ANNUAL REPORT

2018

FABER HALBERTSMA GROUP

The 2018 financial statements were drawn up by the Management Board on 13 May 2019.
The 2018 financial statements were adopted by the General Meeting of Shareholders on 20 May 2019.

TABLE OF CONTENTS

KEY FIGURES

01 2018

TOTAL TURNOVER

NET TURNOVER 2017

309 MIO

NET TURNOVER 2018

327 MIO

ADDED VALUE 2017

119 MIO

ADDED VALUE 2018

126 MIO

SOLVENCY RATIO 2017

32,9%

SOLVENCY RATIO 2018

35,5%

RETURN ON ASSETS 2017

4,4%

RETURN ON ASSETS 2018

4,5%

AMOUNTS IN THOUSANDS OF EUROS	2018	2017	2016	2015	2014
Net turnover	326,794	308,801	302,403	287,366	278,035
Added value	126,350	119,112	117,315	109,691	106,642
Change net turnover compared to previous year	5.8%	2.1%	5.2%	3.4%	6.6%
Change added value compared to previous year	6.1%	1.5%	7.0%	2.9%	14.0%
Personnel costs	56,339	50,147	45,542	41,581	43,226
Depreciation & other changes in valuation of (in)tangible fixed assets	34,261	33,206	30,683	30,941	30,633
Other expenses	17,411	20,593	21,293	16,365	18,526
Result from ordinary business activities before tax	**18,339**	**15,166**	**19,797**	**20,804**	**14,257**
As % of added value	**14.5%**	**12.7%**	**16.9%**	**19.0%**	**13.4%**
Group equity	89,182	79,914	111,282	99,023	83,523
Long term debt as % of group equity	24.3%	29.2%	0.0%	15.7%	29.1%
Return on assets	4.5%	4.4%	6.8%	7.1%	5.1%
Fixed assets	154,355	136,993	130,067	129,166	125,867
Current assets	97,175	105,648	84,284	82,887	85,572
Non-current liabilities	(21,402)	(22,987)	-	(15,497)	(24,338)
Current liabilities	(124,488)	(126,893)	(92,915)	(87,384)	(90,440)
Provisions	(16,458)	(12,847)	(10,154)	(10,149)	(13,138)
Group equity	**89,182**	**79,914**	**111,282**	**99,023**	**83,523**
Cash flow from operating activities	49,597	44,997	46,764	44,372	38,620
Cash flow from investment activities	(51,102)	(36,570)	(27,842)	(34,723)	(29,659)
Free cash flow	**(1,505)**	**8,427**	**18,922**	**9,649**	**8,961**
Solvency	35.5%	32.9%	51.9%	46.6%	39.5%
Average number of employees	**897 fte**	**847 fte**	**755 fte**	**750 fte**	**762 fte**

ABOUT US

WE SIMPLY DELIVER

A family owned company with a history dating back to 1891, Faber Halbertsma Group is one of Europe's leading poolers and is also a producer of sustainable wooden products. The Faber Halbertsma Group consists of several specialist pooling and production businesses. Our production businesses produce and market pallets, boxes and other packaging solutions for a wide variety of sectors. Our pooling networks (IPP, PAKi and PRS) operate extensive circular economy systems using reusable handling assets across Europe.

IPP provides pallet and box pooling services in the FMCG, industrial and re-cycling sectors, covering most of Western Europe. With an extensive pooling network, IPP works closely with many of Europe's major brand-owners and manufacturers and across most retailers. Based on simplicity, quality and collaboration, IPP has built up a strong reputation with both producers and retailers. IPP operates an extensive recovery and refurbishment system to deliver high-quality, low-cost, pooling services to a growing customer base.

PAKi is a service provider for the management, supply and relocation of standardised exchangeable pallets (Euro pallets) and Gitter-boxes. With over 40 years of knowledge and 200 specialists, PAKi offers absolute reliability and incomparable expertise in pooling. We help transport companies, retailers and industry all over Europe with the handling of their specific load carrier needs.

PRS provides sustainable, cost-effective pallet pooling services to the polymer industry across Europe. A polymer sector platform, working together with most of the major polymer producers and converters, PRS works across the entire European polymer supply chain. PRS operates a Europe-wide network of service centres to dispatch, recover and refurbish reusable pallets. Focused on sustainability, waste reduction and re-use, PRS combines service and reliability whilst contributing to the polymer sector's increasingly high-priority sustainability goals.

Faber Halbertsma Group aims to reduce waste and minimise carbon footprint. Reuse, circularity and sustainability are the cornerstones of this group. All products are sourced from sustainably managed forests using timber that is PEFC™ or FSC® certified.

WE SIMPLY

OUR **MISSION**

WE SIMPLY DELIVER

WE FEEL IT IS OUR RESPONSIBILITY TO PROVIDE REUSABLE AND SUSTAINABLE TRANSPORT PACKAGING FOR A CLEANER WORLD. EVERY DAY WE LOOK FOR SMARTER WAYS TO CARRY YOUR LOADS.

OUR **VISION**

WE HAVE DEVELOPED EUROPE'S BEST AND MOST SUSTAINABLE POOLING NETWORK TO STREAMLINE THE SUPPLY CHAIN.

FABER HALBERTSMA GROUP

DELIVER

OUR VALUES

- RESPECT FOR PEOPLE AND THE PLANET
- ENTHUSIASM
- PASSION FOR EXCELLENCE
- RELIABILITY

OUR BEHAVIOURS

PUTTING SAFETY FIRST
We feel responsible for our people, products and services.

CARING FOR OUR CUSTOMERS
We're always listening in order to provide a more transparent service.

TEAMWORK
Together we deliver and celebrate results.

DARE TO TRY
We will never waste a good idea, we always focus on solutions.

WE DELIVER
We take responsibility for results.

www.faberhalbertsmagroup.com

MANAGEMENT BOARD'S REPORT

02 2018

LETTER FROM THE CEO

2018 was an excellent year for the Faber Halbertsma Group. In a persistently dynamic and challenging market, we again achieved a robust revenue growth of 5,8% and added value growth of 6,1%. The operating result increased by 21% to EUR 21 million. Our good performance in 2018 is not an isolated occurrence, it is undersigned by transparent choices, a clear vision and a transformation we initiated a few years ago and implemented consistently.

The Faber Halbertsma Group focused in 2018 on steering the Group as a Portfolio of Companies. The head-office is an "active shareholder", managing the (value of the) Portfolio. More specifically, the Faber Halbertsma Group focused on further defining and implementing the respective strategies of the individual Divisions and started to investigate possibilities to further strategically align the Portfolio, at all times taking into account a long term vision. The Divisions are autonomous and responsible for their day-to-day management, their P&L and execution of the division strategy.

As part of the Faber Halbertsma Group's strategy, we were proud to re-establish and refine the brand names of the individual companies, in celebration of their unique strength and identity. The renewed brand names include individual logos and a new corporate identity which is also displayed in this annual report.

The cost of ownership does not end with the purchase of pallets. With our full-service concept, we strive to develop Europe's best and most sustainable pooling network, as a means to streamline the supply chain. We feel it is our responsibility to provide reusable and sustainable transport packaging for a cleaner world. Every day we look for smarter ways to carry your loads.

Within closed pooling, we were able to maintain market share in most market segments. The strengthening of our Europe wide network was positively impacted by the integration of our shared services in Eindhoven. This enabled us to promote synergy between several departments and provide optimal service to the multiple locations throughout Europe.

In 2018 we continued to invest in pool size of our Open Pooling business, to response to growth opportunities in the market. A significant number of great projects are ongoing, such as IT upgrade systems and innovations and further expansion throughout Europe, allowing us to the expected further significant growth.

In the last two decades, Faber Halbertsma Group has been transformed from a producer of pallets into a strongly data-driven, full-service pooling partner. By attracting talent for key positions, investing in the professional development of our existing employees and constantly encouraging an organisation culture in which the focus is on entrepreneurship and on doing business, we have been able to prepare for the future.

During 2018 we have started a strategic orientation project within the Production Division. Up till now, the project has resulted in a solid basis and a blueprint that will be further implemented in the Production Division in 2019.

As per December 31, 2018, Peter Swinkels has stepped down as chairman of the Supervisory Board. We are very grateful for all his work as chairman of the Supervisory Board. He has been instrumental in the continuing professionalisation of the company in the past years. Peter Swinkels has been succeeded by Michiel Jaski. Also, we are happy to announce that Frank Faber has joined the Supervisory Board per September 11, 2018.

As a portfolio of companies, we are looking for growth. Our focus for 2019 and further will be on both autonomous growth and growth by acquisition. Early 2019, we were able to announce the acquisition of the pooling business of vPool GmbH; a very good addition to an already existing, but up to that point still small part within our PAKI division. We are convinced that we can grow our share in the European meat market by combining forces of both vPool and PAKi. As part of the acquisition, we are very happy to announce that 45 staff members joined the Faber Halbertsma Group.

We wish to thank all our customers, suppliers and other business partners for their confidence in the Faber Halbertsma Group and we are particularly grateful for the efforts of our staff.

Ingrid Faber
Chief Executive Officer

2018: IN REVIEW

Business unit performance

Faber Halbertsma Group operates three pooling networks and is a leading producer of wooden pallets and boxes.

It is organised into three primary business units:
- IPP Logipal Pool and PRS Return System;
- PAKi Pooling Network;
- Production.

The PAKi pooling network provides solutions for standardised and exchangeable load carriers, whilst the IPP Logipal and PRS pools are service pools of rented pallets and boxes.

IPP Logipal Pool and PRS Return System

IPP Logipal is a leader in the rental provision of pallets and boxes in fast moving consumer goods, industrial supply chains and recycling sectors across Europe, whilst PRS Return System offers similar solutions in the chemical industry. They orchestrate and synchronise complex and extensive recovery, inspection, repair and fulfilment operations to deliver seamless pooling solutions to European customers whenever and wherever they need them.

In 2018 we have primarily focussed on strengthening our Europe wide network and on integrating shared services in Eindhoven. By doing so we were able to promote synergy between several departments, which will inevitably lead to profitability improvements in 2019.

PAKi Pooling Network

The PAKi network is the European market leader in the pool management of exchangeable and standardised load carriers such as Euro pallets and Euro boxes. An extensive network of more than 10,000 pooling stations across Europe supplies our customers with the pallets they need, whenever and wherever they may need them. Similarly, pallets can be returned at the location and time of our customers' choosing. The organisation has grown over the past years and new colleagues with different cultural and linguistic back-grounds have joined us. Currently, we serve PAKi network customers in 22 European countries. In 2018, the customer base was developed even further across the supply chain with chargers, logistic- and retail companies.

In order to facilitate further growth, in 2018 we continued to invest in the organisation and pool size of our Open Pooling business. We worked on a significant number of great projects, such as IT upgrade systems and innovations, which should allow us to capture further growth opportunities.

We will continue doing so in 2019, as we expect demand to grow further. The Euro pallet market is strongly focused on the retail sector, as quality demands based on material handling systems constantly increase. In the retail sector and the automotive industry, we are continually responding to demands for new types of load carriers. A good example of a new type incorporated in the Group is related to the recent acquisition of the pooling business of vPool, a pooler in meat boxes and crates.

Production

Production capabilities have been the foundation of Faber Halbertsma Group since 1891. With eight pallet production facilities across Europe, Faber Halbertsma Group is one of Europe's largest producers of wooden pallets.

2018 was characterised by increasing wood prices. Faced with ongoing price pressure, the production division in 2018 launched a strategic-review project. The objective is to investigate the profitability and capability of each production facility. Based on this strategic review, it was decided that the T&A factory in Emmerich will close in the course of 2019. The review has also resulted in profitability projects elsewhere in the production division. We have invested heavily in the Phoenix plant, installing a large planing machine and new, CO2 efficient drying chambers. As such, we are confident that we will be able to cope with increasing demand and make more efficient use of the available capacity.

Finally, in 2018 we have started an optimisation of our Recon business. The first result was the outsourcing of the UK-based Recon activities.

IT Strategy

We are convinced that digitisation of supply chains will continue. As a result, our company is becoming increasingly data driven. In line with our vision and strategy, the Faber Halbertsma Group continues to invest in its organisation, IT systems and in development programs to explore innovative technologies.

In 2018, we have focussed on the implementation of interfaces between various satellite systems and on the adjustment of our systems and processes in order to continue to comply with privacy laws and regulations. Furthermore measures were taken to address cyber security risks. Regarding IT-security, the major focus in 2019 and beyond will be on the development and execution of a security roadmap 2019-2021.

People & Organisation

Focus

The focus of Faber Halbertsma Group is on developing our employees. The success of Faber Halbertsma Group depends on the quality of its co-workers. Developments in the market suggest that customers have increasing demands with regards to, sustainability and efficiency. Our focus, then, is on continuously improving our services and products and investing in operational excellence. In 2018, we further improved the quality of management. Moreover, we are focusing on building a professional HR-organisation.

During 2018 we have focused on reviewing the effects of initiatives taken in 2017. For instance through the Employee Satisfaction survey held in 2017 three main areas of improvement were identified and acted upon, meaning communication, effectiveness and reward. During 2019 a follow-up survey will be held.

In 2018, we continued our Talent Management Program. This two-year program provides young talent with the opportunity to develop their technical and management skills. Along the way, young talent develop their communication skills, leadership skills and learn the basic steps of project management. They are familiarised with inter-cultural relationships and learn how to deal with cultural differences. The most important lesson, however, is what they learn by working together. During 2019 the Talent Management Program will be finalized and evaluated. The Faber Halbertsma Group will continue to focus on development of high potentials as well as an overall structured approach to learning & development throughout the organization.

