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This document comprises a prospectus relating to Shanks Group plc ("**Shanks**" and, together with its subsidiaries and subsidiary undertakings from time to time, the "**Shanks Group**") as enlarged following completion of its merger with van Gansewinkel Groep B.V. ("**VGG**" and, together with its subsidiaries and subsidiary undertakings, the "**VGG Group**" and, once merged with the Shanks Group, the "**Combined Group**") (the "**Merger**") prepared in accordance with the Prospectus Rules of the FCA made under section 73A of FSMA (the "**Prospectus Rules**"), and approved by the FCA under section 87A of FSMA (the "**Prospectus**"). This Prospectus has been made available to the public in accordance with the Prospectus Rules.

The distribution of this Prospectus into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, this Prospectus should not be distributed in, forwarded to or transmitted in or into Australia, Canada, Japan, the Republic of South Africa or the United States or any other state or jurisdiction in which the same would be unlawful.

Shanks
Making more from waste

SHANKS GROUP PLC

(To be renamed shortly after Admission)

(a public limited company incorporated and registered in Scotland under the Companies Act 2006, with registered number SC077438)

Admission to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

Greenhill & Co. International LLP
Financial Advisers and Joint Sponsor

Investec Bank plc
Joint Sponsor

As the Merger constitutes a reverse takeover under the Listing Rules, admission of the ordinary shares of 10 pence each in Shanks (the "**Ordinary Shares**") to the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on the London Stock Exchange plc's (the "**London Stock Exchange**") main market for listed securities (the "**Main Market**") will be cancelled on completion of the Merger ("**Completion**"). Applications have been made to the FCA and the London Stock Exchange, respectively, for the Ordinary Shares to be re-admitted and for the new Ordinary Shares to be issued at Completion as part consideration for the Merger (the "**Consideration Shares**") to be admitted to the premium listing segment of the Official List and to trading on the Main Market (together, "**Admission**").

It is expected that Admission will become effective and that dealings in the Ordinary Shares (including the Consideration Shares) will commence on the Main Market at 8.00 a.m. on 28 February 2017. No application has been, or is currently intended to be, made for the Ordinary Shares (including the Consideration Shares) to be admitted to listing or trading on any other stock exchange.

No Ordinary Shares or any other securities in Shanks have been marketed to, or are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with Admission, save for to the ultimate shareholders of VGG (in respect of the Consideration Shares). This Prospectus does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.

You should read the entirety of this Prospectus and any documents incorporated herein by reference and, in particular, the section titled "Risk Factors" for a discussion of certain risks and other factors that might affect the value of your shareholding in Shanks. You should not rely solely on information summarised in the Summary.

Greenhill & Co. International LLP ("**Greenhill**") is authorised and regulated in the United Kingdom by the FCA and Investec Bank plc ("**Investec**" and, together with Greenhill, the "**Joint Sponsors**") is authorised in the United Kingdom by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA. Each of Greenhill and Investec is acting exclusively for Shanks and no one else in connection with this Prospectus, the Merger (as defined herein) and Admission and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Merger or Admission and will not be responsible to anyone other than Shanks for providing the protections afforded to their respective clients or for giving advice in relation to the Merger, Admission or any transaction or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed by FSMA or the regulatory regime established thereunder, none of Greenhill, Investec or any of their respective affiliates accepts any responsibility whatsoever or makes any representation or warranty, express or implied, in respect of the contents of this Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of it, Shanks or the directors of Shanks (the "**Directors**" or the "**Board**") in connection with the Shanks Group, the Ordinary Shares, the Merger or Admission and nothing in this Prospectus is or shall be relied upon as a promise, warrant or representation in this respect, whether as to the past or the future. Each of the Joint Sponsors accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might have in respect of this Prospectus or any such statement.

Each of the Joint Sponsors and any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Ordinary Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Except as required by applicable law or regulation, the Joint Sponsors do not propose to make any public disclosure in relation to such transactions.

The Joint Sponsors and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, Shanks for which they would have received customary fees. The Joint Sponsors and any of their respective affiliates may provide such services to Shanks and any of its affiliates in the future.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by Shanks, the Directors or the Joint Sponsors. The publication or delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the Shanks Group's affairs since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date.

The contents of this Prospectus or any subsequent communication from Shanks or any of its respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each investor must rely on its own examination, analysis and enquiry of Shanks and any investment in the Ordinary Shares, including the merits and risks involved. Investors should consult their own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

Investors acknowledge that: (i) they have not relied on the Joint Sponsors or any person affiliated with the Joint Sponsors in connection with any investigation of the accuracy of any information contained or incorporated by reference in this Prospectus or any investment decision; (ii) they have relied only on the information contained or incorporated by reference in this Prospectus; and (iii) that no person has been authorised to give any information or to make any representation concerning the Shanks Group, the Combined Group or the Ordinary Shares (other than as contained or incorporated by reference in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Shanks or the Joint Sponsors.

Notice to investors in the United States

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, pledged or otherwise transferred or delivered, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of Ordinary Shares in the United States.

None of the Ordinary Shares or this Prospectus or any other offering document has been approved or disapproved by the US Securities and Exchange Commission, or any state securities commission or any regulatory authority of any state or other jurisdiction in the United States, nor have any of the foregoing authorities passed upon or endorsed the the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The date of this Prospectus is 23 February 2017.

TABLE OF CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A-E (A.1-E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A—Introduction and Warnings	
A.1	**Introduction**
	*This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area ("**EEA**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to Shanks and its Directors, who are responsible for this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.*
A.2	**Subsequent resale of securities or final placement of securities through financial intermediaries**
	Not applicable. Shanks is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this Prospectus.

Section B—Issuer	
B.1	**Legal and commercial name**
	Shanks Group plc (to be renamed shortly after Admission).
B.2	**Domicile / legal form / legislation/ country of incorporation**
	Shanks is a public company limited by shares incorporated and registered in Scotland under the Companies Act 2006 (the "**Companies Act**"), with registered number SC077438. Its corporate head office is in England and its registered office is in Scotland.
B.3	**Description of, and key factors relating to, current operations / principal activities / principal markets**
	With effect from Completion the Combined Group will comprise: **The Shanks Group** The Shanks Group is a leading international waste-to-product company with over 80 facilities handling approximately 8.4 million tonnes of waste a year. In line with the growing need to manage waste without damaging the environment, Shanks' predominant focus is on extracting value from waste, rather than its disposal through mass burn incineration or landfill. The Shanks Group's operations are located in the Netherlands, Belgium, the United Kingdom and Canada. Strategically, the Shanks Group's activities are closely aligned with the direction of legislation and regulation, seeking to use a wide range of different technologies and know-how to maximise recycling and landfill diversion. The principal activities of the Shanks Group are waste processing and waste management. These activities can be broken down into the following main categories:

	• *Commercial*—the Shanks Group is a market leader in the collection and treatment of commercial waste in the Netherlands and Belgium; • *Hazardous*—the Shanks Group is a European leader in the treatment of contaminated soil and water, and a leader in industrial cleaning in the Netherlands; and • *Municipal*—the Shanks Group is a leading provider of sustainable waste-to-product solutions for municipal customers in the United Kingdom and Canada. **The VGG Group** Founded in 1964, the VGG Group is a leading waste management service provider, recycler and supplier of high-quality secondary raw materials in Europe through collection, processing and treatment of commercial and residential waste. VGG is a market leader in its home market, the Benelux region, and also operates in Germany, France, Portugal and Hungary. The VGG Group is headquartered in Eindhoven, the Netherlands. The VGG Group's operations can be divided into two key business segments: • Waste Collection—comprising the VGG Netherlands and VGG Belgium divisions, which are specialised in the collection, sorting and recycling of commercial, domestic and chemical waste from businesses, households, municipalities and other entities; and • Recycling—comprising the Coolrec, Maltha and VGG Minerals businesses, which convert specific waste and material streams into high-quality secondary raw materials in the Benelux region, Germany, France, Portugal and Hungary. In addition to these current business operations, the VGG Group is involved in new initiatives and partnerships as part of its 'waste no more' vision to improve the recovery grade and quality of secondary raw materials and to take on a leading role in the transformation to a circular economy. During 2015, the VGG Group consolidated its position as a European leader in the waste services and recycling sectors, despite challenging markets through a strategy that focused on implementing cost savings and performance improvement measures within the business. In addition, in 2015, the VGG Group undertook a Debt Restructuring (as defined herein) and sold its non-core collection subsidiaries in Poland, the Czech Republic and France.
B.4a	**Significant trends affecting Shanks and its industry**
	The general economic recession resulted in lower volumes of waste arising throughout calendar year 2014. Calendar years 2015 and 2016 have seen stabilisation and signs of improvement, especially in the construction and demolition segment. Within the Netherlands waste industry, over-capacity in the incinerator segment has led to downward pressure on prices between 2012 and 2014. The introduction of a €13 per tonne incinerator tax in January 2015, coupled with import of UK and other waste to fill vacant capacity, has resulted in the stabilisation and steady increase in incinerator gate fees, with a corresponding easing of market conditions for recyclers and treaters of waste. The global fall in commodity prices since 2012 but particularly in late 2015 also had a direct impact on recyclate prices, particularly metal and plastics. The global fall in oil and gas pricing has affected the Shanks Group's hazardous waste segment as oil and gas customers have had to minimise their operational expenditure and cut back on exploration expenditure. This has led to a reduction in the volume and the shape of refinery maintenance programmes, meaning there is less sludge available for treatment. In addition, with virgin oil at very low prices, the market for waste oils output has been significantly reduced both in volume and pricing. Ongoing reductions in the available UK solid recovered fuel ("**SRF**") market and increasing costs, including due to currency, in the export of refuse derived fuels ("**RDF**") have affected margins in the Shanks Group's UK municipal segment.

B.5	**Group structure**
	Shanks is the holding company of the Shanks Group and, with effect from Completion, will be the holding company of the Combined Group.
B.6	**Interests in shares / voting rights / controllers**

As at 21 February 2017 (being the latest practicable date prior to the date of this Prospectus) (the "**Latest Practicable Date**"), in so far as is known to Shanks, the following persons had notifiable interests, being interests of 3 per cent. or more, directly or indirectly, in Shanks' capital or voting rights.

	Notifiable interests as at the Latest Practicable Date		**Notifiable interests immediately after Admission**(1)	
Shareholder	**Number of Ordinary Shares**	**% of issued share capital**	**Number of Ordinary Shares**	**% of issued share capital**
Kabouter Management LLC	67,392,794	11.06%	67,392,794	8.43%
Paradice Investment Management Pty Ltd	31,297,984	5.13%	31,297,984	3.91%
FMR LLC	30,552,914	5.01%	30,552,914	3.82%
Aberforth Partners LLP	30,330,756	4.98%	30,330,756	3.79%
Neptune Investment Management Ltd	29,925,720	4.91%	29,925,720	3.74%
FIL Limited	21,155,740	3.47%	21,155,740	2.65%

(1) Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission.

As at the Latest Practicable Date, insofar as is known to Shanks, the Directors, being persons discharging managerial responsibilities within Shanks, were interested, directly or indirectly, in Shanks' issued share capital as follows.

	Interests in Ordinary Shares as at the Latest Practicable Date		**Interests in Ordinary Shares immediately after Admission**(1)	
Director	**Number of Ordinary Shares**	**% of issued share capital**	**Number of Ordinary Shares**	**% of issued share capital**
Colin Matthews	137,500	0.02%	137,500	0.02%
Peter Dilnot(2)	131,364	0.02%	131,364	0.02%
Toby Woolrych(3)	54,753	0.01%	54,753	0.01%
Eric van Amerongen	–	–	–	–
Allard Castelein	–	–	–	–
Jacques Petry	–	–	–	–
Stephen Riley	27,500	<0.01%	27,500	<0.01%
Marina Wyatt	–	–	–	–

(1) Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission.

(2) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Peter Dilnot was interested in 330,261 Ordinary Shares under The Shanks Group plc Deferred Annual Bonus Plan (the "**DAB**") (unvested but subject to holding periods), 2,428,817 Ordinary Shares under The Shanks Group plc 2011 Long-Term Incentive Plan (the "**LTIP**") (unvested and subject to performance conditions) and 26,133 Ordinary Shares under The Shanks Group plc 2015 Sharesave Scheme (the "**Sharesave**") (unvested and subject to continuous employment).

(3) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Toby Woolrych was interested in 216,260 Ordinary Shares under the DAB (unvested but subject to holding periods), 1,271,425 Ordinary Shares under the LTIP (unvested and subject to performance conditions) and 26,133 Ordinary Shares under the Sharesave (unvested and subject to continuous employment).

Other than as set out above, Shanks is not aware of any person or persons who could, directly or indirectly, jointly or severally, exercise control over Shanks.

There are no different voting rights for any Shareholder.

B.7

Selected key historical financial information

Selected key historical financial information of the Shanks Group

The selected key historical financial information set out below has been extracted without material adjustment from the Shanks Group's historical financial information as at and for the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2015 and 2016 which is incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

Consolidated income statement

	Audited								
	Year ended 31 March								
	2014(1)			2015			2016		
£ millions	**Trading**	**Non-trading & exceptional items**	**Total**	**Trading**	**Non-trading & exceptional items**	**Total**	**Trading**	**Non-trading & exceptional items**	**Total**
Revenue	**633.4**	**–**	**633.4**	**601.4**	**(2.0)**	**599.4**	**614.8**	**(1.0)**	**613.8**
Cost of sales	(528.3)	(5.1)	(533.4)	(506.1)	(21.5)	(527.6)	(517.8)	(0.6)	(518.4)
Gross profit (loss)	**105.1**	**(5.1)**	**100.0**	**95.3**	**(23.5)**	**71.8**	**97.0**	**(1.6)**	**95.4**
Administrative expenses	(59.5)	(17.4)	(76.9)	(61.0)	(23.2)	(84.2)	(63.6)	(22.0)	(85.6)
Operating profit (loss)	**45.6**	**(22.5)**	**23.1**	**34.3**	**(46.7)**	**(12.4)**	**33.4**	**(23.6)**	**9.8**
Finance income	10.1	0.3	10.4	14.8	0.1	14.9	16.6	0.1	16.7
Finance charges	(25.9)	(0.3)	(26.2)	(28.2)	–	(28.2)	(30.0)	–	(30.0)
Share of results from associates and joint ventures	0.3	–	0.3	0.8	4.4	5.2	1.0	–	1.0
Profit (loss) before taxation	**30.1**	**(22.5)**	**7.6**	**21.7**	**(42.2)**	**(20.5)**	**21.0**	**(23.5)**	**(2.5)**
Taxation	(7.2)	1.4	(5.8)	(1.7)	4.0	2.3	(2.3)	0.8	(1.5)
Profit (loss) for the year from continuing operations	**22.9**	**(21.1)**	**1.8**	**20.0**	**(38.2)**	**(18.2)**	**18.7**	**(22.7)**	**(4.0)**
Profit (loss) for the year from discontinued operations	(3.6)	(26.4)	(30.0)	(0.2)	1.5	1.3	(0.3)	0.4	0.1
Profit (loss) for the year	**19.3**	**(47.5)**	**(28.2)**	**19.8**	**(36.7)**	**(16.9)**	**18.4**	**(22.3)**	**(3.9)**

(1) Financial information for the year ended 31 March 2014 has been restated following the adoption of IFRS 11.

	Unaudited					
	Six months ended 30 September					
	2015			2016		
£ millions	**Trading**	**Non-trading & exceptional items**	**Total**	**Trading**	**Non-trading & exceptional items**	**Total**
Revenue	**297.0**	**(1.0)**	**296.0**	**348.4**	**-**	**348.4**
Cost of sales	(250.5)	(2.3)	(252.8)	(289.3)	(1.5)	(290.8)
Gross profit (loss)	**46.5**	**(3.3)**	**43.2**	**59.1**	**(1.5)**	**57.6**
Administrative expenses	(29.1)	(4.8)	(33.9)	(38.4)	(12.1)	(50.5)
Operating profit (loss)	**17.4**	**(8.1)**	**9.3**	**20.7**	**(13.6)**	**7.1**
Finance income	8.7	-	8.7	5.0	-	5.0
Finance charges	(15.8)	-	(15.8	(11.2)	(2.7)	(13.9)
Share of results from associates and joint ventures	0.4		0.4	0.9	-	0.9
Profit (loss) before taxation	**10.7**	**(8.1)**	**2.6**	**15.4**	**(16.3)**	**(0.9)**
Taxation	(2.3)	0.8	(1.5)	(3.4)	0.9	(2.5)
Profit (loss) for the year from continuing operations	**8.4**	**(7.3)**	**1.1**	**12.0**	**(15.4)**	**(3.4)**
Profit (loss) for the year from discontinued operations	0.1	0.4	0.3	-	-	-
Profit (loss) for the period	**8.3**	**6.9**	**1.4**	**12.0**	**(15.4)**	**(3.4)**

Consolidated balance sheet

£ millions	Audited As at 31 March 2014[(1)]	2015	2016	Unaudited As at 30 September 2016
Assets				
Non-current assets	744.4	737.3	670.4	725.7
Current assets	265.1	224.0	177.0	187.4
Total assets	**1,009.5**	**961.3**	**847.4**	**913.1**
Liabilities				
Non-current liabilities	(504.7)	(432.5)	(434.2)	(503.9)
Current liabilities	(231.3)	(339.7)	(230.4)	(243.6)
Total liabilities	**(736.0)**	**(772.2)**	**(664.6)**	**(747.5)**
Net assets	**273.5**	**189.1**	**182.8**	**165.6**
Equity				
Share capital	39.8	39.8	39.8	39.8
Share premium	99.9	100.0	100.2	100.2
Exchange reserve	36.6	11.4	24.4	40.7
Retained earnings	97.4	39.7	20.4	(12.0)
Equity attributable to owners of the parent	**273.7**	**190.9**	**184.8**	**168.7**
Non-controlling interest	(0.2)	(1.8)	(2.0)	(3.1)
Total equity	**273.5**	**189.1**	**182.8**	**165.6**

(1) Financial information for the year ended 31 March 2014 has been restated following the adoption of IFRS 11.

Consolidated statement of cash flows

£ millions	Audited Year ended 31 March 2014[(1)]	2015	2016	Unaudited Six months ended 30 September 2015	2016
Net cash inflow from operating activities	71.3	50.1	67.4	28.0	5.0
Net cash (outflow) inflow from investing activities	(70.7)	(100.5)	5.1	(7.4)	(11.2)
Net cash inflow (outflow) from financing activities	30.6	10.0	(101.4)	(22.3)	1.4
Net increase (decrease) in cash and cash equivalents	31.2	(40.4)	(28.9)	(1.7)	(4.8)
Effect of foreign exchange rate changes	(1.9)	(3.0)	2.8	0.4	1.9
Cash and cash equivalents at the beginning of the year	74.9	104.2	60.8	60.8	34.7
Cash and cash equivalents at the end of the year	104.2	60.8	34.7	59.5	31.8

(1) Financial information for the year ended 31 March 2014 has been restated following the adoption of IFRS 11.

The following significant changes in the Shanks Group's financial condition and operating results occurred in the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2016.

In the year ended 31 March 2014, the Shanks Group announced the exit from its UK Solid Waste activities. In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the net results of these operations being sold were presented within discontinued operations in the income statement and the assets of the discontinued operations are presented separately in the balance sheet. Revenue for the year from continuing activities increased by 1 per cent. to £633.4 million (4 per cent. at actual rates), with growth from UK Municipal and Hazardous Waste divisions offsetting the expected reduction in the Solid Waste Benelux division. Trading profit on continuing businesses, before non-trading and exceptional items, decreased by 1 per cent. at constant currency to £45.6 million (2 per cent. increase at actual rates). The Solid Waste Benelux division delivered strong profit growth, offset by the expected reduction in the Organics division's profits. Profit before tax from continuing operations on a statutory basis including the impact of non-trading and exceptional items turned around from a loss of £10.3 million in the prior year to a profit of £7.6 million.

	In the year ended 31 March 2015, constant currency revenue from continuing activities increased by 1 per cent. to £601.4 million (5 per cent. reduction at actual rates), with growth primarily from the UK Municipal division. Trading profit on continuing businesses, before non-trading and exceptional items, decreased by 19 per cent. at constant currency to £34.3 million (25 per cent. decrease at actual rates). The biggest reduction was in the Solid Waste Benelux division, with a smaller reduction in the Hazardous Waste and Organics divisions, offset by growth in the UK Municipal division. The operating loss for the year on a statutory basis, after taking account of all non-trading and exceptional items, was £12.4 million. In the year ended 31 March 2016, the Shanks Group changed the composition of its reportable segments following the implementation of a new divisional structure to align the business more closely with the Shanks Group's customers and to reflect the information provided to the chief operating decision maker in order to assess performance and to make decisions on allocating resources. Commercial Waste combined the Benelux Solid Waste division with the Netherlands Organics segment and the Belgium Organics business unit. Municipal combined the UK Municipal division with the Canada segment and the UK Organics business unit. The Hazardous Waste and Group central services reportable segments were unchanged. Group underlying revenue increased by 7 per cent. at constant currency to £614.8 million. Trading profit on continuing businesses, before non-trading and exceptional items, increased by 4 per cent. at constant currency to £33.4 million (3 per cent. decrease at reported rates). Margins fell slightly due to currency and mix, but rose in the Commercial Waste division. The operating profit for the year on a statutory basis, after taking account of all non-trading and exceptional items, was £9.8 million. In the six months ended 30 September 2016, Group underlying revenue increased by 7 per cent. at constant currency to £348.4 million. Trading profit grew by 3 per cent. at constant currency to £20.7 million. The Commercial Waste Division delivered a trading profit of £11.1 million, an increase of 20 per cent. at constant currency, on revenues up by 1 per cent. This result was underpinned by a further strong performance from the Netherlands operations, where trading profit grew by 22 per cent. in constant currency, and a return to trading profit growth of 16 per cent. in Belgium despite the temporary closure of the Wood Products business due to its core customer's shutdown. The Hazardous Waste Division delivered an 11 per cent. increase in revenues and a 38 per cent. increase in trading profit at constant currency to £11.4 million, driven mainly by improved soil processing compared to the prior period. The oil and gas markets remained at broadly the same subdued levels as the previous year. The Municipal Division reported a 14 per cent. increase in revenues at constant currency, including the effect of construction revenues in Canada, but an 81 per cent. fall in profits to £1.1 million as a result of the effect of previously reported specific market and operational challenges. Exceptional items amounted to £16.3 million in the first half, £10.2 million of which related to Merger transaction costs. There has been no significant change in the Shanks Group's financial condition and operating results subsequent to the period covered by this selected key historical financial information.

Selected key historical financial information of the VGG Group

The selected key historical financial information set out below has been extracted without material adjustment from the VGG Group's historical financial information as at and for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016 set out in Section B of Part 8 (*Historical financial information of the VGG Group*).

Consolidated income statement

	Year ended 31 December			Eight months ended 31 August	
€ millions	**2013**	**2014**	**2015**	**2015 (unaudited)**	**2016**
Revenue	957.0	922.7	914.8	610.1	577.0
Cost of sales	(769.5)	(833.4)	(756.9)	(500.6)	(465.9)
Gross profit	**187.5**	**89.3**	**157.9**	109.5	111.1
Administrative expenses	(190.8)	(611.3)	(195.2)	(139.8)	(110.9)
Operating (loss) profit	**(3.3)**	**(522.0)**	**(37.3)**	**(30.3)**	**0.2**
Finance income	0.4	0.6	402.8	402.8	–
Finance charges	(86.4)	(67.8)	(73.6)	(49.8)	(29.6)
Change in fair value of derivatives at fair value through profit or loss	11.3	(2.1)	(2.6)	(2.2)	(4.0)
Share of results from associates and joint ventures	(2.8)	(0.1)	3.1	3.5	0.5
(Loss) profit before taxation	**(80.8)**	**(591.4)**	**292.4**	**324.0**	**(32.9)**
Taxation	13.8	35.6	11.3	7.3	(3.3)
(Loss) profit after taxation from continuing operations	**(67.0)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Profit after taxation from discontinued operations	53.5	–	–	–	–
(Loss) profit for the period	**(13.5)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Operating profit before non-trading and exceptional items and loss after taxation from continuing operations before non-trading and exceptional items					
Operating (loss) profit as reported	**(3.3)**	**(522.0)**	**(37.3)**	**(30.3)**	**0.2**
Non-trading and exceptional items:					
Cost of sales	37.0	97.2	14.7	6.9	6.7
Administrative expenses	15.2	446.4	28.6	24.3	6.3
Operating profit before non-trading and exceptional items	**48.9**	**21.6**	**6.0**	**0.9**	**13.2**
(Loss) profit after taxation from continuing operations	**(67.0)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Non-trading and exceptional items:					
Cost of sales	37.0	97.2	14.7	6.9	6.7
Administrative expenses	15.2	446.4	28.6	24.3	6.3
Exceptional finance income	–	–	(402.8)	(402.8)	–
Tax impact of non-trading and exceptional items	(5.9)	(8.5)	(8.2)	(6.1)	(1.8)
Loss after taxation from continuing operations before non-trading and exceptional items	**(20.7)**	**(20.7)**	**(64.0)**	**(46.4)**	**(25.0)**

Consolidated balance sheet

	As at 31 December			As at 31 August
€ millions	**2013**	**2014**	**2015**	**2016**
Assets				
Non-current assets	1,046.3	520.3	493.7	474.4
Current assets	368.1	291.7	248.3	243.0
Total assets	**1,414.4**	**812.0**	**742.0**	**717.4**
Liabilities				
Non-current liabilities	(1,017.8)	(237.8)	(496.1)	(509.2)
Current liabilities	(309.3)	(1,040.2)	(261.4)	(262.0)
Total liabilities	**(1,327.1)**	**(1,278.0)**	**(757.5)**	**(771.2)**
Net assets (liabilities)	**87.3**	**(466.0)**	**(15.5)**	**(53.8)**
Equity				
Equity attributable to owners of the parent	76.2	(477.2)	(24.4)	(62.7)
Non-controlling interest	11.1	11.2	8.9	8.9
Total equity	**87.3**	**(466.0)**	**(15.5)**	**(53.8)**

Statement of cash flows

€ millions	Year ended 31 December 2013	2015	2015	Eight months ended 31 August 2015	2016
Net cash inflow from operating activities	141.4	68.6	59.6	31.6	38.0
Net cash inflow (outflow) from investing activities	833.6	(39.6)	(43.8)	(27.0)	(30.1)
Net cash used in financing activities	(924.5)	(65.6)	(31.5)	(13.6)	(18.4)
Net increase (decrease) in cash and cash equivalents	50.5	(36.6)	(15.7)	(9.0)	(10.5)
Effect of foreign exchange rate changes	(0.1)	0.2	(0.1)	-	-
Cash and cash equivalents at beginning of the year	105.0	155.4	119.0	119.0	103.2
Cash and cash equivalents at the end of the year	155.4	119.0	103.2	110.0	92.7

The following significant changes in the VGG's Group's financial condition and operating results occurred in the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2016.

Revenues decreased €34.3 million, or 3.6 per cent. from €957.0 million in the year ended 31 December 2013 to €922.7 million in the year ended 31 December 2014. The decrease in overall revenue reflects losses as a result of ongoing price and volume pressure in the Dutch market and decreased volumes of raw materials and incoming waste in the Waste Collections division, increased competition in the Recycling division and VGG's decision to stop certain site cleaning or remediation activities in the VGG Minerals segment.

Revenues decreased €7.9 million or 0.9 per cent. from €922.7 million in the year ended 31 December 2014 to €914.8 million in the year ended 31 December 2015. The decrease in overall revenue was primarily the result of the disposal of the VGG Group's subsidiaries in France, Poland and the Czech Republic. In 2015, the VGG Group also divested its interests in OVA/Groenendaal, its waste oil business. Revenue was also affected by adverse pricing effects on metals and plastics as a result of commodity price volatility in the Recycling division.

In 2015, the VGG Group underwent a debt restructuring pursuant to which part of its debt was converted into equity and other debt was converted into a restated revolving credit facility. As a result, borrowings from financial institutions on the VGG Group's balance sheet were reduced from €766.5 million as at 31 December 2014 to €305.0 million as at 31 December 2015, and the VGG Group recognised a non-cash one-off gain of €402.8 million in financial income relating to extinguishment of this debt. In addition, the VGG Group's then-outstanding preference shares were converted into ordinary shares. This resulted in the conversion of the preference shares borrowings amounting to €45.1 million into equity. This non-recurring finance income was the primary cause of the VGG Group's profit before tax increasing from a loss of €591.4 million in 2014 to a profit of €292.4 million in 2015.

Revenues decreased €33.1 million or 5.4 per cent. from €610.1 million in the eight months ended 31 August 2015 to €577.0 million in the eight months ended 31 August 2016. The decrease in overall revenue was primarily the result of the disposal of the VGG Group's subsidiaries in France, Poland and the Czech Republic and OVA/Groenendaal. These divestments accounted for a decrease in revenue of €35.3 million in the eight months ended 31 August 2016 compared to the same period in 2015. Excluding the effects of these divestments, revenue increased by €2.0 million in the eight months ended 31 August 2016 as a result of increased volumes in Belgium and price increases in both Belgium and the Netherlands. The increase was partly offset by lower revenue in the Recycling division primarily due to lower revenues in Coolrec mainly due to lower plastic and metal prices. This was partly offset by higher sales in the VGG Group's glass business (Maltha) as a result of increased production capacity after the completion of facility improvement works during 2015. The performance of VGG's Minerals business also improved during the eight months ended 31 August 2016 compared to the same period in 2015 primarily as a result of higher landfill volumes.

There has been no significant change in the VGG Group's financial condition and operating results subsequent to the period covered by this selected key historical financial information.

B.8	Selected key pro forma financial information

The unaudited pro forma statement of net assets, unaudited pro forma income statement and the related notes set out below have been prepared to illustrate the effect of (i) the issuance of 211,201,962 new Ordinary Shares pursuant to an equity fundraising, the distribution of which completed on 14 November 2016 (the "**Equity Issue**"); (ii) the refinancing of the existing debt of the VGG Group; and (iii) the Merger (collectively, the "**Transaction**") on the consolidated net assets of Shanks as if they had taken place on 30 September 2016 and the income statement of Shanks as if they had taken place on 1 April 2015.

The selected key unaudited pro forma financial information set out below has been prepared in a manner consistent with the accounting policies adopted by Shanks in preparing its consolidated financial statements for the year ended 31 March 2016 on the basis set out in the notes to the unaudited pro forma statement of net assets and unaudited pro forma income statement as at 31 March 2016 set out in Section A of Part 9 (*Unaudited pro forma financial information of the Combined Group*). The selected key unaudited pro forma financial information set out below has been extracted without adjustment from the unaudited pro forma financial information in Section A of Part 9 (*Unaudited pro forma financial information of the Combined Group*).

