Mondi SCP, a.s.

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU

FOR THE YEAR ENDED 31 DECEMBER 2016

This is an English language translation of the original Slovak language document.

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Mondi SCP, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Mondi SCP, a. s.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Mondi SCP, a. s. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2016, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the consolidated financial statements, 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.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted in the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the consolidated financial statements stated above does not apply to other information in the annual report.

In connection with the audit of consolidated financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of consolidated financial statements, the annual report was not available to us.

When we obtain the annual report, we will evaluate whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2016 is consistent with the consolidated financial statements for the relevant year; and

- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the consolidated financial statements.

Bratislava, 21 April 2017

Deloitte

Deloitte Audit s.r.o.
Licence SKAu No. 014

Ing. Patrik Ferko, FCCA
Responsible Auditor
Licence UDVA No. 1045

(EUR '000)	*Note*	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Revenues	5	763 542	522 063
Transportation and commission costs		(66 859)	(47 955)
Changes in inventories of finished goods and work in progress		1 624	(4 232)
Raw materials and consumables used	6	(428 957)	(281 958)
Other services		(38 233)	(26 136)
Personnel expenses	7	(71 186)	(32 484)
Depreciation, amortisation expenses and impairment		(51 409)	(43 737)
Other operating expenses, net		(1 201)	(583)
Operating profit		**107 321**	**84 978**
Investment income	8	2	22
Finance costs	8	(2 173)	(147)
Profit before tax		**105 150**	**84 853**
Income tax expense	9	(15 201)	(12 492)
Net profit for the reporting period		**89 949**	**72 361**
Other comprehensive income			
Hedging derivatives		-	-
Other comprehensive income/ (expenses)		(18 751)	-
Other comprehensive income/(expenses), net of tax		(18 751)	-
Comprehensive income for the reporting period		**71 198**	**72 361**
Of which profit for the reporting period attributable to:			
- Non-controlling interests		44	(23)
- Holders of the parent company's shares		89 905	72 384
Net profit for the reporting period		**89 949**	**72 361**
Of which comprehensive income for the reporting period attributable to:			
- Non-controlling interests		44	(23)
- Holders of the parent company's shares		71 154	72 384
Comprehensive income for the reporting period, net of tax		**71 198**	**72 361**

(EUR '000)	*Note*	*31 December 2016*	*31 December 2015*
Assets			
Non-current assets			
Intangible assets	10	1 122	692
Property, plant and equipment	11	498 944	439 330
Available-for-sale financial assets	14	3 865	-
Deferred tax asset	22	1 979	154
		505 910	440 176
Current assets			
Inventories	15	74 772	38 479
Trade and other receivables	16	118 127	67 689
Current tax assets		55	-
Cash and cash equivalents	17	106 029	79 241
Receivables from financial derivatives		11	-
		298 994	185 409
TOTAL ASSETS		**804 904**	**625 585**
Equity and liabilities			
Capital and reserves			
Registered capital	18	153 855	153 855
Capital and other funds	19	70 678	89 432
Retained earnings		275 534	245 629
Equity attributable to the parent company's owners		500 067	488 916
Non-controlling interests		183	139
TOTAL EQUITY		**500 250**	**489 055**
Non-current liabilities			
Payables from the employee benefit plan	20	48 557	2 561
Deferred tax liabilities	22	37 438	40 786
Provisions for liabilities	23	1 414	1 315
Other non-current liabilities	24	42 253	1 201
		129 662	45 863
Current liabilities			
Current interest-bearing borrowings	21	35 294	-
Trade and other payables	24	133 859	85 251
Current tax liabilities		4 667	5 416
Provisions for liabilities	23	1 172	-
		174 992	90 667
TOTAL LIABILITIES		**304 654**	**136 530**
TOTAL EQUITY AND LIABILITIES		**804 904**	**625 585**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended 31 December 2016 and 31 December 2015

(EUR '000)	*Registered Capital*	*Capital and Other Funds*	*Retained Earnings*	*Equity Attributable to the Shareholders*	*Non-controlling Interests*	*Total*
Balance at 1 January 2015	153 855	89 432	213 245	456 532	162	456 694
Actuarial loss on provisions from the employee benefit plan	-	-	-	-	-	-
Profit for the current year	-	-	72 384	72 384	-	72 384
Profit for the current year allocated to minority shareholders	-	-	-	-	(23)	(23)
Dividends paid	-	-	(40 000)	(40 000)	-	(40 000)
Dividends paid to minority shareholders	-	-	-	-	-	-
Balance at 31 December 2015	**153 855**	**89 432**	**245 269**	**488 916**	**139**	**489 055**
Actuarial loss on provisions from the employee benefit plan	-	(10 681)	-	(10 681)	-	(10 681)
Fund from the revaluation of financial assets held for sale	-	73	-	73	-	73
Difference on the acquisition of Mondi Neusiedler and Ybbstaller Zellstoff	-	(8 146)	-	(8 146)	-	(8 146)
Profit for the current year	-	-	89 905	89 905	-	89 905
Profit for the current year allocated to minority shareholders	-	-	-	-	44	44
Dividends paid	-	-	(60 000)	(60 000)	-	(60 000)
Dividends paid to minority shareholders	-	-	-	-	-	-
Balance at 31 December 2016	**153 855**	**70 678**	**275 534**	**500 067**	**183**	**500 250**

The accompanying notes are an integral part of these financial statements
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(EUR '000)	*Note*	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Operating activities			
Operating profit		107 321	84 978
Non-cash transactions			
- Depreciation and impairment of non-current assets		51 409	43 737
- Loss/(profit) from the sale of non-current assets		211	155
- Unrealised foreign exchange differences		-	-
- Other non-cash transactions		(415)	154
Operating cash flows before movements in working capital		158 526	129 024
Effect of movements in working capital			
- Decrease/(increase) of inventories		6 071	3 170
- Decrease/(increase) receivables		3 887	8 270
- (Decrease)/increase of payables		5 947	13 240
Cash flows from operating activities before taxes and interest		174 431	153 704
Interest paid		(1 528)	(13)
Income tax expense		(19 077)	(8 508)
Cash flows from operating activities, net		**153 826**	**145 183**
Investing activities			
Expenditures for the purchase of property, plant and equipment and intangible assets		(20 315)	(34 137)
Proceeds on the sale of property, plant and equipment		105	(55)
Expenditures for the acquisition of financial assets		(24 748)	-
Interest received		2	22
Net cash flows used from investing activities		**(44 956)**	**(34 170)**
Financing activities			
Loan repayments		(22 050)	(4)
Proceeds from other non-current liabilities		-	-
Share-based payments		(32)	(102)
Dividends paid		(60 000)	(40 000)
Dividends paid to minority shareholders		-	-
Net cash flows from financing activities		**(82 082)**	**(40 106)**
Net increase/(decrease) in cash and cash equivalents		**26 788**	**70 907**
Cash and cash equivalents at the beginning of the year	16	79 241	8 334
Foreign exchange gains/(losses) from cash and cash equivalents			
Cash and cash equivalents at the end of the year	**16**	**106 029**	**79 241**

1. GENERAL INFORMATION

a) Essential Information on the Company

Business name and seat	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
Date of establishment	7 September 1995
Date of incorporation (according to the Commercial Register)	1 October 1995
Business activity of the parent company and its consolidated subsidiaries and associates (hereinafter only the "Group")	– Paper and cardboard production; – Production of pulp; – Production of paper and cardboard products; – Saw production, wood waterproofing; – Production of wood wrappings; – Production of corrugated paper, cardboard and cardboard wrapping materials; – Manufacture of printing templates; – Other printing industry services, graphic designs; – Locksmithing, metalworking; – Wiring; – Operating of railway and transport by rail, and related services performed by a rail transport operator; – Handling waste in the scope of waste treatment; – Designs of electric appliances; – Wholesale with timber; – Mediation of wood trade; – Waste transport and disposal; and – Other.

b) Employees

	Year Ended 31 December 2016	***Year Ended 31 December 2015***
Average headcount	**1 745**	**1 102**
Of which: Managers	*34*	*22*

c) Approval of the 2015 Consolidated Financial Statements

The 2015 consolidated financial statements of Mondi SCP, a.s. were presented at the General Meeting held on 12 April 2016 and filed subsequently with the Court Register.