Various events have been organised like the yearly Summit, the Senior Management Meeting and a Group wide meeting of sales staff. In 2018, the business strategy was presented to our Senior Management, providing clear strategic goals to the business units. During the same meeting our renewed mission, vision, values and behaviours were presented, as also displayed in the 'about us" section. During 2019 significant effort will be taken to further implement and actually incorporate these into our daily ways of working, management practices and decision making processes.

Workforce

In 2018, the workforce had risen to 897 employees (measured in full time equivalent (FTE)); 2017: 847 FTE). The increase in workforce is mainly due to expansion in Germany related to the growth in our PAKI division and in Belgium, where several employees previously hired via agencies have now been given a labour contract. We expect that the workforce will continue to grow in 2019 for all countries, except Belgium. In Belgium, we expect a decrease of FTE, because of the announced intention to downsize the business operations of Pasec NV. Also, we plan to further invest in people through focus on learning & development, identifying and retaining our key employees and identifying and harmonizing our best people practices across the group.

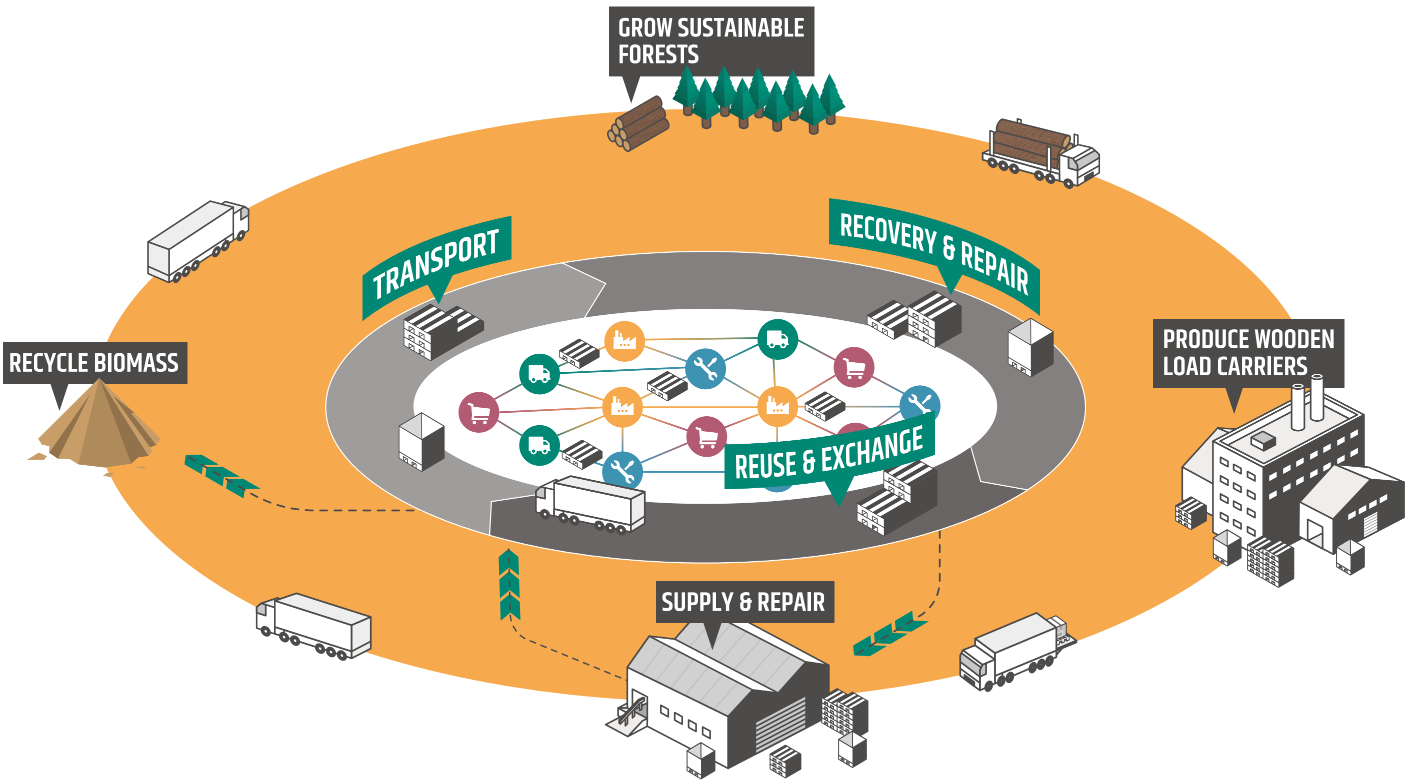
Corporate Social Responsibility

Nowadays, most companies try to integrate corporate social responsibility (CSR) into the way they do business. For Faber Halbertsma Group, CSR is part of its very DNA. Since its foundation in 1891, Faber Halbertsma Group has striven to conduct its business in a responsible way; taking good care of its resources and its people has always been a main priority.

We felt however, that in this day and age and even though CSR comes naturally, we still needed to formulate a concrete strategy and concrete goals, as this will allow us to even better incorporate CSR in our daily way of working. Below, you will find the result of this process.

Definition

We adhere to the World Business Council's definition for Corporate Social Responsibility:



'Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.'

For the purposes of the fulfilment of our own ambitions, we have broken down this definition into the following expectations:

- The expectation of stakeholders that companies should behave ethically
- The expectation that business should contribute to economic development
- The expectation that business should improve the quality of life of its workforce and their families
- The expectation that business should play active part in the improvement of the society.

UN Sustainable Development Goals

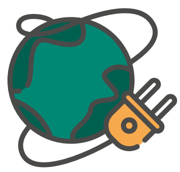
As a further building block for the groundwork of our CSR ambitions, we looked to the UN's Sustainable Development Goals. The UN has defined 17 of these Goals, with one common denominator: 'to achieve a better and more sustainable future for all." At Faber Halbertsma Group, we have selected three Goals that best embody and inform our own efforts to become a more responsible company: Responsible Consumption, Climate Action and Life on Land. Our interpretation of these goals is as follows:

Responsible Consumption

By helping our clients reduce their need for new load carriers, we decrease the strain on the environment.

We are committed to further improve the circular nature of our business and continue helping our customers with the responsible consumption of load carriers

Climate Action



We use wood for the production of our pallets, wood by nature, is a renewable resource. However, for the transportation of our pallets we still need fossil fuel. We commit to lowering our need for fossil fuel by further optimizing our network and stimulating the use of alternative energy carriers.

FSC

PEFC™

Life on Land

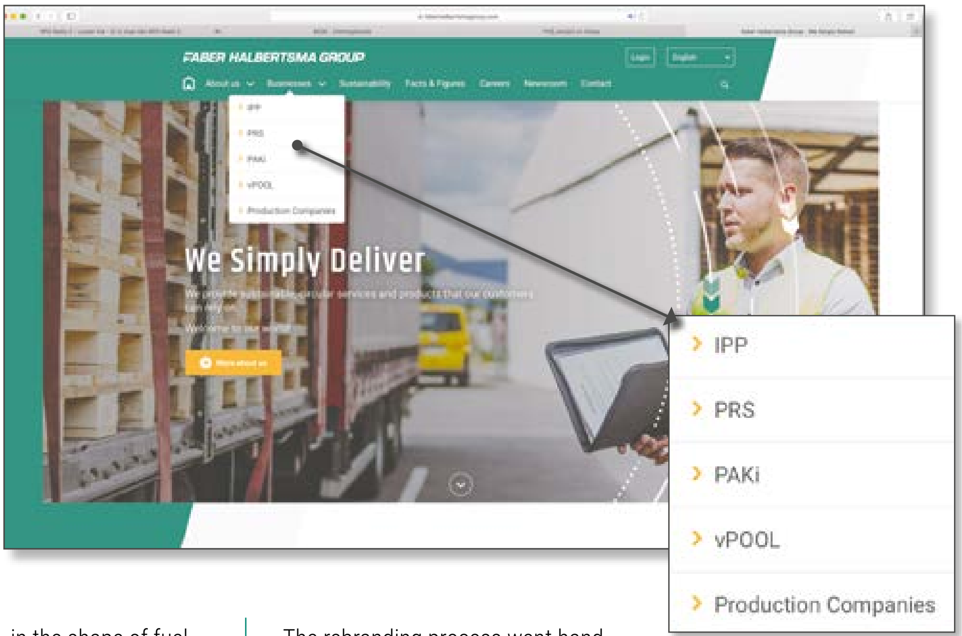
We are committed to protect life on land. This is done by a year over year increase of the percentage PEFC or FSC certified wood. Thereby we protect our precious natural resources.

Based upon these groundworks, we formulated our concrete ambitions and objectives.

Our Ambition

Sustainability by Circularity best encapsulates our interpretation of CSR as it very well fits with one of the core values of our company ("respect for People and the Planet"). We have always relied on a steady stream of timber for our products; through responsible forestry we have and will always protect this core resource.

Faber Halbertma Group has started to track and monitor its sustainability performance since 2017, and every year, we carefully set our goals for the way ahead. As such, we continuously strive to improve our track record.



When one considers the road we have travelled so far, our ultimate goal cannot come as a surprise: Faber Halbertsma Group strives to become the world's most sustainable producer and pooler of pallets and boxes.

People, Planet, Profit

Through our reuse-based, circular pooling proposition, we help companies to reduce their environmental footprint. Not only does this save production timber, we also reduce carbon emissions that are related to the transport of wood from the forest to the production facility. Moreover, we re-inject old pallets into the production process, in the shape of fuel for the biomass installations that power our drying chambers.

With regards to the People aspect, our focus is on developing our employees. Being part of a family-owned business, we regard our people as family. We care about their wellbeing and do everything to help them to enjoy their work and do a good job. Next to this, we are also aware of our position in society as a whole and in the local communities that provide a home to our facilities and offices.

KPI's

In order to realise our ambition, we need measurable and quantifiable objectives: Key Performance Indicators, in other words. We identified three main areas. Sustainable operational activities, sustainable global supply chains and 'growing with communities'.

Marketing and communication

In 2018, Faber Halbertsma Group decided to implement a rebranding. The brand Pooling Partners will be phased out, in favour of a new, yet familiar name: Faber Halbertsma Group. This brand will be used for corporate communication purposes. To emphasise their unique, individual characters, the different companies will be addressed with their original names: like IPP, PAKi and PRS for pooling businesses and like Faber, Phoenix, Pasec, T&A, Satim, Naus, and Francepal for production businesses.

The rebranding process went hand in hand with a re-definition of the company's house style and newly developed logos. On top of that, work began on new, independent web sites for the individual companies; a process that will completed in 2019.

On a local level the companies implemented several marketing campaigns in Europe, ranging from active participation in fairs and conventions, publications and follow-up of press releases in multiple languages, and also placement of advertisement in magazines and a successful direct marketing campaign with telemarketing follow-up in Belgium. Moreover we started to focus on online social media, mainly via LinkedIn.

Finance

Result developments

In 2018, Faber Halbertsma Group achieved a net turnover of € 326.8 million, compared to € 308.8 million in 2017, with an added value of € 126.4 million (2017: € 119.1 million).

The Pooling divisions showed continuous strong performance in 2018 with higher sales levels and higher added value. This was invested in people and in the overall strengthening of the organisation. Compared to 2017, the Production division was able to increase its net sales and stabilize its operating result compared to 2017.

AMOUNTS IN THOUSANDS OF EUROS	2018	2017	VARIANCE IN %
Net turnover	**326,794**	**308,801**	**5.8%**
Changes in stock of finished products and semi-finished products	1,450	(1,254)	(215.6%)
Capitalised production	9,400	9,029	4.1%
Total operating income	**337,644**	**316,576**	**6.7%**
Cost of materials, consumables and outsourced work	(211,294)	(197,464)	7.0%
Added value	**126,350**	**119,112**	**6.1%**

AMOUNTS IN THOUSANDS OF EUROS	2018	2017	VARIANCE IN %
Added value	**126,350**	**119,112**	**6.1%**
Wages, salaries and social securities	56,339	50,147	12.3%
Depreciation of intangible and tangible fixed assets	33,887	31,906	6.2%
Other changes in valuation of (in)tangible fixed assets	374	1,300	(71.2%)
Other operating costs	18,393	17,636	4.3%
Exceptional income and expenses	(3,594)	832	(532.0%)
Total operating expenses	**105,399**	**101,821**	**3.5%**
Financial income and expense	(2,612)	(2,125)	22.9%
Result from ordinary business activities before tax	**18,339**	**15,166**	**20.9%**
Tax on result from ordinary business activities	(7,437)	(5,671)	31.1%
Result from ordinary business activities after tax	**10,902**	**9,495**	**14.8%**

AMOUNTS IN THOUSANDS OF EUROS	2018	2017	VARIANCE IN %
Cash flow from operating activities	49,597	44,997	10.2%
Cash flow from investment activities	(51,102)	(36,570)	39.7%
Cash flow from finance activities	(11,978)	9,134	(231.1%)
Net cash flow	**(13,483)**	**17,561**	
Exchange rate differences on cash	**(255)**	**(981)**	
Movements in cash	**(13,738)**	**16,580**	

Capitalised production
The pool size book value increased by 12,1% (2017: increase of 2.5%) compared to last year, mainly to support the growth of the pooling activities. The Production companies of Faber Halbertsma Group contributed to this growth and as a result, capitalised production increased by € 0.4 million compared to last year.

Total operating income
Compared to 2017, total operating income increased by 6.7% .

Total operating expenses
Total operating expenses increased by € 3.6 million compared to 2017 to a level of € 105.4 million. The increase in wages, salaries and social securities by 12.3% relates, amongst other things, to the expansion of our workforce, caused by increased operational activities. The substantial increase in these expenses is due to the fact that we are heavily investing in the quality of our organisation, which is mainly driven by people.