Pro forma statement of net assets

		Adjustments					
£ millions	**Shanks Group as at 30 Sept 2016**	**Equity Issue**	**VGG Group as at 31 Aug 2016**	**Finance costs/ re-financing**	**Inter-company adjustment**	**Merger adjustment**	**Pro forma Combined Group**
	(Note 1)	**(Note 2)**	**(Note 3)**	**(Note 4)**	**(Note 5)**	**(Note 6)**	
Non-current assets							
Intangible assets	216.2	–	60.2	–	–	206.7	483.1
Property, plant and equipment	314.0	–	316.1	–	–	–	630.1
Investments	13.9	–	2.2	–	–	–	16.1
Financial assets relating to PFI/PPP contracts	156.1	–	–	–	–	–	156.1
Trade and other receivables	1.7	–	17.0	(16.8)	–	–	1.9
Deferred tax assets	23.8	–	15.1	–	–	–	38.9
	725.7	–	410.6	(16.8)	–	206.7	1,326.2
Current assets							
Inventories	7.4	–	12.8	–	–	–	20.2
Financial assets relating to PFI/PPP contracts	12.8	–	–	–	–	–	12.8
Trade and other receivables	135.1	–	114.7	–	(2.0)	–	247.8
Derivative financial instruments	0.3	–	–	–	–	–	0.3
Current tax recoverable	–	–	0.4	–	–	–	0.4
Cash and cash equivalents	31.8	136.3	80.2	44.9	–	(261.3)	31.9
	187.4	136.3	208.1	44.9	(2.0)	(261.3)	313.4
Assets classified as held for sale	–	–	2.1	–	–	–	2.1
Total assets	**913.1**	**136.3**	**620.8**	**28.1**	**(2.0)**	**(54.6)**	**1,641.7**
Non-current liabilities							
Borrowings—PFI/PPP non recourse net debt	(86.2)	–	–	–	–	–	(86.2)
Borrowings—other	(271.6)	–	(299.7)	160.1	–	–	(411.2)
Derivative financial instruments	(35.6)	–	(14.1)	14.1	–	–	(35.6)
Other non-current liabilities	(5.9)	–	–	–	–	–	(5.9)
Deferred tax liabilities	(33.1)	–	(39.3)	–	–	–	(72.4)
Provisions	(44.4)	–	(77.9)	–	–	–	(122.3)
Defined benefit pension scheme deficit	(27.1)	–	(9.6)	–	–	–	(36.7)
	(503.9)	–	(440.6)	174.2	–	–	(770.3)
Current liabilities							
Borrowings—PFI/PPP non recourse net debt	(2.5)	–	–	–	–	–	(2.5)
Borrowings—other	(3.8)	–	(22.7)	–	–	–	(26.5)
Derivative financial instruments	(1.2)	–	(1.2)	1.2	–	–	(1.2)
Trade and other payables	(208.2)	–	(198.6)	2.6	2.0	–	(402.2)
Current tax payable	(10.0)	–	(0.4)	-	–	–	(10.4)
Provisions	(17.9)	–	(3.8)	–	–	–	(21.7)
	(243.6)	–	(226.7)	3.8	2.0	–	(464.5)
Total liabilities	**(747.5)**	–	**(667.3)**	**178.0**	**2.0**	**–**	**(1,234.8)**
Net Assets	**165.6**	**136.3**	**(46.5)**	**206.1**	**–**	**(54.6)**	**406.9**

Notes:

(1) Shanks' financial information for the 6 months ended 30 September 2016 has been extracted, without material adjustment, from the Shanks Group's published interim financial information for the 6 months ended 30 September 2016, which is incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

(2) The net proceeds of the Equity Issue of £136.3 million represents gross proceeds of £141.4 million on the issue of 211,201,962 new Ordinary Shares at a blended price of 66.95 pence per share, net of expenses of £5.1 million in connection with the Equity Issue.

(3) The VGG Group's financial information for the 8 months ended 31 August 2016 has been extracted, without material adjustment, from the financial information in Section B of Part 8 (*Historical financial information of the VGG Group*) using the closing exchange rate at 30 September 2016 (GBP:Euro 1.156). The table below sets out the Euro and GBP values.

	The VGG Group as at 31 August 2016	
	€ millions	**£ millions**
Non-current assets		
Intangible assets	69.6	60.2
Property, plant and equipment	365.3	316.1
Investments	2.5	2.2
Financial assets relating to PFI/PPP contracts	-	-
Trade and other receivables	19.6	17.0
Deferred tax assets	17.4	15.1
	474.4	**410.6**
Current assets		
Inventories	14.8	12.8
Financial assets relating to PFI/PPP contracts	-	-
Trade and other receivables	132.6	114.7
Derivative financial instruments	-	-
Current tax recoverable	0.5	0.4
Cash and cash equivalents	92.7	80.2
	240.6	**208.1**
Assets classified as held for sale	2.4	2.1
Total assets	**717.4**	**620.8**
Non-current liabilities		
Borrowings—PFI/PPP contracts	-	-
Borrowings—other	(346.4)	(299.7)
Derivative financial instruments	(16.3)	(14.1)
Other non-current liabilities	-	-
Deferred tax liabilities	(45.4)	(39.3)
Provisions	(90.0)	(77.9)
Defined benefit pension scheme deficit	(11.1)	(9.6)
	(509.2)	**(440.6)**
Current liabilities		
Borrowings—PFI/PPP contracts	-	-
Borrowings—other	(26.2)	(22.7)
Derivative financial instruments	(1.4)	(1.2)
Trade and other payables	(229.5)	(198.6)
Current tax payable	(0.5)	(0.4)
Provisions	(4.4)	(3.8)
	(262.0)	**(226.7)**
Total liabilities	**(771.2)**	**(667.3)**
Net liabilities	**(53.8)**	**(46.5)**

(4) The adjustments arising as a result of refinancing the existing debt of the VGG Group are set out below:

£ millions	**Repayment of VGG Group bank facilities**	**Drawdown of new and commited facilities**	**Total**
	(Note 4a)	**(Note 4b)**	
Trade and other receivables	(16.8)	-	(16.8)
Cash and cash equivalents	(80.2)	125.1	44.9
Borrowings—other	285.2	(125.1)	160.1
Non-current derivative financial instrument liabilities	14.1	-	14.1
Current derivative financial instrument liabilities	1.2	-	1.2
Trade and other payables	2.6	-	2.6
Impact on net assets	**206.1**	**-**	**206.1**

(a) The repayment of existing VGG bank facilities of £206.1 million comprises: repayment of borrowings of £285.2 million (which excludes finance leases) net of £80.2m of cash in the VGG Group and £16.8 million of bank guarantee funds (included as trade and other receivables); the repayment of accrued interest of £2.6 million; and the non cash settlement of £15.3 million in relation to derivatives (of which £14.1 million is non-current and £1.2 million is current) held in connection with the VGG bank funding. and

(b) The drawdown of £125.1 million on new and committed financing in the Combined Group to settle £231.9 million of cash consideration net of the Equity Issue proceeds of £136.3 million and £26.7 million of associated deal costs. In addition, under a multicurrency note facility and guarantee agreement held by Shanks, an amount of £2.8 million (€3.2 million translated at the closing exchange rate at 30 September 2016, being GBP:Euro 1.156) is required to repay the make-whole premium detailed in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus on completion of the Equity Issue.

(5) Intra-group adjustments reflect a £2.0 million adjustment to trade and other receivables and a corresponding adjustment to trade and other payables to remove Shanks' trading balances with the VGG Group as at 30 September 2016, as per the accounting records of the Shanks Group and VGG Group.

(6) The adjustments arising as a result of the Merger are set out below:

(a) The adjustment reflects goodwill arising on the Merger and has been accounted for using the acquisition method of accounting. The excess of consideration over the book value acquired has been reflected as goodwill. A fair value exercise to allocate the purchase price will be completed following completion of the Merger; therefore, no account has been taken in the pro forma of any fair value adjustments that may arise on the Merger.

The total consideration payable has been calculated in accordance with the offer price mechanism detailed in the Merger Agreement and this will be payable as a combination of the issuance of new ordinary shares in Shanks (referred to as "Equity Consideration" in these notes) and cash (referred to as "Cash Consideration" in these notes). The total consideration payable and the calculation of the adjustment to goodwill is set out below:

	Note	£ millions
Equity consideration	(i)	134.4
Cash consideration	(ii)	231.9
Total consideration		**366.3**
Repayment of financing in the VGG Group	(iii)	(206.1)
Consideration on a debt free basis		160.2
Less net liabilities acquired of the VGG Group	(iv)	79.5
Goodwill arising on acquisition		**239.7**
Existing goodwill		**(33.0)**
Pro forma goodwill adjustment		**206.7**

The provisional initial consideration for the Merger shown in the above table and calculated using the full goodwill method shows an illustrative amount of £366.3 million reflecting the pro forma equity value of £160.2 million for the VGG Group. On completion of the Merger, a purchase price adjustment reflecting the difference between the actual and budgeted cash balances at 31 August 2016 and operating cash flows for the period from 31 December 2015 to 31 August 2016 will also be calculated, however, these have not been considered for the purposes of the Unaudited Pro Forma Financial Information.

The total consideration is due to be settled as follows:

(i) The Equity Consideration of £134.4 million has been calculated as the issue of 190,187,495 shares at a discounted Equity share price of 70.7 pence in accordance with the offer price mechanism set out in the Merger Agreement, representing a 26.0 per cent. discount to the Shanks share price of 95.5p as at 21 February 2017, being the Latest Practicable Date.

(ii) The Cash Consideration of £231.9 million will be funded by proceeds from the Equity Issue and an assumed additional drawdown of £125.1 million of the €600 million syndicated debt facility agreed at the time of the Merger announcement.

The total consideration payable at completion will be different to the total consideration included in this Unaudited Pro Forma Financial Information due to the purchase price adjustments outlined above, which will be computed at the completion date.

(iii) The £206.1 million repayment of existing financing in the VGG Group comprises VGG Group borrowings of £287.8 million (inclusive of £2.6 million of accrued interest) and non-cash settlement of derivative financial instrument liabilities of £15.3 million net of £80.2 million of cash in the VGG Group and £16.8 million of bank guarantee funds included as trade and other receivables.

(iv) The net liabilities acquired of £79.5 million include £46.5 million of net liabilities of the VGG Group as at 31August 2016 and an elimination of existing goodwill of £33.0 million (as shown in note 13 to the VGG Group Financial Information of Part 8 (*Historical financial information of the VGG Group*).

(b) A £261.3 million adjustment to cash reflects the Cash Consideration of £231.9 million, transaction costs of £19.3 million, finance advisory and placing fees of £7.3 million and repayment of a make-whole premium of £2.8 million (€3.2 million translated at the closing exchange rate at 30 September 2016, being GBP:Euro 1.156) relating to the agreement detailed in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus on completion of the Equity Issue.

(7) In preparing the unaudited pro forma statement of net assets no account has been taken of the trading or transactions of the VGG Group since 31 August 2016 and Shanks since 30 September 2016.

Pro forma income statement

£ millions	Shanks Group for the year ended 31 Mar 2016	VGG Group for the year ended 31 Dec 2015	Adjustments: Finance costs	Adjustments: Inter-company adjustment	Adjustments: Merger adjustment	Pro forma Combined Group
	(Note 1)	**(Note 2)**	**(Note 3)**	**(Note 4)**	**(Note 5)**	
Revenue	613.8	669.3	–	(6.8)	–	1,276.3
Cost of sales	(518.4)	(553.8)	–	6.8	–	(1,065.4)
Gross profit	**95.4**	**115.5**	**–**	**–**	**–**	**210.9**
Administrative expenses	(85.6)	(142.8)	–	–	(19.3)	(247.7)
Operating profit (loss)	**9.8**	**(27.3)**	**–**	**–**	**(19.3)**	**(36.8)**
Finance income	16.7	294.7	–	–	–	311.4
Finance charges	(30.0)	(55.8)	18.8	–	(2.3)	(69.3)
Share of results from associates and joint ventures	1.0	2.3	–	–	–	3.3
(Loss) profit before tax	(2.5)	213.9	18.8	–	(21.6)	208.6
Taxation (note 6)	(1.5)	8.3	(4.7)	–	4.7	6.8
(Loss) profit for the year from continuing operations	**(4.0)**	**222.2**	**14.1**	**–**	**(16.9)**	**215.4**
Discontinued operations						
Profit for the year from discontinued operations	0.1	–	–	–	–	0.1
(Loss) profit for the year	**(3.9)**	**222.2**	**14.1**	**–**	**(16.9)**	**215.5**

Notes:

(1) Shanks' financial information for the 12 months ended 31 March 2016 has been extracted, without material adjustment, from the Shanks Group's published financial information for the year ended 31 March 2016, which is incorporated by reference into the Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

(2) The VGG Group's financial information for the 12 months ended 31 December 2015 has been extracted, without material adjustment, from the financial information set out in Part 8 (*Historical financial information of the VGG Group*) using the average exchange rate for the year ended 31 March 2016 (GBP:Euro 1.367). The table below sets out the Euro and GBP values.

	The VGG Group for the year ended 31 December 2015	
	€ millions	**£ millions**
Revenue	**914.8**	**669.3**
Cost of sales	(756.9)	(553.8)
Gross profit	**157.9**	**115.5**
Administrative expenses	(195.2)	(142.8)
Operating loss	**(37.3)**	**(27.3)**
Finance income	402.8	294.7
Finance charges	(76.2)	(55.8)
Share of results from associates and joint ventures	3.1	2.3
Profit before tax	**292.4**	**213.9**
Taxation	11.3	8.3
Profit for the year from continuing operations	**303.7**	**222.2**
Discontinued operations		
Profit for the year from discontinued operations	-	-
Profit for the year	**303.7**	**222.2**

(3) The adjustment to finance costs includes the following elements:

(a) an adjustment to reverse £32.1 million of VGG finance costs, of which £30.5 million relates to interest on term and other loans and £1.6 million relates to the fair value loss on derivative financial instruments, which will no longer be incurred as the existing debt of the VGG Group is refinanced and derivative financial instruments are settled as part of the Transaction with the new and committed €600 million syndicated debt facility in the Combined Group. This adjustment will not have a continuing impact on the Combined Group;

(b) finance charge of £13.3 million, which will have a continuing impact on the Combined Group, includes:

(i) an adjustment of £3.3 million representing the full year interest expense relating to the £125.1 million total draw down. This represents full drawdown of Facility B at £104.1 million (€143.75 million) and the remainder of £20.7 million under Facility A (€456.25 million) of the new and committed €600 million syndicated debt facility, calculated on the basis of an estimated interest rate of 2.65% (Zero EURIBOR plus estimated margin of 2.65%) based on the terms of the New Facilities Agreement assuming that this was taken out on 1 April 2015;

(ii) an adjustment of £0.2 million to replace Shanks Group's finance cost of £0.6 million incurred in relation to £31.2 million draw down on its existing debt facility as at 1 April 2015 at an effective interest rate of 1.89% (EURIBOR plus estimated margin of 1.91%) based on the terms of the existing debt facility, with £0.8 million of finance cost which will be incurred on the draw down amount under the terms of the New Facilities Agreement at an estimated interest rate of 2.65% (Zero EURIBOR plus estimated margin of 2.65%);

(iii) an adjustment of £7.3 million representing advisor and arrangement fees incurred to arrange the new €600 million syndicated debt facility which extinguishes the previous Shanks Group bank facilities for accounting purposes; and

(iv) £2.5m representing the full year commitment fee on the undrawn amount of £234.8 million of Facility A (€456.25 million) of the €600 million syndicated debt facility at an estimated interest rate of 1.06% (40% of the applicable margin of 2.65%) based on the terms of the New Facilities Agreement.

	(4) Intra-group adjustments remove £6.8 million of revenue and £6.8 million of cost of sales resulting from Shanks' trading operations with the VGG Group for the 12 months ended 31 March 2016, as per the accounting records of the Shanks Group and the VGG Group. This adjustment will have a continuing impact on the Combined Group. (5) This reflects an adjustment of £19.3 million in relation to transaction costs for the Merger charged to administrative expenses and a finance cost of £2.3 million (€3.2 million translated at the opening exchange rate at 1 April 2015, being GBP:Euro 1.381) in relation to the repayment of a make-whole premium associated with the agreement detailed in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus on completion of the Equity Issue. These costs will not have a continuing impact on the Combined Group. It is expected that that total transaction costs of £34.0 million will be incurred in relation to the Transaction which also comprises transaction costs of £7.3 million in relation to refinancing (note 3 (b)(ii)) and £5.1 million of costs associated with the Equity Issue which have been recorded against equity. These costs will not have a continuing impact on the Combined Group. (6) The £4.7 million tax effect of the adjustments to financing costs is calculated at the VGG Group's Dutch corporate income tax rate of 25.0%. The £4.7 million tax effect of the Transaction costs is calculated at the Shanks Group's effective tax rate of 21.7%. (7) In preparing the unaudited pro forma income statement no account has been taken of the trading or transactions of the VGG Group since 31 December 2015 and Shanks since 31 March 2016. (8) In preparing the unaudited pro forma income statement no account has been taken of the impact of additional depreciation or amortisation costs that may arise, and have a continuing impact, following any purchase price allocation exercise, as this will be undertaken following the Merger.
B.9	**Profit forecast / estimate**
	In its announcement issued on 7 February 2017, Shanks stated, in reference to VGG's unaudited preliminary trading update for the twelve months ended 31 December 2016, that "After adjustments made to align with Shanks' accounting policies, VGG estimates it achieved a 23% increase in Adjusted EBITDAE to €91.0 million on revenues down 3% to €882.5 million". The reference to 23% increase in EBITDAE for the twelve months ended 31 Deecmber 2016 represents a profit estimate of the results of VGG Group under the Prospectus Rules. There are no outstanding profit forecasts or estimates in respect of the Shanks Group.
B.10	**Qualifications on audit report**
	Not applicable. There are no qualifications included in the audit reports on the Shanks Group's historical financial information incorporated by reference in this Prospectus or the accountants' reports on the VGG Group's historical financial information included in this Prospectus.
B.11	**Working capital qualifications**
	Not applicable. In the opinion of Shanks, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this Prospectus.

Section C—Securities	
C.1	**Description of securities**
	The Ordinary Shares have a nominal value of 10 pence. On Admission, the Ordinary Shares will be registered with International Security Identification Number ("**ISIN**") GB0007995243 and SEDOL number 0799524.
C.2	**Currency of the securities issue**
	The Ordinary Shares are denominated in Sterling.
C.3	**Number of shares in issue / whether fully paid / par value**
	As at the Latest Practicable Date, Shanks had 609,605,956 fully paid Ordinary Shares of 10 pence each in issue.
C.4	**Rights attached to the securities**
	The Ordinary Shares rank, and the Consideration Shares to be issued at Completion will rank, *pari passu* in all respects with each other and all existing Ordinary Shares, including for voting purposes and the right to receive dividends or other distributions declared, made or paid after Admission.

C.5	**Restrictions on free transferability**
	Not applicable. There are no restrictions on the free transferability of the Ordinary Shares (including the Consideration Shares).
C.6	**Admission to trading on regulated market**
	Applications have been made to the FCA and the London Stock Exchange, respectively, for the Ordinary Shares to be re-admitted and for the Consideration Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market. No application has been made or is currently intended to be made for the Ordinary Shares or the Consideration Shares to be admitted to listing or trading on any other exchange.
C.7	**Dividend policy**
	Following Admission, Shanks' current dividend per share will be adjusted to take account of its enlarged share capital. The Board's dividend policy is to rebuild the dividend cover from its current level to 2.0 to 2.5 times underlying earnings per share and resume a progressive dividend policy once this has been achieved. It is expected that any final dividend of the Combined Group for the year ending 31 March 2017 will be proposed at its next annual general meeting and paid in July or August 2017. An interim dividend of 0.95 pence per Ordinary Share for the year ending 31 March 2017 was declared on 17 November 2016 and was paid on 6 January 2017 to Shareholders who were on Shanks' shareholder register at the close of business on 25 November 2016.

Section D—Risks	
D.1	**Key information on the key risks specific to the Combined Group or its industry**
	Difficulties arising from the integration process may result in the Combined Group requiring additional time and investment, including in relation to required consultations with and approvals from works councils, which may affect or restrict the ability of the management team of the Combined Group to run the business effectively during the period of integration. The Combined Group is reliant on its key management and personnel, and may not be able to retain such persons or attract and retain suitable replacements. The volume of commercial and hazardous waste available to the Combined Group will be linked to the economic activity of the suppliers of that waste, and any downturn may result in reduced volumes and, consequently, financial performance of the the Combined Group. Competition for commercial and hazardous waste has led and may in the future lead to reduced prices to customers and lower margins for waste management companies, which may constrain the Combined Group's ability to generate sufficient cash from its trading activities to grow its operations. The Combined Group will be exposed to risks relating to long-term public private partnership and private finance initiative municipal waste contracts, including those relating to inaccurate pricing or estimation of costs at the time of entry into the contracts and a failure to meet performance targets. The Combined Group will be exposed to risks relating to fluctuations in commodity prices against which it may not be hedged. Price escalations or reductions in the supply of fuel, which may occur due to international, political and economic circumstances, as well as other factors outside the Combined Group's control, would likely increase its operating expenses.

	The Combined Group's exclusive contracts may be unilaterally amended or terminated without compensation in part or in full, or governmental action may interfere with such exclusivity. The presence of works councils and trade unions may limit the Combined Group's flexibility in dealing with its workforce and lead to increased operating costs. A lengthy strike or other work stoppage by the Combined Group's employees may have a material adverse effect on its ability to conduct its activities and complete its contractual obligations. The waste management industry is subject to extensive government regulations and any changes to such regulations or new regulations could result in the restriction of operations, increase the cost of operations or impose additional capital expenditures which may restrict the Combined Group's operations. Compliance with environmental regulations and licence conditions at waste treatment and disposal sites, may result in the Combined Group being exposed to increased costs and potential remedial actions. Failure to carry out the actions required to maintain compliance may result in the suspension or revocation of licences, permits and/or permissions which may restrict the Combined Group's operations.
D.3	**Key information on the key risks specific to the securities**
	The market price of the Ordinary Shares (including the Consideration Shares) could be subject to significant fluctuations. Upon Completion, existing Shareholders will have their proportionate shareholdings in Shanks diluted by approximately 23.8 per cent. as a consequence of the issue of the Consideration Shares. Any future issue of Ordinary Shares will further dilute the holdings of Shareholders and could adversely affect the market price of Ordinary Shares. The ability of the Combined Group to pay dividends is not guaranteed.

Section E—Offer	
E.1	**Total net proceeds / estimate of the total expenses of the issue/offer / estimated expenses charged to the investor**
	Not applicable. There is no offer of Ordinary Shares or other securities in connection with Admission. As set out below, Shanks is not receiving any cash proceeds for the issue of the Consideration Shares. The total costs, charges and expenses relating to the Merger and Admission payable by Shanks are estimated to be approximately £26.7 million (exclusive of value-added tax ("**VAT**")). No expenses relating to Admission has been or will be directly charged to investors.
E.2a	**Reasons for the offer/ use of proceeds**
	Not applicable. There is no offer of Ordinary Shares or other securities in connection with Admission.
E.3	**A description of the terms and conditions of the offer**
	Not applicable. There is no offer of Ordinary Shares or other securities in connection with Admission.
E.4	**Material / conflicting interests**
	Not applicable. There are no interests material to Admission, including conflicting interests.
E.5	**Name of the person or entity offering to sell the security / lock-up agreements: the parties involved and indication of the period of the lock-up**
	Not applicable. There is no offer of Ordinary Shares or other securities in connection with Admission and there are no selling shareholders or lock-up agreements.

E.6	**Dilution**
	Upon Completion, Shareholders will have their proportionate shareholdings in Shanks diluted by approximately 23.8 per cent. as a consequence of the issue of the Consideration Shares.
E.7	**Estimated expenses charged to the investor**
	Not applicable. No expenses will be charged by Shanks to investors.

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Accordingly, prior to making any investment decision, investors should carefully consider all the information contained in this Prospectus (including the documents incorporated by reference herein) and, in particular, the risk factors described below.

Investors should note that the risks relating to the Combined Group and its industry and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by investors of whether to invest in the Ordinary Shares. However, as the risks which the Combined Group faces relate to events and depend on circumstances that may or may not occur in the future, investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material in relation to the Combined Group as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing the Combined Group. Additional risks and uncertainties relating to the Combined Group that are not currently known to the Combined Group, or that the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition and, if any or a combination of such risks should occur, the price of the Ordinary Shares may decline and Shareholders a could lose all or part of their investment. Investors should consider carefully whether an investment in Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

The information given is as of the date of this Prospectus and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules or any other applicable law or regulation, will not be updated. Any forward-looking statements are made subject to the reservations specified in paragraph 6 of the section entitled "Important Information" of this Prospectus.

1. RISKS RELATING TO THE COMBINED GROUP'S BUSINESS

1.1 *Integration of VGG into the Combined Group may be more time-consuming and costly than expected, and unforeseen difficulties may arise, resulting in a failure of the Combined Group realising in full the expected benefits of, including synergies from, the Merger.*

The Merger involves the integration of two businesses that have previously operated, and will until Completion operate, independently. The difficulties of combining the businesses include:

(a) the necessity of co-ordinating services and operations and consolidating organisations, systems, facilities, accounting functions and other policies, and having access to all relevant data within the VGG Group;

(b) the task of integrating the management and personnel of the Combined Group, maintaining employee morale and retaining and incentivising key personnel; and

(c) the potential for disruptions to the ongoing business of each of the Shanks Group and the VGG Group.

The success of the Combined Group will depend, in part, on its ability to realise the expected benefits of, including synergies from, combining the respective operations of the Shanks Group and the VGG Group. This integration process may be more time-consuming and costly than expected, and unforeseen difficulties may arise, including in relation to required consultations with and approvals from works councils. Furthermore, the Combined Group may not be able to retain personnel with the appropriate skill set for the tasks associated with the integration process. Successful integration will also require a significant amount of management time and thus may affect or restrict the ability of the management team of the Combined Group to run the business effectively during the period of integration. If the integration process proves more difficult than is anticipated, there is also a risk that the challenges associated with managing the integration will result in the management team of the Combined Group being distracted and, consequently, the operations of the Combined Group may be adversely affected.

Difficulties arising from the integration process may result in the Combined Group failing to achieve in full the expected benefits of, including synergies from, the Merger. In particular, the Combined Group's ability to realise anticipated cost synergies and potential revenue synergies, and the timing of this realisation may be affected by a variety of factors, including but not limited to:

(a) its broad geographic areas of operations and the resulting potential complexity of integrating each of the Shanks Group's and the VGG Group's corporate and regional offices;

(b) successful implementation of the Combined Group's strategy;

(c) the difficulty of achieving cost savings; and

(d) unforeseeable events, including major changes in the industries in which the Combined Group operates.

With respect to the integration process as well as with the anticipated and potential synergies, the Combined Group may experience lengthy consultations and negotiations with Dutch and/or Belgian trade unions and/or Dutch and/or Belgian works councils on certain items. These trade unions and/or works councils are most likely to be involved in matters such as reorganisations and/or harmonisation of employment conditions.

The Dutch works councils have a right of advice in respect of the integration process. Under Dutch law, no stringent rules apply with regard to the duration of the consultation process. If the terms of the integration plan deviate from the advice of the works councils, the implementation of the integration process must be suspended for one month. During this month, the relevant works councils may initiate legal proceedings to prevent the integration process at the Enterprise Court at the Amsterdam Court of Appeal. In case the works councils do not take any action during the one month period of suspension, the integration process can be completed. In addition, amendments affecting the Combined Group's employees, such as changes to regulations pay/job grading systems and/or dismissals and promotion, may only be taken with the works councils' consent. If such consent is refused, Shanks may ask the relevant subdistrict court to grant permission to make any such amendment. Permission will solely be granted in case the works councils' refusal is unreasonable or if the proposed amendment(s) is necessary for serious business reasons.

The Belgian works councils must also be informed and consulted, amongst others, prior to any important change to the structure of the undertaking of the Combined Group in Belgium. Under Belgian law, no stringent rules apply with regard to the duration of the consultation process, however, the employee's representatives of the works council should be given reasonable opportunity to ask questions. In addition, possible collective lay-off and/or closure of an undertaking or a division in the Belgium organisation of the Combined Group requires a specific information and consultation procedure to be complied with, which may take several months.

If there are difficulties in the integration process and/or the expected benefits of, including synergies from, the Merger (including the anticipated cost synergies and potential revenue synergies) are not realised in full or are delayed, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.2 *The Combined Group relies on its key management and other personnel and may fail to retain such persons or attract and retain suitable replacements.*

The calibre and performance of the Combined Group's senior management and other key employees, taken together, is critical to the success of the Combined Group and there can be no assurance that there will not be a departure of key personnel from the Combined Group in the future. For example, failure of the Combined Group to remunerate or otherwise incentivise employees appropriately could result in the departure of key personnel. If there were a departure of a significant number of management or key employees and the Combined Group were not able to attract or develop suitable replacements, it may have an adverse effect on both the Combined Group's ability to conduct its businesses (through an inability to execute business operations and strategies effectively) and the value of those businesses, which, in turn, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.3 *The performance of the operations of the Combined Group are linked to the availability of waste, which in turn is affected by economic activity and market conditions in the sectors in which the Combined Group operates.*

As with many waste management companies, a significant proportion of the Combined Group's customer arrangements (which can be contrasted with municipal arrangements) are annual price agreements without any customer commitments as to volumes. As a result, the Combined Group has little visibility on future tonnage or revenue from such commercial arrangements. The volume of commercial and hazardous waste received by the Combined Group closely mirrors the industrial and commercial output in the geographical areas in which their respective facilities are located. Unlike municipal waste, industrial projects (and therefore commercial and hazardous waste volumes) are dependent upon availability of credit and underlying economic confidence. Waste volumes generated in these markets are to a large extent affected by factors beyond the Combined Group's control, including general economic conditions, levels of GDP growth and consumption, levels of construction and renovation works, technological advances and regulatory changes affecting environmental matters and waste management. Additionally, waste volumes have been, and are expected to continue to be, impacted by policy shifts and societal trends towards generating less waste and relying more heavily on recycled materials, and by technological advancements leading to the use of less, and more complex, materials which will result in less generated waste and less recoverable valuable waste materials for waste. Municipal projects may also be affected by market conditions, which may influence the availability of offtake partners and increase insurance costs. In particular, the Combined Group's UK Municipal division continues to experience market and operational challenges in the current financial year in the United Kingdom which may have an adverse effect on its revenue and profitability. As a consequence, the revenue of the Combined Group may be materially adversely affected by a downturn in economic activity. In particular, in the Combined Group's Maltha segment, the availability and, therefore, price, of high quality glass waste (with low pollution due to co-mingling with non-glass material) is affected by, among other things, the policies of "Green dot" systems (which require producers and retailers to finance the collection and sorting of packaging waste) and government regulations. In addition, unanticipated increase in demand for waste disposal may have an adverse effect on the Combined Group as it would be required to dispose of higher than expected volumes of waste through its put or pay agreements for combustible waste which may trigger a corresponding price increase which could not be passed on to its clients. Reduced, or unexpectedly increased, volumes of commercial and hazardous waste and demand for waste management services may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.4 *Competitive pressures may negatively affect margins and constrain the Combined Group's ability to generate cash and grow its operations.*

The Combined Group operates in competitive markets where competition for commercial and hazardous waste has led and may in the future lead to reduced prices to customers and lower margins for waste management companies. For example, in recent years decreased utilisation levels within commercial incinerators have contributed to increased waste collection pricing pressure and competition. When demand for incineration declines in the market, gate fees tend to decrease, giving mainly smaller competitors who lack long term agreements with commercial incinerators and pay gate fees at spot market rates a cost advantage as compared to the Combined Group. These competitors, when able to pay lower gate fees, tend to charge their customers lower prices for waste collection than those charged by the Combined Group, thus placing pressure on the prices that the Combined Group is able to charge to their customers and, accordingly, their revenue and margins. Additionally, an increase in the level of recycling may result in lower volumes for incineration, which would place further downward pricing pressure on gate fees. As a result, the earnings of the Combined Group may be diminished, which may constrain its ability to generate sufficient cash from its trading activities to grow its operations. The Combined Group implements a cash and portfolio management programme aimed at reducing the effects of competitive pressures, any sustained decrease in cash generation resulting in it becoming unable grow its operations may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.5 *The Combined Group may be materially adversely affected by exposure under its long-term contracts.*

The Combined Group has certain key long-term commercial contracts (typically lasting 25 years), which generate substantial revenue and profit, including, in particular, public private partnership ("**PPP**") and private finance initiative ("**PFI**") municipal waste contracts. Entering into these long-term contracts exposes the Combined Group to the risks of:

(a) an increase in costs, including wage inflation, insurance and energy costs, attributable to such contracts beyond those anticipated and provided for within such contracts at the time they are entered into;

(b) being bound to perform an onerous contract as a result of inaccurate pricing by the Combined Group or unfavourable market conditions, which may require increases in related provisions;

(c) an increase in costs that are not met through corresponding attributable increases in revenue from such contracts; and

(d) in the case of PFI and PPP contracts, revenue not received through failure to meet performance targets.

