
Payments on account	47,014	46,710	-	-
Amounts due on construction contracts	2,428	6,543	-	-
Directors' loan account	-	836	-	836
	166,409	180,831	3,040	3,955

23 PROVISIONS

GROUP

	Warranty Provision	Other Provision	Total
	€'000	**€'000**	**€'000**
Balance at 1 January 2018	15,971	3,227	19,198
Additional provision recognised	14,177	1,925	16,102
Provision utilised during the year	(10,583)	(1,190)	(11,773)
Provision released during year	(3,133)	(854)	(3,987)
Foreign exchange difference	71	(16)	55
Balance at 31 December 2018	16,503	3,092	19,595
Current	15,247	2,573	17,820
Non-current	1,256	519	1,775

	Warranty Provision	Other Provision	Total
	€'000	**€'000**	**€'000**
Balance at 1 January 2017	19,442	10,152	29,594
Additional provision recognised	13,724	1,273	14,997
Provision utilised during the year	(9,410)	(5,803)	(15,213)
Provision released during year	(7,264)	(1,772)	(9,036)
Foreign exchange difference	(521)	(623)	(1,144)
Balance at 31 December 2017	15,971	3,227	19,198
Current	14,412	3,153	17,565
Non-current	1,559	74	1,633

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

Year ended 31 December **2018**

24 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Income tax	8,351	7,892	1,662	-

25 CURRENT PORTION OF LONG TERM BORROWINGS

	Group	
	2018	2017
	€'000	**€'000**
Loans	39	54

26 LONG TERM BORROWINGS

	Group	
	2018	2017
	€'000	**€'000**
Loans	39	93
Due within one year (included in current liabilities)	(39)	(54)
	-	39
Amounts payable:		
Between one and two years	-	39
Between two and five years	-	-
	-	39

The fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 7% (2017 - 7%) on those loans during the year.

27 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2018	2017
	€'000	**€'000**
Trade payables	408	264
Accruals and deferred income	10,925	17,086
	11,333	17,350

Year ended 31 December **2018**

28 RETIREMENT BENEFIT OBLIGATIONS

GROUP

	2018	2017
	€'000	**€'000**
At 1 January 2018	11,970	13,021
Total expense/(gain) recognised in the Income Statement in the year	81	(618)
Actuarial (gains)/losses – financial assumptions	(1,024)	434
Actuarial (gains)/losses – demographic assumptions	(326)	8
Actuarial losses/(gains) – experience	951	(394)
Changes in the effect of asset ceiling	46	221
Contributions paid	(375)	(151)
Payments from the plan	(360)	(330)
Exchange differences	437	(221)
At 31 December 2018	11,400	11,970
UK defined benefit pension schemes	-	362
Overseas unfunded defined benefit pension obligations	8,231	8,650
Overseas unfunded medical benefits obligations	3,169	2,958
Retirement benefit obligation in balance sheet	11,400	11,970

29 DEFERRED INCOME TAX

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

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	15,183	16,483	-	-
Deferred tax liabilities	(17,921)	(17,539)	(130)	(189)
	(2,738)	(1,056)	(130)	(189)

Notes to the Accounts

(Continued)

Year ended 31 December **2018**

29 DEFERRED INCOME TAX (continued)

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

	Group		Company	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2018	(1,056)	6,432	(189)	(141)
Movement on revaluation	(800)	500	-	-
Exchange differences	(45)	(803)	2	7
Income Statement charge (note 10)	(773)	(6,195)	57	(55)
Release to equity on actuarial loss	(64)	10	-	-
At 31 December 2018	(2,738)	(1,056)	(130)	(189)

GROUP

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

	Accelerated Tax depreciation	tax losses	Other short term temporary differences	Retirement benefit obligations	Fair value gains	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2017	2,704	(9,001)	(9,583)	(1,756)	11,204	(6,432)
Charge/(Credit) to income statement	883	3,304	2,531	(162)	(361)	6,195
Recognised in equity regarding remeasurement of defined benefit scheme	-	-	-	(10)	-	(10)
Movement on revaluation	535	-	-	-	(35)	500
Exchange differences	(327)	1,123	1,186	219	(1,398)	803
At 31 December 2017	3,795	(4,574)	(5,866)	(1,709)	9,410	1,056
Gross assets	(726)	(4,574)	(9,474)	(1,709)	-	(16,483)
Gross liabilities	4,521	-	3,608	-	9,410	17,539
Charge/(Credit) to income statement	147	653	168	(160)	(35)	773
Recognised in equity regarding remeasurement of defined benefit scheme	-	-	-	64	-	64
Movement on revaluation	-	-	-	-	800	800
Exchange differences	163	(201)	(254)	(75)	412	45
At 31 December 2018	4,105	(4,122)	(5,952)	(1,880)	10,587	2,738
Gross assets	(583)	(4,122)	(8,598)	(1,880)	-	(15,183)
Gross liabilities	4,688	-	2,646	-	10,587	17,921