Based on the approval of the separate financial statements of Mondi SCP, a.s., by the General Meeting held on 12 April 2016, the Company paid the shareholders dividends for 2015 in the total amount of EUR 60 000 thousand. Dividends were paid out on 26 April 2016.

d) Members of the Company's Bodies

Body	***Function***	***Name***
Board of Directors	Chairman	Miloslav Čurilla
	Deputy Chairman	Peter Orisich
	Member	Roman Senecký until 15 Oct 2015
	Member	Franz Aigner from 16 Oct 2015 until 9 Dec 2015
	Member	Bernhard Peschek since 10 Dec 2015
	Member	Miroslav Vajs
	Member	Franz Hiesinger
Supervisory Board	Chairman	Peter Josef Oswald
	Deputy Chairman	Milan Fiľo
	Member	Ján Krasuľa
Executive Management	President	Bernhard Peschek

e) Shareholders Structure and Their Shares in the Registered Capital

Shareholders	*Share in Registered Capital EUR '000*	*%*	*Voting Rights in %*
ECO-INVESTMENT, a.s., Prague	75 389	49	49
Mondi SCP Holdings, B.V., Maastricht	78 466	51	51

f) Consolidated Financial Statements for Groups of Entities for Which the Reporting Consolidation Group is the Consolidated Reporting Entity

Mondi SCP, a.s. is a subsidiary of Mondi SCP Holdings, B. V, based in Maastricht, the Netherlands, which owns a 51% shareholding in the Company's registered capital.

The consolidated financial statements for the biggest group of companies are prepared by Mondi, plc. (based in Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey, KT15 2PG, Great Britain) and by Mondi AG (based at Kelsenstraße 7, Vienna, Austria) for the smallest group of companies. The consolidated financial statements are available at the seats of these companies.

The Company's previous shareholder, ECO-INVEST, a.s., with its registered office at Bystrická cesta 1, 034 01 Ružomberok, Company ID (IČO): 36 409 111 as a company being wound up was deleted pursuant to Article 69aa of the Commercial Code due to a cross-border merger with ECO-INVESTMENT, a.s. with its registered office at Náměstí Republiky 1037/3, Nové Město, 110 00 Prague 1, ID (IČ): 273 85 574, which became the successor company, which was recorded by the Municipal Court in Prague on 1 November 2016.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted all of the new standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the EU that are relevant to its operations and are effective for reporting periods beginning on 1 January 2016. These include the following standards and interpretations:

Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations – adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure Initiative – adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortisation – adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" – Bearer Plants – adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions – adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

- Amendments to IAS 27 "Separate Financial Statements" – Equity Method in Separate Financial Statements – adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- Amendments to various standards "Improvements to IFRSs (cycle 2010 – 2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),

- Amendments to various standards "Improvements to IFRSs (cycle 2012 – 2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards has not led to any material changes to the Company's financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU, but not yet effective:

At the authorisation date of these financial statements, the following new standards and amendments to standards issued by IASB and adopted by the EU are not yet effective:

- IFRS 9 "Financial Instruments" – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

- IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective Date of IFRS 15" – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU:

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at 29 March 2017 (effective dates stated below are for IFRS in full):

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019),

- Amendments to IFRS 2 "Share-based Payment" – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),

- Amendments to IFRS 4 "Insurance Contracts" – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied for the first time),

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and other amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- Amendments to IFRS 15 "Revenue from Contracts with Customers" – Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),

- Amendments to IAS 7 "Statement of Cash Flows" – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),

- Amendments to IAS 12 "Income Taxes" – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),

- Amendments to IAS 40 "Investment Property" – Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),

- Amendments to various standards "Improvements to IFRSs (cycle 2014 - 2016)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the initial application period.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39 "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING PRINCIPLES

a) Statement of Compliance

The financial statements represent the annual consolidated financial statements of Mondi SCP a.s., which have been prepared for the reporting period from 1 January 2016 to 31 December 2016 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated below.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements are prepared under the historical cost convention, except for certain financial instruments that are remeasured to fair value. The principal accounting policies adopted are set out below. The reporting currency used in these financial statements is the euro (EUR) rounded to the nearest thousand (EUR '000) unless indicated otherwise.

These financial statements were prepared under the going concern assumption.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in Note 4.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

c) Unlimited Liability

The Group is not an unlimited liability partner in another company.

d) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and reporting entities (including special-purpose entities) controlled by the Company (hereinafter the "subsidiaries"). The right to control arises if the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date when the control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of the respective assets, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiary, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on consolidation is recognised as an asset and is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

Goodwill is initially recognised as an asset and is measured subsequently at cost less any accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. The impairment of goodwill is tested annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On the disposal of a subsidiary, the attributable amount of goodwill is included in the profit or loss on disposal.

All intra-group transactions, balances, unrealised profits or losses from transactions have been eliminated on consolidation.

Non-controlling interests in the equity of the consolidated subsidiaries are recognised separately from the Group's shares in equity. Non-controlling interests comprise the amount of such interests at the date of origin of the business combination (see below) and of the minority shareholders' share in changes in equity as of the combination date. A loss attributable to a non-controlling interest that exceeds the value of the minority interest in the subsidiary's equity is reversed against the Group's interest, except for the amount that represents the binding obligation of minority shareholders and can represent an additional investment to cover the losses. Non-controlling interests are recognised as a separate item in equity.

A list of consolidated subsidiaries in the Group can be found in Note 12.

(ii) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is regarded as the power to participate in the financial and operating policy decisions of the investee but is not considered control or joint control over those policies. Investments in associates are accounted for using the equity method as of the date on which the significant influence commences until the date on which it ceases. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Where a group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group's interest in the net assets of an associate is recognised in "Investments in Associates" in the accompanying consolidated statement of financial position, and the Group's share of the net profit of the associate is disclosed in "Share of Profit of Associates" in the accompanying statement of comprehensive income.

e) Foreign Currency

(i) Transactions in Foreign Currencies

Transactions in foreign currencies are translated into euros using the rates on the exchange rate list of the European Central Bank (ECB) that are valid on the date preceding the transaction date. Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the retranslation of monetary items are included in the statement of comprehensive income for the period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

f) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party of the contractual provisions of the financial instrument.

g) Borrowing Costs

Interest is recognised in expenses in the relevant period. Borrowing costs directly attributable to the acquisition of the debt financial instruments are recognised in expenses over the period of use of the related debt financial instruments.

h) Property, Plant and Equipment

(i) Own Assets

Property, plant and equipment (hereinafter "non-current tangible assets") are stated at cost less any subsequent accumulated depreciation and provisions (accumulated impairment losses). The cost includes all directly-attributable costs of bringing the asset into working condition for its intended use. Internally-developed non-current tangible assets are measured at own costs, which include the cost of the material, direct wages and overheads directly associated with the development of the non-current tangible assets up to the moment of putting the asset into use.