Unless, and to the extent that, such risks are taken into account in periodic benchmarking and/or market testing, they may have a materially adverse effect on the Combined Group's future revenue and profitability. Persistent or major failure to meet performance targets may result in the imposition of fines or penalties by the municipality or, ultimately, the early termination of these contracts and a loss of both any initial investment and future profits, which may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.6 *Fluctuations in commodity prices could materially adversely affect the Combined Group.*

The activities of the Combined Group require consumption of commodities and the Combined Group is, therefore, exposed to risks relating to fluctuations in commodities prices. Commodity prices are affected by regional and global macroeconomic factors beyond the control of the Combined Group and are subject to significant volatility and have, in recent years, decreased due to lower global demand. Although the Combined Group's long-term contracts generally include indexing mechanisms, there can be no guarantee that these mechanisms will cover all of the additional costs generated, particularly for long-term contracts. In addition, some contracts entered into by the Combined Group do not include indexing provisions. Accordingly, any major increase in the price of commodities consumed may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

The sale of recyclable materials provides a significant source of income for the Combined Group. The level of global economic activity can have a very significant effect on commodity prices and, as a consequence, the value of such recyclable materials. Where the Combined Group collects or processes segregated recyclable streams, such as paper, cardboard, metal, plastic and wood, it endeavours to reduce its exposure to fluctuations in commodity prices by linking input prices directly to corresponding quoted commodity prices. However, where the recyclables are recovered from residual waste streams, since their value is small compared to the costs of handling the waste streams, the value of such recyclables is not separately identified in the overall price to the customers. The combined value of recyclables extracted from large volumes of residual waste can be substantial, therefore the impact of changing commodity prices may be significant. While the Combined Group seeks to limit its exposure to fluctuations in commodity prices, to the extent that it is not successful in limiting such exposure, fluctuations in commodity prices may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.7 *Increases in fuel prices or reduced supply of fuel would likely increase the Combined Group's operating expenses.*

The price and supply of fuel are unpredictable and can fluctuate significantly based on international, political and economic circumstances, as well as other factors outside the Combined Group's control, such as actions by the Organisation of the Petroleum Exporting Countries and other oil and gas producers, weather conditions and environmental concerns. The Combined Group requires fuel to operate the vehicles and equipment used in its operations. Price escalations or reductions in the supply would likely increase the Combined Group's operating expenses, which increases or reductions may not be fully hedged or at all, which may have a material adverse effect on its business, prospects, results of operations and financial condition. This may be particularly true for the Combined Group's UK Municipal division's operations, which is typically subject to fixed income contracts and, therefore, increases in fuel prices also result in increased margin pressure.

1.8 *The Combined Group's reputation as a quality service provider may be adversely affected by any failure to meet its contractual obligations, customer expectations or agreed service levels.*

The Combined Group's reputation for providing high quality services is key to it maintaining and developing relationships with customers. Its ability to attract new customers or retain existing customers is largely dependent on its ability to provide reliable high quality services and to maintain a good reputation. Any failure or inability to meet a customer's expectations may have a material adverse effect on the customer's operations, which, in turn, may damage the Combined Group's relationship with that customer and its reputation. Accordingly, any such damage to relationships or any such reputational damage may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition. In addition, any failure to meet contractual obligations or agreed service levels may lead to contractual disputes with counterparties, which may result in legal and other costs to the Combined Group.

1.9 *The Combined Group may lose contracts through competitive bidding, early termination or governmental action, or may renegotiate contracts on less favourable terms, the lost revenue from which it may not be able to replace or offset.*

The Combined Group derives a significant portion of its revenue from markets in which it has exclusive arrangements, including municipal contracts. These municipal contracts are for a specified term and are or will be subject to competitive bidding in the future. Although the Combined Group intends to bid on additional municipal contracts in its target markets, it may not always, or ever, be the successful bidder. In addition, some or all of its customers, including municipalities, may terminate a contract prior to its scheduled expiration dates. In most of the countries in which the Combined Group is present, public authorities have the right, in certain circumstances, to unilaterally amend or even terminate the contract subject to compensation by the contracting partner. In the event of amendments or early termination of contracts, there can be no guarantee that the Combined Group will be able to obtain partial or full compensation. Similar risks may affect contracts that the Combined Group is awarded to operate municipally owned assets, such as landfills.

Governmental action may also affect the Combined Group's exclusive arrangements. Municipalities may annex unincorporated areas within areas where the Combined Group provides collection services. As a result, customers in such annexed areas may be required to obtain services from competitors that have been franchised by the annexing municipalities to provide those services. In addition, municipalities in which the Combined Group provides services on a competitive basis may elect to franchise those services. Unless the Combined Group is awarded franchises by these municipalities, they will lose customers. Municipalities may also decide to directly provide services to their residents, on an optional or mandatory basis, which may result in a loss of customers.

In addition, the Combined Group's exclusive arrangements must be renewed from time to time. There can be no assurance that any renegotiation of a contract will be concluded on terms at least as favourable as before or at all. If the Combined Group is not able to replace or offset lost revenue resulting from unsuccessful competitive bidding or early termination or if the renegotiation of existing contracts results in it being required to provide its services on less favourable terms or being unable to renew the contract, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.10 *Some of the Combined Group's customers, including governmental entities, have suffered financial difficulties affecting their credit risk, which could negatively impact the Combined Group's operating results.*

The Combined Group provides its services to a number of governmental entities and municipalities, some of which have suffered significant financial difficulties in the past due to reduced tax revenue, high cost structures and/or downturns in the global and local economy. Some of these entities may become unable to pay amounts owed to the Combined Group or renew contracts at previous or increased rates. Many non-governmental customers have also suffered serious financial difficulties, including bankruptcy in some cases. Purchasers of the Combined Group's recyclable commodities can be particularly vulnerable to financial difficulties in times of commodity price volatility. While the Combined Group implements the setting and monitoring of customer credit limits and outstanding customer receivables are regularly monitored, there can be no assurance that a customer will not become unable to meet its payment obligations due to factors outside its control. The inability of a significant number of customers, particularly large national accounts, to pay the Combined Group in a timely manner, which is not fully mitigated by any applicable credit insurance or non-recourse factoring, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.11 *The Combined Group's business is concentrated on the Benelux region.*

For the year ended 31 March 2016, 70 per cent. of the Shanks Group's revenue and, for the year ended 31 December 2015, 92 per cent. of the VGG Group's revenue was derived from the Benelux region. Accordingly, the Combined Group will have a higher concentration of, and dependency on, earnings derived in the Benelux region than the Shanks Group previously had on a standalone basis and, consequently, a greater exposure to any economic or market factors affecting the Benelux region. In the event that the economic or market conditions in the Benelux region were to deteriorate, this may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.12 *Most of the Combined Group's employees are represented by works councils and trade unions.*

As at 31 March 2016, approximately 75 per cent. of the Shanks Group's employees were party to collective bargaining agreements and some employees in the United Kingdom are members of trade unions. As at 31 December 2015, over 95 per cent. of the VGG Group's employees were party to collective bargaining agreements. The Combined Group's relationship with works councils and trade unions are and will be important. As collective bargaining agreements expire and until negotiations are completed, it is not known whether the Combined Group will be able to negotiate collective bargaining agreements on the same or more favourable terms as the current agreements, or at all, without interruptions and stoppages. The presence of works councils and trade unions may limit the Combined Group's flexibility in dealing with its workforce and lead to increased operating costs. A lengthy strike or other work stoppage by the Combined Group's employees may have a material adverse effect on its ability to conduct its activities and complete its contractual obligations. Accordingly, any such delays, stoppages or interruptions may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.13 *The Combined Group is subject to restrictive covenants under its financing arrangements.*

Under the terms of the 4.23 per cent. guaranteed notes due 30 July 2019 and 3.65 per cent. guaranteed notes due 16 June 2022 issued by Shanks, members of the Combined Group are prohibited from granting any security interest over (i) Combined Group's undertakings, assets or revenue; and (ii) any property, plant and equipment having a book value of 40 per cent. or more of the Consolidated Group's consolidated net worth (as defined in the terms and conditions of those notes) without providing an equal and ratable security interest over such assets in favour of the holders of the relevant notes.

Under the terms of the €600 million multicurrency facilities agreement among Shanks, ING Bank N.V as Arranger, ING Bank N.V., Coöperatieve Rabobank U.A., ABN Amro Bank N.V., KBC Bank N.V., BNP Paribas Fortis S.A./N.V. and HSBC Bank plc as Original Lenders, ING Bank N.V. as Issuing Bank and Coöperatieve

Rabobank U.A. as Facility Agent (each of such terms as defined therein) pursuant to which a €143.75 million term facility and a €456.25 million revolving credit facility will be provided to certain members of the Combined Group (the "**New Facilities Agreement**"), the Combined Group is subject to certain financial and other customary covenants, including the requirement to maintain certain ratio levels in relation to its interest cover and leverage. Failure to comply with such covenants may be an event of default in the relevant agreement, in which case the relevant facility agent may, if instructed by a majority of the relevant lenders, cancel all or any part of the commitments under that agreement or declare all or part of any amounts outstanding thereunder immediately due and payable and/or payable on demand. In addition, breach of a financial covenant under the New Facilities Agreement would prevent utilisation of the facilities available thereunder unless such breach is waived by a majority of lenders. Breach of a financial covenant under the New Facilities Agreement would also mean the margin payable on the facilities available thereunder moves to the highest applicable level.

In connection with certain PFI and PPP contracts to which one or more members of the Combined Group is party, the Combined Group is obliged to maintain certain ratio levels in relation to its consolidated net worth, interest cover and leverage. These ratios are generally tested at the end of each financial quarter. If the Combined Group fails to meet a ratio level on a testing date, it would be required to post additional letters of credit support in respect of its outstanding obligations under the relevant contract. While the Shanks Group has not previously failed any of its ratio tests and the Combined Group, from time to time, will seek to negotiate lower ratio levels, there can be no assurance that the Combined Group will meet such ratio levels at all times in the future. Any failure to obtain required letters of credit support may trigger an event of default under the relevant credit agreement, giving rise to potential liabilities up to the relevant liability cap.

1.14 ***Fluctuations in foreign exchange rate could materially adversely affect the Combined Group.***

The Shanks Group historically has reported and currently reports its financial results in Sterling while transacting, earning revenue and holding assets and liabilities in currencies other than Sterling, specifically the Euro and the Canadian dollar. A significant majority of the Combined Group's costs and revenue are and will continue to be denominated in Euro. Therefore, the Combined Group may be adversely affected by fluctuations in exchange rates, particularly between the Euro and the pound and Canadian dollar and the pound. In addition, should the Euro weaken against the pound, then the Combined Group's revenue as reported in Sterling will decrease even if its underlying performance stays constant. While the Combined Group engages in currency hedging transactions to reduce its exposure to currency fluctuations in respect of costs incurred in Euro and Euro-denominated asset and liability positions, there can be no assurance that these hedging transactions will be sufficient to protect against adverse exchange rate movements. There has been a high degree of volatility in exchange rates since the onset of the global financial crisis and this volatility has continued with the recent EU sovereign debt crisis and the UK's referendum in favour of leaving the European Union. A depreciation of the Euro and/or the Canadian dollar relative to the pound sterling may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.15 ***The Combined Group's financial position and results of operations may be adversely affected by fluctuations in interest rates.***

Amounts drawn down under the Combined Group's financing facilities in respect of its PFI contracts, the New Facilities Agreement and certain other borrowings accrue interest at a variable rate. Therefore, the Combined Group will be exposed to interest rate fluctuations, including as a result of fluctuations in EURIBOR, under these contracts.

The interest rates under the Combined Group's financing facilities in respect of its PFI contracts are and will continue to be termed non-recourse since the lenders may, in the event of a default in payment under the loan by the Combined Group, only seize certain defined assets of the Combined Group. These are hedged for the life of such facilities, which means that the Combined Group has entered into arrangements in order to minimise any loss it may face if such interest rates change adversely.

While the Combined Group has hedges in place to mitigate its exposure to interest rate fluctuations, it is exposed to fluctuations in sterling, Euro and Canadian dollar interest rates in respect of the unhedged element of their underlying borrowings, being the element for which it has not entered into arrangements to protect against any losses it could suffer due to adverse changes in such interest rates. Adverse movements in interest rates, if not fully hedged, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.16 ***The Combined Group may require greater medium-term capital expenditure in respect of the VGG Group than previously estimated by its management which could adversely affect the financial benefits of the Merger and the prospects of the Combined Group.***

The pre-existing capital expenditure plans of each of the Shanks Group and the VGG Group were determined by their respective management teams in accordance with their respective standalone strategies. However, the Combined Group's management team will set a capital expenditure plan for the Combined Group in accordance with the Combined Group's strategy. Given the differences in the standalone strategies, further medium-term capital expenditure may be required under the Combined Group's strategy in order to bring the VGG Group's operations in line with the Shanks Group's practices. Such additional costs may relate to, but are not limited to the:

(a) renewal of the transport fleet;

(b) improvement of health and safety related assets, equipment and on-going practices; and

(c) renovation or replacement of facilities and onsite equipment.

Although the Shanks Group's management has undertaken due diligence on, and appraisal of, the VGG Group's capital expenditure plan, the level of medium-term capital expenditure required by the Combined Group in relation to the VGG Group may be greater than was estimated by the VGG Group's management. This may have an adverse effect on the medium-term cash position of the Combined Group, as well as on the returns that Shanks is able to make to Shareholders, which in turn may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.17 ***The cost of achieving the benefits of the Merger may be higher than anticipated.***

The Directors expect that the integration process and the realisation of these cost synergies will result in one-off exceptional cash costs of approximately €50 million to be incurred over a three year time period. These costs are an estimate and it is possible that the actual cost to achieve the synergies will be higher. If any of these costs were to be greater than anticipated, this would likely reduce the net benefits of the Merger and may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.18 ***The Combined Group may in the future be required to increase the funding of its pension schemes.***

The Shanks Group has used and the Combined Group will use International Accounting Standard ("**IAS**") 19 Revised—Employee Benefits to account for pensions. The pension charge in the year ended 31 March 2016 was £10.3 million (£10.4 million in the year ended 31 March 2015). Using assumptions laid down in IAS 19 Revised—Employee Benefits, in the year ended 31 March 2016, there was a net retirement benefit deficit of £8.8 million (£13.1 million in the year ended 31 March 2015). This relates solely to the defined benefit section of the Shanks Group's UK scheme. The defined benefit section of the UK scheme was closed to new members in September 2002 and new employees are now offered a defined contribution arrangement. Following the completion of the triennial valuation of the Shanks Group's UK defined benefit retirement scheme as at 5 April 2015, the Shanks Group agreed to fund the deficit over a six year period with a payment of £3.1 million over seven years. This payment profile will be reconsidered at the valuation as at 5 April 2018, results of which will be available in 2019. Following the conclusion of such valuation, the trustees of the defined benefit schemes may seek a material increase in the funding of such schemes over the ten years from the date of the 2018 valuation. If such funding has to be increased, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

In the Netherlands, the Combined Group participates in several multi-employer schemes. These are accounted for as defined contribution plans as it is not possible to split the assets and liabilities of the schemes between participating companies and Shanks has been informed by the schemes that it has no obligation to make additional contributions in the event that the schemes have an overall deficit. However, should such confirmation be incorrect, additional funding may be required from the Combined Group in the future, which may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.19 ***The Combined Group may incur additional environmental remediation costs in relation to the VGG Group which could adversely affect the financial benefits of the Merger and the prospects of the Combined Group.***

Virtually all of the VGG Group's operations require the VGG Group to hold local licences, permits or other permissions to operate. Compliance with the relevant conditions is monitored by local authorities or regulatory agencies. Additional environmental remediation costs (including soil remediation costs and investment on infrastructure for structural, environmental or health and safety reasons) may be incurred by the Combined Group in order to:

(a) comply with any relevant notices of non-compliance from local authorities or regulatory agencies, including any notices arising directly or indirectly from a change of control or ownership of the VGG Group; or

(b) bring the VGG Group's operations in line with the Shanks Group's practices in relation to management of potential environmental liabilities.

If material additional environmental remediation costs are required by the Combined Group in relation to the VGG Group's operations in the future, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.20 *The provisions for landfill costs of the Combined Group may be inadequate.*

The Combined Group operates five landfill sites in the Benelux region, including a specialised landfill which accepts NORM (naturally occurring radioactive materials) wastes, such as from oil and gas exploitation, and two landfill sites in the United Kingdom. It also manages four closed landfill sites in the United Kingdom, ownership of three of which will revert to the relevant original owner pursuant to the relevant PFI contract.

The Shanks Group has provisions in place for post-closure costs of its operational landfill sites, including such items as monitoring, gas and leachate management and licensing. A provision is made for the net present value of these costs which have been estimated by management based on current best practice and technology available and the quantity of waste deposited in the year. These costs are anticipated to be cover a period of at least 30 years from closure of the relevant landfill site. The VGG Group has set up landfill provisions to finance the expected costs of cover up during and at the end of the filling period. However, there can be no assurance that such provisions will be adequate or that the Combined Group will not be required to take further provisions for additional or unexpected costs in the future.

The Combined Group is required to pay capping, closure and post-closure maintenance costs for all of its landfill sites, which, in respect of the VGG Group's sites, are anticipated to be over a maximum period of 30 years from closure of the relevant landfill site. Obligations to pay closure or post-closure costs or other contamination-related costs may exceed the amount the Combined Group has accrued and reserved and other amounts available from funds or reserves established to pay such costs, in which case it would be required to make additional payments to cover the difference. In addition, subsequent to the completion or closure of a landfill site, the Combined Group may be liable for unforeseen environmental issues, which could result in payment of substantial remediation costs.

While the Combined Group monitors and assesses its operational landfill sites to enable early identification of issues and seek remediation before costs become excessive, there can be no assurance that such measure will be effective in mitigating any risk that related costs will be in excess of their respective expectations. If the Combined Group were to incur significant additional or unforeseen costs in relation to its landfill sites and sufficient provisions were not available, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.21 *The Combined Group will be exposed to risks and liabilities that may not be adequately covered by insurance and increases in insurance costs could have a negative effect on its financial position.*

The Combined Group endeavours to ensure that it carries insurance for such risks and in such amounts as it believes are reasonably prudent. However, the Combined Group's insurance and its contractual limitations of liability may not adequately protect the Combined Group against liability for events involving, amongst other things, environmental liability or business interruption losses in excess of the insurance cover. In addition, indemnities which the Combined Group receives from sub-contractors may not be easily enforced if the relevant sub-contractors do not have adequate insurance. Any claims made under the Combined Group's insurance policies may cause the insurance premiums to increase. Further, any future damage caused by the services provided by the Combined Group, which is not covered by insurance, is in excess of policy limits, is subject to substantial deductibles or is not limited by contractual limitations of liability, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.22 *The VGG Group has engaged in, and the Combined Group will likely continue to engage in, strategic and operational improvement initiatives which require significant expenditure and the benefits of which may not be realised which could have a negative effect on the Combined Group's financial position.*

Achieving a sustainable cost base while continuing to improve performance is central to the Combined Group's strategy. In respect of the VGG Group, this strategy has involved actively managing the cost base by divesting non-core operations and investing in cost improvement initiatives to support its profitability in response to changing market conditions. The Combined Group may undertake further cost and margin improvement programmes in the future, and any such future initiatives may involve significant costs or have a disruptive effect on the business. Furthermore, the anticipated benefits of such initiatives may not be fully realised in the expected timeframe, or at all, which may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.23 ***The Combined Group may require additional capital in the longer term to support future growth, and this capital might not be available on terms acceptable to it, if at all, which may in turn hamper its growth.***

The Combined Group may in the longer term require additional funds to respond to business challenges, including the need to penetrate new markets or acquire complementary businesses or invest in new long-term assets. Accordingly, the Combined Group may engage in equity, equity-linked or debt financings to secure additional funds. If the Combined Group were to raise additional funds through future issuances of equity or convertible debt securities, Shareholders could suffer significant dilution, and any new equity securities its issues could have rights, preferences and privileges senior to those of the holders of Ordinary Shares. The terms of the New Facilities Agreement include, and the terms of any new debt financing that the Combined Group secures in the future could include, restrictive covenants relating to its capital raising activities and other financial and operational matters, including the ability to pay dividends. Access to new debt finance may be dependent on the Combined Group's levels of cash generation, which may be deemed insufficient. This may make it more difficult for the Combined Group to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Combined Group may not be able to obtain additional financing on terms favourable to it, if at all. If the Combined Group were unable to obtain sufficient and/or cost-effective financing when required, its ability to continue to support its business growth and respond to business challenges could be significantly impaired. This may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.24 ***Recourse under the Merger Agreement is limited monetarily and by time.***

Shanks is relying on representations, warranties and covenants given by VGG's direct shareholder under the Merger Agreement. Shanks' recourse under the Merger Agreement for losses and liabilities resulting from breach of any such representation, warranty or covenant, or for amounts covered under the indemnification provisions, is subject to the monetary and time limitations specified therein. Because these monetary limits are low, Shanks has also taken out warranty and indemnity insurance to cover (up to the limit in such insurance) losses above such limits. While Shanks has carried out an extensive due diligence investigation of the VGG Group, it has not had access to all information. Shanks cannot assure Shareholders that its investigation and due diligence of the VGG Group uncovered all events or conditions that might result in future losses or liabilities or that any known potential losses or liabilities have been fully addressed under the relevant provisions in the Merger Agreement. As a result, the Combined Group may suffer losses or incur liabilities for which it has limited or no recourse. Furthermore, if any such losses or liabilities were greater than the monetary limitations, or became known to Shanks after expiry of the relevant time period limitations, each as specified in the Merger Agreement, Shanks may not have any recourse under the Merger Agreement. While Shanks has obtained warranty and indemnity insurance in respect of the representations, warranties and covenants in the Merger Agreement, its ability to recover under such insurance is also limited. If Shanks was required to bear such losses or liabilities itself, it may have a material adverse effect on the Combined Group's financial position in the medium-to-long term.

1.25 ***Third parties may terminate or alter existing contracts with the Combined Group as a result of the Merger.***

Uncertainty about the effect of the Merger on the Combined Group's customers, suppliers and partners may have an adverse effect on the Combined Group. Although the Combined Group intends to take steps to reduce any adverse effects, these uncertainties could cause customers, suppliers, partners (including joint venture partners) and others that deal with the Combined Group to seek to change or terminate their contracts. In particular, the Combined Group has a significant number of contracts or other arrangements with suppliers, customers and other partners (including joint venture partners) that contain "change of control" or similar clauses that allow the counterparty to terminate or change the terms of their contract as a result of the Merger. Changes to contracts or other arrangements with customers, suppliers and partners (including joint venture partners) may result in the Combined Group being unable to conduct its business on as favourable or even acceptable terms. In particular, under the governing documents of Maltha Groep B.V., an entity 67 per cent. owned by a subsidiary of the Combined Group and through which the Combined Group conducts its glass recycling operations, the other owner has a right to acquire the Combined Group interest in Maltha Groep B.V. This other owner has agreed with the Combined Group that such existing right will be deferred until the earlier of (i) 30 June 2017; and (ii) six months from the date of Completion. If the other owner decides to exercise this pre-emption right after expiry of this deferred period, it would mean that the Combined Group would no longer have these glass recycling operations and would not benefit from any related revenue or Adjusted EBITDAE which, on the basis of the VGG Group's unaudited management accounts for the eight months ended 31 August 2016, represented 5.2 per cent. of the VGG Group's total revenue and approximately 7 per cent. of the VGG Group's total Adjusted EBITDAE. Also, if this right is exercised, there is no certainty that the Combined Group would be able to negotiate a fair price for the sale of its stake. The termination of any key contract or a significant number of contracts may also adversely affect the Combined Group's ability to conduct its business, which may result in decreased revenue and/or increased costs. Where practicable, the Combined Group may seek to obtain consents or waivers from certain of these counterparties, but there can be no assurance that any consent or waiver can be obtained on reasonable terms or at all. If third parties were to terminate or require alterations to their existing contracts with the Combined Group as a result of the Merger, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.26 ***Changes in certain fiscal regimes could adversely affect the financial condition of the Combined Group.***

All members of the Combined Group account for and pay tax in their local jurisdictions. Significant changes in the basis or rate of corporation tax, withdrawal of allowances or credits, or imposition of new taxes in such local jurisdictions, may have a material adverse effect upon the Combined Group's tax charges. For example, the Combined Group may not be able to pass on the costs of an increase in taxes to its customers due to the level of competition and pricing pressure in the markets in which they operate. This, in turn, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.27 ***Increases in labour and disposal and related transportation costs could adversely affect the Combined Group's financial results.***

Labour is one of the largest costs for the Combined Group and relatively small increases in labour costs per employee could materially affect cost structure. If the Combined Group fails to control labour costs during periods of declining volumes or recover any increased labour costs through increased prices it charges for services or otherwise offset such increases with cost savings in other areas, their operating margins could suffer. In addition, disposal and related transportation costs represent one of Combined Group's major cost categories. If the Combined Group incurs increased disposal and related transportation costs to dispose of solid waste or off-take from its waste processing sites, and if it is unable to pass these costs on to its customers, it may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.28 ***A new Combined Group brand and marketing campaign may not be effective and may erode brand and stakeholder value.***

Shanks is undergoing a process to create a new brand for the Combined Group. A rebranding process can be costly and have the potential to erode brand and stakeholder value. Although management is undertaking this process with a great deal of consultation, there is a risk that any subsequent rebranding may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.29 ***The Combined Group is exposed to a risk of dependence on third parties.***

For the construction and management of waste treatment sites, the Combined Group depends on a limited number of third parties, including contractors who provide the necessary technology, suppliers that supply waste for processing and other partners who accept off-take from waste processing sites. The number of contractors with sufficient expertise to design, install and/or maintain waste treatment technology is limited. Such contractors may be unable to deliver projects on time or at all, resulting in increased risk that costs will be higher than originally planned, site performance levels will not comply with specifications or that the Combined Group will incur penalties or face termination of project agreements. Such contractors have in the past and may in the future become insolvent, and it may be difficult or impossible to find a suitable replacement contractor, which may cause a delay in or prevent completion of a project. For example, the recent insolvency of a major sub-contractor engaged to deliver the Combined Group's Derby facility may lead to a six month delay in the commissioning of that facility, and is expected to have a financial impact in the second half of the financial year ended 31 March 2017 of lost commissioning profits and an expected £1.7 million of liquidated damages. The Combined Group relies on suppliers of waste for it to process and partners able to accept its waste off-take. Increased competition, changes to or termination of municipal and other contracts and other factors, which may be out of the Combined Group's control, may result in a reduced number of suppliers and/or partners, which may adversely affect the Combined Group's ability to conduct its business, fulfil existing obligations and implement its growth strategy. Any of these factors may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.30 ***Catastrophe or other physical or severe weather conditions at one or more of the Combined Group's facilities may adversely affect its business.***

A catastrophic incident involving any of the Combined Group's principal facilities, such as an explosion, fire or flooding, could result in interruption and closure of that location and, as a result, the Combined Group's business may, to the extent not covered by insurance, be adversely affected. In addition, certain of the Combined Group's respective operations may be adversely affected by long periods of severe weather hampering collection, treatment, recycling and landfill site operations, which in turn may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.31 ***If its information technology systems fail, the Combined Group's business could be adversely affected.***

System failures in the operation of current information technology systems or the technology systems of third parties on which the Combined Group relies could adversely affect, or even temporarily disrupt, all or a portion of operations until resolved. Systems failures could be caused for any number of reasons including loss of power, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, customer error or misuse, lack of proper maintenance or monitoring and similar events. The importance of information management applies in particular to financial processes, marketing and sales, logistical processes and laws and regulations. Additionally, any systems failures could impede ability to timely collect and report financial results in accordance with applicable laws. Inabilities and delays in implementing new systems could adversely affect the Combined Group's ability to realise projected or expected cost savings. Unauthorised access from outside parties (such as computer hackers or cyber terrorists) intent on extracting information, corrupting information or disrupting business processes could disrupt business and could result in a loss of assets, loss of data, litigation or arbitration claims or reputational damage, any of which may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.32 ***The Combined Group's business and financial condition may be materially adversely affected by global economic conditions and uncertainties.***

The Combined Group operates in numerous countries. Over recent years, the global financial markets have experienced turbulence. Macroeconomic development is dependent upon the evolution of a number of global and local factors, such as the crisis in the credit markets and uncertainty with regard to interest rates, economic crises arising from sovereign debt overruns, government budget consolidation measures related thereto, reduced levels of capital expenditures, declining consumer and business confidence, increasing unemployment in certain countries, fluctuating commodity prices (in particular, in oil and gas markets) and exchange rates, bankruptcies, natural disasters, presidential elections and other governmental changes, political crises and other challenges affecting the speed of sustainable macroeconomic growth.

Businesses are also affected by government spending priorities and the willingness of governments to commit substantial resources. Current global economic and financial market conditions and the potential for a significant and prolonged global recession and any uncertainty in the political environment, including the consequences (both within the UK and globally) of the UK's referendum held on 23 June 2016 in favour of leaving the European Union, may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

1.33 ***The Combined Group is exposed to risks relating to its international operations.***

The Combined Group operates at over 180 locations worldwide. In the future, the Combined Group may also seek to expand its operations to additional jurisdictions. Doing business internationally exposes the Combined Group to a variety of risks including:

(a) the burden of complying with multiple and possibly conflicting laws and any unexpected changes in regulatory requirements between different jurisdictions, including increased labour and employee costs;

(b) exchange controls, import and export restrictions and tariffs and other trade protection measures and sanctions;

(c) unstable economic, financial and market conditions and increased expenses;

(d) inflation or unstable interest rate environments;

(e) potentially adverse tax consequences from changes in tax law, requirements relating to withholding taxes or remittances and compliance with multiple, possibly conflicting, tax laws; and

(f) exposure to liability under the UK Bribery Act 2010 and similar laws in other countries.

Any one of these factors could materially adversely affect the Combined Group's ability to provide services to customers in one or more of these jurisdictions, which could in turn materially adversely affect the Combined Group's business, prospects, results of operation and financial condition.

1.34 *The Combined Group is exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's proposed exit from the European Union.*

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. If the UK government triggers the official process for withdrawing from the EU under Article 50 of the Treaty of the European Union, a process of negotiation would determine the future terms of the United Kingdom's relationship with the European Union. Although the UK Prime Minister has indicated that it is the UK government's intention to serve notice triggering the UK's ultimate exit under Article 50 of the Treaty on European Union by the end of March 2017, it is not certain when, if ever, the UK government will begin the withdrawal process and, if and when it does, how long such process would take.

Regardless of any eventual timing or terms of the United Kingdom's proposed exit from the European Union, the June referendum has created and may continue to create significant political, social and macroeconomic uncertainty in the United Kingdom. For example, certain public figures in other EU Member States have called for referenda in their respective countries on exiting the European Union, raising concerns over a "domino" of "contagion" effect whereby multiple Member States seek to exit the European Union and/or the Eurozone. The proposed exit of the United Kingdom (or the possible exist of any other country) from the European Union or prolonged uncertainty relating to the United Kingdom's proposed exit and the consequences thereof in the United Kingdom and in the European Union also could result in significant macroeconomic deterioration, including, but not limited to volatility in global stock exchange indices and foreign exchange markets (in particular a further weakening of the pound sterling and Euro against other leading currencies), decreased GDP in the markets in which each of the Shanks Group and the VGG Group operates and, following Completion, the Combined Group will operate and a downgrade of the United Kingdom's sovereign credit rating. In addition, there are concerns that these events could push the United Kingdom and/or other countries within the Eurozone into recession, any of which, were they to occur, would further destabilise the global financial markets and may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

2. RISKS RELATING TO THE INDUSTRY IN WHICH THE COMBINED GROUP OPERATES

2.1 *The waste management industry is subject to extensive government regulations and any changes to such regulations or new regulations could restrict the Combined Group's operations or increase its costs of operations or impose additional capital expenditures.*

The Combined Group is subject to EU, Dutch, Belgian, UK, Canadian, French, German, Portuguese and Hungarian laws and regulations, including a large number of complex laws, rules, orders, court decisions and interpretations govern landfill taxes, incineration taxes, green energy subsidies, environmental protection, health, safety, land use, transportation and related matters. Among other things, increasing legislation may restrict the Combined Group's operations and adversely affect its business, prospects, results of operations and financial condition by imposing conditions such as:

(a) limitations on locating and constructing new waste recycling, recovery of energy, treatment or disposal facilities or expanding existing facilities;

(b) regulation of the operation of such facilities and processes for the transport and acceptance of waste consignments;

(c) tightening of regulation or raising of standards relating to waste recovery, treatment or disposal and the facilities at which such operations are carried out;

(d) limitations, regulations or levies on collection, recovery, treatment and disposal prices, rates and volumes; or

(e) removing or reducing incentives for the purchase of renewable sources of electricity produced from waste.