The increase of the depreciation expense is a result of the increase of the size of the pallet pool. Impairment losses of € 0.4 million relate to the impairment of tangible fixed assets at the T&A location in Emmerich as the operational activities of this location are scheduled for termination in the course of 2019.

The increase of other operating costs is mainly caused by the increase in activities.

In 2018, exceptional items consisted of exceptional income (€ 4,451,000) related to a settlement of a dispute with a third party and to exceptional expenses (€ 857,000) related to the termination of operational activities at T&A in Emmerich.

Financial income and expenses
The financial income and expenses increased by € 0.5 million. This was mainly caused by an increase in interest expenses, as a result of a long-term vendor-loan agreement of € 25 million related to a buy back of shares at the end of 2017.

Tax on result from ordinary business activities
2018 results include a corporate income tax expense related to differences from previous years of € 1.2 million. The discount rate for long term deferred taxes changed from 3% to 2,5% causing a one time expense of € 0.5 million. Moreover, € 0.3 million for an uncertain foreign tax position was provided for and changes in foreign tax rates related to deferred taxes led to an expense of € 0.6 million. This all led to an effective tax rate in 2018 of 40,5%, compared to 37,4% in 2017.

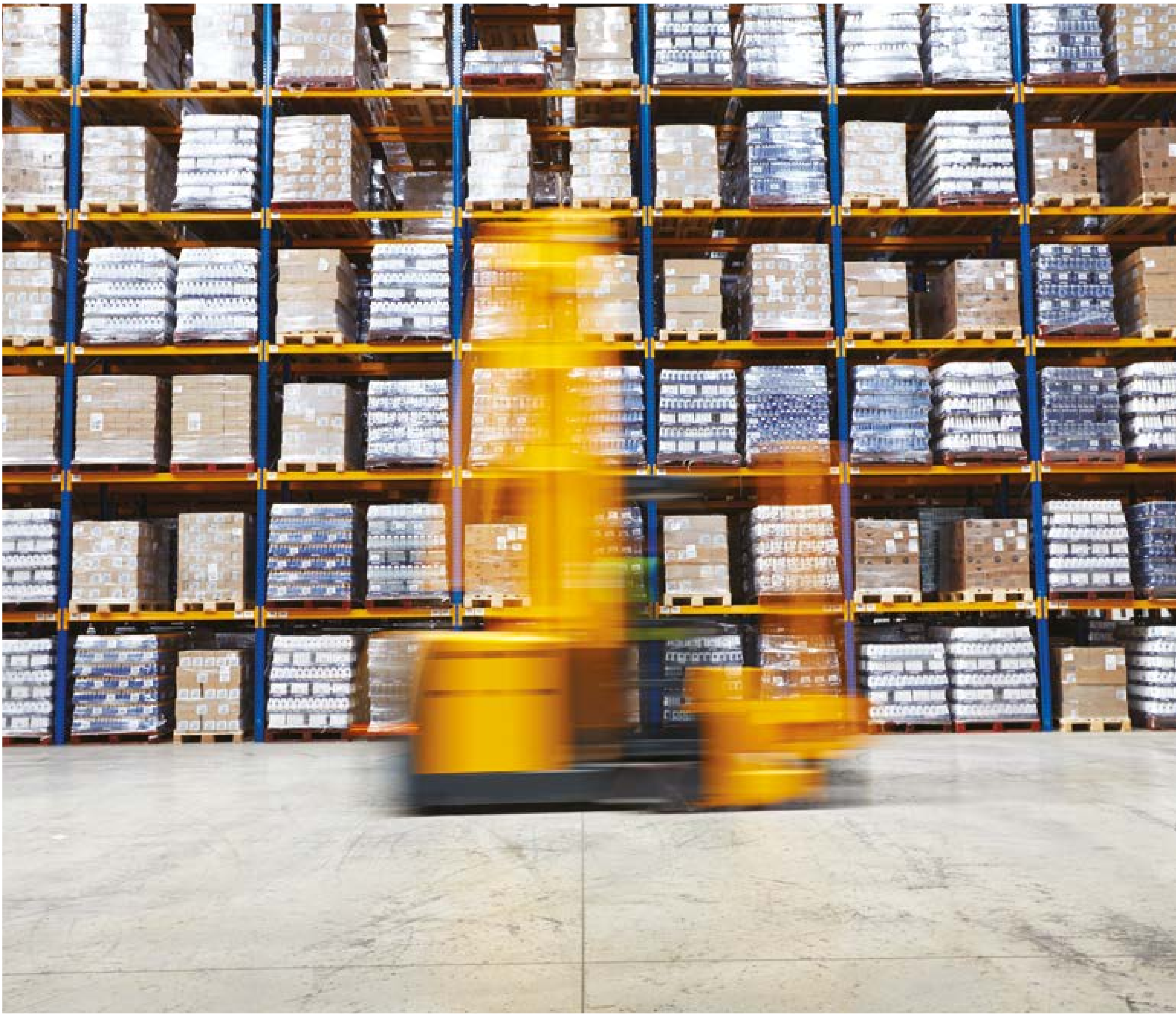
Cash flow statement
The positive operating cash flow of € 49.6 million includes a negative working capital movement of € 0.3 million, mainly related to an increase of raw material stock at the production division.
The investment cash flow amounted to € 51.1 million, which is € 14.5 million more than in the previous year. This increase was

primarily caused by investments in the production division and in pooling materials, both to support growth of activities and profitability improvement.

The cash outflow from financing activities is explained by repayments of € 3.1 million on long-term loans, dividend payments of € 1.4 million and a decrease compared to last year of € 7.5 million on the working capital bank facility. The investment activities were partly financed by a revolving credit facility from lending institutions. The availability of the total credit facility depends on the Leverage Ratio being below 3.00 and the Loan Cover Ratio being above 1.50. At year end, the Leverage Ratio was 1,14 and the Loan Cover Ratio was 3,22. The vendor-loan is a subordinated loan for the lending institutions, and therefore not taken into account in the ratio calculations. The ratios are well within the agreed limits.

Equity

Equity increased to € 89.2 million on 31 December 2018 (2017: € 79.9 million), an increase that was mainly caused by the positive result over 2018 (€ 10.9 million). Furthermore, dividend payments (€ 1.4 million) and translation differences (€ 0.2 million negative) affected total equity. Solvency increased to 36% (2017: 33%).



OUTLOOK 2019

In line with the persistent European economic growth expectation, we expect that this growth will continue to have a positive effect on transport and logistics and therefore on the activities of Faber Halbertsma Group as we will benefit from our:

- Unique proposition: the only integrated full-service producer and pooler in Europe;
- Further updated Group strategy, resulting in enhanced Division strategies;
- Strong brand;
- Smart, IT-driven solutions;
- Enterprising and innovative organisation structure;
- Strong financial position.

Emphasis on pooling activities

We believe that by providing production and closed- and open-pooling solutions, we create significant scale and benefits for our customers. We expect that future sales growth will come from our pooling activities and associated flexible services. Therefore, we will keep investing in our pool size and look for opportunities in business development and further expansion throughout Europe. At the same time, we will, based on our strategic alignment project in the Production division, focus on creating a safety and performance improvement culture and on the profitability and capability of the different production plants.

Personnel and organisation

Being a portfolio of companies with a decentralized organisation and compact holding structure, the right divisional leadership is crucial. Therefore we will continue to invest in good people, as we did in recent years, by training our existing workforce, by attracting new talent for key positions and by continuously investing in management development programs. This ensures an enterprising and innovative culture throughout the organisation and encourages local entrepreneurship. As such, we are positioned to remain close to our customers and respond decisively to issues or market developments. We cherish this culture, because we believe that our customers (in particular our pooling customers) gain the most from this and because it aligns with our customer intimacy and operational excellence growth strategies.

Continuously focusing on growth opportunities

In February 2019, via the acquisition of vPool, Faber Halbertsma Group again has shown its capability of acquiring and integrating other businesses. This will continue to be an important tool for achieving growth. Thanks to our knowledge of the market, IT systems and rapid integration possibilities, we believe we are well positioned to expand our operations in existing markets or unlock new geographic markets.

Beyond 2019

We are confident that we have a future full of opportunities ahead of us. Technology is heavily affecting the world economy and impacting our daily lives. This already has and will increasingly have its impact on our business. In a few years, developments that currently seem like science fiction can become commonplace. Think of air-borne deliveries by drone or self-driving trucks. Such developments will place increasing pressure on the traditional manufacturer-retailer channel we currently serve. In addition, we expect further consolidation in the number of major players and a strong increase in smaller, specialist retailers and retail organisations.

RISK AND RISK MANAGEMENT

The pallet pooling industry is a cyclical and capital intensive business with a high level of fixed costs, operating with relatively small margins. Because of this, market entry is relatively capital intensive. The pallet production industry can be characterised as a cyclical market with strongly fluctuating timber prices and currencies and increasing legal constraints and regulations.

This chapter describes the risk appetite of Faber Halbertsma Group concerning key risk areas, the internal risk management and control system, the significant risks faced by the business and the company's response to these significant risks.

Risk appetite of the company

The key risk areas include strategic, financial, operational and compliance risks. These risks can have an impact on Faber Halbertsma Group's brand, reputation, profitability, liquidity and access to capital markets. In terms of the level of risk that Faber Halbertsma Group is willing to accept to achieve its objectives, the following appetites can be distinguished: risk averse (low risk appetite), risk neutral (moderate risk appetite) and risk taking (high risk appetite).

Internal risk management and control system

Faber Halbertsma Group maintains a system in line with international risk management standards (COSO Enterprise Risk Management) to identify, monitor and manage risks, in full compliance with the risk management part of the 8th EU company law directive.

The Faber Halbertsma Group Enterprise Risk Assessment model determines strategic, financial, operational and compliance risks, as well as the related action plans within the context of its work, to realise the objectives of the company. Through its Internal Control Framework, Faber Halbertsma Group continuously pays additional attention to financial reporting. The existing risk management system supports this additional attention and contributes to compliance with Dutch Corporate Governance principles.

Risk mapping processes have been established by all entities. The entities update and report, at least half-yearly, their own risks sheets, addressing the risk itself, the probability that it will occur, its potential financial impact and actions taken or proposed. Risks are discussed in the management teams that own the risks. Both specific risks to each entity and transverse risks affecting the whole company, are the subject of reporting. Management teams discuss their risk sheets with the Group Control department. The Group Control department discusses these risk sheets with the Audit Committee. Substantial risks are discussed with the Supervisory Board. The members of the Management Board and the Supervisory Board review all measures implemented to control the substantial reported risk.

An annual internal process of issuing a Document of Representation ("DoR") is used to facilitate the internal accountability process. In its DoR, business management confirms to the Management Board the reliability of the financial and other figures they have submitted and the adherence to control procedures. At the same time, business management acknowledges and certifies that it is responsible for:

- reporting transparently on the outcomes of its risk management process;
- maintaining a reliable internal control framework in general (including Faber Halbertsma Group-wide controls) and for financial reporting in particular;
- reporting open control issues and the measures to monitor and mitigate the risks and related consequences of these control issues;
- reporting that there is no knowledge of any undisclosed material fraud or suspected fraud.

RISK AREA	RISK APPETITE	DESCRIPTION
Strategic	Moderate	Faber Halbertsma Group is willing to accept moderate risks to realise its strategic objectives. In achieving its strategic objectives, the company aspires to balance between people (lower risk appetite), planet (lower risk appetite) and profit (higher risk appetite).
Financial	Low	The company aims to retain its strong financial position. Due to its strong financial position, Faber Halbertsma Group is a reliable partner in the business and able to borrow money from lending institutions at low interest rates.
Operational	Low	Faber Halbertsma Group strives to maintain operational continuity. In order to achieve this objective, the company is risk averse concerning fundamental elements of the company's operations (for instance on-site safety and security and continuity and reliability of IT systems).
Compliance	Low	The company strives to comply with all laws and regulations (for instance compliance with the GDPR and compliance with laws and regulations in the production environment).

Significant risks facing the business

The pallet pooling and production industry and the execution of the strategy of Faber Halbertsma Group exposes the company to several significant risks. This paragraph describes the identified significant risks and the company's response to them.

Strategic risks

Risks linked to cyclical nature of the pallet pooling and production industry

Local, regional and international economic conditions can have an impact on the company's activities and its financial results. Periods of crisis are liable to affect demand for products by our customers and thus the demand for pallets or pallet pooling. Furthermore, during such periods, the company has to adjust its pool size or closely monitor its production capacity. The company monitors demand closely, adjusting capacity when needed.

Financial risks

Risks linked to volatile timber prices

Timber is a larger cost item for a pallet pooling or production company. The volatility of timber prices thus represents a risk for the pallet pooling and production industry. Both an increase and decrease of timber prices may have an impact on the profitability of the company. If market conditions permit, the fluctuation of prices is charged on to clients.

Risks linked to borrowing capability

Faber Halbertsma Group finances its capital requirements via operational cash flows and external financing. Any long-term obstacle to its ability to raise capital would reduce the Faber Halbertsma Group borrowing capability; any difficulty in securing financing under acceptable conditions could have a negative impact on the Faber Halbertsma Group activities and financial results.

Risks linked to tax loss carry forwards

Faber Halbertsma Group has tax loss carry forwards for which deferred tax assets have been recorded. These tax losses relate to a Belgian entity and originate from fiscal losses over the past years. Deferred tax assets are recognised only to the extent to which it is probable that future taxable profits, based on budget and medium term plans, will be available against which the asset can be utilised. If these future taxable profits do not materialise, this could have a significant impact on the recoverability of the capitalised tax loss carry forwards.