Significant components of property, plant and equipment with different useful lives are accounted for and depreciated on an individual basis.

(ii) The Group as Lessee

Leases of non-current tangible assets under the terms of which the Group assumes substantially all of the risks and rewards associated with the ownership of such assets are classified as finance leases. Plant and equipment acquired by a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described in the accounting policy (w).

(iii) Subsequent Expenditures

Subsequent expenditures incurred to replace a component of non-current tangible assets that is accounted for individually, including inspections and overhaul expenditure, are capitalised if it is probable that the future economic benefits embodied with the items will flow to the Group exceeding its original performance and the cost of the item can be measured reliably. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of assets exceeding their original performance. All other expenditures made after the acquisition of non-current tangible assets to restore or maintain the extent of future economic benefits are recognised as expenses when incurred.

(iv) Depreciation

Buildings and structures	12 – 40 years
Plant and equipment	4 – 20 years
Transportation means	4 – 12 years
Fixtures and fittings	4 – 12 years

Low-value non-current tangible assets (with cost of up to EUR 1.7 thousand) are depreciated over two years.

Non-current tangible assets acquired under a finance lease are depreciated over their expected useful lives on the same basis as own assets.

Gains or losses arising on the disposal or retirement of an item of non-current tangible assets are fully reflected in the statement of comprehensive income.

i) Non-Current Intangible Assets

Non-current intangible assets acquired separately are stated at cost less accumulated amortisation and impairment provisions. Non-current intangible assets are amortised over their useful lives, ie four years, using the straight-line method. The estimated useful lives and method of amortisation are assessed at the end of each reporting period, with the impacts of changes in estimates reflected in the next reporting period.

Subsequent expenditures are capitalised only when it may be expected that this will increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

j) Available-for-Sale Financial Assets

Available-for-sale financial assets comprise non-derivative financial assets that are classified in this category by the Group's management, or are not classified in any other category. If management has no intention to sell the assets within 12 months of the balance sheet date, they are recognised as non-current assets.

Available-for-sale financial assets are stated at fair value.

k) Trade and Other Receivables

Trade and other receivables are measured at the expected realisable value, including provisions for bad and doubtful receivables.

l) Inventories

Inventories are stated at the lower of cost, own costs or net realisable value. Net realisable value represents the estimated selling price less the estimated costs of completion and costs of sale.

Raw material is measured at the weighted average cost, which includes the cost of acquisition of the materials and other costs related to the acquisition that arose on bringing the assets to their current condition and location.

Work in progress, semi-finished goods and finished goods are measured at own costs, which include the costs of material, wages and salaries, other direct expenses and production overheads depending on the stage of completion of the inventory.

A provision is created for slow moving and obsolete inventory.

m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, placements and other short-term highly-liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Overdraft facilities payable on demand, which form an integral part of the Group's cash management represent part of cash and cash equivalents for the purposes of the statement of cash flows.

n) Impairment of Assets

At each preparation date of the statement of financial position, the Group assesses the carrying amounts of its non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less the costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

The recoverable amount of Group receivables is calculated as the present value of expected future cash flows discounted at their original effective interest rate inherent in the asset. Short-term receivables are not discounted. The recoverable amount of other assets is the higher of the fair value less the costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely-independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

p) Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any differences between the settlement and redemption of borrowings on an effective interest rate basis are recognised in the statement of comprehensive income over the term of the borrowings on a straight-line basis.

q) Payables from Employee Benefit Plans

(i) Costs of Pension Schemes

Some Group companies make contributions to a number of pension funds. Financing is usually made via contributions to insurance or management companies. The contributions are set based on actuarial calculations. The Group makes contributions to predefined pension benefit funds and to defined contribution funds. As regards the predefined pension benefit funds, the defined benefit amount an employee receives upon retirement usually depends on one or several factors, ie age, number of years worked and salary. The defined contribution fund is a pension fund to which the Group makes fixed contributions. The Group has no statutory or other obligation to contribute other finances to the fund if the amount of its assets is insufficient to pay all of the benefits to employees, to which they are entitled for the current and past periods.

The liability recognised in the balance sheet in relation to the predefined pension benefit plan represents the present value of the liability as at the balance sheet date less the fair value of assets in the plan, net of unrecognised gains or losses from adjustments of actuarial estimates and unrecognised costs of the past service. The liability is calculated on an annual basis by third party actuaries using a Projected Unit Credit Method. The liability's present value is determined by discounting future estimated cash benefits using interest rates of high-quality corporate bonds denominated in a currency in which the benefits will be paid or whose maturity date approximates the date of the relevant pension liability. If there is no adequate market for such bonds, government bond rates are used.

Actuarial gains and losses are recognised in other comprehensive income and loss in the period in which they are earned or incurred.

(ii) Other Post-Employment Benefits

Some Group companies provide their employees with healthcare after retirement. An entitlement to such a benefit depends on certain conditions being met, ie an employee remaining in employment until they reach their retirement age and working a minimum number of years for the relevant company. Estimated expenditures are accrued over the employment period using the same accounting treatment as used for predefined pension benefit plans.

Deviations of results from the original assumptions and from changes in actuarial assumptions are recognised in other comprehensive income and loss in the period in which they are incurred.

Such liabilities are annually calculated by third party qualified actuaries.

(iii) Severance Payment

The Group operates a long-term employee benefit plan consisting of a lump-sum retirement payment and jubilee bonuses, for which no specified funds were allocated. Under IAS 19 "Employee Benefits", the expenses for employee benefits were determined using an incremental actuarial method, the so-called "Projected Unit Credit Method". Under this method, the costs of providing benefits are recognised in the statement of comprehensive income so as to spread the recurring expenses over the term of employment. The entire post-employment benefit obligation is measured at the present value of the estimated future cash outflows discounted at 1.00% (2015: 2.10%). All actuarial gains and losses are recognised in other comprehensive income and loss. Past service costs are recognised immediately in the extent to which the benefits are already vested; otherwise, they are amortised on a straight-line basis over the average period until the benefits become vested.

r) Mandatory Social Security and Pension Schemes

The Group is required to make contributions to various mandatory insurance schemes, in addition to the contributions made by employees. The expenses for social security are recognised through the statement of comprehensive income in the period when the related salary cost is incurred.

s) Provisions for Liabilities

Provisions for liabilities are recognised 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 resources embodying economic benefits will be required to settle that obligation, and the amount of obligation can be estimated reliably. Provisions are measured on the basis of the best estimate made by managing the cost of the liability settlement as at the preparation date of the statement of financial position. Where the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

t) Emission Rights

The Group has opted to record emission rights received using the net liability method and does not record any liability for actual emissions on the basis that the Group has received adequate emission rights to cover its actual emissions.

u) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

v) Revenue Recognition

(i) Goods Sold and Services Rendered

For sales of goods and merchandise, revenues are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of goods. Revenues are stated net of taxes and discounts after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding the settlement of the consideration due, the associated costs or the possible return of goods, or the continuous involvement of the Group in managing the goods. Revenues from the provision of services are recognised when the relevant services are rendered in proportion to the stage of completion of the transaction at the reporting date.