2.2 *The Combined Group is required to comply with environmental regulations and licence conditions at its waste treatment and disposal sites, which may result in exposure to increased costs and potential remedial actions.*

Virtually all of the Combined Group's operations are required to hold local licences, permits and/or other permissions to operate and compliance with the conditions in such licences, permits and/or permissions is monitored by local authorities or regulatory agencies. These regulations, permits and licences affect ongoing operations and require capital costs and operating expenditures in order to achieve and maintain compliance. While the Directors believe that the Combined Group has a track record of historical environmental compliance, the processing of waste, especially organic waste, can result in non-compliance, such as periods of nuisance including odour. In the event of non-compliance, the Combined Group may receive notices from such local authorities or regulatory agencies. Commonly, such notices specify actions to be taken and the associated timescales to remediate the non-compliance. Completion of any remedial actions in the required timescales or at all may be costly and divert financial resources from other intended uses. If the Combined Group fails to carry out the actions specified in such notices, the relevant local authorities or regulatory agencies have the power to impose fines, operating restrictions, suspend or revoke such licences, permits and/or permissions or undertake prosecution, any of which may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition. Further, suspension or revocation of a required licence, permit or permission in respect of one of the Combined Group's PFI and PPP contracts may be an event of default under any related credit agreement, which may give the counterparty the right to make a claim up to the relevant liability cap.

In addition, although the Directors are not, as of the date of this Prospectus, aware of any proposed material amendments to these applicable regulations, permits and licences, there can be no assurance that amendments will not be made in the future that may result in further costs of compliance for the Combined Group. The cost of regulatory challenges, complying with current and future regulations and any remedial actions imposed could have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

2.3 *The Combined Group's operations expose it to the risk of material health and safety liabilities.*

The potential impact of health and safety and employment laws and regulations is higher for the waste management sector than for most other industry sectors. Waste management is acknowledged to be one of the highest risk industries, with fatal and serious accident rates at least as high as those for construction, agriculture and other sectors with known elevated risk profiles. Although the Combined Group treats compliance with health and safety and employment laws and regulations very seriously, accidents may occur which may lead to legal proceedings being brought against the Combined Group. Such legal proceedings may lead to damages being awarded against, and/or to fines and penalties being imposed on, the Combined Group, as well as cause damage to the Combined Group's reputation with local communities, customers, joint venture partners, employees and regulators. Such damages, fines, penalties and adverse events may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition.

2.4 *The Combined Group may become involved in governmental, legal or arbitration proceedings or investigations, including potential class actions and other lawsuits.*

Due to the nature of its waste management operations, the Combined Group from time to time has in the past and may in the future become involved in a wide variety of proceedings or investigations by private parties (such as employees, contractual counterparties or other third parties), governmental or regulatory bodies (such as municipal councils or environmental agencies) and administrative agencies, particularly relating to environmental, health, public liability, safety and land use issues and related matters. These include planning permission applications and appeals against refusal of permission in relation to the location of proposed or existing installations, complaints and statutory nuisance actions, challenges by third parties to decisions relating to the Combined Group's operations that have been made by local authorities or environmental agencies and proceedings brought against the Combined Group by local authorities or environmental agencies relating to any failure by the Combined Group to comply with its permits or in relation to periods of nuisance including odour. The outcomes of legal proceedings, including regulatory actions and employee disputes, are inherently unpredictable, and there can be no guarantee that the Combined Group will succeed in defending any current or future claims or that judgments will not be rendered against them with respect to any or all current or future proceedings. In the past these have resulted and in the future these could result in the imposition of fines, penalties, adverse judgments, revocation of permits, settlements, requirements to complete remedial works and/or unanticipated costs which, if not adequately covered by its insurance may have a material adverse effect on the Combined Group's business, prospects, results of operations and financial condition. Such proceedings could incur charges that exceed present or future accruals or insurance coverage and may be expensive and time consuming, divert management resources and harm the Combined Group's reputation.

3. RISKS RELATING TO THE ORDINARY SHARES

3.1 *There may be volatility in the price of the Ordinary Shares.*

The trading price of the Ordinary Shares may be volatile and subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them), including, in particular, in response to various facts and events, including national and/or global economic financial conditions, any regulatory changes affecting the Combined Group's operations, variations in the Combined Group's operating results and/or business developments and/or those of their respective competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and the Ordinary Shares may be subject to fluctuations which may be unrelated to the Combined Group's operating performance or prospects. Furthermore, the Combined Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the trading price of the Ordinary Shares.

3.2 ***Shareholders outside the United Kingdom may not be able to participate in future equity offerings.***

Securities laws of certain jurisdictions may restrict Combined Group's ability to allow participation by Shareholders in those jurisdictions in future equity offerings. In particular, the Ordinary Shares have not been and will not be registered under the US Securities Act. Therefore, Shareholders who are located in the United States may not be able to participate in future equity offerings unless an exemption from the registration requirements of the US Securities Act is available.

3.3 ***Existing Shareholders will be subject to a dilution of ownership of their Ordinary Shares upon the issue of the Consideration Shares and any future issue of Ordinary Shares or sales of Ordinary Shares by major Shareholders will further dilute the holdings of Shareholders and/or could adversely affect the market price of Ordinary Shares.***

Upon Completion, existing Shareholders will have their proportionate shareholdings in Shanks diluted by approximately 23.8 per cent. as a consequence of the issue of the Consideration Shares.

Other than the issuance of the Consideration Shares pursuant to the Merger Agreement and any employee share schemes, the Combined Group has no current plans for an offering of Ordinary Shares. However, it is possible that Shanks may decide to offer additional Ordinary Shares in the future either to raise capital or for other purposes. If Shareholders did not take up such offer of Ordinary Shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in Shanks would be reduced and the percentage that their Ordinary Shares would represent of the total issued share capital of Shanks would be reduced accordingly. In addition, an additional offering or significant sales of Ordinary Shares by major Shareholders, including by VGG's ultimate shareholders who may seek to sell the Consideration Shares following the expiry of the lock-up and orderly market undertakings in the Merger Agreement, could have a material adverse effect on the market price of Ordinary Shares.

3.4 ***It may not be possible to effect service of process upon Shanks or the Directors or enforce court judgments against Shanks or the Directors.***

Shanks is incorporated and registered in Scotland and its head office is located in England. The rights of Shareholders are governed by the Companies Act and the Articles. Shareholders resident outside the United Kingdom may not be able to enforce a judgment against Shanks or some or all of the Directors. The majority of the Directors are and are anticipated to continue to be residents of the United Kingdom. Consequently, it may not be possible for a Shareholder who is resident in, ordinarily resident in or is a citizen of, or who has a registered address in, a jurisdiction outside the United Kingdom (an "**Overseas Shareholder**") to effect service of process upon Shanks or the Directors within its country of residence or to enforce against Shanks or the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that Overseas Shareholders will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Scotland or England against Shanks or the Directors who are residents of countries other than those in which judgment is made. In addition, Scottish, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against Shanks or, following Completion, the Combined Group or the Directors in a court of competent jurisdiction in Scotland, England or other countries.

3.5 ***Shanks may pay out smaller dividends than the market expects.***

Although Shanks has paid dividends to Shareholders in the past and intends to do so in the future, there can be no assurance that Shanks will be able to maintain its profitability at such a level where it can pay dividends at the same or higher level, or at all, in the future. Future dividends will depend on factors both within and outside Shanks's control including, among other things, its ability to receive dividends from its subsidiaries which, in turn, depends upon the existence of distributable reserves and cash in such subsidiaries, its profits, financial condition, accounting changes, general economic conditions and other factors that the Directors deem significant from time to time. Shanks paid a final dividend of 2.35 pence per Ordinary Share in each of the financial years ended 31 March 2012, 2013, 2014, 2015 and 2016 and an interim dividend of 0.95 pence per Ordinary Share in respect of the financial year ended 31 March 2017. Following Admission, the Board's intention is to pay a final dividend for the year to 31 March 2017, and maintain its progressive policy within the range of 2.0 to 2.5 times dividend cover in the medium term. However, there can be no assurance that Shanks will continue to pay dividends in the future or if it does pay dividends, regarding the amount of such dividends and, consequently, Shareholders may not receive their anticipated income stream.

3.6 *Investors who purchase Ordinary Shares in currencies other than Sterling are subject to exchange rate risk.*

The Ordinary Shares are priced in Sterling. Accordingly, any investor outside the United Kingdom is subject to adverse movements in its local currency against Sterling. In addition, any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares in foreign currency terms and may adversely affect the value of any dividends paid in respect of the Ordinary Shares.

IMPORTANT INFORMATION

1. NOTICE TO INVESTORS

Investors should rely only on the information in this Prospectus and the documents incorporated by reference herein when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representations in connection with Admission other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of Shanks, the Directors or either of the Joint Sponsors. No representation or warranty, express or implied, is made by either of the Joint Sponsors as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by either of the Joint Sponsors as to the past, present or future. Without prejudice to any obligation of Shanks to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue, sale or acquisition of Ordinary Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of Shanks since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

Shanks will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor, material mistake or inaccuracy relating to this Prospectus occurs or arises prior to Admission. This Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any acquisition or proposed acquisition of Ordinary Shares. Each investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal, investment or similar laws or regulations.

Investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of Shanks, the Directors, the Joint Sponsors or any of their respective representatives that any recipient of this Prospectus should acquire Ordinary Shares.

Prior to making any decision whether to acquire any Ordinary Shares, investors should ensure that they have read this Prospectus in its entirety and the documents incorporated by reference herein and, in particular, the section titled "Risk Factors", and not just rely on key information or information summarised in it. In making an investment decision, investors must rely upon their own examination of Shanks and the terms of this Prospectus, including the merits and risks involved. Any decision to acquire Ordinary Shares should be based solely on this Prospectus.

Investors who acquire Ordinary Shares will be deemed to have acknowledged that: (i) they have not relied on either of the Joint Sponsors or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained or incorporated by reference in this Prospectus or their investment decision; (ii) they have relied solely on the information contained or incorporated by reference in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning Shanks or the Ordinary Shares (other than as contained or incorporated by reference in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by any of Shanks, the Directors or the Joint Sponsors.

None of Shanks, the Directors, the Joint Sponsors or any of their representatives is making any representation to any acquirer of Ordinary Shares regarding the legality of an investment by such acquirer.

2. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the historical financial information included or incorporated by reference in this Prospectus is audited and has been prepared in accordance with IFRS and is presented in a form that is consistent with the accounting policies adopted by Shanks in its latest annual consolidated accounts. For full details of the basis of preparation, please refer to Note 1 ('Accounting Policies') to the Shanks Group's historical financial information for the years ended 31 March 2014, 2015 and 2016 incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*). Each of the Shanks Group's historical financial information for the six months ended 30 September 2015 and 2016 incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*) and the VGG Group's historical financial information for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016 set out in Section B of Part 8 (*Historical financial information of the VGG Group*) has been prepared on the same basis.

The significant IFRS accounting policies described in Note 1 ('Accounting policies') to the Shanks Group's historical financial information incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*) are applied consistently in the preparation of the historical financial information included or incorporated by reference in this Prospectus.

The VGG Group's historical financial information as of and for the three years ended December 31, 2013, 2014 and 2015 included in this Prospectus has been adjusted to reflect the accounting policies adopted by Shanks in its audited financial statements for the year ended 31 March 2016, as required by item 13.5.4R(1) of the Listing Rules issued by the FCA. Accordingly, such historical financial information differs, and may not be comparable to, the audited historical financial statements of the VGG Group for the years ended December 31, 2013, 2014 and 2015 filed with the Dutch Chamber of Commerce (*Kamer van Koophandel*) and included in the VGG Group's annual reports for 2013, 2014 and 2015 available on the VGG Group's website.

2.1 Pro forma financial information

The unaudited pro forma financial information of the Combined Group set out in Part 9 (*Unaudited pro forma financial information of the Combined Group*) has been prepared to illustrate the effect of the Transaction on the net assets of Shanks at 30 September 2016 as if it had taken place on 30 September 2016 and the effect on the income statement of Shanks for the year ended 31 March 2016 as if it had taken place on 1 April 2015.

The unaudited pro forma statement of net assets and pro forma income statement are based on the consolidated historical financial information of the Shanks Group and the VGG Group and compiled on the basis set out in the notes set out in Section A of Part 9 (*Unaudited pro forma financial information of the Combined Group*) and in accordance with the accounting policies adopted by Shanks for the year ended 31 March 2016.

2.2 Non-IFRS financial measures and other metrics

In this Prospectus, Shanks presents certain financial measures and other metrics relating to both the Shanks Group and the VGG Group that are not recognised under IFRS and, in the case of the VGG Group, are unaudited. The Directors believe that each of these measures provides useful information with respect to the performance of the Shanks Group's and the VGG Group's businesses and operations. These non-IFRS financial measures and other metrics are not measures recognised under IFRS or any other internationally accepted accounting principles, and investors should not consider such measures as an alternative to the IFRS measures included in Shanks' or VGG's respective historical financial information. The non-IFRS financial measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though the non-IFRS financial measures and other metrics are used by Shanks' and VGG's respective management to assess their respective financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of Shanks' or VGG's respective position or results as reported under IFRS.

(a) Shanks

In this Prospectus, Shanks presents the Shanks Group's revenue from continuing operations, Adjusted EBITDA from continuing operations, trading profit from continuing operations, underlying free cash flow and underlying profit before tax because it believes that they provide useful information on underlying trends to Shareholders. These measures are used by the Shanks Group for internal performance analysis and incentive compensation arrangements for employees.

The terms 'trading profit', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, general accepted accounting practice measurements of profit. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items, financing fair value remeasurements and amortisation of acquisition intangibles.

Items classified as non-trading and exceptional include, but are not limited to, significant impairments, restructuring of the activities of an entity including employee severance costs, acquisition and disposal transaction costs, onerous contracts, significant provision releases and the profit or loss on disposal of properties.

The non-IFRS financial measures relating to Shanks and included in this Prospectus have been extracted without material adjustment from the Shanks Group's historical financial information incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

The following table sets out the Shanks Group's non-IFRS financial measures for the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2015 and 2016.

	Audited			**Unaudited**	
	Year ended 31 March			**Six months ended 30 September**	
£ millions	**2014[1]**	**2015**	**2016**	**2015**	**2016**
Revenue from continuing operations[2]	633.4	601.4	614.8	297.0	348.4
Adjusted EBITDA from continuing operations[3]	87.0	73.0	68.5	35.0	40.3
Trading profit from continuing operations[4]	45.6	34.3	33.4	17.4	20.7
Profit before tax from continuing operations[5]	30.1	21.7	21.0	10.7	15.4
Underlying free cash flow[6]	56.5	23.4	56.8	16.4	(1.4)

(1) Financial information for the year ended 31 March 2014 has been restated following the adoption of IFRS 11.

(2) Revenue from continuing operations is defined as the Shanks Group's revenue before non-trading and exceptional items.

(3) Adjusted EBITDA from continuing operations is defined as the Shanks Group's continuing trading profit before depreciation, amortisation and profit or loss on disposal of plant, property and equipment.

(4) Trading profit from continuing operations is defined as the Shanks Group's operating profit before non-trading and exceptional items and amortisation of acquisition intangibles.

(5) Profit before tax from continuing operations is defined as the Shanks Group's profit before taxation before amortisation of acquisition intangibles, exceptional items and changes in fair value of derivatives.

(6) Underlying free cash flow is defined as the Shanks Group's cash flow before dividends, growth capital expenditure, acquisitions and disposals. The table below shows a reconciliation of the Shanks Group's net cash inflow from operating activities to its underlying free cash flow for the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2015 and 2016.

	Audited			**Unaudited**	
	Year ended 31 March			**Six months ended 30 September**	
£ millions	**2014**	**2015**	**2016**	**2015**	**2016**
Net cash inflow from operating activities	71.3	50.1	67.4	28.0	5.0
Exclude provisions, working capital and restructuring spend	16.5	12.3	7.4	0.3	5.3
Exclude payments to fund denied benefit pension scheme	3.1	3.1	3.1	1.5	1.5
Exclude increase in service concession arrangement	-	-	10.3	3.2	9.9
Include finance charges and loan fees paid	(18.2)	(16.8)	(25.4)	(11.1)	(13.3)
Include finance income received	5.0	4.0	12.6	3.7	4.9
Include purchases of replacement items of intangible assets	(1.3)	(1.2)	(1.0)	(0.5)	(1.3)
Include purchases of replacement items of property, plant and equipment	(23.8)	(30.3)	(23.8)	(10.0)	(15.4)
Include proceeds from disposals of property, plant and equipment	3.9	2.2	6.2	1.3	2.0
Underlying free cash flow	**56.5**	**23.4**	**56.8**	**16.4**	**(1.4)**

(b) VGG

In this Prospectus, Shanks presents the VGG Group's Adjusted EBITDA, Adjusted EBITDAE, Capital Expenditure, direct full-time equivalents ("**FTEs**") and indirect FTEs for the following reasons.

Adjusted EBITDA and Adjusted EBITDAE are reviewed to assess the actual performance of each segment on a periodic basis and also to determine performance against budget and forecast. VGG reviews Capital Expenditure to assess the actual performance of each segment on a monthly basis and also to determine performance against budget and forecast. VGG monitors the development of direct FTEs and indirect FTEs to assess the actual development of its personnel costs and performance against budget and forecast. Capital Expenditure, direct FTEs and indirect FTEs are unaudited.

Shanks also presents the VGG Group's net borrowings and net working capital in this Prospectus to enable investors to understand the VGG Group's historic liquidity and capital resources. See paragraphs 9.2 and 9.5 of Part 6 (*Operating and financial review of the VGG Group*) for further details.

The non-IFRS financial measures and other metrics in relation to VGG have been derived from its (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems supporting the preparation of the VGG Group's historical financial information set out in Section B of Part 8 (*Historical financial information of the VGG Group*); and/or (iii) VGG's other business operating systems and records. Management accounts are prepared using information derived from accounting records used in the preparation of the VGG

Group's historical financial information set out in Section B of Part 8 (*Historical financial information of the VGG Group*), but may also include certain other assumptions and analyses.

The following table sets out certain of the VGG Group's non-IFRS financial measures and other metrics for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016.

	Year ended 31 December			Eight months ended 31 August	
€ millions	**2013**	**2014**	**2015**	**2015 (unaudited)**	**2016**
Adjusted EBITDA[(1)]	**92.2**	**58.8**	**41.1**	**21.7**	**50.4**
Waste Collection	94.8	70.9	57.0	40.6	49.1
Recycling	26.2	24.2	20.2	12.6	14.4
Group Support	(4.8)	(4.4)	(3.2)	(6.6)	(6.1)
Adjusted EBITDAE[(1)]	**116.2**	**90.7**	**74.0**	**46.6**	**57.4**
Capital Expenditure[(2)] (unaudited)	58.2[(5)]	46.0	64.2	35.8	39.1
Direct FTEs[(3)] (unaudited)	3,633	3,107	2,840	2,956	2,504
Indirect FTEs[(4)] (unaudited)	1,523	1,413	1,340	1,383	1,231

(1) Adjusted EBITDA in respect of the VGG Group is defined as the VGG Group's operating profit (loss), adjusted to show the result before the impact of certain depreciation and amortisation and impairment charges. Adjusted EBITDAE in respect of the VGG Group is defined as the VGG Group's Adjusted EBITDA for a given period, adjusted to show the result before the impact of certain items that the VGG Group considers to be non-recurring costs and exceptional items.

The table below shows a reconciliation of the VGG Group's operating profit (loss) to its Adjusted EBITDA and Adjusted EBITDAE for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016.

	Year ended 31 December			Eights months ended 31 August	
€ millions	**2013**	**2014**	**2015**	**2015 (unaudited)**	**2016**
Operating (loss) profit	**(3.3)**	**(522.0)**	**(37.3)**	**(30.3)**	**0.2**
Depreciation of property, plant and equipment[(a)]	61.5	63.7	61.3	41.8	39.2
Impairment of property, plant and equipment[(a)]	1.2	2.5	0.5	-	0.1
Amortisation of operating intangibles[(a)]	3.0	6.1	6.9	4.5	4.4
Impairment of operating intangibles[(a)]	0.8	-	0.5	-	-
Impairment of goodwill[(b)]	-	424.0	–	-	-
Amortisation of acquisition intangibles[(a)]	26.2	21.6	9.4	6.3	5.9
Impairment of acquisition intangibles[(a)]	-	63.6	-	-	-
Loss (gain) on sale of assets[(c)]	2.8	(0.7)	(0.2)	(0.6)	0.6
Adjusted EBITDA	**92.2**	**58.8**	**41.1**	**21.7**	**50.4**
Restructuring[(d)]	7.7	12.3	11.5	6.4	2.8
Long term illness expense[(e)]	3.4	3.6	-	-	-
Advisory costs[(f)]	2.4	10.0	21.6	19.1	3.7
Integration related items[(g)]	1.5	0.5	-	-	-
Costs for non-operating locations[(h)]	2.1	0.2	0.8	0.2	0.6
Other[(i)]	6.9	5.3	(1.0)	(0.8)	(0.1)
Adjusted EBITDAE	**116.2**	**90.7**	**74.0**	**46.6**	**57.4**

(a) Depreciation and impairments of property, plant and equipment, operating and acquisition intangibles is included in cost of sales. See paragraph 6 of Part 9 (*Operating and financial review of the VGG Group*) for further detail.

(b) Impairment of goodwill is included in administrative expenses. See paragraph 6 of Part 9 (*Operating and financial review of the VGG Group*) for further detail.

(c) Loss (gain) on sale of assets represents the gains or losses as a result of selling assets to third parties.

(d) Restructuring costs are mainly attributable to the implementation of the improvement initiatives described in paragraph 3.5 of Part 9 (*Operating and financial review of the VGG Group*) and other improvement projects.

(e) Long term illness expense is defined as employee benefit expenses related to the temporary replacement of own personnel that have been ill for a period longer than six weeks.

(f) Advisory costs include programme office and legal advisory costs in relation to the VGG Group's improvement initiatives, factoring costs, costs incurred in preparatory activities for a potential sale of the VGG Group in 2014 and costs incurred in connection with the 2015 Debt Restructuring (as further described in paragraph 3.7 of Part 9 (*Operating and financial review of the VGG Group*).

(g) Integration-related items mainly represent ICT and other project costs related to the integration of certain regions in the Netherlands

(h) Costs for non-operating locations mainly represent costs related to closing several of the VGG Group's offices and locations in Belgium and the Netherlands.

(i) Other exceptional items include employee benefit expenses related to redundancy not classified as restructuring costs. In 2013, this included an amount related to a dispute in connection with its incineration operations, which was disposed in 2013, and other smaller items in 2013. Other exceptional items in 2014 include various smaller exceptional items including claims. Costs in 2015 mainly related to unrealised losses on the VGG Group's diesel swap contract, and disputes and claims, partially offset by exceptional income from a release of the VGG Group's landfill provisions and exceptional income related to the VGG Group's defined benefit plan following its annual assessment.

(2) Capital Expenditure reflects certain items within the VGG Group's cash flow from investment activities, specifically its investments in intangible assets and in property, plant and equipment.

(3) Direct FTE is defined as the VGG Group personnel employed in the physical collection or handling of waste.

(4) Indirect FTE is defined as the VGG Group personnel that are not direct FTEs and employed in managing and supporting the waste collection and Recycling segments.

(5) Includes discontinued operations from the sale of AVR-Afvalverwerking B.V. ("**AVR**").

3. MARKET, ECONOMIC AND INDUSTRY DATA

This Prospectus includes certain market, economic and industry data, which were obtained by Shanks from industry publications, data and reports compiled by professional organisations and analysts, data from other external sources. The market, economic and industry data set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as Shanks is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Some of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As Shanks does not have access to the facts and assumptions underlying such market date, statistical information and economic indicators contained in these third party sources, Shanks is unable to verify such information.

4. ROUNDING

Some historical financial information, percentages and other amounts included in this Prospectus have been rounded for ease of presentation. As a result of this rounding, figures shown as totals of rows or columns in certain tables in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

5. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to "**£**", "**p**", "**Sterling**" or "**pence**" are to the lawful currency of the United Kingdom and to "**€**", "**Euro**" or "**cents**" are to the lawful currency of the European Monetary Union.

Unless otherwise indicated, the historical financial information contained in this Prospectus has been expressed in Sterling.

As at the date of this Prospectus, Shanks' functional currency was Sterling and Shanks has presented its financial statements in Sterling. Following Completion, the Board will consider changing the Combined Group's reporting and functional currency to Euro.

6. FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects, "should" or "will" or, in each case, their negative or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Directors' intentions, beliefs or current expectations concerning, among other things, each of the Shanks Group's and the VGG Group's and, following Completion, the Combined Group's results of operations, financial position, prospects, growth and strategies, and the development of the industry in which each of the Shanks Group and the VGG Group operates and, following Completion, the Combined Group will operate.

By their nature, such forward-looking statements involve unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Each of the Shanks Group's and the VGG Group's and, following Completion, the Combined Group's actual results of operations, financial condition, prospects, growth and strategies, and the development of the industry in which each of the Shanks Group and the VGG Group operates and, following Completion, the Combined Group will operate, may differ materially from those expressed or implied by the forward-looking statements set out in this Prospectus. In addition, even if each of the Shanks Group's and the VGG Group's and, following Completion, the Combined Group's results of operations, financial condition, prospects, growth and strategies, and the development of the markets and the industry in which each of the Shanks Group and the VGG Group operates and, following Completion, the Combined Group will operate, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause each of the Shanks Group's and the VGG Group's and, following Completion, the Combined Group's results and developments to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to:

- whether the expected benefits of, including synergies from, the Merger (including the anticipated cost synergies and potential revenue synergies) are realised in full;
- if the costs incurred by Shanks relating to the Merger are greater than Shanks anticipates;
- if there were a departure of a significant number of management or key employees without suitable replacement;
- the volume of commercial and hazardous waste available to the Combined Group and the adverse effects on such volume as a result of a downturn in the economic activity of the suppliers of that waste;
- increased competition for commercial and hazardous waste leading to pressure to reduce prices to customers and, consequently, lower margins for waste management companies;
- risks relating to long-term public private partnership and private finance initiative municipal waste contracts, including those relating to inaccurate pricing or estimation of costs at the time of entry into the contracts and a failure to meet performance targets;
- any failure or inability to meet a customer's service level expectations;
- any reputational damage;
- if any exclusive contracts are unilaterally amended or terminated without compensation in part or in full, or if there is governmental action that interferes with such exclusivity;
- customer credit risk;
- interruption and/or closure of any principal facilities;
- fluctuations in commodity prices which are not hedged;
- price escalations or reductions in the supply of fuel;
- economic factors affecting the Benelux region having a knock-on effect on operations;
- dealings with works councils and trade unions;
- strikes or other work stoppages by employees;
- changes to the extensive government regulations or the introduction of new regulations that result in the restriction of operations, increase in the cost of operations or imposition of additional capital expenditures;
- increased environmental regulation and licence/permit compliance costs and potential remedial actions; and
- health and safety accidents or other incidents resulting in legal proceedings, damages, fines and/or penalties.

Investors are advised to read, in particular, the following parts of this Prospectus for a more complete discussion of the factors that could affect the Shanks Group's and, following completion of the Merger, the Combined Group's future performance and the industry in which the Shanks Group operates and the Combined Group will operate: the section titled "Risk Factors", Part 2 (*Information on the Shanks Group*), Part 3 (*Information on the VGG Group*), Part 5 (*Operating and financial review of the Shanks Group*), Part 6 (*Operating and financial review of the VGG Group*), Part 7 (*Historical financial information of the Shanks Group*) and Part 8 (*Historical financial information of the VGG Group*). In light of these factors, the events described in the forward-looking statements in this Prospectus may not occur.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Each of Shanks, the Directors and each of the Joint Sponsors expressly disclaims any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, articles 17, 18 and 19 of Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (the "**Market Abuse Regulation**") (the "**Disclosure Requirements**") and the FCA's Disclosure Guidance and Transparency Rules sourcebook.

The statements in this paragraph 6 do not seek to qualify Shanks' working capital statement. In the opinion of Shanks, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this Prospectus.

7. NO INCORPORATION OF WEBSITE

The contents of Shanks' website at www.shanksplc.com, the contents of any website accessible from hyperlinks on Shanks' website or any other website referred to in this Prospectus are not incorporated into, and do not form part of, this Prospectus.

8. DEFINITIONS

A glossary and a list of defined terms used in this Prospectus is set out in Part 14 (*Definitions and glossary*).

9. ENFORCEMENT OF CIVIL LIABILITIES

Shanks is incorporated under the laws of Scotland and its head office is located in England. Shareholders resident outside the United Kingdom may not be able to enforce a judgment against Shanks or some or all of the Directors. The majority of the Directors are and are anticipated to continue to be residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon Shanks or the Directors within the Overseas Shareholder's country of residence or to enforce against Shanks or the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Scotland or England against Shanks or the Directors who are residents of countries other than those in which judgment is made. In addition, Scottish, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against Shanks or the Directors in a court of competent jurisdiction in Scotland, England or other countries.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors..	Colin Matthews, Chairman Peter Dilnot, Group Chief Executive Toby Woolrych, Group Finance Director Eric van Amerongen, Senior Independent Director Allard Castelein, Non-executive Director Jacques Petry, Non-executive Director Stephen Riley, Non-executive Director Marina Wyatt, Non-executive Director
Company Secretary..	Philip Griffin-Smith
Registered Address..	16 Charlotte Square Edinburgh EH2 4DF United Kingdom
Joint Sponsor	Greenhill & Co. International LLP Lansdowne House 57 Berkeley Square London W1J 6ER United Kingdom
Joint Sponsor	Investec Bank plc 2 Gresham Street London EC2V 7QP United Kingdom
Legal advisers to Shanks as to English and US law.....	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA United Kingdom
Legal advisers to the Joint Sponsors as to English and US law	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG United Kingdom
Auditors and Reporting Accountants to Shanks	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Auditors to VGG	Pricewaterhouse Accountants N.V. Flightforum 840 Postbus 6365 5600 HJ Eindhoven Netherlands
Registrar..	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ United Kingdom

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Time/date[1]
Publication of this Prospectus	23 February 2017
Completion	28 February 2017
Cancellation of the current listing of the Ordinary Shares	8.00 a.m. on 28 February 2017
Admission	8.00 a.m. on 28 February 2017

(1) The above dates and times may be brought forward or extended and any changes will be notified via a Regulatory Information Service. References to times are to London time unless otherwise stated.

INDICATIVE STATISTICS

Number of Ordinary Shares in issue as at the Latest Practicable Date	609,605,956
Number of Consideration Shares	190,187,502
Consideration Shares as a percentage of Shanks' enlarged issued share capital immediately after Admission	23.8 per cent.
Number of Ordinary Shares in issue immediately after Admission[1]	799,793,458
The total estimated costs, charges and expenses relating to the Merger and Admission payable by Shanks (exclusive of VAT)	£26.7 million

(1) Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission.