Exchange rate risks

The financial policy of the company is focused on limiting the short-term effects of exchange rate fluctuations on the result and to follow the market exchange rates in the long term. The company has a natural hedge for the effects of GBP/EUR fluctuations.

Interest rate risks

The financial policy of the company is focused on limiting the short-term effects of interest rate fluctuations on the result and to follow the market interest rates in the long term. The policy has the objective of limiting the interest rate risks on variable interest rates (based on 1-month Euribor) that ensue from the financing of the group and to optimise the net interest charges. This policy translates into a close monitoring of the development of market interest rates, with the intention to minimise volatility of the interest rates by means of interest rate swaps.

Market risks

Income partly depends on markets that are influenced by economic developments. The policy is to adjust the production and pooling capacity to the demand from the market. In addition, price developments in purchase markets form a risk for the profitability of the enterprise. If market conditions permit, the fluctuation of prices in purchase markets is charged on to clients.

Operational risks

Risks linked to transport availability

A decrease of transport availability could have a negative impact on results and customer delivery performance. Faber Halbertsma Group monitors transport availability closely and works on the implementation of a Transport Management System in order to minimise transportation needs and maximise flexibility.

Risks linked to safety and security

Safety and security are fundamental elements of Faber Halbertsma Groups operations and a prerequisite for customer satisfaction. Faber Halbertsma Group is committed to continuously improving the safety of its operations by using a Safety Management System.

Risks linked to IT and IT systems

Faber Halbertsma Group depends on IT and telecommunications systems which are increasingly used to exchange information with clients and third parties via a network of work stations and mobile devices. Systems are vulnerable to (cyber) threats from inside and

outside the company. There is an increasing amount of (inter) national laws and regulations demanding compliance. This context demands a high level of security, security knowledge and a similar mandate for the responsible IT Committee and its staff. Control measures are in place to safeguard data and IT processing, such as dedicated support centres and redundant networks, IT disaster recovery and access controls to the systems and data. These are checked regularly by external and internal auditors. Campaigns to raise the information security awareness of all staff are regularly carried out. External auditors and IT specialists periodically evaluate the effectiveness of the solutions in place. Cybercrime refers to a broad range of activities conducted to misuse data and systems for economic, personal or psychological gain. The Faber Halbertsma Group IT Committee governs preventive and detective actions such as security assessments and intrusion protection.

Risks linked to human resources
Due to labour market conditions, the availability of qualified and skilled personnel is limited. Human resources have a major impact on operational performance. Faber Halbertsma Group is, as part of its strategy, implementing development and retention plans to mitigate the risks linked to human resources.

Compliance risks
Risks linked to non-compliance with antitrust legislation and compliance in general
Faber Halbertsma Group has a set of procedures which are aimed at preventing a breach of antitrust legislation, such as online training modules and explanatory manuals.

Fraud risks
By means of the Faber Halbertsma Group fraud policy, Faber Halbertsma Group mitigates the risk of intentional acts designed to deceive or mislead others mainly to obtain unjust or illegal advantage to the detriment of Faber Halbertsma Group. By facilitating Self-Assessment Questionnaires, workshops and compliance roadshows, awareness is created with regards to the identification and prevention of fraud risks. As part of reporting on compliance to the Management Board and Supervisory Board, fraud-related cases and their potential financial impact are included, when applicable, in a more comprehensive reporting process.

Risks linked to transfer pricing
The combination of Faber Halbertsma Group entities requires measures to be taken to ensure compliance with tax legislation including well-documented cross border intercompany transactions. Strong monitoring and mitigating controls have been introduced, such as a Faber Halbertsma Group guideline and the active monitoring of the arms-length character of transactions.

Legal risks and arbitration procedures
In relation to the normal exercise of activities, Faber Halbertsma Group is involved in disputes, which either result in provisions being booked in the consolidated financial statements or information being included in the notes to the consolidated financial statements as to the possible liabilities.

03 GOVERNANCE

Faber Halbertsma Group is a brand name of Faber Halbertsma Beheer BV, which is a private limited liability company incorporated under Dutch Law. Supervision and management of Faber Halbertsma Group is structured in accordance with the two-tier model, i.e. a Management Board supervised by a Supervisory Board.

Faber Halbertsma Group's corporate governance is based on the company's bylaws. Furthermore, Faber Halbertsma Group has brought its corporate governance (insofar as possible) in line with generally accepted principles of good governance.

This section covers the corporate governance policy of Faber Halbertsma Group. There have been no material changes in the company's governance policy in comparison with financial year 2017.

Management Board

On 31 December 2018, the Management Board of Faber Halbertsma Beheer BV consisted of one member: Mrs. I.G.C. Faber. The Management Board of Faber Halbertsma Group as a group consisted of two members: Mrs. I.G.C. Faber (CEO) and Mr. C.M.F. Peeters (CFO). The Management Board is supervised and advised by the Supervisory Board and both are accountable to the General Meeting of Shareholders. The Management Board is appointed, suspended and dismissed by the General Meeting of Shareholders.

The Management Board of the Pooling divisions consists of two members and the Production division of one member. All are appointed and supervised by the Management Board.

Supervisory Board

Faber Halbertsma Group has a Supervisory Board that supervises the Management Board and the general performance of the company. It also provides the Management Board with advice. The Supervisory Board is appointed by the Shareholders' meeting on the recommendation of the Supervisory Board. The Supervisory Board consists of five members.

Supervisory Board members resign after being appointed for four years. It is possible to reappoint Supervisory Board members again for a further four-year period.

The Supervisory Board meets without the Management Board at least once a year to conduct a self-assessment. The Supervisory Board also reviews the performance of the Management Board and each of its individual members, as well as the related conclusions, at least once a year.

The Supervisory Board evaluates corporate strategy at least once a year and executes a risk assessment of the company as well as the structure and operational effectiveness of the internal control framework and all related modifications.

General Meeting of Shareholders

Annually, within six months of the closing of the book year, a General Meeting of Shareholders is held. In addition to the Annual General Meeting of Shareholders, a General Meeting of Shareholders may be convened by the CEO, the CFO, or by one or more shareholders who have an individual or combined interest of at least 10% of issued shares. Faber Halbertsma Group's next Annual General Meeting of Shareholders will be held on 20 May 2019.

Primary authorities of the General Meeting of Shareholders are:

- the right to appoint Supervisory Board members and to determine the yearly allowance;
- adoption of Financial statements and discharge of the Management Board for the policy pursued and the Supervisory Board for their supervision in the past year;
- making decisions on amendment of the articles of association or dissolution of the company;
- approving decisions of the Management Board on major changes in the identity or character of the company or the business.

Dutch Act on Management and Supervision

Among other topics, the Dutch Act on Management and Supervision (as laid down in Article 2:276, Section 2 of the Dutch Civil Code) contains a guideline for balanced gender diversity on the Management Board and Supervisory Board of a (large) company. At least 30 percent of the positions are to be held by women and at least 30 percent by men.

As of 31 December 2018, more than two-thirds of seats in the Supervisory Board of the company were occupied by men. As such, it did not comply with the gender diversity principle of the Act on Management and Supervision. In the event that candidates for new appointments to the Supervisory Board are to be selected, the Supervisory Board will duly consider the relevant diversity requirements when searching, selecting and evaluating the candidates.

Corporate Governance

Faber Halbertsma Group's Corporate Governance is, insofar as possible, in line with generally accepted principles of good governance, such as are laid down in the Dutch Corporate Governance Code.

Although Faber Halbertsma Group as a non-listed company is not formally obliged to comply with the Code, it has committed itself to follow the Code voluntarily where possible.

The supervision of the policies and actions of the Management Board of Faber Halbertsma Group units is entrusted to the Supervisory Board which, in the two-tier corporate structure under Dutch law, is a separate body and fully independent of the Management Board.

04 REPORT OF THE SUPERVISORY BOARD

Supervision by the Supervisory Board

The Supervisory Board met on seven occasions during the financial year 2018. Two of these meetings were organised at an external location and one was combined with an on-site tour of a production facility. One of the meetings consisted of a workshop, designed to discuss the Strategy of the company. In addition to regular meetings, the Supervisory Board and the Management Board have both formal and informal contacts to discuss substantive issues and advise the Management Board on various topics.

In line with usual practice, four regular meetings were held close to the quarterly closing. During these meetings discussions concentrated on Faber Halbertsma Group's financial results (quarterly and annual) and strategic options. These meetings were well attended by the members, with full attendance for all meetings combined, except for one occasion where one member couldn't attend a meeting.

Financial topics

The Supervisory Board was informed on the progress of the (financial) results versus Budget and Annual Plan and on other topics such as, but not limited to, human resources, sales development and IT strategy, developments in the markets and on the best way to respond and in particular on margin development and risk mitigation.

The Management Board has presented the strategies of the respective divisions to the Supervisory Board and has also presented Budget 2019. The Supervisory Board approved the Group Strategy and the strategies of the individual divisions and has also approved Budget 2019. The Production division will mainly focus on the further definition and execution of its Strategy per individual production plant and the Pooling divisions will continue to focus on further expanding market share and on profitability improvement.

Faber Halbertsma Group's debt and cash position has extensively been discussed and reviewed on several occasions. The ratios were found to be well within the range set by our financial institutions in the Credit Facility.

Specific point of attention in 2018 has been the improvement of internal controls as well as the implementation of the IT road map as defined by the IT committee.

Other topics discussed during the financial year, some of which are recurring:

- Potential Mergers & Acquisitions
- Portfolio Strategy
- (Re)branding
- Commercial Strategy and sales force effectiveness
- Management Development;
- Performance and remuneration of the Board of Managing Directors.

Composition of the Supervisory Board

In 2018, the Supervisory Board of Faber Halbertsma Group consists of Mr P.J.J.M. Swinkels (chairman), Mr. H.J.G. Hendriks, Mr. L.M. Sondag, Mr. M. Kesteloo and Mr. F.F. Faber. As per December 31, 2018, Mr. P.J.J.M. Swinkels stepped down as chairman of the Supervisory Board. We are very grateful for all his work as chairman of the Supervisory Board. He has been of importance in the continuing professionalisation of the company in the past years. As per January 1, 2019, Mr. Swinkels was succeeded by Mr. C.M. Jaski. The Supervisory Board wishes to express its respect and gratitude for the accomplishments of Mr. Swinkels. Mr. F.F. Faber joined the Supervisory Board per September 11, 2018.

The Supervisory Board has a separate Audit Committee and Remuneration Committee in place.

Audit Committee

The Audit Committee consists of 2 Supervisory Board members: Mr. H.J.G. Hendriks (chairman) and Mr. M. Kesteloo. The Audit Committee's task is to supervise in particular the (quality of the) accounting and financial reporting practices, including quarterly and annual reporting, accounting and financial reporting policies and procedures, the (quality of the) internal control system and internal audit function, the independent external audit of the Financial Statements, the performance and evaluation of the external auditor, the policy on tax planning and compliance with relevant legislation and regulations. During the year, several meetings were held in which, amongst others, the Internal Control Framework was discussed with the CFO and group control department. The Audit Committee met on five occasions during the financial year 2018 of which during two meetings the Financial Auditor also participated to discuss the outcome of the financial audit 2017 and the interim audit 2018.

Remuneration Committee

In 2018, the Remuneration Committee consists of 2 Supervisory Board members: Mr. P.J.J.M. Swinkels (chairman) and Mr. H.J.G. Hendriks. As per January 1, 2019, Mr. Swinkels was succeeded by Mr. C.M. Jaski as chairman of the Remuneration Committee. The task of the Remuneration Committee is to assist the Supervisory Board regarding the development and appropriate application of remuneration policies for our Management Board, including the remuneration of the members of the Management Board for the coming year and the remuneration of members of the Supervisory Board, for submission to the Supervisory Board and to the General Meeting of Shareholders.

Financial Statements 2018

The Management Board hereby presents the annual report and the financial statements for financial year 2018. The financial statements were audited by Deloitte Accountants BV. The Supervisory Board has discussed the financial statements and the annual report with the external auditors and the Management Board. The unqualified auditor's report, as issued by Deloitte, can be found in the Other Information section of the financial statements.

The Supervisory Board is satisfied that the annual report and the financial statements comply with all relevant requirements and proposes that the shareholders grant discharge to the Supervisory Board and Management Board for their respective performances during the financial year 2018.

Independence

The Supervisory Board considers all but one of its members to be independent pursuant to the Dutch Corporate Governance Code. Mr F.F. Faber, in his capacity of former Chief Financial Officer of Faber Halbertsma Group, is not considered to be independent. In practice however, this has no consequence for daily Supervisory Board practice, since it has been 20 years since Mr. F.F. Faber performed his duties as Chief Financial Officer.

Closing remarks

In 2018, the company continued to optimise the operating performance, in order to improve the return on sales and investments. The company also worked very hard on the strategy, both at Group level as within the separate divisions. In the upcoming year the company will continue to focus, amongst other things, on improving and further enhancing the strategy.

The members of the Supervisory Board are grateful for the work undertaken by the Management Board in order to meet Faber Halbertsma Group's strategic and business objectives. The Supervisory Board expresses its appreciation to all Faber Halbertsma Groups employees for their hard work, dedication and commitment to Faber Halbertsma Group and its customers across Europe.