(ii) Government Grants

A government grant is recognised in the statement of financial position when it is certain that the grant will be received and that the Group complies with the conditions attached thereto. Grants for the acquisition of non-current tangible assets are recognised through the statement of comprehensive income in revenues on a systematic basis over the useful life of the asset.

w) Expenses

(i) Operating Lease Payments

For operating leases, the lease payments are expensed on a straight-line basis over the lease period.

(ii) Finance Lease Payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the whole lease period so as to produce a constant interest rate on the remaining balance of the obligation. The interest expense component of finance lease payments is recognised through the statement of comprehensive income using the effective interest rate method.

(iii) Finance Costs and Income

Finance costs and income comprise interest payable on borrowings calculated using the effective interest rate method, interest received, dividend income and foreign exchange gains and losses, and bank fees. Borrowing costs directly attributable to the acquisition of non-current tangible assets are recognised through profit and loss when incurred.

Interest income is recognised in the statement of comprehensive income on an accrual basis using the effective yield method. Dividend income is recognised through profit and loss on the date when the dividend is declared.

x) Income Tax

Income tax for the year represents current tax and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's current tax liability is calculated using the tax rates that are valid or enacted until the preparation date of the statement of financial position.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit, and it is recognised using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be realised in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The expected tax rate of 21% and 25% effective in the Slovak Republic and Austria, respectively, valid for the following years was used to calculate deferred income tax. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in Note 3, the Group has made the following judgements on aspects that have the most significant effect on the amounts recognised in the financial statements. There are risks that potential adjustments in future periods relating to such matters will be necessary, including the following:

Useful Lives

Non-current tangible and intangible assets are depreciated in accordance with their estimated actual useful life. The straight-line depreciation method is used.

Provisions for Liabilities

Amounts recognised as provisions for liabilities are based on the management's judgment and represent the best estimate of the expenses necessary to settle a liability with uncertain timing or an uncertain amount.

5. REVENUES

An analysis of the Group's revenues for the year:

(EUR '000)	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Revenues from the sale of core products	721 836	490 197
Revenues from the sale of non-core products and other revenues	41 708	31 866
Total	**763 542**	**522 063**

Revenues from the sale of the Group's core products mainly include revenues from the sale of office paper, pulp and wrapping paper. Revenues from the sale of the Group's non-core products and other revenues include revenues from the sale of energy, services, and other revenues.

6. RAW MATERIALS AND CONSUMABLES

(EUR '000)	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, other)	303 820	199 899
Energy	46 051	36 626
Maintenance and felts and screens	33 852	20 517
Packages	22 106	10 866
Other (goods, other)	23 128	14 050
Total	**428 957**	**281 958**

7. PERSONNEL EXPENSES

Personnel expenses incurred in the reporting period include the following categories:

(EUR '000)	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Wages	51 365	23 438
Social expenses and other personal expenses	19 821	9 046
Total	**71 186**	**32 484**

8. INVESTMENT INCOME AND FINANCE COSTS

(EUR '000)	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Interest income	2	22
Other finance income	-	-
Total investment income	**2**	**22**
Interest expense	2 173	147
Total finance costs	**2 173**	**147**

9. INCOME TAX

(EUR '000)	*Total*	
	Year Ended 31 December 2016	*Year Ended 31 December 2015*
Current tax	18 648	14 648
Deferred tax (Note 22)	(3 447)	(2 156)
Income tax for the year	**15 201**	**12 492**

Income tax is calculated at 22% and/or 25% (2015: 22%) of the taxable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	Year Ended 31 December 2016		*Year Ended 31 December 2015*	
	(EUR '000)	*%*	*(EUR '000)*	*%*
Profit before tax	105 150		84 853	
Tax calculated using the local income tax rate of 22% and/or 25%	23 367	22, 25	18 668	22
Permanent differences	20		264	
Effect of change in tax rate	(1 803)		-	
Tax relief	(6 458)		(6 458)	
Accruals and other differences	75		18	
Income tax and effective tax rate for the year	**15 201**	**14.5**	**12 492**	**14.7**

For 2016, the Group applied income tax relief of EUR 6 458 thousand granted as a part of investment aid in the total amount of EUR 25 375 thousand for the implementation of an investment project related to the acquisition of a new recovery boiler and related infrastructure.

10. INTANGIBLE ASSETS

Analysis of intangible assets for the year ended 31 December 2016:

(EUR '000)	*Goodwill*	*Other Non-Current Intangible Assets*	*Total*
Cost			
At 1 January 2016	169	13 462	13 631
Additions from acquisition	-	17 222	17 222
Additions	-	310	310
Transfers and reclassification	-	19	19
Disposals	-	(4 003)	(4 003)
At 31 December 2016	**169**	**27 010**	**27 179**
Amortisation			
At 1 January 2016	169	12 770	12 939
Additions from acquisition	-	16 451	16 451
Charge for the year	-	676	676
Disposals	-	(4 003)	(4 003)
Provision		(6)	(6)
At 31 December 2016	**169**	**25 888**	**26 057**
Carrying amount			
At 1 January 2016	**-**	**692**	**692**
At 31 December 2016	**-**	**1 122**	**1 122**

Analysis of intangible assets for the year ended 31 December 2015:

(EUR '000)	*Goodwill*	*Other Non-Current Intangible Assets*	*Total*
Cost			
At 1 January 2015	169	13 748	13 917
Additions	-	320	320
Disposals	-	(577)	(577)
Transfers and reclassification	-	(29)	(29)
At 31 December 2015	**169**	**13 462**	**13 631**
Amortisation			
At 1 January 2015	169	12 693	12 862
Charge for the year	-	666	666
Disposals	-	(577)	(577)
Reclassification	-	(12)	(12)
At 31 December 2015	**169**	**12 770**	**12 939**
Carrying amount			
At 1 January 2015	**-**	**1 055**	**1 055**
At 31 December 2015	**-**	**692**	**692**

Other non-current intangible assets comprise software, licences, rights for energy supplies and non-current intangible assets in acquisition. Such assets have limited useful lives over which they are amortised. The amortisation period for software is four years.

As at 31 December 2016, non-current intangible assets in acquisition and advance payments made for non-current intangible assets amounted to EUR 36 thousand (31 December 2015: EUR 164 thousand).