29 DEFERRED INCOME TAX (continued)

COMPANY

	Accelerated capital allowances **€'000**
At 1 January 2017	141
Charge to income statement	43
Exchange differences	5
At 31 December 2017	189
Credit to income statement	(57)
Exchange differences	(2)
At 31 December 2018	130

Unprovided deferred taxation

	Group		**Company**	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
Accelerated tax depreciation	1	2	-	-
Tax losses available	32,524	31,452	-	-
Other short term timing differences	486	666	-	-
Retirement benefit obligation	192	219	-	-
	33,203	32,337	-	-

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

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

30 CONTINGENT LIABILITIES

Contingent liabilities exist at the statement of financial position date in respect of:

	Group		**Company**	
	2018	2017	2018	2017
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	4,841	1,780
UK Group value added tax	-	-	430	830
	-	-	5,271	2,610

30 CONTINGENT LIABILITIES (continued)

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a Group VAT registration.

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

31 FINANCIAL INSTRUMENTS

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

	Group		Company	
	2018	2017	2018	2019
	€'000	**€'000**	**€'000**	**€'000**
Loans and receivables	143,813	175,984	119,996	127,543
Financial liabilities measured at amortised cost	94,003	119,370	2,463	3,905

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

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

Foreign currency risk

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

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

31 FINANCIAL INSTRUMENTS (continued)

Financial risk

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

	Increase/ decrease in sterling rate	Effect on profit before tax	Increase/ decrease in US Dollar rate	Effect on profit before tax	Increase/ decrease in other exchange rates	Effect on profit before tax
		€'000		**€'000**		**€'000**
2018	+20%	2,988	+20%	3,112	+20%	1,749
	-20%	(1,992)	-20%	(2,082)	-20%	(1,332)
2017	+20%	(1,790)	+20%	4,058	+20%	1,153
	-20%	1,194	-20%	(2,705)	-20%	(1,524)

Credit risk

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

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

The amount that best represents the Group's maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements is expected to be the total value of trade receivables and contract assets.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit. Cash balances as at year end total €379,541,000 (2017 – €323,036,000) and interest earned on cash balances averaged 0.7% (2017 - 0.5%) during the year.

Capital risk management

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

32 **FAIR VALUE MEASUREMENTS**

As at 31 December 2018 there were no significant differences between book values and fair values of financial assets and liabilities.

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

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

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

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	2018	2018	2018	2018
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	-	98,844	-	98,844
Freehold property – Investment properties	-	17,676	-	17,676
Freehold property – Assets held for sale	-	16,782	-	16,782
	-	133,302	-	133,302

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	2018	2018	2018	2018
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	-	23,895	-	23,895
Freehold property – Investment properties	-	5,676	-	5,676
	-	29,571	-	29,571

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	2017	2017	2017	2017
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	-	119,850	-	119,850
	-	119,850	-	119,850

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	2017	2017	2017	2017
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	-	21,566	-	21,566
	-	21,566	-	21,566

Year ended 31 December **2018**

32 FAIR VALUE MEASUREMENTS (continued)

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

Group	**Fair value at 31 Dec 2018 €'000**	**Valuation technique**	**Significant input**
Property, plant and equipment - Freehold property	98,844	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	17,676	Rental yields	Expected future rental income
Assets held for sale – Freehold property	16,782	Market value	Agreed selling price to a third party

Company	**Fair value at 31 Dec 2018 €'000**	**Valuation technique**	**Significant input**
Property, plant and equipment - Freehold property	23,895	Market comparable approach	Market price per square metre for comparable properties
Investment properties - Freehold property	5,676	Rental yields	Expected future rental income

Group	**Fair value at 31 Dec 2017 €'000**	**Valuation technique**	**Significant input**
Property, plant and equipment - Freehold property	119,850	Market comparable approach	Market price per square metre for comparable properties

Company	**Fair value at 31 Dec 2017 €'000**	**Valuation technique**	**Significant input**
Property, plant and equipment - Freehold property	21,566	Market comparable approach	Market price per square metre for comparable properties

33 RELATED PARTY TRANSACTIONS

At 31 December 2018, A J Langley, a Director of the Company, owed €256,000 to the Company (2017 – €836,000 owed by the Company). The maximum overdrawn balance during the year was €762,000 (2017 - €2,787,000).