Eck en Wiel, 13 May 2019

C.M. Jaski
Chairman

05 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS PER 31 DECEMBER | BEFORE APPROPRIATION OF RESULT

ASSETS (AMOUNTS IN THOUSANDS OF EUROS)	2018		2017	
Fixed Assets				
Intangible fixed assets (1)				
Goodwill	5,424		6,493	
Other intangible assets	3,683		2,354	
		9,107		**8,847**
Tangible fixed assets (2)				
Land and buildings	15,004		16,008	
Plant and machinery	3,227		3,030	
Other tangible fixed assets	117,552		105,845	
Assets under construction and prepayments on tangible fixed assets	6,357		1,168	
		142,140		**126,051**
Financial fixed assets (3)		**3,108**		**2,095**
		154,355		**136,993**
Current Assets				
Inventories (4)				
Raw materials and consumables	9,023		8,392	
Semi-manufactured	1,624		1,504	
Finished goods	13,131		11,056	
		23,778		**20,952**
Receivables (5)				
Trade receivables	56,720		56,933	
Taxes and social securities	8,901		6,363	
Other receivables	769		834	
Prepayments and accrued income	1,487		1,308	
		67,877		**65,438**
Cash at banks and in hand (6)		**5,520**		**19,258**
		97,175		**105,648**
		251,530		**242,641**

LIABILITIES (AMOUNTS IN THOUSANDS OF EUROS)	2018		2017	
Group equity (7)				
Share of the legal entity in group equity	89,172		79,900	
Share of third parties in group equity	11		14	
		89,183		**79,914**
Provisions (8)				
Deferred tax liabilities	14,214		11,473	
Pensions	399		445	
Other provisions	1,845		929	
		16,458		**12,847**
Non-current liabilities (9)				
Long term loans	21,402		22,987	
		21,402		**22,987**
Current liabilities (10)				
Repayment obligations on non-current liabilities	1,667		3,073	
Debts to lending institutions	63,973		71,482	
Trade creditors	34,827		29,862	
Corporate income tax	4,593		3,032	
Other taxes and social securities	3,117		4,296	
Pensions	100		0	
Other liabilities, accruals and deferred income	16,211		15,148	
		124,488		**126,893**
		251,530		**242,641**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

AMOUNTS IN THOUSANDS OF EUROS		2018		2017
Net turnover (11)	**326,794**		**308,801**	
Change in stock of finished and semi-finished products	1,450		(1,254)	
Capitalised assets for production	9,400		9,029	
Total operating income		**337,644**		**316,576**
Cost of raw materials, consumables and outsourced work	211,294		197,464	
Added value		**126,350**		**119,112**
Wages, salaries and social securities (12)	56,339		50,147	
Depreciation of intangible and tangible fixed assets (13)	33,887		31,906	
Other changes in valuation of (in)tangible fixed assets (14)	374		1,300	
Other operating costs (15)	18,393		17,636	
Exceptional charges (16)	(3,594)		832	
Total operating expenses		**105,399**		**101,821**
Operating result		**20,951**		**17,291**
Result on participations	0		0	
Financial income and expenses (17)	(2,612)		(2,125)	
Result from ordinary business activities before tax		**18,339**		**15,166**
Tax on result from ordinary business activities (18)	(7,437)		(5,671)	
Result from ordinary business activities after tax		**10,902**		**9,495**
Result attributable to non-controlling interests	3		2	
Result after taxation		**10,905**		**9,497**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER | IN ACCORDANCE WITH THE INDIRECT METHOD

AMOUNTS IN THOUSANDS OF EUROS	2018		2017	
Operating result	**20,951**		**17,291**	
Adjustments for:				
Depreciation and other changes in valuation of intangible and tangible fixed assets	34,260		33,206	
Other non cash transactions	81		(346)	
Change in provisions	871		80	
Changes in net working capital:				
Movement in operational accounts receivable	(2,686)		(4,489)	
Movement in inventories	(2,832)		819	
Movement in operational accounts payable	5,159		1,303	
Cash flow from operations		**55,804**		**47,864**
Financial income received	73		72	
Financial expenses paid	(2,142)		(1,228)	
Income taxes	(4,138)		(1,711)	
		(6,207)		**(2,867)**
Cash flow from operating activities		**49,597**		**44,997**
Investments intangible fixed assets	(1,450)		(702)	
Divestments intangible fixed assets	56		9	
Investments tangible fixed assets	(78,521)		(58,986)	
Divestments tangible fixed assets	28,813		23,955	
Investments in subsidiaries	-		(844)	
Cash flow from investment activities		**(51,102)**		**(36,570)**
Cash flow from operating and investment activities		**(1,505)**		**8,427**
Movement in amounts owed to credit institutions	(7,509)		41,840	
Repayment on non-current liabilities	(3,073)		(17,638)	
Dividends paid	(1,425)		(1,440)	
Movement in financial fixed assets	25		-	
Other changes in equity	4		(13,628)	
Cash flow from finance activities		**(11,978)**		**9,134**
Net cash flow		**(13,483)**		**17,561**
Exchange rate differences on cash		**(255)**		**(981)**
Movements in cash		**(13,738)**		**16,580**

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT FOR THE YEAR ENDED 31 DECEMBER

AMOUNTS IN THOUSANDS OF EUROS	2018		2017	
Consolidated result after taxation		**10,905**		**9,497**
Translation differences on foreign operations registered directly in equity capital	(209)		(795)	
Total direct movements in equity as part of the group equity		**(209)**		**(795)**
Total results		**10,696**		**8,702**

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

General

Activities
The activities of Faber Halbertsma Beheer BV, with its registered office in Assen and its principal place of business at Prinses Beatrixstraat 35, Eck en Wiel and filed with the Trade Register at the Chamber of Commerce under number 11063927, and its group companies, comprise mainly of the sale, production, repair and renting out of pallets and boxes.

Group structure
Faber Halbertsma Beheer BV in Assen is the head of a group of legal entities. An overview of the data required on the basis of Sections 379 and 414 Book 2 of the Dutch Civil Code is included hereinafter.

NAME	REGISTERED OFFICE	SHARE IN ISSUED SHARE CAPITAL
Doetichemse Emballage Fabriek BV 1)	Eck en Wiel	100%
Easypal BV	Eck en Wiel	81%
Faber Halbertsma Groep BV *)	Eck en Wiel	100%
Faber Halbertsma Holding BV *)	Assen	100%
Fagot BV	Eck en Wiel	100%
FHG Faber Pallets BV *)	Assen	100%
FHG Germany BV *) 2)	Eck en Wiel	100%
FHG Germany Holding GmbH & Co KG	Emmerich (D)	100%
FHG Halba Houtimport BV *)	Eck en Wiel	100%
FHG Halbertsma Pallets (Grouw) BV *)	Grouw	100%
FHG IPP Logipal Sp. z.o.o.	Warsaw (PL)	100%
FHG P.R.S. Management BV *)	Eindhoven	100%
FHG Phoenix Pallets BV *)	Hasselt	100%
FHG Satim Bela Russia BV	Eck en Wiel	100%
FHG Satim BV *)	Eck en Wiel	100%
FHG Verwaltungs GmbH	Emmerich (D)	100%
Francepal SAS	Durtal (F)	100%
Halbertsma Pallets (Maastricht) BV 3)	Bunde	100%
International Pallet Pool BV *)	Eindhoven	100%
IPP Logipal GmbH	Ennepetal (D)	100%
IPP Logipal Iberia S.L.	Madrid (ES)	100%
Korafin Beheer Bvba	Schoten (B)	100%
Naus Kisten en Pallets BV *)	Espel	100%
P.R.S. Turkiye Limited	Mersin (TR)	100%
Packaging Partners NV	Westmalle (B)	100%
PAKi Logistics GmbH	Ennepetal (D)	100%
Pasec NV	Westmalle (B)	99%
PK Beteiligungs GmbH	Emmerich (D)	100%
PK Logistik Beteiligungs GmbH	Emmerich (D)	100%
Pooling Partners Service Centre Glenfield Ltd	Coventry (GB)	100%
T&A Paletten GmbH	Emmerich (D)	100%
Timwood AG	Zug (CH)	100%

*A notice of liability, as referred to in Section 403 Book 2 of the Civil Code, has been issued for companies marked with an *).*
1) Name has changed to FHG Production Holding BV as per April 1, 2019
2) Name has changed to Faber Halbertsma Group BV as per April 1, 2019
3) Name has changed to IPP-PRS Holding BV as per April 1, 2019

Discontinuance of operations

NAME	REGISTERED OFFICE	SHARE IN ISSUED SHARE CAPITAL
C2CP BV	Sittard	51%

Since the end of 2013, the activities of C2CP BV, are no longer valued at the assumed continuity value but at the direct net realisable value (liquidation value) of the assets reduced by the expenditures due to the settlement of obligations and liquidation costs. In 2019, its liquidation will probably be effected.

On January 8, 2019 the Management Board announced a plan to terminate T&A Paletten GmbH. This activity is part of the Production division. The company has entered into negotiations with several candidates for the disposal of the assets. The disposal is expected to be finalised in the course of 2020.

On December 31, 2018 the carrying amount of the assets to be disposed amounts to EUR 7 million (2017: EUR 8,3 million) and the items of the liabilities to be disposed amount to EUR 5,3 million (2017: EUR 6,5 million). Over 2018 the turnover realised amounted to EUR 15,5 million (2017: EUR 16,1 million), the costs amounted to EUR 18,4 million (2017: EUR 17,6 million), resulting in a loss from ordinary operating activities before taxation of EUR 2,9 million (2017: EUR 1,6 million). The tax income on this loss is EUR 0,9 million (2017: EUR 0,5 million).
Over 2018 the cash flow from operating activities amounts to EUR -/- 0,4 million (2017: EUR 1,0 million), the cash flow from investment activities amounts to EUR -/- 0,3 million (2017: EUR -/- 0,4 million) and the cash flow from financing activities amounts to EUR 1,1 million (2017: EUR 0,5 million).

Principles for the consolidation

The financial data of the companies forming part of the group and other legal entities over which predominant control can be exercised or over which central management is executed, are included in the consolidated financial statements of Faber Halbertsma Beheer BV. The consolidated financial statements have been drawn up subject to application of the principles for valuation and determination of results of Faber Halbertsma Beheer BV.

The financial data of Faber Halbertsma Beheer BV is included in the consolidated financial statements so that, making use of Section 402, Book 2 of the Civil Code, an abridged income statement suffices in the company financial statements.

The financial data of the group companies and other legal entities and companies involved in the consolidation are fully included in the consolidated financial statements, subject to the elimination of mutual relationships and transactions. Interests of third parties in the assets and in the result of group companies have been separately represented in the consolidated financial statements.

The results of newly acquired group companies, other legal entities and companies included in the consolidation are consolidated from the takeover date. On this date, assets, provisions and debts are valued at actual value. Goodwill paid is entered as an asset and depreciated over the economic life. The results of participating interests disposed of are processed in the consolidation until the group relationship is terminated.

General accounting principles for the preparation of the consolidated financial Statements

The consolidated financial statements have been drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial statements are presented in Euro, the company's functional currency. Unless otherwise stated, all financial information has been rounded to the nearest thousand.

Certain comparative figures have been restated where necessary to conform with current period presentation.

Estimates and changes in accounting estimate

The drawing up of the financial statements requires that management forms opinions, estimates and assumptions that have an impact on the application of principles and the reported value of assets and obligations and of revenue and expenditure. The actual outcomes can derogate from these estimates. The estimates and the underlying assumptions are continuously assessed. Consequences of a review of estimates are included in the period during which an estimate is reassessed, and in the future periods for which the review will have consequences. For 2018, there were no changes in the accounting estimations.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts) and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the 'Non-recognised assets and liabilities and contingent assets and liabilities'.

Primary financial instruments
For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'.

Derivative financial instruments (derivatives)
Upon first recognition, financial derivatives are recognised at fair value and then revalued at fair value as at balance sheet date. The profit or loss from the revaluation to fair value as at balance sheet date is recognised directly in the profit and loss account. If, however, financial derivatives are eligible for hedge accounting, and hedge accounting is applied, recognition of this profit or loss depends on the nature of the hedge.

Hedge accounting
The group does not apply hedge accounting.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Foreign group companies and non-consolidated associated companies outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the exchange rate at transaction date. The exchange rate differences that arise are directly deducted from or added to group equity and recognized in the translation differences reserve. This likewise applies to the translation differences on loans that form part of the net investment in the business operations abroad.

Principles of valuation of assets and liabilities

Intangible fixed assets
Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The expected useful life and the amortisation method are reassessed at the end of each financial year. For the development costs a statutory reserve is formed in the amount of the capitalised amount.

Tangible fixed assets
Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

Costs for periodical major maintenance are charged to the result at the moment they arise.

For pooling material; it is annually calculated whether, on the basis of the loss of materials, additional depreciation is necessary. The acquisition value is adjusted only for pooling material for which its loss is certain. Pooling material in an open exchange system is valued at average market value, whereby the write down from cost to average market value is recognised as depreciation. In the event of disposal or sale the "Last In, First Out" (LIFO) principle is applied.

Financial fixed assets
Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Faber Halbertsma Beheer BV.

Associated companies with a negative net equity value are valued at nil. This likewise takes into account other long-term interests that should effectively be considered as part of the net investment in the associated company. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively, to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in value. Upon initial recognition the receivables on and loans to associated companies and other receivables are valued at fair value and then valued at amortised cost, after deduction of any provisions. These provisions are determined by individual assessment of the receivables. Deferred tax assets are included in the financial fixed assets if, and insofar as, it is probable that the tax claim will actually take place. The calculation of deferred tax assets occurs at the tax rates applicable at the end of the year or at the rates applicable in future years that have already been enacted. Deferred tax assets are carried at discounted value. Deferred tax assets originated from capitalised tax losses carry forward are valued at discounted value.

Inventories
Inventories of raw materials, consumables and goods for resale are valued upon initial recognition at cost and then at the lower of cost of acquisition and net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories of raw materials and consumables is based on fifo. The inventories of goods for resale are valued individually, at acquisition price or lower net realizable value.