11. PROPERTY, PLANT AND EQUIPMENT

The breakdown of property, plant and equipment for the year ended 31 December 2016 is as follows:

(EUR '000)	*Buildings and Structures*	*Machines and Equipment*	*Other Non-Current Tangible Assets*	*Total*
Cost				
At 1 January 2016	211 207	1 27 884	22 389	1 261 480
Additions from acquisition	122 214	341 180	40 103	503 497
Additions	-	-	17 403	17 403
Disposals	(1 848)	(12 174)	(910)	(14 932)
Transfers and reclassification	2 931	13 631	(16 583)	(21)
At 31 December 2016	**334 504**	**1 370 521**	**62 402**	**1 767 427**
Accumulated depreciation and impairment				
At 1 January 2016	97 065	714 522	10 563	822 150
Additions from acquisition	84 856	289 947	35 415	410 218
Annual depreciation charge and impairment	6 682	42 951	1 100	50 733
Disposals	(1 841)	(11 870)	(907)	(14 618)
At 31 December 2016	**186 762**	**1 035 550**	**46 171**	**1 268 483**
Carrying amount				
At 1 January 2016	114 142	313 362	11 826	439 330
At 31 December 2016	147 742	334 971	16 231	498 944

Other non-current tangible assets comprise assets in acquisition and advance payments made for non-current assets in the amount of EUR 10 710 thousand as at 31 December 2016.

Additions to non-current tangible assets mainly comprise reconstruction and upgrade of paper machines, pulp mill and energy systems including a wastewater treatment facility at the Ružomberok plant.

The breakdown of property, plant and equipment for the year ended 31 December 2015 is as follows:

(EUR '000)	*Buildings and Structures*	*Machines and Equipment*	*Other Non-Current Tangible Assets*	*Total*
Cost				
At 1 January 2015	208 948	1 013 172	21 242	1 243 362
Additions	-	-	21 377	21 377
Disposals	(222)	(2 760)	(306)	(3 288)
Transfers and reclassification	2 481	17 472	(19 924)	29
At 31 December 2015	**211 207**	**1 027 884**	**22 389**	**1 261 480**
Accumulated depreciation and impairment				
At 1 January 2015	91 946	679 809	10 501	782 256
Depreciation charge and impairment	5 340	37 375	356	43 071
Disposals	(221)	(2 670)	(298)	(3 189)
Reclassification	-	8	4	12
At 31 December 2015	**97 065**	**714 522**	**10 563**	**822 150**
Carrying amount				
At 1 January 2015	117 002	333 363	10 741	461 106
At 31 December 2015	114 142	313 362	11 826	439 330

Other non-current tangible assets include assets in acquisition and advance payments made for non-current assets in the amount of EUR 10 031 thousand as at 31 December 2015. An addition to non-current assets resulted mainly from the reconstruction and upgrade of paper machines.

The Group did not recognise any pledged assets. The Group's assets are not subject to any liens that restrict the Group's handling of non-current intangible and tangible assets.

The useful lives of relevant assets are described in Note 3 i).

Details of the type of insurance and insured amount of non-current intangible and tangible assets and inventories (EUR '000):

Insured Object	*Type of Insurance*	*Amount* 2016	2015
Passenger vehicles	Against theft, motor hull	82	-
Property, plant and equipment	Against natural disasters	1 527 680	1 392 251
Machines and equipment	Machine breakage	1 684 837	1 071 516
Inventories	Against natural disasters	85 970	43 837

12. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2016:

Name of Subsidiary	*Place of Registration and Operation*	*Principal Activity*	*Ownership Share in %*	*Year of First Consolidation*
Obaly S O L O, spol. s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Production and trading in paper goods	100	2001
Strážna služba VLA-STA, spol. s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Security services	100	2006
SLOVWOOD Ružomberok, a. s.	Tatranská cesta 3, 034 17 Ružomberok	Mediation of timber trade	66	2008
Mondi Neusiedler GmbH.	Hausmening, Austria	Production and trading in paper goods	100	2016
Ybbstaller Zellstof GmbH.	Kematen, Austria	Production and trading in paper goods	100	2016

As at 1 March 2016, the parent company and the subsidiary, Obaly S O L O, s. r. o., acquired a 100% share in Mondi Neusiedler GmbH, Austria and Ybbstaller Zellstoff Gmbh, Austria, and included them in consolidation using the full method of consolidation; the resulting difference of EUR 8 144 thousand was recognised directly in equity, in other funds, as the transaction was carried out under the joint control of the Mondi Group.

Balance sheet of Mondi Neusiedler Gmbh and Ybbstaller Zelstoff GmbH as at 29 February 2016:

Non-current assets	
Non-current intangible assets	771
Property, plant and equipment	93 279
Financial assets	3 766
Deferred tax asset	83
	97 900
Current assets	
Inventories	42 365
Trade and other receivables	57 689
Cash and cash equivalents	5 252
	105 306
Non-current liabilities	
Long-term provisions for liabilities	31 049
Deferred tax liability	1 888
Other non-current liabilities	933
	33 870
Current liabilities	
Short-term bank loans and borrowings	57 343
Trade and other payables	45 807
	103 150
Net assets of Mondi Neusiedler Gmbh and Ybbstaller Zelstoff GmbH	**66 186**
Calculation of the difference from the 1st consolidation:	
Expenditures for acquisition of investments including contingent liabilities	74 330
Share of Mondi SCP, a. s. and Obaly SOLO, s. r. o. in net assets	66 186
Difference from the 1st consolidation	**8 144**

13. INVESTMENTS IN ASSOCIATES

Details of the Group's associates at 31 December 2016:

Name of Associate	*Place of Registration and Operation*	*Principal Activity*	*Ownership Share in %*	*Share in Voting Rights in %*
AG Banka, a.s.	Coboriho 2, 949 77 Nitra	In liquidation	27	-

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(EUR '000)	*31 December 2016*	*31 December 2015*
At 1 January 2016	-	-
Acquisition of subsidiaries	3 766	-
Remeasurement – gross, transfer to equity	99	-
Total	**3 865**	**-**

In 2016, no available-for-sale financial assets were sold and no related provision was recognised.

Available-for-sale financial assets comprise available-for-sale securities and ownership interests held to hedge the Group's pension plan.

15. INVENTORIES

(EUR '000)	*31 December 2016*	*31 December 2015*
Raw materials, consumables and spare parts	32 386	21 209
Work in progress and semi-finished goods	21 999	9 105
Finished goods	19 623	7 107
Goods	764	1 058
Total	**74 772**	**38 479**

As at 31 December 2016, the Group recorded provisions in the amount of EUR 22 615 thousand (2015: EUR 13 972 thousand) for obsolete and slow-moving inventory based on a detailed analysis of individual items of inventories. The analysis was prepared by the stocktaking committee as at the year-end and was based on an assessment of the net realisable value of inventories. Group entities re-assessed the recorded provisions for inventories and came to the conclusion that the amount of the provisions is sufficient. The inventories in the table above are recognised net of the provision.

16. TRADE AND OTHER RECEIVABLES

(EUR '000)	*31 December 2016*	*31 December 2015*
Amounts receivable from the sale of finished goods and services	102 182	61 782
Other receivables, other tax assets and advance payments made	15 945	5 907
Total	**118 127**	**67 689**

The Group created a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 169 thousand (2015: EUR 139 thousand). This provision was determined with reference to past default experience. The management believes that the carrying amount of trade and other receivables approximates their fair value.

The table below presents a breakdown of receivables from the sale of goods and services and other receivables by maturity (gross):

(EUR '000)	*31 December 2016*	*31 December 2015*
Within maturity	117 415	67 243
Overdue	881	585
Total	**118 296**	**67 828**

The Group received no collateral or other forms of security in respect of its receivables. Risk of non-collection is covered by the insurance program of the Mondi Group and EXIM Bank.