DOCUMENTS INCORPORATED BY REFERENCE

The following documentation, which was sent to Shareholders at the relevant time and has been filed with the FCA, and which are available for inspection in accordance with paragraph 19 of Part 12 (*Additional information*) contains information that is relevant to Admission:

1. THE ANNUAL REPORT AND ACCOUNTS OF SHANKS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016

These contain the audited consolidated financial statements of Shanks for the financial years ended 31 March 2014, 2015 and 2016, prepared in accordance with IFRS, together with audit reports in respect of each such year.

2. THE INTERIM RESULTS OF SHANKS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015 AND 2016

These contain the unaudited consolidated interim financial results of Shanks for the six months ended 30 September 2015 and 2016, prepared in accordance with IFRS.

3. THE COMBINED CIRCULAR AND PROSPECTUS OF SHANKS DATED 29 SEPTEMBER 2016

This comprises (i) a circular prepared in accordance with the Listing Rules of the FCA made under section 73A of FSMA (the "**Listing Rules**"); and (ii) a prospectus relating to the Shanks Group prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA, in each case dated 29 September 2016 (together, the "**Combined Circular and Prospectus**"). It contains information relating to the Merger, the Shanks Group and the VGG Group. The Combined Circular and Prospectus was made available to the public in accordance with the Prospectus Rules.

4. INFORMATION INCORPORATED BY REFERENCE

The table below sets out the documents which are incorporated by reference into this Prospectus, to ensure that investors are aware of all information which, according to the particular nature of Shanks and of the Ordinary Shares, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Shanks Group and of the rights attaching to the Ordinary Shares.

Reference document	Information incorporated by reference	Page number in reference document
2014 Annual Report and Accounts	Group Finance Director's review	16-21
	Operating review	22-45
	Independent Auditors' Report	87-89
	Consolidated Income Statement	90
	Consolidated Statement of Comprehensive Income	91
	Balance Sheets	92
	Statements of Changes in Equity	93
	Statements of Cash Flows	94
	Notes to the Financial Statements	95-137
2015 Annual Report and Accounts	Group Finance Director's review	34-39
	Operating review	40-55
	Independent Auditors' Report	96-101
	Consolidated Income Statement	102
	Consolidated Statement of Comprehensive Income	103
	Balance Sheets	104
	Statements of Changes in Equity	105
	Statements of Cash Flows	106
	Notes to the Financial Statements	107-159
2016 Annual Report and Accounts	Group Finance Director's Review	28-33
	Operating review	34-49
	Independent Auditors' Report	97-103
	Consolidated Income Statement	104

Where this information makes reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Parts of the documents from which such information has been incorporated are not set out above and are either not relevant or are covered elsewhere in this Prospectus.

PART 1—DETAILS OF THE TRANSACTION

1. INTRODUCTION

On 29 September 2016, Shanks announced that it had reached agreement on the terms of its proposed merger with VGG, under which Shanks would acquire the entire issued share capital of VGG, free from any liens, charges or encumbrances, from Van Gansewinkel Netherlands 4 B.V. and its ultimate beneficial shareholders. Under the terms of the Merger Agreement, Shanks Netherlands Holdings B.V. will acquire all of the shares in VGG from Van Gansewinkel Netherlands 4 B.V. As consideration for this acquisition, VGG's ultimate shareholders will receive initial value of approximately €571 million, comprising cash consideration of approximately €357 million, and Consideration Shares with a value, based on Shanks' share price of 95.5 pence as at 22 February 2017, of approximately €214 million. Including net cash on VGG's balance sheet, the Merger values VGG at approximately €497 million on a debt-free, cash-free basis.

The Board believes that the Merger is a rare opportunity to effect a transformational transaction, and that the Merger will create a leading waste-to-product business in the Benelux region, one of the most advanced recycling markets in the world. The Merger is aligned with Shanks' core strategy of actively managing its portfolio to improve returns, and accelerating growth through the acquisition of value-enhancing businesses, particularly where strong synergies exist with existing Shanks Group businesses. Given the structure of and conditions in the Benelux region waste management market, the Board has believed for a long time that a merger with the VGG Group would transform and enhance the Shanks Group's market position, and believes that completion of the Merger has the potential to deliver significant returns for Shareholders.

Headquartered in Eindhoven, the Netherlands, the VGG Group is a leading waste management service provider, recycler and supplier of high-quality secondary raw materials in the Benelux region. Details of the VGG Group's business are described in Part 3 (*Information on the VGG Group*). The Merger has a clear strategic benefit for the Shanks Group, and the resulting commercial opportunities and potential cost synergies provide the opportunity for attractive financial returns that should significantly enhance Shareholder value. The Board expects the Merger to be significantly earnings enhancing for the Shanks Group in the second full financial year after Completion (i.e. the financial year ending March 2019) and the return on investment to exceed the Shanks Group's weighted average cost of capital over the same period[1].

As the Merger constitutes a reverse takeover under the Listing Rules, admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market will be cancelled on Completion. Further applications have been made to the FCA and the London Stock Exchange, respectively, for Admission.

2. BACKGROUND TO AND REASONS FOR THE MERGER

The information set forth in paragraph 2.1 of Part 1 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

3. SYNERGIES AND INTEGRATION OF VGG

The information set forth in paragraph 7 of Part 1 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

4. THE MERGER AGREEMENT

The information set forth in paragraph 1 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

5. LOCK-UP AND ORDERLY MARKET ARRANGEMENTS

The information set forth in paragraph 2 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

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1 This statement is not a profit forecast and should not be interpreted to mean that the future earnings per share of the Combined Group will necessarily match or exceed the historical published earnings per share for Shanks.

6. TERMS AND CONDITIONS OF THE FINANCING OF THE MERGER

6.1 The New Facilities Agreement

The information set forth in paragraph 3.1 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus, save as amended below.

Pursuant to an amendment letter entered into on 27 January 2017, the New Facilities Agreement has been amended by the parties thereto as follows. The €600 million of facilities available under the New Facilities Agreement comprises a €143.75 million term facility and a €456.25 million revolving credit facility. The €456.25 million revolving credit facility under the New Facilities Agreement is split into a €431.25 million tranche A1 and a €25 million tranche A2. Subject to satisfaction of the relevant conditions precedent under the New Facilities Agreement:

(i) tranche A1 is available from the Signing Date (as defined in the New Facilities Agreement) until the date that is one month before the fifth anniversary of the Signing Date (or such later date as may be agreed pursuant to an extension option); and

(ii) tranche A2 is available from the Signing Date until the date that is one month before the secondary anniversary of the Signing Date.

6.2 The Underwriting Agreement

The information set forth in paragraph 3.2 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The distribution of all of the new Ordinary Shares issued pursuant to the Equity Issue completed on 14 November 2016 and Shanks received the net proceeds of the Equity Issue.

6.3 The Consideration Shares

The information set forth in paragraph 3.3 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

PART 2—INFORMATION ON THE SHANKS GROUP

1. OVERVIEW

The information set forth in paragraph 1 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

2. STRENGTHS AND STRATEGY

The information set forth in paragraph 2 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

3. HISTORY

The information set forth in paragraph 3 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

4. ORGANISATIONAL STRUCTURE

Shanks is the holding company of the Shanks Group. Following Admission, Shanks will be the holding company of the Combined Group.

The principal subsidiaries of Shanks are set out in paragraph 8.1(a) Part 12 (*Additional information*). The principal joint operations, joint ventures, associates and other participations of Shanks are set out in paragraph 8.1(b) Part 12 (*Additional information*).

4.1 Divisions

The information set forth in paragraph 4.1 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

4.2 Divisional financial summary

The following table sets out the revenue and trading profit by division from continuing operations for each of the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2015 and 2016.

	Revenue (£ millions)					Trading profit (£ millions)				
	Audited			Unaudited		Audited			Unaudited	
	Year ended 31 March			Six months ended 30 September		Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016	2014	2015	2016	2015	2016
Operating segment										
Commercial Waste	342.3	314.2	297.3	145.5	166.7	21.8	14.0	15.4	8.1	11.1
Hazardous Waste	148.2	138.0	136.2	64.4	80.5	19.9	16.4	15.6	7.3	11.4
Municipal	152.6	156.6	187.7	90.2	104.1	11.2	11.3	9.4	5.2	1.1
Inter-segment revenue	(9.7)	(7.4)	(6.4)	-	-	-	-	-	-	-
Group central services	-	-	-	(3.1)	(2.9)	(7.3)	(7.4)	(7.0)	(3.2)	(2.9)
Total	**633.4**	**601.4**	**614.8**	**297.0**	**348.4**	**45.6**	**34.3**	**33.4**	**17.4**	**20.7**

For further information, please refer to Part 7 (*Historical financial information of the Shanks Group*) and Part 5 (*Operational and financial review of the Shanks Group*).

5. MARKET AND COMPETITIVE ENVIRONMENT

The information set forth in paragraph 5 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

6. EMPLOYEES

For the year ended 31 March 2016, Shanks employed an average of 3,446 people. The following tables set out the average number of Shanks' employees by reportable segment for the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2016.

	Years ended 31 March			Six months ended 30 September
	2014	2015	2016	2016
Reportable segment				
Commercial Waste	2,118	2,105	2,012	1,898
Hazardous Waste	766	789	783	766
Municipal	591	592	631	662
Group Central Services	16	20	20	20
Total continuing operations	3,491	3,506	3,446	3,346
Solid Waste UK	240	-	-	-
Total	**3,731**	**3,506**	**3,446**	**3,346**

7. REGULATORY ENVIRONMENT AND POLICY

The information set forth in paragraph 7 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

8. INTELLECTUAL PROPERTY

The information set forth in paragraph 8 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

9. FACILITIES

The information set forth in paragraph 9 of Part 5 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

10. CURRENT TRADING AND PROSPECTS

In the third quarter, the Shanks Group's trading has continued in line with that in the first half, with strong underlying performances from the Commercial and Hazardous Waste Divisions offset by continuing market and operational challenges in the UK Municipal business.

The Commercial Division has continued to perform well. Pricing pressure remains in end markets, but volumes have continued to show encouraging growth compared to prior year. In addition, recyclate prices have stabilised in general, and energy prices have shown some improvement. The new Vliko facility, which was commissioned on schedule in October 2016, is performing well.

The Hazardous Waste Division has also delivered a strong performance since the half year. Soil, water and packed chemical waste intake volumes and throughput remained above last year. Construction work has started on a new intake warehouse at the ATM facility in Moerdijk that will improve both capacity and compliance for packed chemical waste operations. The Reym industrial cleaning business has also remained productive during the quieter winter season with cleaning activity in line with the Directors' expectations.

The Municipal Division had a very difficult third quarter, with the impact of both the mix and prices of the fuels that we produce being worse than expected, particularly at ELWA. The Barnsley, Doncaster and Rotherham (BDR) facility was also temporarily closed to allow the main contractor to make modifications to the plant to improve future performance. Management continue to focus closely on this division: the recovery initiatives announced with the interim results in November 2016 are being implemented and further plans are being developed by the new divisional management team to improve performance. The Board believes that these actions will turnaround the business, with the benefits starting to be seen in 2017/18.

Cash levels continue to be managed closely. Core net debt decreased by £109 million from 30 September 2016 to £134 million as at 31 December 2016, with the benefit of the Equity Issue being partly offset by capital investment in Municipal and by settlement of transaction costs.

The Board believes that the ongoing strong performance of Shanks' Commercial and Hazardous Waste Divisions will continue to offset the weaker performance from the Municipal Division. As a result, the Board continues to expect the Shanks Group to deliver a result for the year ending 31 March 2017 in line with its expectations.

11. DIVIDEND POLICY

Following Admission, Shanks' current dividend per share will be adjusted to take account of its enlarged share capital.

The Board's dividend policy is to rebuild the dividend cover from its current level to 2.0 to 2.5 times underlying earnings per share and resume a progressive dividend policy once this has been achieved.

It is expected that any final dividend of the Combined Group for the year ending 31 March 2017 will be proposed at its next annual general meeting and paid in July or August 2017. An interim dividend of 0.95 pence per Ordinary Share for the year ending 31 March 2017 was declared on 17 November 2016 and was paid on 6 January 2017 to Shareholders who were on Shanks' shareholder register at the close of business on 25 November 2016.

PART 3—INFORMATION ON THE VGG GROUP

1. OVERVIEW

The information set forth in paragraph 1 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

2. STRENGTHS AND STRATEGY

The information set forth in paragraph 2 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

3. HISTORY

The information set forth in paragraph 3 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

4. ORGANISATIONAL STRUCTURE

VGG is the holding company of the VGG Group and, following Admission, will be a wholly-owned subsidiary of Shanks Netherlands Holdings B.V.

Details of the principal subsidiaries of VGG are incorporated by reference in this Prospectus as set out in paragraph 9.2(a) Part 12 of the Combined Circular and Prospectus. Details of the principal joint operations, joint ventures, associates and other participations of VGG are incorporated by reference in this Prospectus as set out in paragraph 9.2(b) Part 12 of the Combined Circular and Prospectus.

4.1 Divisions

The information set forth in paragraph 4.1 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

4.2 Divisional financial summary

The following table sets out the revenue and Adjusted EBITDAE by division for each of the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016.

	Revenue (€ millions)					Adjusted EBITDAE(5) (€ millions)				
	Year ended 31 December			Eight months ended 31 August		Year ended 31 December			Eight months ended 31 August	
	2013(1)	2014	2015(2)	2015 (unaudited)	2016	2013(1)	2014	2015(2)	2015 (unaudited)	2016
Operating segment										
Waste Collection	805.3	769.2	760.5	505.8	476.8	94.8	70.9	57.0	40.6	49.1
Recycling	175.0	165.8	165.7	112.1	107.2	26.2	24.2	20.2	12.6	14.4
Group Support(3)	13.2	12.9	13.3	8.9	9.4	(4.8)	(4.4)	(3.2)	(6.6)	(6.1)
Inter-segment(4)	(36.5)	(25.2)	(24.7)	(16.7)	(16.4)	-	-	-	-	-
Total	**957.0**	**922.7**	**914.8**	**610.1**	**577.0**	**116.2**	**90.7**	**74.0**	**46.6**	**57.4**

(1) Excludes the results of AVR, which was disposed of in 2013.

(2) Includes the results of the VGG Group's subsidiaries in France, Poland and the Czech Republic, which were disposed of in 2015.

(3) Group Support mainly includes revenues related to external real estate rental income.

(4) Inter-segment revenue represents revenue generated from dealings between the segments within the VGG Group.

(5) EBITDAE in relation to the VGG Group is defined as the VGG Group's Adjusted EBITDA for a given period, adjusted to show the result before the impact of certain items that the VGG Group considers to be non-recurring and exceptional items.

For more information see Part 6 (*Operating and financial review of the VGG Group*) and Part 8 (*Historical financial information of the VGG Group*).

5. BUSINESS DEVELOPMENT

The information set forth in paragraph 5 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

6. MARKET AND COMPETITIVE ENVIRONMENT

The information set forth in paragraph 6 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

7. EMPLOYEES

For the year ended 31 December 2015, the VGG Group employed an average of 4,181 people (full time equivalents) as well as additional temporary workers (approximately 1,000). The following tables set out the average number of the VGG Group's employees by reportable segment for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2016.

	Year ended 31 December			Eight months ended 31 August
	2013	**2014**	**2015**	**2016**
Reportable segment				
Waste collection	4,505	3,922	3,560	3,083
Recycling	417	376	406	410
Group support	234	221	215	242
Total	**5,156**	**4,519**	**4,181**	**3,735**

8. REGULATORY ENVIRONMENT AND POLICY

The information set forth in paragraph 8 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

9. INTELLECTUAL PROPERTY

The information set forth in paragraph 9 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

10. FACILITIES

The information set forth in paragraph 10 of Part 6 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

11. CURRENT TRADING AND PROSPECTS

For details of the VGG Group's current trading and prospects, please see paragraph 4 of Part 6 (*Operating and financial review of the VGG Group*).

PART 4—DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. DIRECTORS

The information set out in paragraph 1 of Part 7 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus, save as amended below.

On 16 November 2016, Shanks announced the appointment of Allard Castelein as a Non-executive Director as from 3 January 2017.

Allard Castelein currently holds the position of President and Chief Executive Officer of the Port of Rotterdam, having been appointed in 2014. He initially qualified as a medical doctor before pursuing a career in the Energy sector, holding a number of senior positions at Shell. Over more than 25 years he amassed extensive experience within the industry, culminating in becoming the Vice President Environment for Royal Dutch Shell in 2009. Allard also holds a number of Supervisory Board positions including those at Isala Klinieken, Rotterdam Partners, Sohar Industrial Port Company and the Ronald McDonald House Sophia Rotterdam. He is also a senior member of a number of Dutch trade organisations including Logistiek Nederland, Economische Programmaraad Zuidvleugel and the General Council of the Confederation of Netherlands Industry and Employers.

Group Chief Executive, Peter Dilnot, will assume the role of Managing Director, Netherlands Commercial on a short-term interim basis upon Admission. The recruitment process for a permanent Managing Director is at an advanced stage.

2. SENIOR MANAGEMENT TEAM

In addition to the Executive Directors, the senior management team of the Combined Group will comprise the following permanent members from Completion ("**Senior Management**"):

Name	Position
Bas Blom	Managing Director, Monostreams & Group Continuous Improvement Director
Patrick Deprez	Group Product Sales Director
Wim Geens	Managing Director, Belgium Commercial
Geert Glimmerveen	Group Integration Director
Jonny Kappen	Managing Director, Hazardous Waste
Patrick Laevers	Group Business Development Director
James Priestley	Managing Director, Municipal
George Slade	Group Information Director

The recruitment process for the appointment of a number of additional permanent members of the senior management team of the Combined Group is also underway.

The Senior Management will be based at locations throughout the Combined Group in the Netherlands, Begium and the United Kingdom.

The management expertise and experience of the Senior Management are set out below.

Bas Blom, Managing Director, Monostreams & Group Continuous Improvement Director

Bas is an experienced executive leader of regional and global commercial business-to-business organisations, business process re-engineering projects and business units, including manufacturing operations and joint ventures, strategic business development and mergers and acquisitions. He worked 26 years for General Electric Plastics and its successor after acquisition, SABIC Innovative Plastics, a division of the large global chemicals corporation. Bas holds an MSc in Aerospace Engineering and an MBA.

Patrick Deprez, Group Product Sales Director

Patrick joined VGG in 1998 and was the Regional Director for West Belgium until 2002 when he was appointed as Group SHEQ and Technical Development Director. During this period he was responsible for leading several quality and safety improvement programs. Since 2006, Patrick has managed the strategic waste outlet portfolio for VGG and, in 2012, was appointed as a member of the VGG Executive Committee. Patrick has a wide range of experience in waste management, recycling, sustainability and CSR. Before joining VGG, he was the head of the waste division at B&P Sobry N.V. for almost ten years. Patrick has a degree in Environmental Management.

Wim Geens, Managing Director, Belgium Commercial

Wim was appointed as VGG's Director Belgium, Luxemburg and France in May 2015. He was appointed to the VGG Executive Committee in November 2012. Wim has been working for VGG since 2006. He started within operations and became Group Director Operations/Real Estate/Procurement in 2009. Prior to his appointment at VGG, Wim was a Director within Carrefour NV, a French retail group. Before that, Wim was a board member and executive director in several Industries. He has an MBA and several masters degrees in Commercial and Financial Sciences.

Geert Glimmerveen, Group Integration Director

Geert joined VGG in May 2015 as Managing Director, Waste Collection Netherlands. Geert began his career in 1984 as a consultant at McKinsey & Company. Before he joined VGG, Geert held a range of executive positions in large businesses and organisations ranging from truck manufacturing, health management, energy and most recently was a partner of a midsized private equity firm. Geert has a masters degree in Economics.

Jonny Kappen, Managing Director, Hazardous Waste

Jonny was appointed as Managing Director of the Dutch Hazardous Waste business in 2007. He was appointed to the Executive Committee in July 2012. Jonny has been working for Shanks since 2000 when Shanks took over operations from WMI. He was later appointed Managing Director of Shanks Netherland's Hazardous Waste division in 2007. Jonny started his career as a civil engineer working for Reym in 1979 as a field engineer and he was promoted firstly to Operations Director in 1994 and then to Managing Director in 1997. Jonny is also Chairman of the Industrial Cleaning Foundation—a Benelux Safety Foundation.

Patrick Laevers, Group Business Development Director

Patrick joined Shanks in May 2013 as Regional Director of Shanks' Flanders operations in Belgium. Between April 2015 and Completion he held the position of Managing Director of Shanks Belgium Commercial. He has over 10 years of experience in the international waste management industry, progressing through various multi-site managerial roles. Prior to his appointment at Shanks, Patrick was a Board Member and Executive Director of waste management and construction company, Group Machiels. He has also held positions at Corus and Tenneco Automotive and has an MBA and a PhD in Engineering.

James Priestley, Managing Director, Municipal

James was appointed to the Executive Committee in November 2016. He has a wide range of experience running and improving businesses in Europe and America. Prior to joining Shanks he was interim President Americas for Britax Child Safety and, before that, President Europe for RGIS, an inventory services company owned by Blackstone. After starting his career at ICI, he moved on to gain extensive management experience at Ford, British Airways and Tesco and consulting with Alix Partners. He has a degree in Chemical Engineering and an MBA.

George Slade, Group Information Director

George was appointed to the Executive Committee on 1 April 2015. George joined Shanks as Group IT Director in 2013 to focus on improving the Shanks Group's IT landscape and developing technology to support and grow the business. In his time at Shanks, he has lead a number of key projects across the business including Commercial Effectiveness and the implementation of a Group-wide collaboration platform. George has a wide range of experience in strategy, M&A, technology, restructuring, process re-engineering and innovation in his years working for a number of blue-chip companies. He has previously held a number of executive positions at IMI plc, BGL Group, Cable and Wireless, Ericsson and Level(3).

3. CORPORATE GOVERNANCE

As at the date of this Prospectus, Shanks complies, and on and following Admission, it will continue to comply, with the UK Corporate Governance Code as published by the Financial Reporting Council.

4. BOARD COMMITTEES

The information set out in paragraph 4 of Part 7 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus, save as set out below.

Allard Castelein has been appointed a member of Shanks' Audit, Remuneration and Nomination Committees.

5. SECURITIES DEALING CODE

The information set out in paragraph 5 of Part 7 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

PART 5—OPERATING AND FINANCIAL REVIEW OF THE SHANKS GROUP

The Group Finance Director's review, Operating review and descriptions of the Shanks Group's market risk for the financial years ended 31 March 2014, 2015 and 2016 as set out in Shanks' 2014 annual report and accounts, 2015 annual report and accounts and 2016 annual report and accounts are incorporated by reference into this Prospectus.

The Overview, Division Review, Finance Review and Principal risks and uncertainties for the six months ended 30 September 2015 and 2016 as set out in Shanks' 2015 interim results and 2016 interim results are also incorporated by reference into this Prospectus.

These reviews and descriptions contain a discussion of the Shanks Group's financial condition and results of operations for the financial years ended 31 March 2014, 2015 and 2016 and for the six months ended 30 September 2015 and 2016 and should be read in conjunction with the Shanks Group's historical financial information as at and for the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2015 and 2016 and the accompanying notes incorporated by reference in this Prospectus as set out in Part 7 (Historical financial information of the Shanks Group) and with the information relating to Shanks' business included in Part 3 (Information on the Shanks Group). The discussion includes forward-looking statements that reflect the current view of Shanks' management and involve risks and uncertainties. The Shanks Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed in the reviews and elsewhere in this Prospectus, particularly in the sections headed "Risk Factors" and "Important Information—Information regarding forward-looking statements". Investors should read the whole of this Prospectus and not just rely upon the information incorporated by reference in this Part 5.

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus.

1. GROUP FINANCE DIRECTOR'S REVIEW, OPERATING REVIEW AND DESCRIPTIONS OF MARKET RISK FOR THE YEAR ENDED 31 MARCH 2014

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2014:

- Group Finance Director's review—pages 16-21
- Operating review—pages 22-45
- Descriptions of market risk—pages 51 and 130-134

2. GROUP FINANCE DIRECTOR'S REVIEW, OPERATING REVIEW AND DESCRIPTIONS OF MARKET RISK FOR THE YEAR ENDED 31 MARCH 2015

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2015:

- Group Finance Director's review—pages 34-39
- Operating review—pages 40-55
- Descriptions of market risk—pages 67 and 149-154

3. GROUP FINANCE DIRECTOR'S REVIEW, OPERATING REVIEW AND DESCRIPTIONS OF MARKET RISK FOR THE YEAR ENDED 31 MARCH 2016

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2016:

- Group Finance Director's Review—pages 28-33
- Operating review—pages 34-49
- Descriptions of market risk—pages 67 and 155-157

4. OVERVIEW, DIVISION REVIEW, FINANCE REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The page numbers below refer to the relevant pages of the interim results of Shanks for the six months ended 30 September 2015:

- Overview—pages 4-6
- Division Review—pages 6-10
- Finance Review—pages 10-13
- Principal risks and uncertainties—page 13-14

5. OVERVIEW, DIVISION REVIEW, FINANCE REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The page numbers below refer to the relevant pages of the interim results of Shanks for the six months ended 30 September 2016:

- Overview—pages 5-6
- Division Review—pages 7-10
- Finance Review—pages 10-14
- Principal risks and uncertainties—page 15

PART 6—OPERATING AND FINANCIAL REVIEW OF THE VGG GROUP

The following discussion of the VGG Group's financial condition and results of operations should be read in conjunction with the VGG Group's historical financial information as at and for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2015 and 2016 and the accompanying notes included in Section B of Part 8 (Historical financial information of the VGG Group) and with the information relating to the VGG Group's business included in Part 6 (Information on the VGG Group). The discussion includes forward-looking statements that reflect the current view of the VGG Group's management and involve risks and uncertainties. The VGG Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in the sections headed "Risk Factors" and "Important Information—Information regarding forward-looking statements". Investors should read the whole of this Prospectus and not just rely upon summarised information set out in this Part 6.

1. OVERVIEW

The information set forth in paragraph 1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

2. KEY PERFORMANCE INDICATORS

The Directors consider a variety of financial measures and operating metrics in analysing the VGG Group's performance. The Directors believe that each of these measures provides useful information with respect to the performance of the VGG Group's business and operations. With the exception of operating profit (loss) (which has been extracted without material adjustment from the VGG Group's historical financial information set out in Section B of Part 8 (*Historical financial information of the VGG Group*)), these are non-IFRS financial measures and operating metrics, and are not audited. These non-IFRS financial measures and operating metrics are not meant to be considered in isolation or as a substitute for measures of financial performance reported in accordance with IFRS. Moreover, these non-IFRS financial measures and metrics may be defined or calculated differently by other companies, and as a result the VGG Group's key performance indicators may not be comparable to similar measures and metrics calculated by its peers.

2.1 Adjusted EBITDA and Adjusted EBITDAE

The information set forth in paragraph 2.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The table below shows a reconciliation of operating profit (loss) to Adjusted EBITDA and Adjusted EBITDAE for the eight months ended 31 August 2015 and 2016. Adjusted EBITDA and Adjusted EBITDAE are unaudited non-IFRS metrics.

	Eight months ended 31 August	
€ millions	**2015 (unaudited)**	**2016**
Operating profit (loss)	**(30.3)**	**0.2**
Depreciation of property, plant and equipment(1)	41.8	39.2
Impairment of property, plant and equipment(1)	–	0.1
Amortisation of operating intangibles(1)	4.5	4.4
Impairment of operating intangibles(1)	–	–
Impairment of goodwill	–	–
Amortisation of acquisition intangibles(1)	6.3	5.9
Impairment of acquisition intangibles(1)	–	–
Loss (gain) on sale of assets(2)	(0.6)	0.6
Adjusted EBITDA (unaudited)	**21.7**	**50.4**
Restructuring(3)	6.4	2.8
Advisory costs(4)	19.1	3.7
Costs for non-operating locations(5)	0.2	0.6
Other(6)	(0.8)	(0.1)
Adjusted EBITDAE (unaudited)	**46.6**	**57.4**

(1) Depreciation and impairments of property, plant and equipment, operating and acquisition intangibles is included in cost of sales. See paragraph 6 of this Part 6 for further detail.

(2) Loss (gain) on sale of assets represents the gains or losses as a result of selling assets to third parties.

(3) Restructuring costs are mainly attributable to the implementation of the improvement initiatives described in paragraph 3.5 of this Part 6 and other improvement projects.

(4) Advisory costs include programme office and legal advisory costs in relation to the VGG Group's improvement initiatives, factoring costs, and costs incurred in connection with the 2015 Debt Restructuring (as further described in paragraph 3.7 of this Part 6).

(5) Costs for non-operating locations mainly represent costs related to closing several of the VGG Group's offices and locations in Belgium and the Netherlands.

(6) Other exceptional items include employee benefit expenses related to redundancy not classified as restructuring costs. Costs in 2015 mainly related to unrealised losses on the VGG Group's diesel swap contract, and disputes and claims offset by exceptional income from a release of the VGG Group's landfill provisions.

2.2 Capital expenditure

The information set forth in paragraph 2.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The table below shows the VGG Group's capital expenditure for the eight months ended 31 August 2015 and 2016. Capital expenditure is an unaudited non-IFRS metric.

	Eight months ended 31 August	
€ millions	**2015 (unaudited)**	**2016**
Property, plant and equipment	32.5	36.9
Other intangible assets	3.3	2.2
Capital expenditure (unaudited)	**35.8**	**39.1**

2.3 Direct and Indirect FTEs

The information set forth in paragraph 2.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The table below shows the VGG Group's direct FTEs and indirect FTEs (excluding temporary personnel) for the eight months ended 31 August 2015 and 2016. Direct FTEs and indirect FTEs are unaudited non-IFRS metrics.

	Eight months ended 31 August	
Unaudited	**2015 (unaudited)**	**2016**
Direct FTEs(1)	2,956	2,504
Indirect FTEs(2)	1,383	1,231
	4,339	**3,735**

(1) Direct FTE is defined as the VGG Group personnel employed in the physical collection or handling of waste.

(2) Indirect FTE is defined as the VGG Group personnel that are not Direct FTEs and employed in managing and supporting the Waste Collection and Recycling segments.

3. SIGNIFICANT FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The principal factors affecting the VGG Group's results of operations and financial condition during the periods under review, and those that are expected to affect its results of operations and financial condition in the future include the following:

3.1 Macroeconomic conditions

The VGG Group's performance is significantly affected by the availability of waste in the market and the resulting level of customer demand for its services, which is directly correlated to the level of economic activity and consumption in the markets where it operates. The VGG Group earns revenue from its customers based directly or indirectly on the volume of waste collected or of materials recycled and sold from those volumes and incurs direct costs related to collection and processing. As a result, all of the VGG Group's revenue and direct costs are directly correlated to the volume of waste collected or recycled by the VGG Group. The waste volumes generated in its core markets are to a large extent affected by factors beyond the VGG Group's control, including general economic conditions, levels of GDP growth and consumption, the levels of construction and renovation works, technological advances and regulatory changes affecting environmental matters and waste management. Given its focus on commercial and industrial rather than household customers, the VGG Group's performance is more exposed to these factors, and in particular to GDP growth, than it would be if it focused on household waste, volumes of which are less affected by macroeconomic factors. The volume of building and construction waste in particular experienced significant volume decline in 2013, 2014 and 2015 in the Benelux region, but has since recovered slightly and the Directors expect it to recover further over the foreseeable future. Nevertheless, the overall waste market in the Benelux area has had to cope with declining volumes and continued price pressure and strong competition during the three years ended 31 December 2015. During the eight months ended 31 August 2016, the overall waste market in the Benelux area improved, compared to the same period in 2015, with volumes stabilising and higher average pricing levels. During the three years ended 31 December 2015, the VGG Group's financial performance declined in part due to the unfavourable macroeconomic conditions in the Eurozone, particularly in 2013 and 2014. From 2013 to 2014, the VGG Group experienced a decrease in revenue from €957.0 million in 2013 to €922.7 million in 2014, a decline of 3.6 per cent., and in Adjusted EBITDAE from €116.2 million in 2013 to €90.7 million in 2014, a decline of 21.9 per cent.