The work in progress and the inventories of finished goods are valued upon initial recognition at cost and then at the lower of cost of manufacture and net realizable value. This lower net realizable value is determined by individual assessment of the inventories. Cost of manufacture includes direct materials used, direct wages and machine costs and other direct costs of manufacture, together with applicable production overhead and the interest on liabilities over the period that is attributable to the construction of the asset.

Net realizable value is based on estimated selling price, less any future costs to be incurred for completion and disposal.

The pool pallets included under finished product are valued at cost price after deduction of costs for collection, sorting and repair. The valuation of the stock of raw materials and consumables comes into effect on the basis of the FIFO method (first in, first out).

Receivables
Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash
The cash is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Third-party share in group equity
The share of third parties in the group equity concerns the minority interest of third parties in the shareholders' equity of consolidated companies. In the profit and loss account the share of third parties in the result of consolidated companies is deducted from the group result.

If the losses attributable to the minority interest of third parties exceed the minority interest of third parties in the shareholders' equity of the consolidated companies, the difference – as well as any further losses – will be fully charged to Faber Halbertsma Beheer BV, unless and insofar as the minority shareholder is committed to assume responsibility for those losses and is able to do so. If the consolidated companies once again generate profit, these profits will fully be debited to Faber Halbertsma Beheer BV, until the losses for which Faber Halbertsma Beheer BV has assumed responsibility have been recovered.

Provisions
Pension for employee benefits
The provisions of the Dutch Pensions Act apply to Dutch pension schemes and mandatory, contractual or voluntary contributions are paid to pension funds and insurance companies. For foreign entities, the local legislation and regulations are applied. Contributions are accounted for as personnel costs as soon as these become due. Contributions paid in advance are included as prepayments and accrued income, if this results in a return or in a reduction of future payments. Contributions not yet paid are included as an obligation in the balance sheet provision or, as the case may be, an account receivable is included for future obligations ensuing from the existing contract terms (other than the contributions to be paid) with the pension provider and/or undertakings to employees.

This concerns a provision/account receivable for:

- Extra pension rights ensuing from the promised future salary increase in the event of a final pay scheme;
- Interest or profit sharing, which (in accordance with the insurance contract) becomes available to Faber Halbertsma Beheer BV;
- Advantages or disadvantages of individual transfers payments that are debited to Faber Halbertsma Beheer BV.

Pension schemes are valued on the basis of the best estimate. The obligation is thus valued at the cash value of the expenditure which is expected to be necessary to settle the obligation as per the balance sheet date. The starting point for the calculation of the value includes inter alia mortality tables and offers of prominent pension insurance companies. If the period over which the expenditure is made is longer than one year, the obligation will not be taken at cash value. Supplements to and release of pension schemes are debited or credited to the income statement.

Bonus and profit sharing schemes
An obligation is included on the basis of the relevant performance schemes for bonus schemes and profit sharing. The obligation is included as such under the short-term liabilities.

Provisions for deferred tax liabilities
For tax amounts to be paid in the future on the basis of differences between commercial and tax balance sheet valuations, a provision is made to the amount of the sum of these differences multiplied by the applicable tax rate. Short term valuation differences are calculated on the basis of nominal value. Valuation differences with a long-term character are accounted for at discounted value.

Other provisions
A provision is included for existing, enforceable by law, obligations or actual obligations of an uncertain extent or with an uncertain point in time due to an event in the past and for which it is probable that the settlement will result in an outflow of resources.

Provisions that are settled within one year after the balance sheet date or that are of limited material importance, are included at nominal value. Other provisions are included at the discounted value of the expected expenditure. During the determining of these expenditures, the specific risk with regard to the obligation concerned is taken into account. The cash value is calculated with a discount rate for tax in which the actual market assessment of the time value of money is expressed. For the determining of the expected expenditure, detailed plans aimed to limit these uncertainties are taken into account.

Reorganisation
A restructuring provision is included if a detailed reorganisation plan is approved whereby the most important characteristics of that plan are also reported to those who are directly involved (Dutch Accounting Standards Board (RJ) 252.413/414).

Long term and short-term liabilities
At initial recognition, loans and debts are included at actual value and thereupon valued at the amortised cost.

Principles for the determination of the result

Net turnover
Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

The proceeds from renting activities are included pro rata insofar as the services are executed, based on the costs incurred until the balance sheet date in the context of the provision of service in relation to the estimated costs of the total provision of service to be executed. The cost price of these services is allocated to the same period. Production value used for pooling activities is eliminated so that the net turnover remains.

Costs of raw materials, consumables and outsourced work
The costs of raw materials and consumables are comprised of the cost price of the sold, rented out or delivered goods, which is comprised of the direct use of materials and outsourced work, the direct wages, machine costs and other direct and indirect costs that can be attributed.

The costs of the raw materials and consumables are calculated on the basis of historical cost price with the application of the FIFO (first in, first out) system; finished products purchased from third parties are included at historical cost. Any costs in the event of write-down of the stock are, insofar as these do not have an extraordinary character, added to the cost prices referred to.

Capitalised production
The cost of capitalised production is comprised of the cost price of the sold goods attributed to group companies.

Wages and salaries
General
Wages and salaries (consisting of wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement, but disclosed in the supporting notes.

Short term cost wages and salaries
Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, when they are due to employees and the tax authorities respectively.

Amortisation of intangible fixed assets and depreciation of tangible fixed assets
Intangible assets, including goodwill, are amortised and tangible fixed assets are depreciated over their estimated useful lives as from the moment that they are ready for use. Land is not depreciated.

Future depreciations and amortisation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sales of property, plant or equipment are included in depreciation.

The share in the result of participating interests that are not consolidated and in which there is participation
In the event of participating interests in which no influence of any importance is exercised over the commercial and financial policy, the dividend paid out is regarded as the result. Processing of this takes place under the item with the same name in the income statement.

Taxation
Corporate income tax is calculated at the applicable rate over the result of the financial year, whereby permanent differences between the profit calculation according to the financial statements and the computation of taxable profits are taken into account and whereby deferred tax assets (if applicable) will only be valued insofar as the realisation thereof is likely.

Principles for preparation of the consolidated cash flow statement

The cash flow statement has been prepared using the indirect method.

The cash items disclosed in the cash flow statement comprise cash and cash equivalents. Cash equivalents can be considered to be highly liquid investment.

Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Interest paid and received, dividends received and Income taxes paid are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payments of the lease instalments on account of the financial lease contract are presented as redemptions of debts for the redemption component and as paid interest for the interest component.

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

1. Intangible fixed assets

AMOUNTS IN THOUSANDS OF EUROS	GOODWILL	OTHER INTANGIBLE FIXED AS	TOTAL
Acquisition value till 1 January 2018	10,688	5,048	15,736
Amortisation till 1 January 2018	(4,195)	(2,694)	(6,889)
Book value as at 1 January 2018	**6,493**	**2,354**	**8,847**
Capital expenditures	-	1,529	1,529
Disposals and sales	-	(56)	(56)
Amortisation	(1,069)	(144)	(1,213)
Book value as at 31 December 2018	**5,424**	**3,683**	**9,107**
Acquisition value until 31 December 2018	10,688	6,521	17,209
Amortisation until 31 December 2018	(5,264)	(2,838)	(8,102)
Book value as at 31 December 2018	**5,424**	**3,683**	**9,107**
Amortisation period	**10 years**	**5 years**	

The book value of goodwill relates for an amount of € 1,430,000 (2017: € 1,906,000) to the takeover of the shares in PK Beteiligungs GmbH and PK Logistik Beteiligungs GmbH (remaining lifespan 3 years), for € 276,000 (2017: € 404,000) to the takeover of the activities of Naus Kisten en Pallets BV (remaining lifespan 2 years) and for an amount of € 3,718,000 (2017: € 4,183,000) for the acquisition of the shares of IPP Logipal Iberia S.L.

During the acquisitions in 2011, 2012 and 2016 the economic life of the goodwill was considered longer than the regular 5 years and was estimated at 10 years. The estimated economic life is tested annually.

Capital expenditure on other intangible fixed assets mainly consists of investments in ERP software.

2. Tangible fixed assets

AMOUNTS IN THOUSANDS OF EUROS	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS ON TANGIBLE FIXED ASSETS	TOTAL
Acquisition value till 1 January 2018	32,677	33,730	308,666	1,169	376,242
Depreciation till 1 January 2018	(16,450)	(30,855)	(202,888)	-	(250,193)
Book value as at 1 January 2018	**16,227**	**2,875**	**105,778**	**1,169**	**126,049**
Commissioned	-	130	-	(130)	-
Capital expenditures	492	1,523	71,075	5,333	78,423
Disposals and sales	(611)	(5)	(28,196)	-	(28,812)
Depreciation	(1,104)	(1,096)	(30,475)	-	(32,675)
Other impairments in value	-	(200)	(174)	-	(374)
Currency translation	-	-	(456)	(15)	(471)
Book value as at 31 December 2018	**15,004**	**3,227**	**117,552**	**6,357**	**142,140**
Acquisition value until 31 December 2018	32,093	34,444	338,356	6,360	411,253
Depreciation until 31 December 2018	(17,089)	(31,217)	(220,804)	(3)	(269,113)
Book value as at 31 December 2018	**15,004**	**3,227**	**117,552**	**6,357**	**142,140**
Depreciation period	**20 years**	**5-7 years**	**4-10 years**	**-**	

Capital expenditure on other tangible fixed assets mainly relates to investments in pooling materials. For pooling material, it is annually calculated whether – on the basis of the loss of materials – an additional depreciation is necessary. The acquisition value is adjusted only for pooling material for which its loss is certain.

*Pooling material in an open exchange system is valued at average market value, whereby the write down from cost to average market value is recognised as depreciation. In the event of disposal or sale the “Last In, First Out” (LIFO) principle is applied.

Capital expenditure on assets under construction primarily relates to machinery under construction.

Net book values are determined on the basis of regularly conducted impairment assessments and, if necessary, corrected.

3. Financial fixed assets

AMOUNTS IN THOUSANDS OF EUROS	DEFERRED TAX ASSETS	OTHER FINANCIAL FIXED ASSETS	TOTAL
Book value as at 1 January 2018	**2,065**	**30**	**2,095**
Repayments	-	(4)	(4)
Transfer from deferred tax liabilities	344	-	344
Capitalised carry forward losses	421	-	421
Translation differences	(5)	-	(5)
Other changes	272	(15)	257
Book value as at 31 December 2018	**3,097**	**11**	**3,108**

Deferred tax assets relate to the discounted value of the differences between commercial and tax balance sheet valuations (€ 1,518,000) and tax losses carry forward (€ 1,579,000). Total nominal value of the deferred tax assets amounts to € 3,808,000 (2017: € 2,792,000).

4. Inventory

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Raw materials and consumables	9,023	8,392
Work in progress	1,624	1,504
Finished goods	13,131	11,056
Book value as at 31 December	**23,778**	**20,952**

The carrying amount of inventories that are valued at lower net realizable value amounts to EUR 59K (2017: EUR 79K). The amount of the write-down during 2018 amounts to EUR 35K (2017: EUR 86K) and has been recognised in profit and loss account as a loss.

5. Receivables

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Trade receivables	56,719	56,933
Taxes and social securities	8,901	6,363
Other receivables	769	834
Prepayments and accrued income	1,487	1,308
Book value as at 31 December	**67,876**	**65,438**

The taxes and social securities concern mainly foreign VAT to be claimed and amount to € 7.3 million (2017: € 5.0 million) and corporate income tax of € 1.2 million (2017 € 0.9 million).

Trade receivables are presented net of provision for doubtful debtors of € 885,000 (2017: € 1,687,000).

6. Cash and cash equivalents

Cash and cash equivalents are freely disposable.

7. Group equity

Share of the legal entity in group equity

The share of the legal entity in group equity is detailed in the notes to the company financial statements.

Share of third parties in the group equity

Movements in the share of third parties in the group equity can be broken down as follows:

AMOUNTS IN THOUSANDS OF EUROS	2018
Book value as at 1 January	14
Result applicable to non-controlling interests	(3)
Book value as at 31 December	**11**

8. Provisions

The provision for deferred tax liabilities is mainly of a long term nature. The pension schemes are long term (> 5yr) by nature.

Deferred tax liabilities

The movement in deferred tax liabilities is as follows:

AMOUNTS IN THOUSANDS OF EUROS	2018
Book value as at 1 January	**11,473**
New consolidations	-
Transfer to deferred tax assets	365
Additions	2,812
Releases	(436)
Other changes	-
Book value as at 31 December	**14,214**

The nominal value of deferred tax liabilities amounts to € 18,764,000 (2017: € 16,677,000).

Pension

AMOUNTS IN THOUSANDS OF EUROS	2018
Book value as at 1 January	**445**
Additions	-
Releases	(46)
Utilisation	-
Book value as at 31 December	**399**

The group has various pension schemes whereof the Industry-wide pension fund for the Wood Processing Industry and Yacht Building (Dutch PHIJ) is the largest. This fund has a defined average pay scheme and has a coverage ratio of 102.0% as of December 2018 (December 2017: 101.6%). The pension fund has a recovery plan in place which should lead to a coverage ratio above 120% in 2026. Main element of the recovery plan relates to indexation of pension payments.

The amount included in the balance sheet relates to a supplementary pension scheme at a subsidiary company abroad, which is classified as a defined benefit scheme and is insured externally with insurer AXA (2018: € 197,000; 2017: € 243,000). Additionally a provision is made (2018: € 202,000; 2017: € 202,000) for the financing of extra pension rights.

Other provisions

The movement in other provisions is as follows:

AMOUNTS IN THOUSANDS OF EUROS	REORGANI-SATION	ENVIRON-MENTAL	OTHER	TOTAL
Book value as at 1 January 2018	**-**	**832**	**97**	**929**
Additions	800	-	240	1,040
Releases	-	-	(45)	(45)
Utilisation	-	(79)	-	(79)
Book value as at 1 January 2018	**800**	**753**	**292**	**1,845**

The reorganisation provision relates to the planned closure of a plant abroad.