During the year, the Company invoiced management charges of €9,136,000 (2017 - €8,808,000) and provided funding to Group companies with the following amounts outstanding at the year end:

	Amount outstanding at the year end	
	2018	2017
Company	**€'000**	**€'000**
The ARO group of companies	19	6
The Bradman Lake group of companies	511	204
The Claudius Peters group of companies	7,160	965
The Piller group of companies	8,045	9,235
The Manroland group of companies	22,729	26,773
CPVA GmbH	18,151	20,088
Sheetfed Holdings Limited	1,886	4,418
The Druck Chemie group of companies	55	102
Retford Investments LLC	19,868	20,181
Langley Aviation Limited	28,070	29,345
Other group companies	10,625	13,863

During the year, Langley Aviation Limited invoiced the company €2,144,503 (2017 - €1,271,000) in respect of the use of aircraft.

During the year, the company received interest on loans to other Group companies of €4,796,520 (2017 - €4,935,000) and dividends from other Group companies of €25,944,870 (2017 - €66,192,000).

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €1,626,740 impairment of receivables relating to amounts owed by subsidiary undertakings during the year (2017 - €12,301,000) and reversed €1,419,855 (2017 - €1,342,000) against previous impairments.

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

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

Year ended 31 December **2018**

34 SHARE CAPITAL

	2018	2017
Authorised:	**€'000**	**€'000**
60,100,010 ordinary shares of £1 each	71,227	71,227

	2018	2017
Allotted, issued and fully paid:	**€'000**	**€'000**
60,100,010 ordinary shares of £1 each	71,227	71,227

35 MERGER RESERVE

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

36 REVALUATION RESERVE

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

37 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation deficits of €24,213,000 (2017 - €20,834,000). Included within the retained earnings reserve for the Company is €31,606,000 (2017 - €26,548,000) of foreign currency translation deficits.

The net currency exchange difference arising on retranslation in the year was a loss of €3,379,000 (2017 – loss of €15,719,000) for the Group and a loss of €5,058,000 (2017 - loss of €10,792,000) for the Company. The foreign currency translation reserve contains the accumulated foreign currency translation differences arising when the Accounts of the Company and Group operations are translated from their own functional currency to the euro, being the presentation currency for the Group Accounts.

36 COMMITMENTS UNDER OPERATING LEASES

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

	2018	2017
	€'000	**€'000**
Within one year	2,487	3,494
In two to five years	4,661	5,054
After five years	526	821
	7,674	9,369

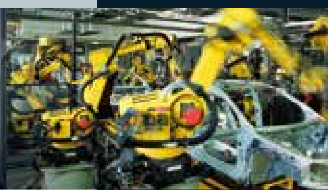
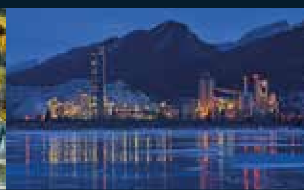
The lease commitments relate primarily to leases of land and buildings. The leases have various terms and renewal rights.

37 CASH GENERATED FROM OPERATIONS

GROUP	2018	2017
	€'000	**€'000**
Profit before taxation	103,520	111,808
Depreciation	15,318	14,173
Profit on sale of property, plant and equipment	(72)	(154)
Amortisation of intangibles	284	736
Interest income	(2,443)	(1,582)
Revaluation/Impairment of fixed assets/investment properties	(3,046)	1,513
Interest expense	43	48
(Increase)/decrease in inventories	(2,874)	(2,747)
Decrease/(increase) in trade and other receivables	12,586	3,475
(Decrease)/increase in trade and other payables	(19,207)	(30,149)
Movement in retirement benefit obligations	112	(878)
Foreign exchange translation adjustments	(1,774)	(316)
Cash generated from operations	102,447	95,927

COMPANY	2018	2017
	€'000	**€'000**
Profit before taxation	40,976	54,236
Depreciation	1,894	1,787
Profit on sale of property, plant and equipment	(49)	(139)
Dividend income received	(25,945)	(66,192)
Interest income	(6,534)	(5,680)
Increase in inventories	1	(5)
Decrease in trade and other receivables	9,620	14,650
Decrease in trade and other payables	723	(875)
Foreign exchange translation adjustments	(6,220)	3,218
Cash generated from operations	14,466	1,000



LANGLEY

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