The Group recorded no receivables under lien.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank accounts and cash on hand, including the Company's cash and short-term bank deposits with original maturity not exceeding three months. The carrying amount of the assets approximates their fair value.

No encumbrance is attached to cash and cash equivalents that would result in any restrictions of the Company's asset handling.

For the purpose of the statement of cash flows, cash and cash equivalents also include overdraft facilities.

(EUR '000)	*31 December 2016*	*31 December 2015*
Cash and cash equivalents	106 029	79 241
Total	**106 029**	**79 241**

As at 31 December 2016, the amount of EUR 101 184 thousand represents the cash pooling balance with Mondi Finance Ltd (31 December 2015: EUR 78 613 thousand).

18. REGISTERED CAPITAL

The registered capital was issued in the form of bearer shares. As at 31 December 2016 and 2015, the total number of issued shares was 4 635 034, and the face value per share was EUR 33.193919. All of the Company's shares were paid. None of the Company's shares are quoted on the stock exchange.

19. CAPITAL AND OTHER FUNDS

As at 31 December 2016, funds from profit (legal reserve fund and statutory funds) in the amount of EUR 89 411 thousand were mainly recognised under capital funds. Other funds include a fund comprising an actuarial loss on employment benefits upon employment termination in the amount of EUR 21 thousand.

20. PAYABLES FROM EMPLOYEE BENEFIT PLAN

The Group estimated a provision for retirement payments and other long-term employee benefits in the year ended 31 December 2016 based on an actuarial valuation.

Overview of payables from the employee benefit plan recognised in the balance sheet:

(EUR '000)	*31 December 2016*	*31 December 2015*
Payable from pension benefits	7 201	-
Payable from post-employment health care	11 102	-
Payable from entitlement to retirement payment	22 248	947
Payable from other long-term employee benefits	8 006	1 614
Total	**48 557**	**2 561**

Recognised in the income statement:

(EUR '000)	*31 December 2016*	*31 December 2015*
Payable from pension benefits	(61)	-
Payable from post-employment health care	(47)	-
Payable from entitlement to retirement payment	277	63
Other long-term employee benefits	542	40
Total	**711**	**103**

a) Pension benefits

The Group makes contributions to the pension benefits plan for employees of both Austrian companies.

Amounts recognised in the balance sheet are as follows:

(EUR '000)	*31 December 2016*	*31 December 2015*
Present value of payables not covered by the pension fund	7 201	-
Total	**7 201**	**-**

Movements in payables for the pension plan during the year:

(EUR '000)	*31 December 2016*	*31 December 2015*
At 1 January 2016	-	-
Additions from acquisition	6 420	-
Current service cost	73	-
Interest expense	114	-
Losses/gains from actuarial adjustments	842	-
Paid benefits	(248)	-
At 31 December 2016	**7 201**	**-**

Amounts recognised in the income statement

(EUR '000)	*31 December 2016*	*31 December 2015*
Current service cost	73	-
Interest expense	114	-
Paid benefits	(248)	-
Total	**(61)**	**-**

Basic actuarial assumptions used:

(EUR '000)	*31 December 2016*	*31 December 2015*
Discount rate	1.0%	-
Inflation	1.8%	-
Future growth of wages	3.5%	-
Future growth of pensions	2.0%	-

b) Payables for post-employment healthcare

As for payables for pension benefits, the Group makes contributions to the healthcare programme for retired employees of both Austrian companies. The accounting treatment, specification of assumptions and measurement period are similar to those related to the defined pension benefit plans.

Amounts recognised in the balance sheet are as follows:

(EUR '000)	*31 December 2016*	*31 December 2015*
Present value of payables financed through fund assets	26 183	-
Fair value of fund assets	(15 081)	-
Total	**11 102**	**-**

Movements in payables during the year:

(EUR '000)	*31 December 2016*	*31 December 2015*
At 1 January 2016	-	-
Additions from acquisition	15 111	-
Current service cost	-	-
Interest expense	283	-
Losses/gains from actuarial adjustments	10 594	-
Other contributions	3 053	
Paid benefits	(2 858)	-
At 31 December 2016	**26 183**	**-**

Movements in the fair value of assets during the year:

(EUR '000)	*31 December 2016*	*31 December 2015*
At 1 January 2016	-	-
Additions from acquisition	14 958	-
Current service cost	-	-
Interest expense	329	-
Losses/gains from actuarial adjustments	(401)	-
Other contributions	3 053	
Paid benefits	(2 858)	-
At 31 December 2016	**15 081**	**-**

Amounts recognised in the income statement

(EUR '000)	*31 December 2016*	*31 December 2015*
Current service cost	-	-
Interest expense	(47)	-
Paid benefits	-	-
Total	**(47)**	**-**

The impact of a 1% movement in estimated healthcare costs would be as follows:

EUR '000	*Increase*	*Decrease*
Impact on total current service costs and interest expense	201	(159)
Impact on the payable from the post-employment healthcare plan	20 137	(15 866)

c) Payable from entitlement to retirement payment

The long-term employee benefit plan is a defined benefit scheme of the Company under which employees are entitled to a lump-sum benefit upon old age or disability retirement in an amount equalling a certain percentage of the annual Company average wage subject to defined requirements, and to regular loyalty benefits and jubilee bonuses. As at 31 December 2016, the scheme applied to all of the Company's employees. As at the above date, the scheme was not funded, ie there were no assets specifically allocated to cover liabilities resulting from the scheme.

Movements in payables from retirement payment during the year:

(EUR '000)	*31 December 2016*	*31 December 2015*
At 1 January 2016	947	883
Additions from acquisition	18 626	-
Current service cost	659	47
Interest expense	350	16
Losses/gains from actuarial adjustments	2 398	1
Paid benefits	(732)	-
At 31 December 2016	**22 248**	**947**

Amounts recognised in the income statement

(EUR '000)	***31 December 2016***	***31 December 2015***
Current service cost	659	-
Interest expense	350	-
Paid benefits	(732)	-
Total	**277**	**-**

Key actuarial assumptions:

Key actuarial assumptions	***At 31 Dec 2016***	***As at 31 Dec 2015***
Real discount rate p.a.	1.0%	2.1%
Labour turnover p.a.	1.0% - 3.1%	1.0%
Retirement age, men/women	62 - 63/58 - 60	62/60
Mortality and disability table	Heubeck-Fischer	Heubeck-Fischer
Expected increase in wages and salaries	2.5%	2.5%

Payable from other long-term employee benefits

EUR '000	***Payable from Jubilee Benefits***	***Payable from Partial Retirement Payment***	***Total***
At 1 January 2016	1 614	-	1 614
Additions from acquisition	5 352	498	5 850
Additions	790	225	1 015
Interest expense	122	7	129
Paid benefits	(455)	(147)	(602)
At 31 December 2016	**7 423**	**583**	**8 006**

Key actuarial assumptions are the same as for payables from retirement payments.

21. INTEREST-BEARING BORROWINGS

(EUR '000)	***31 December 2016***	***31 December 2015***
Other borrowings	35 294	-
Total	**35 294**	**-**

Interest-bearing borrowings are repayable as follows:

(EUR '000)	***31 December 2016***	***31 December 2015***
Within one year	35 294	-
	35 294	-
Less: Amount due for settlement within 12 months (recognised as current liabilities)	35 294	-
Amount due for settlement after 12 months	**-**	**-**

The Group did not draw any short- or long-term bank loans in 2016. As at 31 December 2016, the Group drew an operating loan within the Mondi Group granted by Mondi Finance plc., London.

22. DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements therein, during the current reporting periods.

Deferred tax asset	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Tax Loss*	*Total*
At 1 Jan 2016	(15)	169	-	154
Additions from acquisition	(5 533)	3 728	-	(1 805)
Recognised in the income statement	111	9	-	120
Recognised in equity	-	3 510	-	3 510
At 31 Dec 2016	**(5 437)**	**7 416**	**-**	**1 979**

Deferred tax liability	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Tax Loss*	*Total*
At 1 Jan 2016	45 199	(4 413)	-	40 786
Additions from acquisition	-	-	-	-
Recognised in the income statement	(2 974)	(354)	-	(3 328)
Recognised in equity	-	(20)	-	(20)
At 31 Dec 2016	**42 225**	**(4 787)**	**-**	**37 438**

23. PROVISIONS FOR LIABILITIES

EUR '000	***Non-Current Provisions for Liabilities***
	Provision for Restoration of a Landfill
At 1 Jan 2016	1 315
Additions	99
Use	-
At 31 Dec 2016	**1 414**

Additions to provisions for the restoration of a landfill related to the recognition of interest charges adjusting the amount of the provision to the net present value as at 31 December 2016 in the amount of EUR 99 thousand.

EUR '000	***Current Provisions for Liabilities***		
	Provision for Restructuring	***Provisions for Onerous Contracts***	***Total***
At 1 Jan 2016	-	-	-
Additions from acquisition	119	1 667	1 786
Use	(98)	(516)	(614)
At 31 Dec 2016	**21**	**1 151**	**1 172**

24. TRADE AND OTHER PAYABLES

EUR '000	***31 December 2016***	***31 December 2015***
Trade payables	113 997	70 890
CAPEX trade payables	3 021	5 412
Other payables	16 841	8 949
Total	**133 859**	**85 251**

Breakdown of trade payables by maturity:

Item	*Maturity*				
	Within Maturity Period	***Retainer***	***Up to 365 Days Overdue***	***Over 365 Days Overdue***	***Total***
As at 31 December 2016					
Trade payables (including CAPEX payables)	102 446	473	13 890	209	117 018
As at 31 December 2015					
Trade payables (including CAPEX payables)	73 894	886	667	855	76 302

Other payables comprise the following items:

EUR '000	***31 December 2016***	***31 December 2015***
Payables to employees, from social security insurance and other taxes	10 647	6 736
Social fund	648	651
Estimated liabilities	1 318	1 345
Other	4 228	217
Total	**16 841**	**8 949**

An increase in "Other" comprises a current portion of a payable arising from the purchase of financial assets to Mondi AG in the amount of EUR 3 785 thousand.

The Group's recorded payables to creditors are not secured.

Other non-current liabilities comprise the following:

EUR '000	***31 December 2016***	***31 December 2015***
Payable associated with the acquisition of financial investments	40 545	-
Other	1 708	1 201
Total	**42 253**	**1 201**

An increase in other non-current liabilities comprises a non-current portion of a payable to Mondi AG from the purchase of financial investments. The payable was set based on the anticipated EBITDA ratios of the acquired subsidiaries over the following six-year period exceeding the agreed EBITDA amount, net of dividends paid and adjusted to the present value. The amount payable depends on the operating results of the acquired subsidiaries.

25. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The Group manages its capital to ensure that it is able to continue as a going concern with the aim of achieving the maximum return for the shareholders through an optimum debt and equity balance.

The gearing ratio at the year-end was as follows:

(EUR '000)	***31 December 2016***	***31 December 2015***
Debt (i)	35 294	-
Cash and cash equivalents	106 029	79 241
Net debt	(70 735)	(79 241)
Equity	500 250	489 055
Net debt to equity ratio	**(0.14)**	**(0.16)**

(i) Debt is defined as current and non-current interest bearing loans and borrowings

The Treasury department monitors the structure of the Group's capital on a regular basis. Based on these reviews and on approval by the General Meeting, the Group revises its overall capital structure by means of dividend pay-outs and the drawing of loans and/or amortisation of existing debts.

Categories of Financial Instruments

(EUR '000)	*31 December 2016*	*31 December 2015*
Loans and receivables (inclusive of cash and cash equivalents)	224 222	146 930
Financial assets	**224 222**	**146 930**
Trade payables and payables to related parties	133 859	85 251
Other non-current liabilities	42 253	-
Bank loans recognised at amortised costs	35 294	-
Financial liabilities	**211 406**	**85 251**

a) Financial Risk Factors

The Group is exposed to a variety of financial risks, which include the effects of changes in foreign currency exchange rates and loan interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Following the adoption of the euro in Slovakia, the exchange rate risk was eliminated to a large extent.

The use of financial derivatives is governed by the Group's policies and approved by the Group's Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of derivative financial and non-financial instruments, and the investment of excess liquidity. The Group is not involved in trading with financial instruments and it does not use derivative financial instruments for speculative purposes.

Credit Risk

The management of the Group has adopted a credit policy under which credit risk exposures are monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain limit. The risk of non-collection of the receivables is covered by the insurance programme of the Mondi Group. At the reporting date, there were no significant risk concentrations in the financial assets. Derivative and cash transactions are carried out only through high-credit quality financial institutions. The Group did not limit the amount of credit exposure to any financial institution.

Interest Rate Risk

The Group's operating income and operating cash flows are relatively independent of changes in market interest rates.

Interest Rate Sensitivity

As the Group did not draw any long- or short-term bank loans in 2016, the Group has not been exposed to any interest rate risk. Therefore, no sensitivity analysis was performed. As at 31 December 2016, the Group has no open interest rate derivatives.

Foreign Currency Risk

The share of monetary assets and liabilities denominated in a foreign currency to the total liabilities/assets has not been significant and represents a minor currency risk for the Group. Therefore, no sensitivity analysis was performed. The Group ensures that its net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term fluctuations.

As at 31 December 2016, the Group had no open derivative transactions to hedge against currency risk. In 2016 and 2015, the Group did not account for any currency derivatives.

Liquidity Risk

Prudent liquidity risk management assumes the maintenance of a sufficient amount of cash with adequate maturity and marketable securities, availability of financing through an appropriate amount of credit lines, and an ability to close open market positions. The Group maintains a sufficient amount of funds and marketable securities and has no open market positions.

The following tables summarise the residual maturity of the Group's non-derivative financial liabilities. The tables were prepared based on undiscounted cash flows from financial liabilities assuming the earliest possible dates on which the Group can be required to settle the liabilities.

(EUR '000)	*Weighted Average Effective Interest Rate*	*Up to 1 Month*	*1 - 3 Months*	*3 Months– 1 Year*	*1 - 5 Years*	*5 Years and More*	*Total*
2016							
Interest-free	-	60 697	39 940	37 849	34 534	6 052	179 072
Floating interest rate instruments	-	-	-	35 294	-	-	35 294
Total		**60 697**	**39 940**	**73 143**	**34 534**	**6 052**	**214 366**
2015							
Interest-free	-	40 507	23 535	26 600	25	-	90 667
Floating interest rate instruments	-	-	-	-	-	-	-
Total		**40 507**	**23 535**	**26 600**	**25**	**-**	**90 667**

The Group has access to credit lines provided by ECO Invest, a.s. (EUR 18 130 thousand) and Mondi Finance Plc. (EUR 18 870 thousand); as at the date of the statement of financial position, the total undrawn amount is EUR 37 000 thousand. The Company assumes that the operating cash flows and proceeds from financial assets due will be used to settle other liabilities.

b) Fair Value Estimation

The fair values of publicly-traded derivative instruments and financial instruments are based on quoted market prices as at the reporting date.