The environmental provision relates to the obligation for future clean-up of asbestos which was identified in buildings of certain production units. The provisions have a long-term character and are valued at discounted value with an annual interest rate of 1.5%. The nominal value of the expected obligation amounts to € 951,000.

The other provisions relate to an accrual made for severance payments.

9. Non-current liabilities

AMOUNTS IN THOUSANDS OF EUROS	LOANS	CAPITALISED FINANCING COST	TOTAL
Book value as at 1 January 2018	**23,333**	**(346)**	**22,987**
New loans	-	-	-
Amortisation capitalised financing cost	-	81	81
Transfer to repayment obligations	(1,666)	-	(1,666)
Book value as at 31 December 2018	**21,667**	**(265)**	**21,402**

The purchase price of the acquisition of Korafin Beheer BvbA in 2017 was partially financed with a vendor-loan of € 25 million. A repayment schedule of 15 years with annual repayments of € 1,666,000 was agreed. A fixed interest rate of 3% is charged. The total amount with a duration of more than 5 years amounts to € 15,000,000. Repayment obligations within 12 months after the end of the financial year (€ 1,666,000) are included in current liabilities. The vendor-loan is a subordinated loan for the lending institutions, and therefore not taken into account in the ratio calculations.

The capitalised financing cost relates to the revolving credit facility that was initiated in 2017 (in 2017 € 407,000 was capitalised) and is depreciated over a period of 5 years.

10. Current liabilities

The current liabilities mainly comprise of items that are expected to be settled within 12 months.

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Repayment obligations on non-current liabilities	1,667	3,073
Debts to lending institutions	63,973	71,482
Trade Creditors	34,827	29,862
Corporate income tax	4,593	3,032
Other taxes and social securities	3,117	4,296
Pensions	100	-
Other liabilities, accruals and deferred income	16,210	15,148
Book value as at 31 December	**124,487**	**126,893**

The fair value of current liabilities approximates the book value due to their short-term character.

Current liabilities include the repayment obligations on the non-current liabilities for the next 12 months in relation to and the annual repayment of the loan as referred to in the previous note.

Debts to lending institutions

Debts to lending institutions concern amounts drawn from a revolving credit facility. The total facility amounts to € 100 million and has a term of 5 years. The total facility consists of a working capital facility of € 80 million and an investment facility of € 20 million. At the end of 2018 € 64 million of the working capital facility is used and the investment facility is unused. Interest rates are variable based on 1 month Euribor (with a minimum of 0%) plus a margin depending on the leverage ratio and amounts to 1.1% on average in 2018 (2017 1.0%).

A negative pledge and pari pasu clause was agreed with the banks. The availability of the total credit facility depends on the Leverage Ratio being below 3.00 and the Loan Cover Ratio being above 1.50. At year end, the Leverage Ratio was 1.14 and the Loan Cover Ratio was 3.22.

Financial Instruments

For an explanation of principal financial instruments, reference is made to specific explanatory notes for each item.

General
Interest rate risk and market risk are the most important financial risks the group is subject to.
The financial policy of the group is focused on limiting short term effects of exchange rate and interest fluctuations on the result and to follow the market exchange rates and market rate of interest in the long term.
The group does not take speculative positions with financial derivatives.

Interest rate risk
The interest rate risk policy has the objective of limiting the interest rate risks that ensue from the financing of the group and to optimise the net interest charges. This policy translates into a close monitoring of the development of market interest rates.

Market risk
Income partly depends on markets that are influenced by economic developments. The policy is to adjust the production and renting out capacity to market demand. In addition, price developments in purchase markets are a risk for the profitability of the enterprise. When market conditions permit, the fluctuation of prices in purchase markets is charged on to clients.

Assets and liabilities not recognised in the balance sheet (contingent assets and liabilities)

Rental obligations
The rental obligations at the end of the reporting period can be specified as follows:

RENTAL OBLIGATIONS TO PAY:	2018	2017
Within one year	739	641
One to five years	1,108	1,133
After five years	221	96
Total obligations as at 31 December	**2,068**	**1,870**

The increase in rental obligations is caused by the renewal of some rental contracts.

Operational leasing
The obligations from operational leases at the end of the reporting period can be specified as follows:

RENTAL OBLIGATIONS TO PAY:	2018	2017
Within one year	583	194
One to five years	708	1,133
Total obligations as at 31 December	**1,291**	**366**

The increase in operational lease obligations relates to the fact that cars owned by the company were sold and leased back in 2018.

The group has committed itself for purchases of machinery amounting to € 395,000 (2017: € -).

Faber Halbertsma Beheer BV forms part of a fiscal unity for corporate income tax and value added tax and is on this basis jointly and severally liable for the tax liabilities of the fiscal unity in its entirety. Corporate income tax is charged on to companies that form part of a fiscal entity as if they were independently liable for tax, with due regard to an allocation of the advantages of the fiscal entity to the various companies (Dutch Accounting Standards Board 272.803 b). Settlement of the tax position takes place through current account. Besides this, most German companies form a fiscal unity.

Faber Halbertsma Beheer BV and the majority of its group companies together entered into a revolving credit agreement with lending institutions. In this context, there is joint and several liability between the holding company and several group companies.

11. Net turnover

Geographical:

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
The Netherlands	62,649	57,894
France	58,103	56,394
Germany	60,784	56,898
Britain	40,990	39,430
Belgium	38,301	38,923
Spain and Portugal	19,572	19,287
Austria	15,452	13,295
Italy	8,099	8,216
Other	22,844	18,464
Total	**326,794**	**308,801**

Divisional:

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Pooling activities	231,762	215,941
Production, trade and repair activities	95,032	92,860
Total	**326,794**	**308,801**

12. Wages, salaries and social securities

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Salaries and wages	36,861	31,976
Social charges	7,456	6,630
Pension cost	818	612
Other personnel cost	11,204	10,929
Total	**56,339**	**50,147**

The average number of employees working in the group, calculated on a fulltime basis and divided by geographical spread, is as follows:

	2018	2017
The Netherlands	239	232
France	110	111
Germany	245	229
Britain	103	102
Belgium	157	136
Spain	22	15
Italy	4	6
Other	17	16
Total	**897**	**847**

13. Depreciation of intangible and tangible fixed assets

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Intangible fixed assets	1,212	1,166
Tangible fixed assets	32,675	30,740
Total	**33,887**	**31,906**

14. Other changes in valuation of (in)tangible fixed assets

This amount (€ 374,000) relates to the impairment of tangible fixed assets of a production location abroad. The operational activities of this location are planned to be terminated in the course of 2019.

15. Audit cost

In the financial year, the following fees for the external auditor and its network referred to in Section 1 subsection 1a and 1e of the Audit Firms (Supervision) Act, being Deloitte Accountants BV, have been charged to the company and its group companies. The audit fees relate to the audit of the financial statements for the 2018 financial year, regardless of whether the work was undertaken during the financial year.

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Total allowance for the audit of the annual report	255	247
Total allowance for tax declarations and counsel	150	112
Total allowance for other occasions	-	6
Total	**405**	**365**

16. Exceptional income and expenses

In 2018 exceptional items consist of exceptional income (€ 4,451,000) related to settlement of a dispute with a third party and exceptional expenses (€ 857,000) related to termination of operational activities of a plant abroad. In 2017, a provision for the obligation of future asbestos removal was recognised as an exceptional charge.

17. Financial income and expenses

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Interest income and equivalent income	31	76
Interest expense and equivalent expenses	(2,026)	(1,420)
Exchange rate gains and losses	(617)	(781)
Total	**(2,612)**	**(2,125)**

The company entered into a long-term vendor-loan agreement of € 25 million at the end of 2017. A fixed interest rate of 3% is charged.

Exchange gains and losses relate to movements in the value of mainly the British Pound, and to some extent the Turkish Lira and Polish Zloty, versus the Euro.

18. Tax on results from ordinary business activities

The company and most of its Dutch subsidiary companies form a fiscal unity. Besides this, most German companies form a fiscal unity.
The company has unrecognized future taxable profits that can be compensated with losses incurred in the past for an amount of EUR 5,570,000 (2017: EUR 5,051,000) and are related to foreign companies. No tax asset has been recognized for this amount since it is uncertain whether the tax losses can be compensated in the future.

The tax on result from ordinary business activities, amounting to € 7.4 million, can be specified as follows:

AMOUNTS IN THOUSANDS OF EUROS	2018	2017
Corporate income tax current year	(3,996)	(5,157)
Corporate income tax previous years	(1,183)	(24)
Deferred corporate income tax	(860)	935
Change in discount rate deferred corporate income tax	(478)	(1,477)
Provision for tax risks	(327)	(430)
Other	(593)	482
Total	**(7,437)**	**(5,671)**

In 2018, the discount rate for long term deferred taxes was changed from 3% to 2,5%, leading to an impact of 0.5 million. Changes in tax rates related to deferred taxes led to an expense of € 0.6 million.

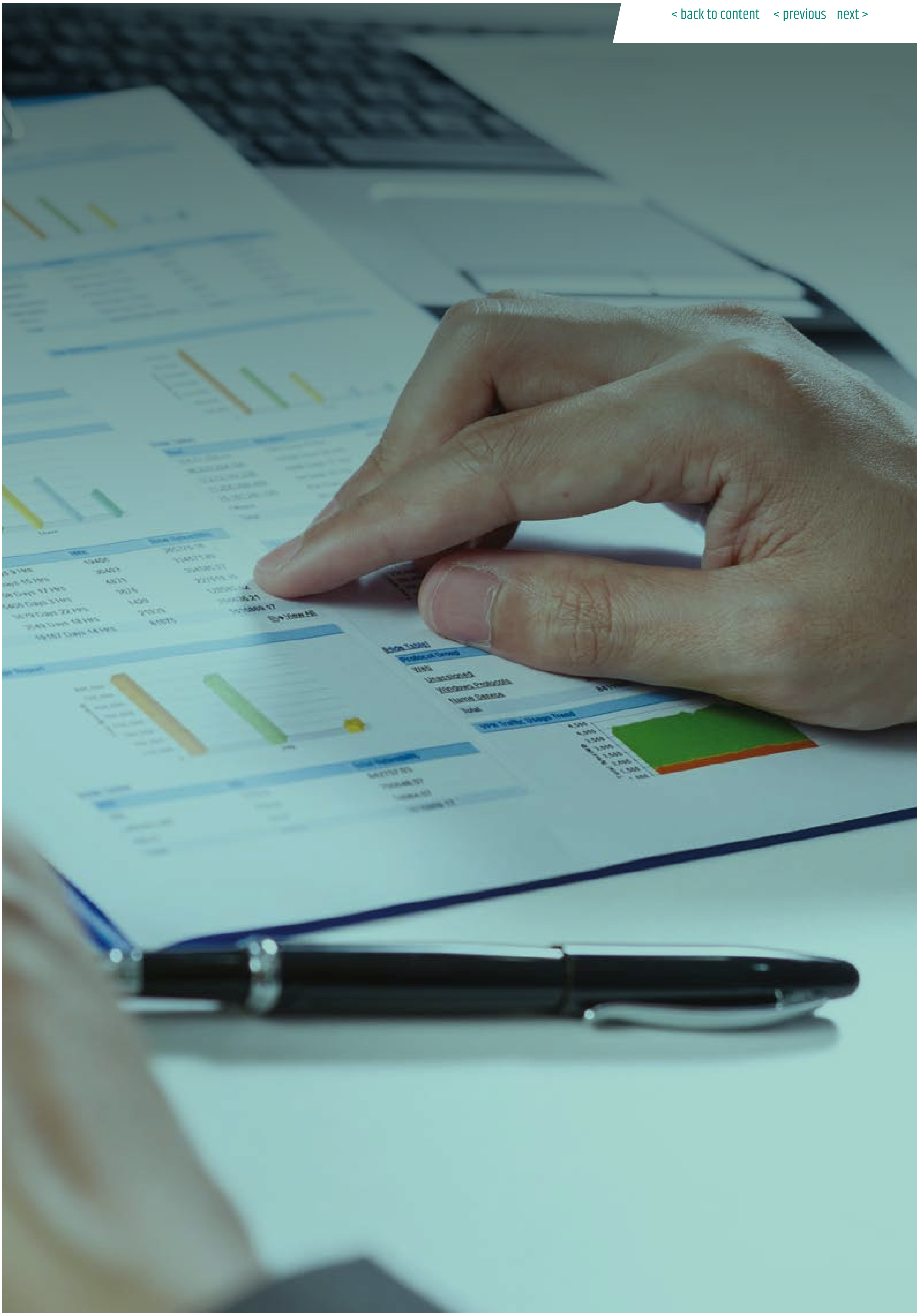
	2018	2017
Average applicable rate	28.7%	26.0%
Un-capitalised tax loss carry-forwards	0.9%	0.8%
Non-deductible costs	2.0%	1.3%
Correction for previous years	6.4%	0.2%
Changes in tax rates	3.0%	0.0%
Changes in discount rate deferred corporate income tax	2.6%	9.7%
Other deviations	(3.1%)	(0.6%)
Total	**40.5%**	**37.4%**

Other explanatory notes

Statement of the remuneration of the sole director has been dispensed with in conformity with Section 383 subsection 1 Book 2 of the Dutch Civil Code. In 2018, a remuneration for members of the Supervisory Board of the company of € 137,500 (2017: € 180,000) was paid by the company and its subsidiaries or group companies.