Macroeconomic conditions improved slightly in 2015 compared to 2014, but remained difficult, as reflected in a further revenue decline in 2015 to €914.8 million, a decrease of 0.9 per cent. compared to 2014, and Adjusted EBITDAE of €74.0 million, a decrease of 18.4 per cent. compared to 2014.

During the eight months ended 31 August 2016, the VGG Group's financial performance improved, where it realised an operating profit of €0.2 million compared to an operating loss of €30.3 million in the same period in 2015 mainly as a result of better performance in the Waste Collection segment. The improvement was primarily due to an increase in average prices, the cessation of some loss making contracts and the continued effect of cost savings initiatives.

The Directors believe that as the economies of the Eurozone recover and GDP growth improves, the VGG Group's waste volumes and financial results will also improve.

3.2 Waste prevention and the circular economy

In recent years, policy changes and societal trends towards generating less waste and relying more heavily on recycled materials have had, and are expected to continue to have, a significant effect on the VGG Group's results. Waste reduction and prevention efforts driven by governments and policy makers in Europe are likely to result in a reduction in waste volumes over the longer term, which may affect the Waste Collection segment. However, the trend towards more recycling and recovery of materials from waste may present growth opportunities for the VGG Group's future development, considering its proposition to the market and its position in the waste value chain as a solution provider, recycler and producer of high-quality secondary raw materials. The Directors believe that demand for recycling and secondary materials is likely to increase, which may improve volumes for the VGG Group's Recycling division. For example, the Directors expect that the EU Circular Economy package, which encourages recycling and reuse, is likely to result in higher market demand for secondary materials, and for those materials becoming more competitive and mature, with more focus on quality. In the Netherlands, for example, the Dutch government has declared that for household waste the target is that 65 per cent. of waste should be recycled by 2020; for government agencies the target is 75 per cent. The Directors expect this trend to continue in the future, particularly in the Benelux region. The VGG Group's strategy is to continuously invest in the transformation from a waste collection company to a supplier of high-quality secondary raw materials, thereby playing an active role in the transition towards a circular economy. The VGG Group aims to achieve growth in the supply of high-quality raw materials streams and the further development of its sorting and recycling activities. See paragraph 3.6 of this Part 6 for further details.

Additionally, technological advancements leading to the use of fewer, and more complex, materials in the production of electronic goods are changing the composition of waste and the amount of valuable materials that the VGG Group can extract from such waste. The Directors believe this trend is likely to continue in the future and has been supported by regulations such as the WEEE and Restriction of Hazardous Substances EU directives, which were adopted by the European Union in 2003. Examples of this can be seen in the shift from CRT television screens to flat screens, the use of more plastic rather than metal in the production of refrigerators and the miniaturising of electronic goods more generally which translates to less recoverable valuable materials per item. The VGG Group is investing to improve its ability to extract value from more complex components, such as the VGG Group's research on chemical recycling which would increase recovery of valuable metals from printed circuit boards to mitigate the effects of this regulation. In addition, the Directors believe that the negative effect of the trend towards miniaturisation and lower value recovery of components will be offset by the expected positive effect of increased recycling volumes in the long term.

3.3 Revenue sensitivity to incinerator fees

The VGG Group's results are significantly affected by fluctuations in the gate fees charged by third party incineration facilities, which comprise a significant element of the VGG Group's third party processing costs but also indirectly impact the VGG Group's revenue. The level of gate fees charged by incinerators tends to directly correlate to changes in the available incineration capacity in the market, which is affected by factors including local demand and waste import levels. The VGG Group currently has contracts in place with incinerating facilities to fix these fees over specified periods. These contracts typically have original durations that range from one to twenty years. Additionally, the VGG Group has increasingly entered into contracts with incinerators that have shorter durations, as well as ongoing contracts with a notice period of one year. This provides the VGG Group with access to the volume of incineration capacity needed to process Waste Collection volumes at an agreed medium term price, mitigating the direct cost impact of fluctuations in gate fees.

Despite these long term agreements, the VGG Group is subject to an indirect impact on revenue from fluctuations in gate fees. When demand for incineration declines in the market, gate fees tend to decrease, giving certain of the VGG Group's smaller competitors that lack long term agreements and pay gate fees at spot market rates a cost advantage as compared to the VGG Group. These competitors, when able to pay lower gate fees, also tend to charge their customers lower prices for waste collection than the VGG Group charges, thus placing pressure on the prices that the VGG Group is able to charge to its customers and, accordingly, its revenue and margins. In addition, over the medium to long term, the Directors believe that an increase in levels of recycling will result in lower volumes for incineration, also placing downward pressure on gate fees which, while it may result in lower third party processing costs, has also in the past resulted in the VGG Group realising lower margins on its services due to increased price competition from competitors. Mitigating the potential negative effect of this trend, the Directors believe the growth of recycling and the resulting decline in overall volumes is likely to be a gradual process, permitting any free incineration capacity in the Benelux region to be filled with imported tonnages from, amongst others, the UK market and other nearby markets which may lack incineration capacity. For example, in recent months, the incineration overcapacity in the Dutch market has been largely mitigated by waste imports from the United Kingdom. This has had a slight positive effect on price development for the treatment of residual waste. In addition, gate spot market prices in the Dutch market have recently recovered, which suggests that there is limited unutilised capacity in this market currently, which the Directors believe will have a positive impact on its results of operations.

3.4 Exposure to commodity prices

The VGG Group's results are affected by on the value of the materials it extracts from waste and recycling volumes, in particular the value of metals (primarily steel, copper and aluminium), wood, plastic, paper and glass and which the VGG Group sells after extraction and processing from its waste and recycling volumes. The VGG Group generally sells extracted materials at spot or market prices and is therefore exposed to commodity price fluctuations. However, the VGG Group's management seeks to mitigate the negative impacts of adverse price developments through back to back contracting and recycling improving actions. Commodity prices are affected by regional and global macroeconomic factors beyond the VGG Group's control prices are subject to significant volatility and have in recent years decreased due to lower global demand. During the periods under review, metal prices have decreased due to lower global demand but are showing signs of recovery in 2016, and secondary plastic prices have decreased due to lower prices for virgin plastics as a result of lower oil prices. The VGG Group manages its exposure to commodity price volatility, in part, by structuring its customer contracts to allow the impact of price volatility to pass through, to a certain degree, to its customers through dynamic pricing or by linking prices to a commodity price index. However, if commodity prices were to decrease significantly, the VGG Group may not be able to pass through such decreases to customers and, as a result, margins could decline. Additionally, even when such effects are passed through to customers, there is typically a time lag between when the VGG Group incurs the cost and when it is passed through, which can affect the VGG Group's results.

The VGG Group is furthermore exposed to energy price volatility in relation to its energy consumption, which comprises a significant portion of the VGG Group's raw materials, supplies and energy costs and reflects primarily the cost of diesel fuel for the VGG Group's vehicles. Diesel costs represent a significant part of the VGG Group's cost of sales (€21.2 million during the eight months ended 31 August 2016 and €33.8 million in 2015). To manage this exposure, the VGG Group enters into fuel derivatives contracts.

3.5 Strategic and operational improvement initiatives

The VGG Group has actively managed its cost base by divesting non-core operations and investing in cost improvement initiatives to support its profitability in response to changing market conditions.

In the three-year period ended 31 December 2015, the VGG Group has sought to restructure its business and focus on its core operations and geographies. In 2013, the VGG Group sold AVR, which conducted its incineration operations, to enhance profitability and lower its net debt position. The VGG Group's historical financial information included in this Combined Circular and Prospectus present the operations of AVR as discontinued operations, and as a result this disposal does not affect the other line items on the VGG Group's 2013 income statement. In 2015, in order to increase focus on its core waste collection activities in the Benelux area, the VGG Group disposed of its waste collection businesses in France, Poland and the Czech Republic, and withdrew from the specialised waste oil market by divesting its interests in OVA/Groenendaal. There have been no substantial divestments in 2016.

In 2015, the VGG Group's revenue amounted to €914.8 million, compared to €922.7 million in 2014, reflecting a decrease of €7.9 million. The disposed entities contributed €21.3 million to revenue and accounted for a €21.3 million decrease in revenue in 2015 compared to 2014. Excluding these divestments, revenue increased by €13.4 million in 2015. In 2015, the VGG Group's Adjusted EBITDAE amounted to €74.0 million, compared to €90.7 million in 2014, reflecting a decrease of €16.7 million. The disposed entities contributed €2.2 million to Adjusted EBITDAE and accounted for a €2.6 million decrease in Adjusted EBITDAE in 2015 compared to 2014. Excluding these divestments, Adjusted EBITDAE decreased by €14.1 million in 2015.

In the eight months ended 31 August 2016, the VGG Group's revenue amounted to €577.0 million, compared to €574.8 million in the same period in 2015 excluding revenue from the disposed businesses (which amounted to €35.3 million during the period in 2015). Adjusted EBITDAE for the eight months ended 31 August 2016 amounted to €57.4 million, compared to €46.6 million in the same period in 2015. The disposed entities contributed €1.3 million to Adjusted EBITDAE during the eight months ended 31 August 2015.

During the three-year period ended 31 December 2015, the VGG Group also implemented a more effective organisational structure by centralising group support functions and initiated several cost improvement initiatives. In 2012, the VGG Group initiated a turnaround programme that included various operational and sales improvement initiatives, key asset upgrades and cost optimisation as a response to challenging market conditions, especially in the Benelux waste collection market. After completing the main part of its extensive turnaround programme in waste collection between 2012 and 2014, the VGG Group initiated a performance improvement programme in 2015, intended to improve the VGG Group's revenue and margins.

Improvement initiatives in 2014 included a number of cost savings initiatives mainly focussed on improving operational efficiency such as route optimisation and equipment upgrades, which have enabled a reduction in full time staff costs by, for example, increasing the number of routes that can be serviced by one driver per truck instead of two. Improvement initiatives in 2015 included installation upgrades, further cost improvement measures and an organisational optimisation programme aimed at creating a more decentralised, country based operating model with less overhead costs.

Partly as a result of these initiatives, employee benefit expenses were reduced from €255.9 million in 2013, to €244.1 million in 2014 and to €231.1 million in 2015 corresponding to a reduction in average direct FTEs from 3,633 in 2013, to 3,107 in 2014 and to 2,840 in 2015 and in average indirect FTEs from 1,523 in 2013, to 1,413 in 2015 and to 1,340 in 2015. The decline in employee benefit expenses in 2015 compared to 2014 of €13.0 million was primarily driven by the disposal of the VGG Group's French, Polish and Czech subsidiaries and OVA/Groenendaal, whereas the direct and indirect FTE decline in 2015 associated with these disposals amounted to 445 direct and indirect FTEs and 146 direct and indirect FTEs, respectively. In the eight months ended 31 August 2016, the total average number of FTE further declined as a result of the full year effect of improvement initiatives and disposed businesses from 4,340 FTE (2,956 direct and 1,384 indirect) in the first eight months of 2015 to an average total of 3,735 FTE (2,504 direct and 1,231 indirect) in the eight months ended 31 August 2016. Employee benefit expenses declined by €5.8million in the eight months ended 31 August 2016 compared to the first eight months of 2015.

In response to market demand for high-quality secondary materials, in 2015, the VGG Group invested significantly in its processing and sorting lines to increase capacity utilisation, and invested €4.3 million to modernise Maltha's largest (glass) recycling facility in the Netherlands, located in Heijningen. Also in the Recycling segment, the VGG Group invested in upgrading Coolrec's recycling lines in order to extract more valuable materials from smaller and more complex waste components. These improvement efforts in 2015 are expected to contribute to revenue and Adjusted EBITDAE improvements in these businesses going forward, as a result of increased operating and cost efficiencies and also the capacity to generate higher quality recycling products which the Directors expect will be able to generate higher prices.

Achieving a sustainable cost base while continuing to improve performance is central to the VGG Group's strategy. The VGG Group may undertake further cost and margin improvement programmes in the near future, and any such future initiatives may involve significant costs or have a disruptive effect on the business.

Furthermore, the anticipated benefits of such initiatives may not be fully realised which may have an adverse effect on the VGG Group's results.

3.6 Regulatory

The VGG Group operates in markets in which government regulation and policy can have a significant impact on its operations and results. In addition to the impact of policy changes and societal trends in respect of waste volumes, as described in paragraph 3.2 of this Part 6, direct regulation and taxation of the industry in which the VGG Group operates has been and is expected to remain a key focus of policy makers in Europe. Compliance with such regulations and reforms may require significant expenditure to be incurred by the VGG Group. However, this trend is also expected to increase demand for recycling capacity and may therefore present growth opportunities for the VGG Group's Recycling segment. See paragraph 3.2 of this Part 6 for further detail.

The VGG Group is affected by tax policies directed at the waste management industry. In 2013, the Dutch government enacted a tax on waste ("*afvalstoffenbelasting*"), imposing a tax on landfilling. The tax was then expanded to include combustible waste in Dutch incinerating facilities, which comprise a significant majority of the volumes collected by the VGG Group, in 2015. The applicable tax rate was €13.07 per tonne as of 1 January 2016 and is expected to be examined, and possibly increased, annually. Furthermore, the Belgian government introduced an environmental tax of €11.5 per tonne as of 1 July 2014. These taxes have resulted in higher costs for the Waste Collection segment, specifically within third party processing costs, but have largely been passed through to customers, resulting in higher revenue and as a result have not significantly impacted margins in 2015.

However, the Directors believe other policy and regulatory developments encouraging the reduction of greenhouse gas emissions, such as the results of the COP21 negotiations on climate change and the EU Circular Economy package may present growth opportunities. The Directors believe that the VGG Group's recycling capability can contribute to reduced carbon emissions as the recovery of natural resources typically consumes more energy than recycling recovered materials and using these as secondary resources. In addition, recent legislation enacted in Belgium encouraging the sorting of waste by requiring businesses to have subscriptions with a waste service provider for the separate collection of specific waste streams has resulted in increased volumes for paper and cardboard, as well as plastics, metals and drink cartons for the VGG Group in Belgium. Several important directives affecting operators in the waste management industry have been adopted by the European Union in recent years, including the WEEE and the Waste Framework EU directives, which are expected to increase demand for recycling capacity and may therefore present growth opportunities for the VGG Group's Recycling division. During the coming years, EU policy makers are expected to remain focused on issues involving environmental concerns and waste materials recycling.

3.7 Effects of non-recurring and exceptional items on comparability of results for the years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2016

During the years ended 31 December 2013, 2014 and 2015, the VGG Group's results have been impacted by certain significant non-recurring and exceptional items in connection with various strategic and operational improvement initiatives, including a debt restructuring of its business (as further described in paragraph 3.5 of this Part 6) and various disposals.

In 2014, adverse market conditions characterised by lower waste volumes and pricing pressure in the Waste Collection segment resulted in the VGG Group lowering its forecast Adjusted EBITDA margins and cash flows, leading to a non-cash goodwill impairment charge of €424.0 million. This non-recurring impairment charge was the primary cause of the VGG Group's operating loss of €522.0 million in 2014, compared to an operating loss of €3.3 million in 2013.

In 2015, the VGG Group reached an agreement with its shareholders and lenders on a new and sustainable financing structure (the "**Debt Restructuring**"). Consequently, the ownership of the VGG Group passed to the syndicate of lenders who contributed a share premium in the VGG Group to convert the original senior debt including accrued interest and 50 per cent. of the fair value of the interest rate swaps into equity, and the original senior debt was converted into a €320 million reinstated senior facility with a maturity in 2020 (under the VGG Senior Facilities Agreement). The original revolving credit facility of €70 million, including €25 million of ancillary facilities, was converted into a reinstated revolving credit facility. Principally as a result of the Debt Restructuring, borrowings from financial institutions on the VGG Group's balance sheet were reduced from €766.5 million as at 31 December 2014 to €305.0 million as at 31 December 2015, and the VGG Group recognised a non-cash one-off gain of €402.8 million in financial income relating to extinguishment of this debt as a result. In connection with the Debt Restructuring, the VGG Group's then-outstanding preference shares were converted into ordinary shares. This resulted in the conversion of the preference shares borrowings amounting to €45.1 million into equity. This non-recurring finance income was the primary cause of the VGG Group's profit before tax increasing from a loss of €591.4 million in 2014 to a profit of €292.4 million in 2015.

Also during 2015, the VGG Group disposed of its waste oil operations by divesting its interests in OVA/ Groenendaal and its waste collection operations in France, the Czech Republic and Poland (as further described in paragraph 3.5 of this Part 6). These disposals resulted in certain one-off expenses in 2015, as well as non-recurring book profits on disposal totalling €2.7 million in 2015, as reflected in the share in results of associates, joint ventures and other associates in 2015.

In the eight months ended 31 August 2016, non-recurring exceptional items declined to €7 million (compared to €24.9 million during the same period in 2015), primarily reflecting a lower level of restructuring and non-recurring advisory costs which had been incurred in relation to the Debt Restructuring in 2015.

The items described above, as well as certain other operational and business items, have contributed to certain exceptional costs in the periods under review, which the VGG Group does not consider representative of its core business. For this reason, the VGG Group adjusts its EBITDA for these exceptional items as part of its Adjusted EBITDAE calculation, as presented in detail in paragraph 7 of this Part 6, which the Directors believe is a better representation for the performance of the VGG Group's core business.

4. CURRENT TRADING AND PROSPECTS

The VGG Group's performance continued to improve during the months of September until December 2016. The VGG Group traded ahead of budget based on unaudited numbers and compared to management expectations.

The Waste Collection segment in the Netherlands and Belgium represented around 82 per cent. of the revenue of the VGG Group in September to December. Revenue improvement made in the eight months ended 31 August 2016 continued due to increased prices and the cessation of some loss making contracts. Better market positioning in Belgium and the Netherlands contributed to improved trading in Belgium and improved run rates in the Netherlands supported by cost management initiatives of the VGG Group resulting in a performance ahead of management's expectations.

The Recycling segment, comprising Coolrec, Maltha and the Minerals businesses continued performing well in September until December 2016. While material prices remained low, the Recycling businesses were generally able to show steady performance as a result of processing higher volumes and the effects of cost saving initiatives.

Cash performance continued to be positive during September until December 2016. Controls on working capital and capital expenditure, positive trading developments and reduced exceptional costs and non-recurring items have contributed to cash flows ahead of management's expectations.

In its announcement issued on 7 February 2017, Shanks stated, in reference to VGG's unaudited preliminary trading update for the twelve months ended 31 December 2016, that "After adjustments made to align with Shanks' accounting policies, VGG estimates it achieved a 23% increase in Adjusted EBITDAE to €91.0 million on revenues down 3% to €882.5 million". The reference to 23% increase in EBITDAE for the twelve months ended 31 Deecmber 2016 represents a profit estimate of the results of VGG Group under the Prospectus Rules.

See Part 13 (*Profit estimate of the VGG Group*) for further details.

5. DESCRIPTION OF KEY INCOME STATEMENT LINE ITEMS

The information set forth in paragraph 5 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

6. RESULTS OF OPERATIONS

6.1 Years ended 31 December 2013, 2014 and 2015

The information set forth in paragraph 6 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

6.2 Eight months ended 31 August 2015 and 2016

The table below shows the VGG Group's results of operations for the eight months ended 31 August 2015 and 2016, which has been extracted without material adjustment from the VGG Group's historical financial information set out in Section B of Part 8 (*Historical financial information of the VGG Group*).

€ millions	Eight months ended 31 August	
	2015[(1)] (unaudited)	2016
Waste Collection	505.8	476.8
Recycling	112.1	107.2
Group Support[(2)]	8.9	9.4
Total revenue	**626.8**	**593.4**
Inter-segment revenue[(3)]	(16.7)	(16.4)
Revenue	**610.1**	**577.0**
Cost of sales	(500.6)	(465.9)
Gross profit	109.5	111.1
Administrative expenses	(139.8)	(110.9)
Operating (loss) profit	**(30.3)**	**0.2**
Finance income	402.8	–
Finance charges	(49.8)	(29.6)
Change in fair value of derivatives at fair value through profit or loss	(2.2)	(4.0)
Share of results from associates and joint ventures	3.5	0.5
Profit (loss) before taxation	**324.0**	**(32.9)**
Taxation	7.3	(3.3)
Profit (loss) after taxation from continuing operations	**331.3**	**(36.2)**
Profit after taxation from discontinued operations	-	-
Profit (loss) for the period	**331.3**	**(36.2)**

(1) Includes the results of the VGG Group's subsidiaries in France, Poland and the Czech Republic, which were disposed of in 2015.

(2) Group Support mainly includes revenue related to external real estate rental income.

(3) Inter-segment revenue represents revenue generated from dealings between the segments within the VGG Group.

(a) *Revenue*

Revenue amounted to €593.4 million and €626.8 million in the eight months ended 31 August 2016 and 2015 respectively, reflecting a decrease of €33.4 million or 5.3 per cent. This decrease was primarily the result of the disposal of the VGG Group's subsidiaries in France, Poland and the Czech Republic and OVA/Groenendaal in 2015. These divestments accounted for a decrease in revenue of €35.3 million in the eight months ended 31 August 2016 compared to the same period in 2015. Excluding the effects of these divestments, revenue increased by €2.0 million in the eight months ended 31 August 2016 as a result of increased volumes in Belgium and price increases in both Belgium and the Netherlands. The increase was partly offset by lower revenue in the Recycling segment primarily due to lower revenues in Coolrec mainly due to lower plastic and metal prices. This was partly offset by higher sales in the VGG Group's glass business (Maltha) as a result of increased production capacity after the completion of facility improvement works during 2015. VGG's Minerals business' performance also improved during the eight months ended 31 August 2016 compared to the same period in 2015 primarily as a result of higher landfill volumes.

Segment discussion

Waste Collection

Revenue for the Waste Collection segment amounted to €476.8 million and €505.8 million in the eight months ended 31 August 2016 and 2015, respectively, reflecting a decrease of €29 million which was largely due to the disposal of the VGG Group's subsidiaries in France, Poland and the Czech Republic. Revenue from the Belgium collection business showed an increase of €8.8 million reflecting both volume growth as well as a price increases primarily driven by the increase in environmental tax as well as the general price increases initiated by the VGG Group in response to the implementation of a new road tax in Belgium as of 1 April 2016. The Netherlands collection business showed a decrease in revenues of €2.5 million. In 2016, a top line revitalisation program has been initiated leading to an improved revenue composition, which included a strategic price increase initiated on 1 January 2016 in the Netherlands and the cessation of certain loss making contracts.

Recycling

Revenue for the Recycling segment amounted to €107.2 million and €112.1 million in the eight months ended 31 August 2016 and 2015, respectively, reflecting a decrease of €4.9 million which mainly related to a decrease in revenues from Coolrec due to lower material prices and lower sales in metals and plastics. Revenues from Maltha increased by €3.3 million following the increase in production after the completion of the refurbishment of the Dintelmond plant in 2015. Revenues from Minerals increased largely due to higher landfill volumes.

(b) *Cost of sales*

€ millions	Eight months ended 31 August	
	2015(1) (unaudited)	**2016**
Cost of sales before exceptional items	(493.7)	(459.2)
Exceptional and non-trading cost of sales	(6.9)	(6.7)
Cost of sales	**(500.6)**	**(465.9)**

(1) Includes divestments in the Czech Republic, Poland, France and OVA/Groenendaal.

Cost of sales amounted to €465.9 million and €500.6 million in the eight months ended 31 August 2016 and 2015, respectively, reflecting a decrease of €34.7 million or 6.9 per cent. The decrease primarily related to the divestments of the VGG Group's businesses in Poland, the Czech Republic and OVA/Groenendaal. Excluding the effects of these divestments, cost of sales in the Waste Collection segment declined slightly due to increased costs resulting from higher volumes in Belgium were offset by a decrease in costs resulting from lower purchase prices for raw materials and cost savings measures such as controls on operational expenses as well as managing productivity in the Netherlands. Furthermore, the Recycling segment showed a cost decrease mainly as a result of lower material prices in Coolrec and partly offset by higher costs due to higher volumes in both Minerals and Maltha.

(c) *Administrative expenses*

€ millions	Eight months ended 31 August	
	2015(1) (unaudited)	**2016**
Administrative expenses before exceptional expenses	(115.5)	(104.6)
Exceptional and non-trading administrative expenses	(24.3)	(6.3)
Administrative expenses	**(139.8)**	**(110.9)**

(1) Includes divestments in the Czech Republic, Poland, France and OVA/Groenendaal.

Administrative expenses amounted to €110.9 million and €139.8 million in the eight months ended 31 August 2016 and 2015, respectively, reflecting a decrease of €28.9 million or 20.6 per cent. The decrease is mainly as a result of the exceptional and non-trading items related to the Debt Restructuring in 2015, and the divestments of the VGG Group's businesses in Poland, the Czech Republic and OVA/Groenendaal.

(d) *Financial charges*

Financial charges amounted to €29.6 million and €49.8 million in the eight months ended 31 August 2016 and 2015, respectively. Financial charges decreased in 2016 compared to 2015 primarily as a result of the Debt Restructuring in 2015 and related financing fees incurred in 2015.

(e) *Change in fair value of derivatives at fair value through profit and loss*

Changes in fair value of derivatives at fair value through profit and loss was €(4.0) million and €(2.2) million in the eight months ended 31 August 2016 and 2015, respectively. The increase in losses in 2016 was mainly driven by higher fair value adjustments on the embedded derivative.

(f) *Taxation*

Income (loss) before taxation was €(32.9) million and €324.0 million in the eight months ended 31 August 2016 and 2015, respectively.

The effective corporate income tax on results in 2016 was negative 10 per cent, compared to the applicable corporate income tax rate in the Netherlands of 25 per cent. This was primarily as a result of no deferred tax assets being recognised on a part of the VGG Group's fiscal losses.

The effective corporate income tax on results in 2015 was 2.2 per cent, compared to the applicable corporate income tax rate in the Netherlands of 25 per cent. This was primarily the result that the finance income in 2015 relating to the debt restructuring was not recognised for corporate income tax purposes.

7. CONSOLIDATED ADJUSTED EBITDAE AND EXCEPTIONAL ITEMS

7.1 Years ended 31 December 2013, 2014 and 2015

The information set forth in paragraph 7 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

7.2 Eight months ended 31 August 2015 and 2016

The table below shows the VGG Group's Adjusted EBITDA and Adjusted EBITDAE for the eight months ended 31 August 2015 and 2016. See paragraph 2 of this Part 6 for further detail.

	Eight months ended 31 August	
€ millions	**2015[1] (unaudited)**	**2016**
Operating (loss) profit	(30.3)	0.2
Depreciation of property, plant and equipment[1]	41.8	39.2
Impairment of property, plant and equipment[1]	–	0.1
Amortisation of operating intangibles[1]	4.5	4.4
Impairment of operating intangibles[1]	–	–
Impairment of goodwill	–	–
Amortisation of acquisition intangibles[1]	6.3	5.9
Impairment of acquisition intangibles[1]	–	–
Loss (gain) on sale of assets[2]	(0.6)	0.6
Adjusted EBITDA (unaudited)	**21.7**	**50.4**
Restructuring[3]	6.4	2.8
Advisory costs[4]	19.1	3.7
Costs for non-operating locations[5]	0.2	0.6
Other[6]	(0.8)	(0.1)
Adjusted EBITDAE (unaudited)	**46.6**	**57.4**

(1) Depreciation and impairments of property, plant and equipment, operating and acquisition intangibles is included in cost of sales. See paragraph 6 of this Part 6 for further detail.

(2) Loss (gain) on sale of assets represents the gains or losses as a result of selling assets to third parties.

(3) Restructuring costs are mainly attributable to the implementation of the improvement initiatives described in paragraph 3.5 of this Part 6 and other improvement projects.

(4) Advisory costs in 2016 include mainly costs for the 2016 transition period and some smaller other incidental advisory costs; 2015 Advisory costs mainly relates to costs incurred in connection with the 2015 Debt Restructuring (as further described in paragraph 3.7 of this Part 6).

(5) Costs for non-operating locations mainly represent costs related to closing several of the VGG Group's offices and locations in Belgium and the Netherlands.

(6) Other exceptional items include costs for remediation of Belgian sites and legal claims offset by some releases of accruals for previously reported exceptional items. Costs in 2015 mainly related to unrealised losses on the VGG Group's diesel swap contract, and disputes and claims, more than offset by exceptional income from a release of the VGG Group's landfill provisions and settlement regarding old disputes with AVR.

(a) *Non-recurring costs and exceptional items*

Exceptional items and non-recurring costs amounted to €7.0 million and €24.9 million for the eight months ended 31 August 2016 and 2015, respectively, reflecting a decrease of €17.9 million.

In the eight months ended 31 August 2016, exceptional costs largely comprised advisory costs amounting to €3.7 million, incurred in connection to the transition period, and restructuring costs of €2.8 million attributable to the implementation of the improvement initiatives described in paragraph 3.5 of this Part 6.

In the first eight months of 2015, exceptional costs largely comprised advisory costs amounting to €19.1 million, incurred in connection with the Debt Restructuring (further described in paragraph 3.7 of this Part 6) which include legal, accounting, tax and consultancy fees. Restructuring costs of €6.4 million during the first eight months of 2015 are attributable to the implementation of the improvement initiatives (mainly in the Netherlands and Group Support) further described in paragraph 3.5 of this Part 6.

(b) ***Adjusted EBITDA and Adjusted EBITDAE***

Segment discussion

The following table sets out the VGG Group's Adjusted EBITDAE by segment for the eight months ended 31 August 2015 and 2016.

	Eight months ended 31 August	
Unaudited, € millions	**2015[1] (unaudited)**	**2016**
Waste Collection	40.6	49.1
Recycling	12.6	14.4
Group Support[1]	(6.6)	(6.1)
Adjusted EBITDAE	**46.6**	**57.4**

(1) Group Support mainly includes revenue related to external real estate rental income.

Segment discussion

Waste Collection

Adjusted EBITDAE for the Waste Collection segment increased by €8.5 million during the eight months ended 31 August 2016 as compared to the same period in 2015. The increase was primarily due to the higher volumes in Belgian collection activities supported by positive price effects as a result of a general price increase in response to the implementation of a new road tax as of 1 April 2016. Furthermore, collection activities in the Netherlands benefited from a strategic price increase introduced as of January 2016 and further cost reduction measures and reduced administrative expenses following the 2015 restructuring programme.

Recycling

Adjusted EBITDAE for the Recycling segment increased by €1.8 million during the eight months ended 31 August 2016 as compared to the same period in 2015. The increase was primarily due to higher production levels in Maltha as a result of facility improvements in 2015. This was partially offset by negative market price effects on raw materials (particularly metals and plastics) which have affected the Coolrec and Minerals businesses despite higher volumes at both businesses. Furthermore, lower landfill prices due to market competitiveness have negatively affected the Minerals business.

Group support

Adjusted EBITDAE for Group Support for the eight months ended 31 August 2016 amounted to €(6.1) million compared to € (6.6) million during the same period in 2015. The improvement in Adjusted EBITDA was primarily the result of the restructuring activities carried out in 2015 and a further reduction in headquarter staff executed during 2016.

8. ADDITIONAL UNAUDITED REVENUE AND ADJUSTED EBITDAE

8.1 Year ended 31 December 2015

The information set forth in paragraph 8 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

8.2 Eight months ended 31 August 2016

The following table sets out the VGG Group's revenue and Adjusted EBITDAE by segment for the eight months ended 31 August 2016. These revenue and Adjusted EBITDAE figures are unaudited and have been extracted from the VGG Group's management accounts, with the differences between the numbers extracted and presented below and the numbers included in the historical financial information of VGG Group set out in Section B of Part 8 (*Historical financial information of the VGG Group*), relating to divestments made, group support and inter-company eliminations. They have been prepared on the basis set out in Note 1 ('Accounting Policies') to the Shanks Group's historical financial information incorporated by reference into this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

€ millions	Eight months ended 31 August 2016
Waste Collection	
Netherlands	301.2
Belgium	177.1
Recycling	
Coolrec	46.9
Maltha	30.2
Minerals	28.6
Group Support/eliminations/reconciling items	(7.0)
Revenue	**577.0**
Waste Collection	
Netherlands	21.2
Belgium	26.2
Recycling	
Coolrec	3.8
Maltha	4.0
Minerals	6.6
Group Support/eliminations/reconciling items	(4.4)
Adjusted EBITDAE(1)	**57.4**

(1) Adjusted EBITDAE in respect of the VGG Group is defined as the VGG Group's Adjusted EBITDA for a given period, adjusted to show the result before the impact of certain items that the VGG Group considers to be non-recurring costs and exceptional items.