To determine the fair values of non-traded derivative instruments and other financial instruments, the Company uses techniques and market assumptions based on the conditions existing on the market as at the reporting date. Other methods, mainly the estimated discounted value of future cash flows, are used to determine the fair value of the remaining financial instruments.

Face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

26. RELATED PARTY TRANSACTIONS

a) Shareholders Structure

Direct shareholders of the Company include: Mondi SCP Holdings B. V. (formerly Neusiedler Holdings B.V.), based in Maastricht, the Netherlands, which owns a 51% share in the Company's registered capital, and ECO-INVESTMENT, a.s., with its registered office at Náměstí Republiky 1037/3, Nové Město, 110 00 Prague 1, Czech Republic, which owns a 49% share in the Company's registered capital.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in these Notes. The details of the transactions between the Group and other related parties are disclosed below.

b) Trading Transactions

During the reporting period, group entities entered into the following business transactions with related parties that are not members of the Group:

(EUR '000)	*Year Ended 31 December 2016*			
Company	***Sales of Goods and Services***	***Purchases of Goods and Services***	***Receivables***	***Payables***
Mondi AG	344	4 446	65	1 965
Mondi Uncoated Fine & Kraft Paper GmbH	322	6 252	75	1 029
Mondi Paper Sales Wien	632 959	61 132	88 676	11 505
Mondi Syktyvkar	8 491	5 540	3 026	803
Mondi Štetí, a. s.	31	-	3	-
Mondi Bags Štětí a.s.	39	-	6	-
Mondi Coating Štětí, a.s.	-	625	-	105
Mondi Grunburg GmbH	-	111	-	-
Mondi Frantschach Gmbh	-	2	-	-
Mondi Bupak, s.r.o.	-	12	-	10
Mondi Swiecie	59	5 267	26	617
Mondi Corrugated Swiecie sp Zoo	-	3 764	-	649
Mondi Packaging BZWP sp Zoo	-	2 772	-	438
Mondi Coating Zelltweg	-	-	-	-
Mondi Inncoat GmbH	4	-	2	-
Mondi Release Liner Austria GmbH	-	-	-	-
Richards Bay PM2	10	-	-	-
Tire Kutsan Paper	1	-	-	-
Dipeco AG	-	12	-	(12)
Mondi Finance Plc	608	308	-	-
ECO-INVEST a.s.,	-	2 850	-	-
ECO-INVEST SVK a.s.,	-	864	-	365
SHP Harmanec a.s.	7 855	-	1 009	-
SCP-PSS, s.r.o.	1 917	3 085	382	450
Total	**652 640**	**97 042**	**93 270**	**17 924**

(EUR '000)	*Year Ended 31 December 2015*			
Company	***Sales of Goods and Services***	***Purchases of Goods and Services***	***Receivables***	***Payables***
ECO-INVEST a.s.,Ružomberok	-	3 759	-	343
Mondi Uncoated Fine Paper Sales Wien	389 812	39 049	53 390	7 075
Mondi Neusiedler GmbH	20 701	310	1 156	105
Mondi Corrugated Swiecie sp Zoo	-	3 864	-	695
Mondi Swiecie	-	1 903	42	374
Mondi Syktyvkar	44	-	40	-
Mondi Štetí, a. s.	6	-	6	-
SHP Harmanec a.s.	11 080	-	631	-
Mondi Uncoated Fine & Kraft Paper GmbH	96	4 350	20	757
Mondi AG	317	1 431	49	143
Mondi Finance Plc	681	118	-	-
Mondi Lohja Oy	152	24	69	78
Mondi Coating Zelltweg	877	14	99	-
Mondi Coating Štětí, a.s.	-	240	-	14
Mondi Bags Štětí a.s.	38	2	7	-
Mondi Consumer Bags & Films GmbH	15	-	-	-
Mondifin (Group Office)	8	-	8	-
Total	**423 827**	**55 064**	**55 517**	**9 584**

Trading transactions represent sale of paper, pulp and paper products, sale of energy, and provision of services.

Transactions between related parties and the Group are made on an arm's length basis and at market prices. The Board of Directors makes decisions on related party transactions. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

27. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The salaries and remuneration of the Group's bodies was as follows:

(EUR '000)	*Year Ended 31 December 2016*	*Year Ended 31 December 2015*
Top Management	2 094	1 404
Total	**2 094**	**1 404**

28. COMMITMENTS AND CONTINGENCIES

a) Litigation and Potential Losses

The Group is involved in a number of active and passive legal cases that arise from ordinary business activities. It is not expected that such activities should have, individually or in aggregate, a significant negative impact on the accompanying financial statements.

b) Emissions Rights

In 2005, the EU-wide greenhouse gas emissions rights trading scheme came into effect together with the Act on Emissions Rights Trading passed by the Slovak Parliament in order to implement the related EU Directive in Slovakia. Under this legislation, the Company is required to deliver emissions rights to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Company has opted to record emissions rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Company has received adequate emissions rights to cover its actual emissions. The Company had an obligation to deliver emissions rights for actually produced emissions. This obligation was satisfied by delivering emissions rights by 30 April 2016 for the 2015 compliance period. The Company received emissions rights in February 2016 for the 2016 compliance period.

c) Bank Guarantees

UniCredit Bank a.s. issued bank guarantees to Slovenská elektrizačná prenosová sústava, a.s. (SEPS, a.s.) in the total amount of EUR 42 930 and EUR 69 091 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and SEPS, a.s. In the event of default, the Company is obliged to pay VÚB a. s.

Deutsche Bank issued a bank guarantee of up to EUR 1 500 000 on behalf of Slovenský plynárenský priemysel, a.s. to secure liabilities resulting from the agreement concluded between Mondi SCP, a.s. and Slovenský plynárenský priemysel, a.s. In the event of default, the Company is obliged to pay Deutsche Bank.

Deutsche Bank issued a bank guarantee to ČEZ Slovensko, s.r.o. of up to EUR 2 400 000 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and ČEZ Slovensko, s.r.o. The Company is obliged to pay Deutsche Bank in the event of a default.

d) Capital Expenditures

As at 31 December 2016, the Group did not conclude significant investment contracts.

29. POST-BALANCE SHEET EVENTS

After 31 December 2016 and up to the authorisation date of the financial statements, the below stated significant events occurred. These events have no impact on the Group's assets and liabilities presented herein.

Prepared on:			
27 March 2017	***Signature of the Person Responsible for Bookkeeping:***	***Signature of the Person Responsible for the Preparation of the Financial Statements:***	***Signature of a Member of the Statutory Body of the Reporting Enterprise or a Natural Person Acting as a Reporting Enterprise:***
Approved on:			
28 March 2017	MICHAL HATALA	PHILIPP SUPPAN	BERNHARD PESCHEK
			MILOSLAV ČURILLA