Subsequent events

On January 8, 2019 the Management Board announced a plan to terminate T&A Paletten GmbH. This activity is part of the Production division. The disposal is expected to be finalised in the course of 2019. The expected reorganisation costs are provided in the 2018 Annual Accounts.
On March 19, 2019 the Management Board announced an intention to downsize the business operations of Pasec NV. No further details are k nown at this moment. Pasec NV also has a subsidiary, Packaging Partners NV which specialises in the seaworthy packaging of industrial goods; Packaging Partners shall be excluded from reorganisation.
As per February 1, 2019, Faber Halbertsma Beheer BV acquired the pooling business of vPool GmbH. These activities mainly comprise the pooling of crates and boxes in the meat industry. The pooling business of vPool achieved total revenue of around EUR 15 million in 2018, with around 45 employees. The purchase amount of the acquisition is still to be determined definitively.



COMPANY BALANCE SHEET AS PER 31 DECEMBER BEFORE APPROPRIATION OF RESULT

ASSETS (AMOUNTS IN THOUSANDS OF EUROS)	2018		2017	
Fixed Assets				
Financial fixed assets (I)				
Participations	129,450		120,122	
Deferred tax assets	361		339	
		129,811		**120,461**
Current Assets				
Receivables (II)				
Group companies	147,948		126,074	
Other receivables	11		3	
		147,959		**126,077**
Cash at banks and in hand		**-**		**536**
		147,959		**126,613**
		277,770		**247,074**

LIABILITIES (AMOUNTS IN THOUSANDS OF EUROS)	2018		2017	
Equity (III)				
Equity capital	83		83	
Legal reserves	683		892	
Other reserves	77,500		69,428	
Undistributed result	10,905		9,497	
		89,171		**79,900**
Non-current liabilities (IV)				
Long term loans	21,402		22,987	
		21,402		**22,987**
Current liabilities (V)				
Repayment obligations on non-current liabilities	1,667		1,667	
Debts to lending institutions	103,433		93,582	
Group companies	61,686		48,482	
Corporate income tax	108		19	
Accruals and deferred income	303		437	
		167,197		**144,187**
		277,770		**247,074**

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

ASSETS (AMOUNTS IN THOUSANDS OF EUROS)	2018	2017
Result group companies	11,360	8,857
Other income and expenses after taxes	-455	640
Result after taxation	**10,905**	**9,497**

NOTES TO THE COMPANY BALANCE SHEET AND INCOME STATEMENT

General

The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board. The accounting policies for the company financial statements and the consolidated financial statements are the same. For the accounting policies regarding the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

I. Financial fixed assets

AMOUNTS IN THOUSANDS OF EUROS	PARTICIPATIONS	DEFERRED TAX ASSETS	RECEIVABLES	TOTAL
Gross value as at 1 January 2018	120,122	339	5,284	125,745
Provision receivables participations as at 1 January 2018	-	-	(5,284)	(5,284)
Book value as at 1 January 2018	**120,122**	**339**	**-**	**120,461**
Share in results 2018	11,360	-	-	11,360
Additions	-	22	-	22
Currency translation	(209)	-	-	(209)
Investments in subsidiaries	60	-	-	60
Other changes	(1,883)		-	(1,883)
Book value as at 31 December 2018	**129,450**	**361**	**-**	**129,811**
Gross value until 31 December 2018	129,450	361	5,284	135,095
Provision receivables participations as at 31 December 2018	-	-	(5,284)	(5,284)
Book value as at 31 December 2018	**129,450**	**361**	**-**	**129,811**

II. Receivables

With regards to receivables on related parties, an interest rate of 1.35% is charged.

III. Equity

Share capital

The issued capital of the company amounts to € 83,250 and comprises of ordinary shares. The total number of issued shares is 1,850 (2017: 1,850). The composition of the share capital is as follows:

AMOUNTS IN EURO		AUTHORISED SHARE CAPITAL	NOT POSTED	HELD BY THE COMPANY	ISSUED CAPITAL
Class A1 shares at	Number	1,000	726	274	274
€ 45,-- nominal value each	€	45,000	32,670	12,330	12,330
Class A2 shares at	Number	2,000	1,452	-	548
€ 45,-- nominal value each	€	90,000	65,340	-	24,660
Class A3 shares at	Number	2,000	1,452	-	548
€ 45,-- nominal value each	€	90,000	65,340	-	24,660
Class B shares at	Number	250	250	-	-
€ 45,-- nominal value each	€	11,250	11,250	-	-
Class C shares at	Number	2,030	1,550	144	480
€ 45,-- nominal value each	€	91,350	69,750	6,480	21,600
Class D shares at	Number	120	120	-	-
€ 45,-- nominal value each	€	5,400	5,400	-	-
Total		**7,400**	**5,550**	**418**	**1,850**
Book value as at 31 December 2018		**333,000**	**249,750**	**18,810**	**83,250**

Other reserves

AMOUNTS IN THOUSANDS OF EUROS	RESERVE CLASS A1	RESERVE CLASS A2	RESERVE CLASS A3	RESERVE CLASS C	RESERVE TOTAL
Book value as at 1 January 2018	**-**	**11,542**	**11,542**	**46,344**	**69,428**
Profit distribution prior financial year	1	636	613	8,224	9,497
Purchase own shares	-	-	-	-	-
Dividend 2018	-	(712)	(712)	-	(1,425)
Movements 2018	**1**	**(76)**	**(76)**	**8,224**	**8,072**
Book value as at 31 December 2018	**1**	**11,466**	**11,466**	**54,568**	**77,500**

The movements in equity are as follows:

AMOUNTS IN THOUSANDS OF EUROS	ISSUED CAPITAL	LEGAL RESERVES	OTHER RESERVES	UNDIVIDED RESULT	RESERVE TOTAL
Book value as at 1 January 2018	**83**	**892**	**69,428**	**9,497**	**79,900**
Profit distribution prior financial year	-	-	9,497	(9,497)	-
Undivided result 2018	-	-	-	10,905	10,905
Dividend 2018	-	-	(1,425)	-	(1,425)
Movement in reserve for exchange rate differences	-	(209)	-	-	(209)
Movements 2018	**-**	**(209)**	**8,072**	**1,408**	**9,271**
Book value as at 31 December 2018	**83**	**683**	**77,500**	**10,905**	**89,171**

Allocation of the result of the financial year 2017
The financial statements 2017 were adopted in the General Meeting held on 24 April 2018. The General Meeting has adopted the allocation of the result in conformity with the proposal made for this purpose.

Proposed appropriation of profits 2018
The management board proposes, with the approval of the Supervisory Board, that the result for the financial year 2018 amounting to EUR 10.9 million should be paid as dividend for an amount of 15% and added to the other reserves for an amount of 85%. This proposal has not been processed in the financial statements.

IV. Non-current liabilities

AMOUNTS IN THOUSANDS OF EUROS	LOANS	CAPITALISED FINANCING COST	TOTAL
Book value as at 1 January 2018	**23,333**	**(346)**	**22,987**
New loans			
Amortisation capitalised financing cost		81	81
Transfer to repayment obligations	(1,667)		(1,666)
Book value as at 31 December 2018	**21,666**	**(265)**	**21,402**

The purchase price of the acquisition of Korafin Beheer BvbA was partially financed with a vendor-loan of € 25 million. A repayment schedule of 15 years with annual repayments of € 1,666,000 was agreed upon. A fixed interest rate of 3% is charged. The total amount with a duration more than 5 years amounts to € 15,000,000. Repayment obligations within 12 months after the end of the financial year (€ 1,666,000) are included in current liabilities. The vendor-loan is a subordinated loan for the lending institutions, and therefore not taken into account in the ratio calculations.

The capitalised financing cost relates to the revolving credit facility that was initiated in 2017 (in 2017 € 407,000 was capitalised) and is depreciated over a period of 5 years.

V. Current liabilities

For an amount of € 61,686,000 (2017: € 48,482,000), short term liabilities relate to debts to participating interests in which the company can exercise influence of importance. The interest rates on these liabilities are 0.85%.

Obligations not apparent on the face of the balance sheet

For the purpose of some of the group companies involved in the consolidation, the legal entity has issued notices of liability as referred to in Section 403 Book 2 of the Dutch Civil Code (cf. Paragraph II-5a). On this basis the legal entity is jointly and severally liable for debts ensuing from legal acts of these group companies.

The legal entity forms part of a fiscal unity for corporate income tax and value added tax and is on this basis jointly and severally liable for the tax liabilities of the fiscal unity in its entirety. Corporate income tax is charged on to companies that form part of a fiscal entity as if they were independently liable for tax, with due regard to an allocation of the advantages of the fiscal entity to the various companies (Dutch Accounting Standards Board 272.803 b). Settlement of the tax position takes place through current account.

Faber Halbertsma Beheer BV and the majority of its group companies together entered into a revolving credit agreement with lending institutions. In this context, there is joint and several liability between the holding company and several group companies.

Signing of the financial statements

Eck & Wiel, 13 May 2019

Management Board

____
I.G.C. Faber

CFO Faber Halbertsma Group

____
C.M.F. Peeters

Supervisory Board

____
C.M. Jaski

____
L.M. Sondag

____
H.J.G. Hendriks

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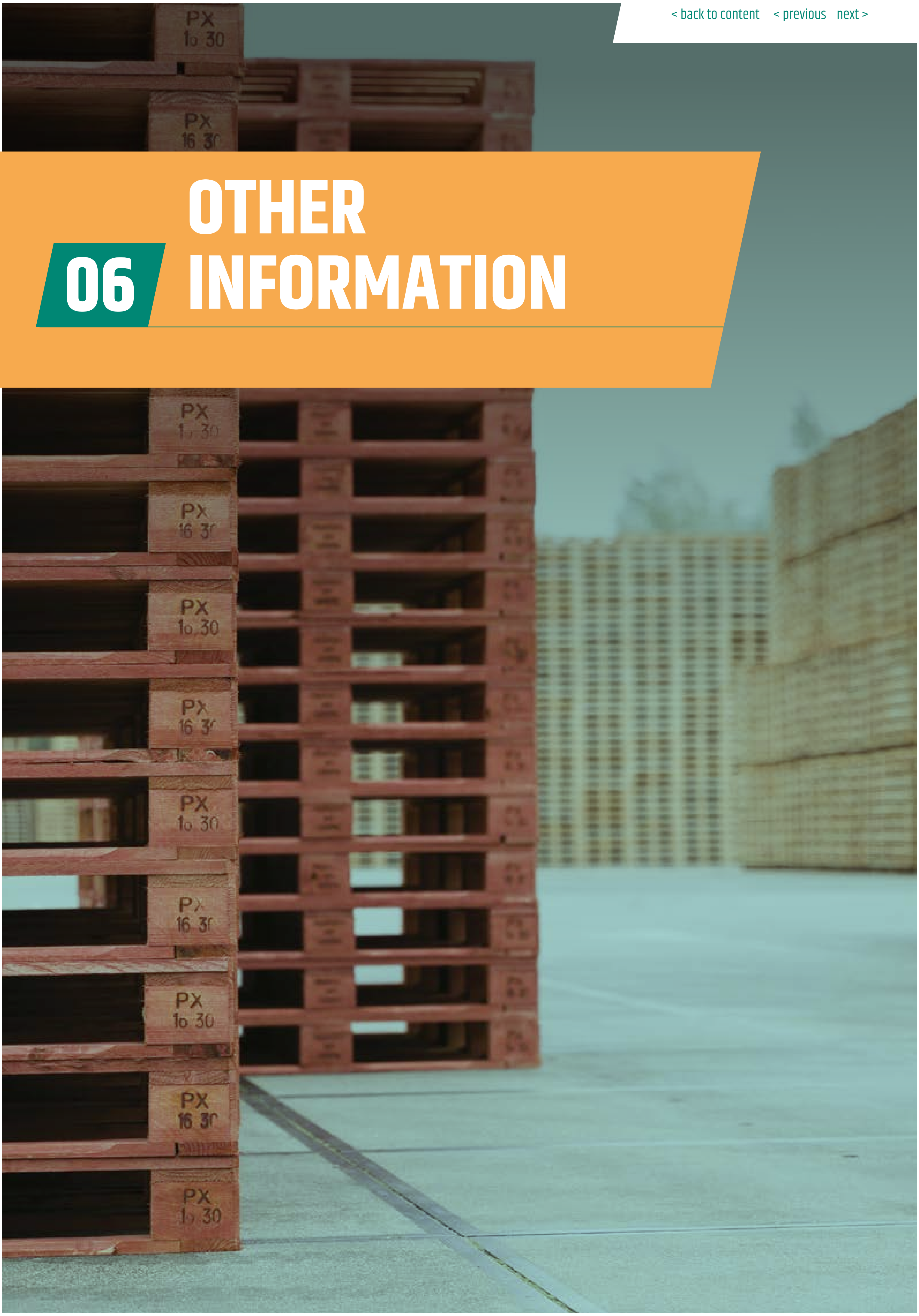
M. Kesteloo

____
F.F. Faber

06 OTHER INFORMATION



STATUTORY PROFIT APPROPRIATION

The profit appropriation in accordance with the articles of association (article 23) is available for perusal at the office of the company.

INDEPENDENT AUDITOR'S REPORT

To the shareholders and the supervisory board of
Faber Halbertsma Beheer B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2018 of Faber Halbertsma Beheer B.V., based in Assen.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Faber Halbertsma Beheer B.V. as at December 31, 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at December 31, 2018.
2. The consolidated and company profit and loss account for 2018.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Faber Halbertsma Beheer B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's Report
- Governance
- Report of the Supervisory Board
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding 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 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.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Utrecht, May 13, 2019
2019-05-13 13.05.2019

Deloitte Accountants B.V.

Signed on the original: P. van Roemburg

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