9. LIQUIDITY AND CAPITAL RESOURCES

9.1 Overview

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

9.2 Working capital

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table shows the VGG Group's net working capital as at 31 December 2015 and 31 August 2016.

Unaudited	As at 31 December 2015	As at 31 August 2016
Inventories	13.9	14.8
Trade and other receivables	126.0	132.6
Trade and other payables	(228.5)	(229.9)
Total net working capital	**(88.6)**	**(82.5)**

As at 31 August 2016, net working capital was €(82.5) million, compared to €(88.6) million as at 31 December 2015. Net working capital increased in 2016 by €6.1 million mainly as a result of increased trade and other receivables from increases in prepayments, loans due from related parties, accrued income as well as trade receivables.

9.3 Cash flows

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table sets out the VGG Group's net increase (decrease) in cash and cash equivalents for the eight months 31 August 2015 and 2016.

Unaudited	Eight months ended 31 August 2015[1] (unaudited)	2016
Net cash inflow from operating activities	31.6	38.0
Net cash inflow (outflow) from investing activities	(27.0)	(30.1)
Net cash used in financing activities	(13.6)	(18.4)
Net increase (decrease) in cash and cash equivalents	**(9.0)**	**(10.5)**

(1) Includes divestments in the Czech Republic, Poland, France and OVA/Groenendaal.

(a) *Cash flow from operating activities*

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table sets out the VGG Group's net cash inflow from operating activities for eight months 31 August 2015 and 2016.

Unaudited	Eight months ended 31 August 2015[1] (unaudited)	2016
Profit (loss) before tax	324.0	(32.9)
Fair value (gain) loss on financial instruments	2.2	4.0
Finance income	(402.8)	-
Finance charges	49.8	29.6
Share of results from associates and joint ventures	(3.5)	(0.5)
Operating (loss) gain from continuing operations	(30.3)	0.2
Operating gain from discontinued operations	-	-
Depreciation and amortisation	52.6	49.5
Gain (loss) on disposal of property, plant and equipment	(0.6)	0.6
Loss on disposal of associate	-	-
Impairment charge	-	0.1
Change in working capital and provisions	8.8	(10.4)
Fair value (gain) loss on financial instruments	2.6	(1.8)
Share based payments	-	-
Cash flow from operating activities	**33.1**	**38.2**
Income tax paid	(1.5)	(0.2)
Net cash inflow from operating activities	**31.6**	**38.0**

(1) Includes divestments in the Czech Republic, Poland, France and OVA/Groenendaal.

Net cash inflow from operating activities for the eight months ended 31 August 2016 was €38.0 million, primarily driven by positive EBITDA, which is partly offset by changes in working capital and provisions of €10.4 million mainly related to the factors discussed in paragraph 9.2. The increase of net cash inflow from operating activities is mainly due to the improved EBITDA, which is partly offset by change in working capital and provisions. EBITDA mainly increased due to lower exceptional items as discussed in paragraph 7.2 above. The change in working capital and provisions mainly relates to higher trade receivables as discussed in paragraph 9.2 above.

(b) *Cash flow from investing activities*

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table sets out the VGG Group's net cash inflow (outflow) from investing activities for the eight months 31 August 2015 and 2016.

Unaudited	Eight months ended 31 August 2015[(1)] (unaudited)	2016
Investments	(35.8)	(32.9)
Divestments	7.2	3.6
Dividend received	0.2	0.4
Loans received/granted	1.4	(1.2)
Net cash inflow (outflow) from investing activities	**(27.0)**	**(30.1)**

(1) Includes divestments in the Czech Republic, Poland, France and OVA/Groenendaal.

Net cash outflow from investing activities for the eight months ended 31 August 2016 was €30.1 million compared to €27.0 million during the same period in 2015. Cash inflow during the eight months ended 31 August 2016 decreased as compared to the same period in 2015 primarily as a result of the cash inflows from divestments of the VGG Group's businesses in the Czech Republic, Poland and OVA/Groenendaal in 2015.

(c) *Cash flow from financing activities*

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table sets out the VGG Group's net cash used in financing activities for the eight months 31 August 2015 and 2016.

Unaudited	Eight months ended 31 August 2015[(1)] (unaudited)	2016
Repayment borrowings / new loans	(7.3)	(4.3)
Interest and loan fees paid	(6.2)	(14.1)
Dividend paid	(0.1)	-
Net cash used in financing activities	**(13.6)**	**(18.4)**

The increase of net cash used in financing activities from €13.6 million in the eight months ended 31 August 2015 to €18.4 million during the same period in 2016 mainly relates to interest paid on terms loans amounting to €7.9 million during the period in 2016. The term loans were entered into pursuant to the Debt Restructuring in 2015.

9.4 Capital expenditure

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table sets out the VGG Group's capital expenditures for the eight months 31 August 2015 and 2016.

Unaudited	Eight months ended 31 August 2015[(1)] (unaudited)	2016
Property, plant and equipment	32.5	36.9
Other intangible assets	3.3	2.2
Capital expenditure	**35.8**	**39.1**

(1) Includes investments in the divested companies Czech Republic, Poland, France and OVA/Groenendaal.

Capital expenditures increased by €3.3 million from €35.8 million to €39.1 million during the eight months ended 31 August 2015 and 2016, respectively. The increase in capital expenditures was primarily due to higher investment in logistics supporting the business in the Netherlands and Belgium resulting in increased capital expenditures in property, plant and equipment.

9.5 Capital resources and funding structure

(a) *Indebtedness*

The information set forth in paragraph 9.1 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

The following table provides further detail on the VGG Group's borrowings as at 31 December 2015 and 31 August 2016.

€ millions	As at 31 December 2015	As at 31 August 2016
Financial Institutions[(1)]	305.0	315.1
Preference shares	-	-
Financial Lease	44.4	42.2
Bank Overdrafts	10.9	14.5
Other Loans[(2)]	1.0	0.8
Total Borrowings	**361.3**	**372.6**
Amount due for settlement after 12 months	337.1	346.4
Amount due for settlement within 12 months	24.2	26.2
Total Borrowings	**361.3**	**372.6**
Cash and cash equivalents	103.2	92.7
Net Borrowings	**258.1**	**279.9**

(1) All Financial Institutions borrowings are expected to be repaid (along with any accrued and unpaid interest) on Completion.

(2) Other loans relates to private bilateral bank loans.

As at 31 August 2016, the VGG Group's net indebtedness was 3.5x its last twelve months Adjusted EBITDA. This covenant was tested for the first time at the end of the third quarter in 2016 and the covenant was met.

(b) *Contractual commitments*

The VGG Group has various contractual and commercial commitments to make future payments, including debt obligations, lease obligations, debt repayments and pension obligations.

The table below summarises the VGG Group's contractual obligations as at 31 August 2016.

€ millions	Carrying amount	Contractual cash flow	< 1 year	1-4 years	≥ 5 years
Financial Institutions[(1)]	315.1	362.6	-	-	362.6
Financial Lease[(2)]	42.2	42.2	11.1	19.9	11.2
Bank Overdrafts[(3)]	14.5	14.5	14.5	-	-
Other Loans[(4)]	0.8	0.8	0.6	0.2	-
Trade and other payables	229.9	229.9	229.9	-	-
Derivative financial liabilities					
Interest Rate Swaps[(5)]	0.9	0.9	0.9	-	-
Embedded derivative[(6)]	16.3	16.3	-	16.3	-
Diesel hedges[(7)]	0.5	0.5	0.5	-	
	620.2	**667.7**	**257.5**	**36.4**	**373.8**

(1) Financial Institutions borrowing represents amounts borrowed under the VGG Senior Facilities Agreement. The difference between the carrying amount and contractual cash flow for Financial Institutions is as a result of IFRS requirements related to fair value adjustments and original issuance discount. All Financial Institutions borrowings are expected to be repaid (along with any accrued and unpaid interest) on Completion.

(2) Financial leases are lease contracts regarding property, plant and equipment whereby the VGG Group retains ownership and substantially all of the obligations and benefits incidental to such ownership.

(3) Bank overdrafts represents a notional cash pool whereby the bank has the right to set credit and debit balances. A multi-purpose overdraft facility of €4.5 million is allocated to this cash pool.

(4) Other loans relates to private bilateral bank loans.

(5) Represents the VGG Group's two interest rate swaps, the value of which is based on the market value as at 31 August 2016.

(6) Represents the VGG Group's borrowings which contain a minimal 1 per cent. EURIBOR floor which, under IFRS is considered an embedded derivative, the value of which is based on the market value as at 31 August 2016.

(7) Represents diesel hedges, the value of which is based on the market value as at 31 August 2016.

9.6 Off-balance sheet arrangements

For several Dutch entities in the VGG Group, VGG has issued a guarantee under article 2:403 of the Dutch Civil Code. As a result of this guarantee, VGG is liable for all liabilities resulting from transactions performed by these entities.

In the ordinary course of business, the VGG Group has issued parent guarantees with respect to specific contracted business activities. Obligations under guarantees issued by the VGG Group amounted to €62.8 million as at 31 August 2016 compared to €59.5 million as at 31 December 2015.

The VGG Group had a total obligation for rentals amounting to €64.8 million as of 31 August 2016, relating to €32.6 million rent of land and buildings and €31.2 million to trucks, containers and other production means. Total rental obligation with a term between one and five years was €34.8 million as at 31 August 2016. Total rental obligations with a term greater than five years was €14.0 million as at 31 August 2016.

A number of subsidiaries in the VGG Group have entered into operating leases in respect of private vehicles. The total liability under these contracts was €10.0 million as of 31 August 2016. The term of the majority of these leases are between one and five years.

A number of the VGG Group's sites are leasehold sites. Total lease obligations amounted to €89.5 million as of 31 August 2016. Total lease obligations with a term between one and five years was €7.4 million, and total obligations with a term greater than five years amounted to €80.3 million, in each case as at 31 August 2016.

In respect of current disputes and lawsuits, claims filed by the VGG Group have not been capitalised or have only been partly capitalised and, where necessary, provisions have been made in respect of claims filed by third parties.

9.7 Factoring

The VGG Group has in place a non-recourse ordinary course factoring arrangement with KBC, and factors a portion of its receivables under these arrangements. As at 31 August 2016, the total amount factored was €39.8 million (as compared to total trade receivables remaining on the balance sheet as at 31 August 2016 of €132.4 million) and as at 31 December 2015, the total amount factored was €33.2 million (as compared to total trade receivables remaining on the balance sheet as at year end of €126.0 million). The factoring company, rather than the VGG Group, is subject to the risk of non-payment of certain receivables.

9.8 Dividend policy

For details of the Combined Group's dividend policy, please see paragraph 11 of Part 2 (*Information on the Shanks Group*).

10. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The information set forth in paragraph 10 of Part 9 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus

PART 7—HISTORICAL FINANCIAL INFORMATION OF THE SHANKS GROUP

The audited consolidated financial statements of Shanks for the financial years ended 31 March 2014, 2015 and 2016 as set out in Shanks' 2014 annual report and accounts, 2015 annual report and accounts and 2016 annual report and accounts are incorporated by reference into this Prospectus.

The unaudited consolidated interim financial information of Shanks for the six months ended 30 September 2015 and 2016 as set out in Shanks' 2015 interim results and 2016 interim results are also incorporated by reference into this Prospectus.

The following list is intended to enable investors to identify easily specific items of information which are incorporated by reference into this Prospectus.

The audited consolidated financial statements of Shanks for the financial years ended 31 March 2014, 2015 and 2016 and the unaudited interim results of Shanks for the six months ended 30 September 2015 and 2016 are available for inspection in accordance with paragraph 19 of Part 12 (*Additional Information*).

1. IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 AND THE AUDIT REPORT THEREON

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2014:

- Independent Auditors' Report—pages 87-89
- Consolidated Income Statement—page 90
- Consolidated Statement of Comprehensive Income—page 91
- Balance Sheets—page 92
- Statements of Changes in Equity—page 93
- Statements of Cash Flows—page 94
- Notes to the Financial Statements—pages 95-137

2. IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 AND THE AUDIT REPORT THEREON

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2015:

- Independent Auditors' Report—pages 96-101
- Consolidated Income Statement—page 102
- Consolidated Statement of Comprehensive Income—page 103
- Balance Sheets—page 104
- Statements of Changes in Equity—page 105
- Statements of Cash Flows—page 106
- Notes to the Financial Statements—pages 107-159

3. IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 AND THE AUDIT REPORT THEREON

The page numbers below refer to the relevant pages of the annual report and accounts of Shanks for the financial year ended 31 March 2016:

- Independent Auditors' Report—pages 97-103
- Consolidated Income Statement—page 104
- Consolidated Statement of Comprehensive Income—page 105
- Balance Sheets—page 106
- Statements of Changes in Equity—page 107
- Statements of Cash Flows—108
- Notes to the Financial Statements—pages 109-164

4. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The page numbers below refer to the relevant pages of the interim results of Shanks for the six months ended 30 September 2015:

- Consolidated Interim Income Statement—page 15
- Consolidated Interim Statement of Comprehensive Income—page 16
- Consolidated Interim Balance Sheet—page 17
- Consolidated Interim Statement of Changes in Equity—page 18
- Consolidated Interim Statement of Cash Flows—page 19
- Notes to the Consolidated Interim Financial Statements—pages 20-31
- Independent review report to Shanks Group plc—page 32

5. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The page numbers below refer to the relevant pages the interim results of Shanks for the six months ended 30 September 2016:

- Consolidated Interim Income Statement—page 17
- Consolidated Interim Statement of Comprehensive Income—page 18
- Consolidated Interim Balance Sheet—page 19
- Consolidated Interim Statement of Changes in Equity—page 20
- Consolidated Interim Statement of Cash Flows—page 21
- Notes to the Consolidated Interim Financial Statements—pages 22-32
- Explanation of non-IFRS measures—page 33
- Independent review report to Shanks Group plc—page 34

PART 8—HISTORICAL FINANCIAL INFORMATION OF THE VGG GROUP

Section A of this Part 8 sets out a report from PricewaterhouseCoopers LLP, Shanks' Reporting Accountant, required by Paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules.

Section B of this Part 8 sets out the VGG Group's historical financial information as at and for the three years ended 31 December 2013, 2014 and 2015 and the two eight month-periods ended 31 August 2015 and 2016.

pwc

The Directors
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2 Gresham Street
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23 February 2017

Dear Sirs

Historical Financial Information relating to Van Gansewinkel Groep B.V.

We report on the financial information of Van Gansewinkel Groep B.V. and its subsidiaries (the "**Van Gansewinkel Groep**") for the eight months ended 31 August 2016 and the three years ended 31 December 2013, 2014 and 2015, as set out in Section B of Part 8 (the "**Financial Information of the Van Gansewinkel Groep**"). The Financial Information of the Van Gansewinkel Groep has been prepared for inclusion in the prospectus relating to the re-admission of the entire share capital of Shanks Group plc (the "**Company**") to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities in connection with the acquisition of Van Gansewinkel Groep B.V. by the Company dated 23 February 2017 (the "**Prospectus**") on the basis of the accounting policies set out in note 2 to the Financial Information of the Van Gansewinkel Groep. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited the financial information for the eight months ended 31 August 2015 and accordingly do not express an opinion thereon.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information of the Van Gansewinkel Groep in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information of the Van Gansewinkel Groep gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Van Gansewinkel Groep's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information of the Van Gansewinkel Groep gives, for the purposes of the Prospectus date 23 February 2017, a true and fair view of the state of affairs of the Van Gansewinkel Groep as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B—The VGG Group's historical financial information as at and for the three years ended 31 December 2013, 2014 and 2015 and the two eight-month periods ended 31 August 2015 and 2016

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31 December			For the 8 months ended 31 August	
		2013	2014	2015	2015	2016
					Unaudited	
		€m	€m	€m	€m	€m
Revenue	4	**957.0**	**922.7**	**914.8**	**610.1**	**577.0**
Cost of sales		(769.5)	(833.4)	(756.9)	(500.6)	(465.9)
Gross profit		187.5	89.3	157.9	109.5	111.1
Administrative expenses		(190.8)	(611.3)	(195.2)	(139.8)	(110.9)
Operating (loss) profit	6	**(3.3)**	**(522.0)**	**(37.3)**	**(30.3)**	**0.2**
Finance income	9	0.4	0.6	402.8	402.8	-
Finance charges	9	(86.4)	(67.8)	(73.6)	(49.8)	(29.6)
Change in fair value of derivatives at fair value through profit or loss	9	11.3	(2.1)	(2.6)	(2.2)	(4.0)
Share of results from associates and joint ventures	15	(2.8)	(0.1)	3.1	3.5	0.5
(Loss) profit before taxation		**(80.8)**	**(591.4)**	**292.4**	**324.0**	**(32.9)**
Taxation	10	13.8	35.6	11.3	7.3	(3.3)
(Loss) profit after taxation from continuing operations		**(67.0)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Profit after taxation from discontinued operations	12	53.5	-	-	-	-
(Loss) profit for the period		**(13.5)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Attributable to:						
Owners of the parent		(14.7)	(556.1)	304.4	331.8	(36.2)
Non-controlling interest		1.2	0.3	(0.7)	(0.5)	-

Operating profit before non-trading and exceptional items and loss after taxation from continuing operations before non-trading and exceptional items

	Note	2013	2014	2015	2015	2016
Operating (loss) profit as reported		**(3.3)**	**(522.0)**	**(37.3)**	**(30.3)**	**0.2**
Non-trading and exceptional items:						
Cost of sales	5	37.0	97.2	14.7	6.9	6.7
Administrative expenses	5	15.2	446.4	28.6	24.3	6.3
Operating profit before non-trading and exceptional items		**48.9**	**21.6**	**6.0**	**0.9**	**13.2**
(Loss) profit after taxation from continuing operations		**(67.0)**	**(555.8)**	**303.7**	**331.3**	**(36.2)**
Non-trading and exceptional items:						
Cost of sales	5	37.0	97.2	14.7	6.9	6.7
Administrative expenses	5	15.2	446.4	28.6	24.3	6.3
Exceptional finance income	9	-	-	(402.8)	(402.8)	-
Tax impact of non-trading and exceptional items		(5.9)	(8.5)	(8.2)	(6.1)	(1.8)
Loss after taxation from continuing operations before non-trading and exceptional items		**(20.7)**	**(20.7)**	**(64.0)**	**(46.4)**	**(25.0)**

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December			For the 8 months ended 31 August	
		2013	2014	2015	2015	2016
					Unaudited	
		€m	€m	€m	€m	€m
Items that may be subsequently reclassified to profit or loss						
Exchange differences on translation of foreign subsidiaries		(0.2)	0.1	(0.1)	(0.1)	-
Fair value movement on cash flow hedges	16	11.5	4.4	2.9	2.9	-
Deferred tax on fair value movement on cash flow hedges		(2.9)	-	(0.7)	(0.7)	-
		8.4	**4.5**	**2.1**	**2.1**	**-**
Items that will not be reclassified to profit or loss						
Actuarial gain (loss) on defined benefit pension scheme	24	1.1	(2.4)	1.8	1.4	(2.9)
Deferred tax on actuarial gain (loss) on defined benefit pension scheme		(0.3)	0.6	(0.4)	(0.3)	0.8
		0.8	**(1.8)**	**1.4**	**1.1**	**(2.1)**
Other comprehensive income (loss) for the period, net of tax		**9.2**	**2.7**	**3.5**	**3.2**	**(2.1)**
(Loss) profit for the period		(13.5)	(555.8)	303.7	331.3	(36.2)
Total comprehensive (loss) income for the period, net of tax		**(4.3)**	**(553.1)**	**307.2**	**334.5**	**(38.3)**
Attributable to:						
Owners of the parent		(5.5)	(553.4)	307.9	335.0	(38.3)
Non-controlling interest		1.2	0.3	(0.7)	(0.5)	-
		(4.3)	**(553.1)**	**307.2**	**334.5**	**(38.3)**

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
		€m	€m	€m	€m
Assets					
Non-current assets					
Intangible assets	13	597.4	89.3	77.8	69.6
Property, plant and equipment	14	411.1	391.2	369.2	365.3
Investments	15	3.4	2.9	2.4	2.5
Trade and other receivables	19	24.5	20.0	19.6	19.6
Deferred tax assets	17	9.9	16.9	24.7	17.4
		1,046.3	520.3	493.7	474.4
Current assets					
Inventories	18	16.3	15.8	13.9	14.8
Trade and other receivables	19	191.1	152.5	126.0	132.6
Current tax receivable		0.1	0.2	0.1	0.5
Derivative financial instruments	16	0.2	-	-	-
Cash and cash equivalents	20	155.4	119.0	103.2	92.7
		363.1	287.5	243.2	240.6
Assets classified as held for sale	11	5.0	4.2	5.1	2.4
		368.1	291.7	248.3	243.0
Total assets		**1,414.4**	**812.0**	**742.0**	**717.4**
Liabilities					
Non-current liabilities					
Borrowings	21	(850.9)	(87.2)	(337.1)	(346.4)
Derivative financial instruments	16	(0.2)	(1.7)	(10.9)	(16.3)
Deferred tax liabilities	17	(76.2)	(54.1)	(50.3)	(45.4)
Provisions	23	(82.4)	(84.2)	(90.3)	(90.0)
Defined benefit pension scheme deficit	24	(8.1)	(10.6)	(7.5)	(11.1)
		(1,017.8)	(237.8)	(496.1)	(509.2)
Current liabilities					
Borrowings	21	(23.5)	(789.1)	(24.2)	(26.2)
Derivative financial instruments	16	(6.6)	(2.9)	(4.7)	(1.4)
Trade and other payables	22	(259.5)	(238.8)	(228.5)	(229.5)
Current tax payable		(11.6)	(1.8)	(0.1)	(0.5)
Provisions	23	(8.1)	(7.6)	(3.9)	(4.4)
		(309.3)	(1,040.2)	(261.4)	(262.0)
Total liabilities		**(1,327.1)**	**(1,278.0)**	**(757.5)**	**(771.2)**
Net assets (liabilities)		**87.3**	**(466.0)**	**(15.5)**	**(53.8)**
Equity					
Share capital	25	-	-	0.1	0.1
Share premium	25	574.8	574.8	719.6	719.6
Revaluation reserve		6.0	0.7	0.7	0.7
Accumulated losses		(504.6)	(1,052.7)	(744.8)	(783.1)
Equity attributable to owners of the parent		**76.2**	**(477.2)**	**(24.4)**	**(62.7)**
Non-controlling interest		11.1	11.2	8.9	8.9
Total equity		**87.3**	**(466.0)**	**(15.5)**	**(53.8)**

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Accumulated losses	Non-controlling interest	Total equity
	€m	€m	€m	€m	€m	€m
Balance at 1 January 2013	-	**574.7**	**6.0**	**(499.1)**	**13.1**	**94.7**
(Loss) profit for the year	-	-	-	(14.7)	1.2	(13.5)
Other comprehensive income:						
Exchange loss on translation of foreign subsidiaries	-	-	-	(0.2)	-	(0.2)
Fair value movement on cash flow hedges	-	-	-	11.5	-	11.5
Actuarial gain on defined benefit pension scheme	-	-	-	1.1	-	1.1
Tax in respect of other comprehensive income items	-	-	-	(3.2)	-	(3.2)
Total comprehensive (loss) income for the year	-	-	-	(5.5)	1.2	(4.3)
Share based payment transactions	-	0.1	-	-	-	0.1
Dividends paid	-	-	-	-	(3.2)	(3.2)
Balance at 31 December 2013	-	**574.8**	**6.0**	**(504.6)**	**11.1**	**87.3**
Balance at 1 January 2014	-	**574.8**	**6.0**	**(504.6)**	**11.1**	**87.3**
(Loss) profit for the year	-	-	-	(556.1)	0.3	(555.8)
Other comprehensive income:						
Exchange gain on translation of foreign subsidiaries	-	-	-	0.1	-	0.1
Fair value movement on cash flow hedges	-	-	-	4.4	-	4.4
Actuarial loss on defined benefit pension scheme	-	-	-	(2.4)	-	(2.4)
Tax in respect of other comprehensive income items	-	-	-	0.6	-	0.6
Total comprehensive (loss) income for the year	-	-	-	(553.4)	0.3	(553.1)
Realisation of revaluation reserve	-	-	(5.3)	5.3	-	-
Disposal due to loss of control	-	-	-	-	(0.2)	(0.2)
Balance at 31 December 2014	-	**574.8**	**0.7**	**(1,052.7)**	**11.2**	**(466.0)**

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital	Share premium	Revaluation reserve	Accumulated losses	Non-controlling interest	Total equity
	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015	-	**574.8**	**0.7**	**(1,052.7)**	**11.2**	**(466.0)**
Profit (loss) for the year	-	-	-	304.4	(0.7)	303.7
Other comprehensive income:						
Exchange loss on translation of foreign subsidiaries	-	-	-	(0.1)	-	(0.1)
Fair value movement on cash flow hedges	-	-	-	2.9	-	2.9
Actuarial gain on defined benefit pension scheme	-	-	-	1.8	-	1.8
Tax in respect of other comprehensive income items	-	-	-	(1.1)	-	(1.1)
Total comprehensive income (loss) for the year	-	-	-	307.9	(0.7)	307.2
Capital contribution (note 25)	0.1	144.8	-	-	-	144.9
Disposal due to loss of control	-	-	-	-	(1.5)	(1.5)
Dividends paid	-	-	-	-	(0.1)	(0.1)
Balance at 31 December 2015	**0.1**	**719.6**	**0.7**	**(744.8)**	**8.9**	**(15.5)**

	Share capital	Share premium	Revaluation reserve	Accumulated losses	Non-controlling interest	Total equity
	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015	-	**574.8**	**0.7**	**(1,052.7)**	**11.2**	**(466.0)**
Profit (loss) for the period	-	-	-	331.8	(0.5)	331.3
Other comprehensive income:						
Exchange loss on translation of foreign subsidiaries	-	-	-	(0.1)	-	(0.1)
Fair value movement on cash flow hedges	-	-	-	2.9	-	2.9
Actuarial loss on defined benefit pension scheme	-	-	-	1.4	-	1.4
Tax in respect of other comprehensive income items	-	-	-	(1.0)	-	(1.0)
Total comprehensive income (loss) for the period	-	-	-	335.0	(0.5)	334.5
Capital contribution (note 25)	**0.1**	144.8	-	-	-	144.9
Disposal due to loss of control	-	-	-	-	(1.5)	(1.5)
Balance at 31 August 2015 (unaudited)	**0.1**	**719.6**	**0.7**	**(717.7)**	**9.2**	**11.9**
Balance at 1 January 2016	**0.1**	**719.6**	**0.7**	**(744.8)**	**8.9**	**(15.5)**
Loss for the period	-	-	-	(36.2)	-	(36.2)
Other comprehensive income:						
Actuarial loss on defined benefit pension scheme	-	-	-	(2.9)	-	(2.9)
Tax in respect of other comprehensive income items	-	-	-	0.8	-	0.8
Total comprehensive loss for the period	-	-	-	(38.3)	-	(38.3)
Balance at 31 August 2016	**0.1**	**719.6**	**0.7**	**(783.1)**	**8.9**	**(53.8)**

VAN GANSEWINKEL GROEP B.V.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December			For the 8 months ended 31 August	
		2013	2014	2015	2015	2016
					Unaudited	
		€m	€m	€m		€m
Cash flows from operating activities	27	144.1	70.9	62.9	33.1	38.2
Income tax paid		(2.7)	(2.3)	(3.3)	(1.5)	(0.2)
Net cash inflow from operating activities		**141.4**	**68.6**	**59.6**	**31.6**	**38.0**
Investing activities						
Purchase of intangible assets		(5.5)	(5.9)	(5.2)	(3.3)	(2.2)
Purchase of property, plant and equipment		(52.7)	(40.1)	(59.0)	(32.5)	(30.7)
Loans granted to related party		(1.4)	(0.3)	(0.2)	-	(1.2)
Repayment of loan granted to related party		0.1	1.2	1.4	1.4	-
Disposals of property, plant and equipment		2.9	5.1	(0.3)	0.8	3.6
Proceeds from disposal of subsidiaries		890.1	-	18.5	6.4	-
Proceeds from disposal of associates and joint ventures		-	-	0.4	-	-
Investment in associates and joint ventures		(0.2)	-	-	-	-
Dividends received from associates and joint ventures		0.3	0.4	0.6	0.2	0.4
Net cash inflow (outflow) from investing activities		**833.6**	**(39.6)**	**(43.8)**	**(27.0)**	**(30.1)**
Financing activities						
Finance charges and loan fees paid		(145.1)	(48.4)	(18.6)	(6.2)	(14.1)
Repayment of borrowings		(776.2)	(17.2)	(12.8)	(10.3)	(8.1)
Proceeds from new loan		-	-	-	3.0	3.8
Dividends paid to non-controlling interests		(3.2)	-	(0.1)	(0.1)	-
Net cash used in financing activities		**(924.5)**	**(65.6)**	**(31.5)**	**(13.6)**	**(18.4)**
Net increase (decrease) in cash and cash equivalents		50.5	(36.6)	(15.7)	(9.0)	(10.5)
Effect of foreign exchange rate changes		(0.1)	0.2	(0.1)	-	-
Cash and cash equivalents at beginning of the period		105.0	155.4	119.0	119.0	103.2
Cash and cash equivalents at the end of the period	20	**155.4**	**119.0**	**103.2**	**110.0**	**92.7**

VAN GANSEWINKEL GROEP B.V.
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Van Gansewinkel Groep B.V. ("**VGG**") is a limited liability company incorporated and domiciled in the Netherlands. VGG and its subsidiaries (collectively, the "**VGG Group**") provide services of collection, upgrading and recycling of waste. The address of the registered office is Flight Forum 240 in Eindhoven, The Netherlands. The historical financial information consolidates financial information of VGG and its subsidiaries.

2. ACCOUNTING POLICIES

(a) Basis of preparation

This historical financial information presents the financial track record of the VGG Group for the years ended 31 December 2013, 2014 and 2015 and the 8 months to 31 August 2015 and 2016 and the financial position as at 31 December 2013, 2014 and 2015 and 31 August 2016 and is prepared for inclusion in the Admission Prospectus of Shanks Group plc ("**Shanks**"). The consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), IFRS Interpretation Committee ("**IFRS IC**") interpretations as adopted by the European Union. The consolidated historical financial information has been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The historical financial information has been prepared on the historical cost basis except that liabilities for cash-settled share based payment arrangements, available for sale financial assets and hedging agreements are stated at their fair value. The VGG Group's presentational currency is Euro. The historical financial information is presented in millions of Euro, unless otherwise stated.

The historical financial information has been adjusted to reflect the accounting policies adopted by Shanks in its audited financial statements for the year ended 31 March 2016, as required by item 13.5.4R(1) of the Listing Rules issued by the FCA. Accordingly, the historical financial information differs, and may not be comparable to, the audited historical financial statements of the VGG Group for the years ended 31 December 2013, 2014 and 2015 filed with the Dutch Chamber of Commerce (Kamer van Koophandel) and included in the VGG Group's annual reports for 2013, 2014 and 2015 available on the VGG Group's website.

The principal accounting policies adopted in the preparation of the historical financial information are set out below and the policies have been consistently applied to all the periods presented.

(b) Going concern

This historical financial information relating to the VGG Group has been prepared on the going concern basis.

The VGG Group maintains a mixture of medium-term debt, committed credit facilities, lease finance arrangements and cash reserves, which together are designed to ensure that the VGG Group has sufficient available funds to finance its operations. VGG's board reviews forecasts of the VGG Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that the VGG Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

After making appropriate enquiries and having considered the business activities and the VGG Group's principal risks and uncertainties, VGG's directors are satisfied that the VGG Group as a whole has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the historical financial information has been prepared on a going concern basis.

2. ACCOUNTING POLICIES (Continued)

(c) New standards, amendments and interpretations

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union. As at 1 January 2016, the following new standards and interpretations were in issue which do not have a material impact on the VGG Group:

- Amendments to IFRS 11 Joint Arrangements – Accounting for Merger of Interests in Joint Operations, effective 1 January 2016
- IFRS 14 Regulatory Deferral Accounts, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Annual Improvements to IFRSs 2012-2014 Cycle (issued September 2014), effective 1 January 2016

The following standards and amendments issued are not yet effective and the VGG Group is currently in the process of determining the impact in the consolidated financial statements for the periods after the next accounting period:

- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from contracts with customers, effective 1 January 2018
- IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement
- Amendments to IAS 7 Statements of cash flow – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of deferred tax assets for unrealised losses effective 1 January 2017

There are no other IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the VGG Group.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Van Gansewinkel Groep B.V. and all its subsidiary undertakings (subsidiaries). Subsidiaries are entities which are directly or indirectly controlled by the VGG Group. Control exists where the VGG Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those used by the VGG Group. The results of subsidiaries acquired or sold during the period are included in the consolidated financial statements up to, or from, the date control passes. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary or joint venture, over which the VGG Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but is not in control or joint control over those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost or, in the case of a disposal of the majority shareholding, at fair value. The cumulative post-acquisition profits or losses and movements in other comprehensive income are adjusted against the carrying amount of the investment.

2. ACCOUNTING POLICIES (Continued)

When the VGG Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the VGG Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies of the VGG Group.

Where the VGG Group is party to a jointly-controlled operation, the VGG Group accounts for its share of the income and expenditure, assets and liabilities and cash flows on a line-by-line basis in the consolidated financial statements.

Equity investments in entities that are neither associates, joint ventures nor subsidiaries are held at cost, less any provision for impairment.

(e) Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of acquisition is measured as the fair value of assets transferred and liabilities incurred or assumed. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. The fair value of businesses acquired may include waste permits, licences and customer lists with the value calculated by discounting the future revenue stream attributable to these lists or relationships, which are recognised as intangible assets and amortised. The excess of the cost of acquisition over the fair value of the VGG Group's share of the identifiable net assets acquired is recorded as goodwill. The costs of acquisition are charged to the Income Statement in the period in which they are incurred.

(f) Revenue recognition

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding sales taxes, discounts and inter-company sales, for goods and services provided in the normal course of business. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue recognition criteria for the key types of transaction are as follows:

- Waste collection services - revenue is recognised once the waste is delivered to the transfer station or processing facility.
- Waste processing services - where the VGG Group's revenue contracts include an obligation to process waste, revenue is recognised as processing occurs.
- Hazardous waste industrial cleaning - revenue is recognised by reference to the stage of completion based on services performed to date.
- Sales of recyclate materials and products from waste - revenue is based on contractually agreed prices and is recognised when the risks and rewards have passed to the buyer.
- Income from power generated from gas produced by processes at anaerobic digestion facilities and landfill sites is recognised at the time of supply based on the volumes of energy produced and an estimation of the amount to be received.

Accrued income at the balance sheet date is recognised at the fair value based on contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable.

Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed, or require an accrual for the costs of disposing of residual waste to be created once the VGG Group has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate.

2. ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the VGG Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition and is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to those Cash Generation Units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to the Income Statement and is not reversed in a subsequent period.

Other intangibles

Other intangible assets are capitalised on the basis of the fair value of the assets acquired or on the basis of costs incurred to purchase and bring the assets into use. They are subsequently measured at cost less accumulated amortisation.

For the valuation of the VGG Group's brand name the relief from royalty method is used. This method estimates the value of an asset by capitalising the royalty expenses saved as the VGG Group owns the asset.

Other intangibles are amortised over the estimated useful life on a straight-line basis, as follows:

Computer software	3 to 5 years
Acquisition related intangibles:	
Brand name	10 to 20 years
Customer relations	5 to 11 years
Concessions and licences	2 to 25 years

(h) Property plant and equipment

Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land and assets under construction are not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense and at each subsequent reporting date the impairment is reviewed for possible reversal.

Buildings, plant and machinery

Depreciation is provided on these assets to write off their cost (less the expected residual value) on a straight line basis over the expected useful economic lives as follows:

Buildings	Up to 10 years
Plant and machinery	2 to 50 years

2. ACCOUNTING POLICIES (Continued)

Landfill sites

Site development costs including engineering works and the discounted cost of final site restoration are capitalised. These costs are written off over the operational life of each site based on the amount of void space consumed.

(i) Leased assets

Finance leases

Where the VGG Group has substantially all the risks and rewards of ownership of a leased asset, the lease is treated as a finance lease. Leased assets are included in property, plant and equipment at the total of the capital elements of the payments during the lease term and the corresponding obligation is included in borrowings. Depreciation is provided to write down the assets over the shorter of the expected useful life and the lease term, unless there is reasonable certainty that the VGG Group will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful life.

Operating leases

All leases other than finance leases are treated as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the relevant lease. The future aggregate minimum lease payments for operating leases are shown in note 28.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value and are measured on a first in first out basis.

(k) Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rates are reviewed at the end of each reporting period with consideration given to appropriate market rates and the risk in relation to each provision. The unwinding of the discount to present value is included within finance costs.

The VGG Group's policies on provisions for specific areas are:

Landfill provisions: Full provision is made for the net present value ("**NPV**") of the VGG Group's unavoidable costs in relation to restoration liabilities at its landfill sites. In addition the VGG Group continues to provide for the NPV of intermediate restoration costs over the life of its landfill sites and mineral extraction sites, based on the quantity of waste deposited or mineral extracted in the period. Provision is also made for the NPV of post closure costs at the VGG Group's landfill sites based on the quantity of waste deposited in the period.

Restructuring provision: Provision for restructuring costs is recognised when a detailed formal plan exists and those affected by that plan have a valid expectation that the restructuring will be carried out.

2. ACCOUNTING POLICIES (Continued)

(l) Employee benefits

Retirement benefits

The VGG Group accounts for pensions and similar benefits under IAS 19 (revised) Employee Benefits. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of the plans are recognised separately in the Income Statement. Interest is calculated by applying the discount rate to the net defined pension liability. Actuarial gains and losses are recognised in full through the Statement of Comprehensive Income; surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately in the Statement of Comprehensive Income. Payments to defined contribution schemes are charged to the Income Statement as they become due.

The VGG Group participates in several multi-employer funds and these are accounted for as defined contribution schemes as it is not possible to split the assets and liabilities of the schemes between participating companies, and the VGG Group has no obligation to make additional contributions in the event that the schemes have an overall deficit.

(m) Taxation

Current tax

Current tax is based on taxable profit or loss for the period. Taxable profit differs from profit before tax in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Income Statement, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

2. ACCOUNTING POLICIES (Continued)

(n) Foreign currencies

The financial statements of each of the VGG Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the VGG Group's presentational currency.

The results and financial position of all the VGG Group entities that have a functional currency different from the presentational currency are translated into the presentational currency of the VGG Group as follows:

- assets and liabilities at each balance sheet date are translated into Euro at the closing period end exchange rate;
- income and expenses in each Income Statement are translated at the average rate of exchange for the period; and
- the resulting exchange differences are recognised in the exchange reserve in other comprehensive income.

Cumulative exchange differences are recognised in the Income Statement in the period in which an overseas subsidiary undertaking is disposed of.

(o) Financial instruments

Trade receivables

Trade receivables do not carry interest and are recognised initially at their fair value and are subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the VGG Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the value of estimated future cash flows. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

Trade receivables are derecognised when the VGG Group's rights to receive cash flows and substantially all the risks and rewards of ownership have been transferred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a term of less than three months. Where there is a legally enforceable right to offset with a financial institution, bank overdrafts are offset against the cash balances.

External borrowings

Interest bearing loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Other receivables and other payables

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

2. ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedging activities

In accordance with its treasury policy, the VGG Group only holds or issues derivative financial instruments to manage the VGG Group's exposure to financial risk. The VGG Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Such financial risk includes:

- Interest risk on the VGG Group's variable rate borrowings;
- Commodity risk in relation to diesel consumption; and
- Foreign exchange risk on transactions.

The VGG Group manages these risks through a range of derivative financial instruments, including interest rate swaps, forward foreign exchange contracts and fuel derivatives.

Interest rate swaps are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the VGG Group in line with the VGG Group's risk management policies. At the inception of the hedge relationship the VGG Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the VGG Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

For interest rate swaps which are not designated as a hedge the gains or losses between period ends are taken to finance income or charges in the Income Statement.

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to the Income Statement when the hedged cash flow impacts the Income Statement. The ineffective portion of the fair value of the hedging instrument is recognised immediately in the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in the Income Statement immediately.

Details of the fair values of the derivative financial instruments used for hedging purposes are disclosed in note 16.

(p) Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for sale in their present condition.

(q) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

(r) Dividends

Dividend distributions to the equity holders are recognised in the period in which they are approved by the shareholders in general meeting. Interim dividends are recognised when paid.

2. ACCOUNTING POLICIES (Continued)

(s) Segmental reporting

The VGG Group's segmental reporting reflects the management structure which is aligned with the core activities of the VGG Group. The reportable segments are Waste Collection, Recycling and Group Support.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the VGG Group's historical financial information in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the notes.

Underlying business performance

The Directors believe that Adjusted EBITDAE (earnings before interest, tax, depreciation, amortisation and exceptional items) provides useful information to shareholders and this measure is used by the VGG Group for internal performance analysis.

Non-trading and exceptional items

Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, restructuring of the activities of an entity including employee severance costs, acquisition and disposal transaction costs, onerous contracts, significant provision releases and the profit or loss on disposal of properties.

Waste collection arrangements under public private partnership contracts

The VGG Group manages a number of public-private partnerships for waste collection services to the municipality. These entities are fully owned by the local municipality and their relevant activities (being waste collection to the municipality) are defined by the municipality. The VGG Group has previously consolidated these entities on its ability to direct these entities' operations. In the Historical Financial Information, management have now determined that these entities should not be consolidated under IFRS 10 as the VGG Group does not direct the relevant activities. The financial result from operating these contracts is limited to the management fees which the public-private partnerships pay to the VGG Group.

Invoice finance facilities

The VGG Group has entered into invoice finance facilities whereby certain of its trade receivables are sold to third parties. Trade receivables subject to the arrangement are derecognised if it is assessed that substantially all risks and rewards and rights to receive cash flows have been transferred. For trade receivables where VGG Group has neither transferred nor retained substantially all the risks and rewards of ownership and control has not passed to the third party, VGG Group continue to recognise part of the trade receivable according to the Group's continuing exposure to the risks and rewards of the financial asset. The continuing involvement on the non-recourse invoice finance facility is the remaining late payment risk and is included within trade receivables and short term borrowings. In these circumstances, a related liability is recognised as well as part of the original asset.

The VGG Group continues to perform the servicing of the receivables sold and is not authorised to use the receivables sold other than in its capacity as servicer. The value of this service is not considered material for specific disclosure.

Impairment of intangible assets

In conducting the impairment review on goodwill and intangibles, management is required to make estimates of pre-tax discount rates, future profitability and growth rates. Detailed descriptions of assumptions and values are given in note 13.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Provisions

Restoration and aftercare provisions are recognised in the financial statements at the net present value of the estimated future expenditure required to settle the VGG Group's restoration and aftercare obligations. A discount is applied to recognise the time value of money and is unwound over the life of the provision. Provisions also include the present value of the estimated operating losses on loss-making onerous contracts. Further information is set out in note 23.

Retirement benefit schemes

The VGG Group operates defined benefit schemes for which an actuarial valuation is carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 (revised) Employee Benefits is assessed in accordance with management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. The principal assumptions in connection with the VGG Group's retirement benefit schemes are set out in note 24.

Taxation

The VGG Group operates in the Netherlands, Belgium and a number of other European countries, all of which have their own tax legislation. Deferred tax assets and liabilities have been calculated based on the substantially enacted tax rates in the relevant jurisdictions at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The VGG Group has available tax losses, some of which have been recognised as a tax asset and some have not based on management's best estimate of the ability of the VGG Group to utilise those losses. Further information is set out in note 17.

4. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the VGG board of directors that are used to assess both performance and strategic decisions. Management has identified that the Chief Executive Officer (CEO) is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

The CEO considers the business to be split into three main types of business generating revenue: Waste Collection, Recycling and Group Support which comprises central head office functions.

All segment revenue profit before taxation, assets and liabilities are attributable to the principal activity of the VGG Group being the provision of waste management services.

Continuing Operations	For the year ended 31 December 2013			
	Waste Collection	Recycling	Group Support	Total
	€m	€m	€m	€m
Revenue				
Total revenue	805.3	175.0	13.2	993.5
Inter-segment revenue				(36.5)
Total revenue from external customers				957.0
Adjusted EBITDAE	94.8	26.2	(4.8)	116.2
Depreciation of property, plant and equipment				(61.5)
Impairment of property, plant and equipment				(1.2)
Amortisation of operating intangibles				(3.0)
Impairment of operating intangibles				(0.8)
Amortisation of acquisition intangibles				(26.2)
Loss on sale of assets				(2.8)
Exceptional and non-trading items (note 5)				(24.0)
Operating loss				(3.3)
Finance income				0.4
Finance cost				(86.4)
Change in fair value of derivatives at fair value through profit or loss				11.3
Share of results from associates and joint ventures				(2.8)
Loss before taxation				(80.8)
Additions in the year				
Property, plant and equipment and Intangible assets	31.3	13.1	7.3	51.7

4. SEGMENTAL REPORTING (Continued)

Continuing Operations	For the year ended 31 December 2014			
	Waste Collection	Recycling	Group Support	Total
	€m	€m	€m	€m
Revenue				
Total revenue	769.2	165.8	12.9	947.9
Inter-segment revenue				(25.2)
Total revenue from external customers				922.7
Adjusted EBITDAE	70.9	24.2	(4.4)	90.7
Depreciation of property, plant and equipment				(63.7)
Impairment of property, plant and equipment				(2.5)
Amortisation of operating intangibles				(6.1)
Amortisation of acquisition intangibles				(21.6)
Impairment of acquisition intangibles				(63.6)
Impairment of goodwill				(424.0)
Gain on sale of assets				0.7
Exceptional and non-trading items (note 5)				(31.9)
Operating loss				(522.0)
Finance income				0.6
Finance cost				(67.8)
Change in fair value of derivatives at fair value through profit or loss				(2.1)
Share of results from associates and joint ventures				(0.1)
Loss before taxation				(591.4)
Additions in the year				
Property, plant and equipment and intangible assets	38.8	10.2	8.7	57.7

Continuing Operations	For the year ended 31 December 2015			
	Waste Collection	Recycling	Group Support	Total
	€m	€m	€m	€m
Revenue				
Total revenue	760.5	165.7	13.3	939.5
Inter-segment revenue				(24.7)
Total revenue from external customers				914.8
Adjusted EBITDAE	57.0	20.2	(3.2)	74.0
Depreciation of property, plant and equipment				(61.3)
Impairment of property, plant and equipment				(0.5)
Amortisation of operating intangibles				(6.9)
Amortisation of acquisition intangibles				(9.4)
Impairment of intangibles				(0.5)
Gain on sale of assets				0.2
Exceptional and non-trading items (note 5)				(32.9)
Operating loss				(37.3)
Exceptional finance income				402.8
Finance cost				(73.6)
Change in fair value of derivatives at fair value through profit or loss				(2.6)
Share of results from associates and joint ventures				3.1
Profit before taxation				292.4
Additions in the year				
Property, plant and equipment and intangible assets	48.5	9.5	7.9	65.9

4. SEGMENTAL REPORTING (Continued)

Continuing Operations	For the 8 months ended 31 August 2015 (unaudited)			
	Waste Collection	Recycling	Group Support	Total
	€m	€m	€m	€m
Revenue				
Total revenue	505.8	112.1	8.9	626.8
Inter-segment revenue				(16.7)
Total revenue from external customers				610.1
Adjusted EBITDAE	40.6	12.6	(6.6)	46.6
Depreciation of property, plant and equipment				(41.8)
Amortisation of operating intangibles				(4.5)
Amortisation of acquisition intangibles				(6.3)
Gain on sale of assets				0.6
Exceptional and non-trading items (note 5)				(24.9)
Operating loss				(30.3)
Exceptional finance income				402.8
Finance cost				(49.8)
Change in fair value of derivatives at fair value through profit or loss				(2.2)
Share of results from associates and joint ventures				3.5
Profit before taxation				324.0
Additions in the period				
Property, plant and equipment and intangible assets	25.9	5.8	4.1	35.8

Continuing Operations	For the 8 months ended 31 August 2016			
	Waste Collection	Recycling	Group Support	Total
	€m	€m	€m	€m
Revenue				
Total revenue	476.8	107.2	9.4	593.4
Inter-segment revenue				(16.4)
Total revenue from external customers				577.0
Adjusted EBITDAE	49.1	14.4	(6.1)	57.4
Depreciation of property, plant and equipment				(39.2)
Impairment of property, plant and equipment				(0.1)
Amortisation of operating intangibles				(4.4)
Amortisation of acquisition intangibles				(5.9)
Loss on sale of assets				(0.6)
Exceptional and non-trading items (note 5)				(7.0)
Operating profit				0.2
Finance cost				(29.6)
Change in fair value of derivatives at fair value through profit or loss				(4.0)
Share of results from associates and joint ventures				0.5
Loss before taxation				(32.9)
Additions in the period				
Property, plant and equipment and intangible assets	28.1	7.7	3.3	39.1

5. NON-TRADING AND EXCEPTIONAL ITEMS

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Restructuring	7.7	12.3	11.5	6.4	2.8
Long term illness	3.4	3.6	-	-	-
Advisory costs	2.4	10.0	21.6	19.1	3.7
Integration related items	1.5	0.5	-	-	-
Costs for non-operating locations	2.1	0.2	0.8	0.2	0.6
Other	6.9	5.3	(1.0)	(0.8)	(0.1)
	24.0	31.9	32.9	24.9	7.0
Impairments	2.0	490.1	1.0	-	0.1
Amortisation of acquisition intangibles	26.2	21.6	9.4	6.3	5.9
	52.2	**543.6**	**43.3**	**31.2**	**13.0**

Restructuring costs are mainly attributable to the implementation of the improvement initiatives. The charge recorded in cost of sales for the eight months to 31 August 2016 was €0.8m (31 August 2015: €1.4m, year to 31 December 2015: €4.8m, 2014: €6.4m and 2013: €2.6m) and in administrative expenses for the eight months to 31 August 2016 was €2.0m (31 August 2015: €5.0m, year to 31 December 2015: €6.7m, 2014: €5.9m and 2013: €5.2m).

Long term illness expense is defined as employee benefit expenses related to the temporary replacement of own personnel that have been ill for a period longer than six weeks. The charge recorded in cost of sales for the eight months to 31 August 2016 was €nil (31 August 2015: €nil, year to 31 December 2015: €nil, 2014: €3.6m and 2013: €3.4m).

Advisory costs include programme office and legal advisory costs in relation to the VGG Group's improvement initiatives, factoring costs, costs incurred in preparatory activities for a potential sale of the VGG Group and costs incurred in connection with the 2015 Debt Restructuring. The charge recorded in administrative expenses for the eight months to 31 August 2016 was €3.7m (31 August 2015: €19.1m, year to 31 December 2015: €21.6m, 2014: €10.0m and 2013: €2.4m).

Integration related items mainly represent ICT and other project costs related to the integration of certain regions in the Netherlands. The charge recorded in administrative expenses for the eight months to 31 August 2016 was €nil (31 August 2015: €nil, year to 31 December 2015: €nil, 2014: €0.5m and 2013: €1.5m).

Costs for non-operating locations mainly represent costs related to closing several of the VGG Group's offices and locations in Belgium and the Netherlands. The charge recorded in administrative expenses for the eight months to 31 August 2016 was €0.6m (31 August 2015: €0.2m, year to 31 December 2015: €0.8m, 2014: €0.2m and 2013: €2.1m).

Other exceptionals include employee benefit expenses related to redundancy not classified as restructuring costs, disputes and claims offset by exceptional income from a landfill provision release and exceptional income following the annual assessment of the defined benefit plan. The income recorded in cost of sales for the eight months to 31 August 2016 was €0.1m (31 August 2015: €0.8m, year to 31 December 2015: €nil, 2014: charge of €0.3m and 2013: charge of €3.5m) and in administrative expenses for the eight months to 31 August 2016 was €nil (31 August 2015: €nil, year to 31 December 2015: income of €1.0m, 2014: charge of €5.0m and 2013: charge of €3.3m).

The amortisation charge for acquisition intangibles is recorded in cost of sales.

For impairment charges the charge recorded in cost of sales for the eight months to 31 August 2016 was €0.1m (31 August 2015: €nil, year to 31 December 2015: €0.5m, 2014: €65.3m and 2013: €1.3m) and in administrative expenses for the eight months to 31 August 2016 was €nil (31 August 2015: €nil, year to 31 December 2015: €0.5m, 2014: €424.8m and 2013: €0.7m).

6. OPERATING (LOSS) PROFIT

Operating (loss) profit for the period is stated after charging (crediting):

Continuing operations	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Staff costs (note 7)	255.9	244.1	231.1	153.5	147.7
Depreciation of property, plant and equipment	61.5	63.7	61.3	41.8	39.2
Amortisation of intangible assets	29.2	27.7	16.3	10.8	10.3
Impairment charges	2.0	490.1	1.0	-	0.1
Repairs and maintenance expenditure on property, plant and equipment	34.7	33.7	33.8	23.9	24.0
Net loss (profit) on disposal of property, plant and equipment	2.8	(0.7)	(0.2)	(0.6)	0.5
Non-trading and exceptional items (note 5)	24.0	31.9	32.9	24.9	7.0
Trade receivables impairment	1.9	0.2	(0.2)	1.0	1.1
Operating lease costs	30.1	28.2	27.9	18.8	16.4

During the period the VGG Group obtained the following services from the VGG Group's auditors as detailed below:

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Fees payable to VGG Group's auditor and its associates for the audit of the consolidated financial statements	0.1	0.1	0.2	0.3	0.3
Fees payable to VGG Group's auditor and its associates for other services:					
-The audit of VGG Group's subsidiaries	0.4	0.3	0.3	-	-
-Non-audit fees - corporate finance services	-	0.9	2.4	0.3	-
-Non-audit fees - tax and other services	0.1	0.2	0.1	-	0.1
	0.6	1.5	3.0	0.6	0.4

7. EMPLOYEES

Staff costs for the VGG Group during the period were:

Continuing operations	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Wages and salaries	199.3	189.4	181.8	119.9	112.8
Social security costs	41.9	39.8	36.8	25.9	25.3
Other pension costs	14.7	14.9	12.5	7.7	9.6
Total staff costs	255.9	244.1	231.1	153.5	147.7

Average monthly number of people (including executive directors) employed were:

Continuing operations	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
By reportable segment					
Waste Collection	4,505	3,922	3,560	3,724	3,083
Recycling	417	376	406	399	410
Group Support	234	221	215	217	242
	5,156	4,519	4,181	4,340	3,735

8. SHARE BASED PAYMENTS

Management of the VGG Group were offered the opportunity by the former investors to acquire Depositary Receipts ("**DRs**") issued over common shares in one of the VGG Group's holding companies via a Management Equity Participation Plan (the "**MEP**") or a Medium Term Incentivisation Plan (the "**MTIP**"). By the end of 2014, the respective management of the VGG Group agreed with one of the VGG Group's former holding companies that no value was to be expected from the instruments in the future. Keeping the MEP and MTIP in place was no longer feasible and it was agreed that the DRs would be handed in. As a result current employees transferred all their DRs for nil during 2015.

The details of the awards are described below:

	As at 31 December			As at 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
Name of arrangement	Purchase of DRs 2013	Purchase of DRs 2014	Purchase of DRs 2015	Purchase of DRs 2015	-
Date of grant	1 January to 31 December 2013	1 January to 31 December 2014	1 January to 31 December 2015	1 January to 31 August 2015	-
Number of instruments purchased	750	-	-	-	-
Fair value per Depositary Receipt (in €)	-	-	-	-	-
Expense recognised as contribution from the parent (under vesting in €m)	0.1	-	-	-	-

The total amount recognised in the financial statements (before taxes) for share based payment transactions with key managers was €nil for the period to 31 August 2016 (31 August 2015: €nil, year to 31 December 2015: €nil, 2014: €nil and 2013: €0.1m).

9. NET FINANCE CHARGES

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Finance charges:					
Interest payable on borrowings repayable within five years	77.4	60.6	51.3	29.2	27.0
Unwinding of discount on provisions	3.5	3.9	4.0	2.5	2.5
Interest charge on the retirement pension scheme	0.4	0.3	0.2	-	0.1
Amortisation of loan fees	5.1	3.0	1.6	1.6	-
Impairment of loans	-	-	4.3	4.3	-
Other finance costs	-	-	12.2	12.2	-
Total finance charges	86.4	67.8	73.6	49.8	29.6
Finance income					
Interest income on bank deposits	(0.4)	(0.6)	-	-	-
Exceptional - Other finance income	-	-	(402.8)	(402.8)	-
Total finance income	(0.4)	(0.6)	(402.8)	(402.8)	-
Change in fair value of derivatives at fair value through profit or loss	(11.3)	2.1	2.6	2.2	4.0
Net finance charges (income)	74.7	69.3	(326.6)	(350.8)	33.6

The total financial income and expense include results for the interest rate swaps and embedded derivatives, which can be specified as follows:

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
Realised result (included in interest and financing charges on loans)	22.1	7.7	4.6	4.4	1.7
Unrealised (gain) loss (included in net result on financial assets and liabilities)	(11.3)	2.1	2.6	2.2	4.0
	10.8	9.8	7.2	6.6	5.7

On 14 July 2015, the shares of Van Gansewinkel Netherlands 4 BV, the direct shareholder of the VGG Group, were sold to VGG's syndicate of lenders. The lenders contributed a share premium to the VGG Group by converting a senior debt facility including accrued interest and 50% of the fair value of associated interest rate swaps into equity. The remainder of the original senior debt was converted into a €320m reinstated senior facility with a maturity in 2020. The €320m reinstated senior facility consists of an interest bearing 5% Original Discount Issue (OID) of €16m, leaving a €304m reinstated senior facility on which the contribution to share premium is based. An exceptional gain of €402.8m was recognised in the Income Statement during the year to 31 December 2015 as a result of the difference between the carrying value of the original senior debt facility and its fair value at the date of the conversion into equity.

The difference between the fair value of the reinstated senior facility of €308m as at 14 July 2015 and the carrying amount of the reinstated senior facility of €304m was €4m which was charged to the Income Statement as other finance costs in the year ended 31 December 2015. Additionally, the capitalised financing costs which were included in the measurement of the amortised cost of the original senior debt were charged as other finance costs. Finally, financing fees for the reinstated senior facility were charged to the Income Statement during 2015. Further reference is made to note 21.

As a result of hedge ineffectiveness at 31 August 2016 an additional amount of €1.4m (31 August 2015: €2.2m, year to 31 December 2015: €2.1m. 2014: €0.4m and 2013: €nil) was charged to the Income Statement leading to an increase in finance costs. Following on from the reinstated senior facility, an embedded derivative for 100 basis points minimum for EURIBOR has been measured as of 14 July 2015. In 2014, the 2013 settled part of interest rate swaps relating to hedge accounting was amortised fully.

10. TAXATION

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015 Unaudited	2016
	€m	€m	€m	€m	€m
Current tax on profits for the period	(15.4)	(11.7)	0.3	4.7	0.1
Adjustments in respect of prior periods	4.9	4.6	1.1	0.7	-
Total current tax	(10.5)	(7.1)	1.4	5.4	0.1
Origination and reversal of temporary differences	(3.3)	(28.5)	(12.7)	(12.7)	3.2
Total deferred tax (note 17)	(3.3)	(28.5)	(12.7)	(12.7)	3.2
Total taxation (credit) charge for the period	(13.8)	(35.6)	(11.3)	(7.3)	3.3

The tax credit/charge for each of the three years and two periods differs from the standard rate of corporate income tax in the Netherlands of 25.0 per cent and the differences are explained below:

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015 Unaudited	2016
	€m	€m	€m	€m	€m
(Loss) profit on ordinary activities before tax	(80.8)	(591.4)	292.4	324.0	(32.9)
Tax (credit) charge based on Netherlands tax rate of 25.0% (in all periods)	(20.2)	(147.9)	73.1	81.0	(8.2)
Effects of:					
Expenses not deductible for tax purposes	1.6	2.6	3.9	3.0	2.6
Income not subject to tax	(4.7)	-	(99.7)	(100.2)	-
Non-deductible goodwill impairment	-	106.0	-	-	-
Adjustments in respect of prior periods	4.9	4.6	1.1	0.7	-
Unrecognised deferred tax	4.2	3.1	11.4	6.9	8.6
Effect of tax rates in other countries	0.4	(4.0)	0.1	0.3	0.8
Other	-	-	(1.2)	1.0	(0.5)
Total taxation (credit) charge for the period	(13.8)	(35.6)	(11.3)	(7.3)	3.3

Income not subject to tax in the 8 months ended August 2015 and the year ended December 2015 relates mainly to the exceptional finance income as a result of the debt restructuring.

11. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
	€m	€m	€m	€m
Land and buildings	5.0	3.2	5.1	2.3
Other assets	-	1.0	-	0.1
	5.0	4.2	5.1	2.4

The value classified as held for sale represents the lower of the expected sales price or the book value. Several locations with land and buildings are held for sale. The reduction in the period to 31 August 16 was a result of the sale of land and buildings at Eindhoven, Lodewijkstraat for €2.7m.

The increase in land and buildings classified as held for sale in 2015 was due to a new location classified as held for sale in 2015, partly offset by the sale of part of a held for sale location in Maarheeze. The decrease in other assets classified as held for sale mostly related to assets sold of Riebeeck Olie Amsterdam 1 B.V. and Riebeeck Olie Amsterdam 2 B.V.

The decrease in 2014 was due to the sale of the locations in Maarheeze (partly) and in Capelle a/d ljJssel. Other assets included trucks which are out of operation and held for sale.

Assets held for sale have been pledged to financial institutions with a carrying value at 31 August 2016 of €2.4m (year to 31 December 2015: €5.1m, 2014: €3.2m and 2013: €4.4m).

12. DISCONTINUED OPERATIONS

In June 2013, the VGG Group reached an agreement to sell its waste processing activities. The sale took place on 28 August 2013. With the sale of the waste processing activities, management followed a strategic decision to place full focus on the waste collection and recycling activities. The VGG Group used a significant part of the consideration received for the repayment of term loans.

The discontinued operations Income Statement can be specified as follows:

	For the period 1 January 2013 to 28 August 2013
	€m
Revenue	149.4
Cost of sales	(101.5)
Gross profit	47.9
Administrative expenses	(19.5)
Operating profit	28.4
Finance charges	(35.5)
Loss before tax	(7.1)
Taxation	(149.0)
Loss after tax	(156.1)
Gain on sale of discontinued operations	209.6
Profit for the period	53.5

The profit from discontinued operations of €53.5m was attributable entirely to the owners of the parent. The taxation charge of €149.0m partly related to the reversal of a deferred tax asset for losses from previous years.

The operating profit is stated after charging €31.2m of depreciation on property, plant and equipment and €4.3m of amortisation on intangible assets.

12. DISCONTINUED OPERATIONS (Continued)

Cash flows from (used in) discontinued operations can be specified as follows:

	For the period 1 January 2013 to 28 August 2013
	€m
Net cash provided by operating activities	74.0
Net cash used in investment activities	(40.9)
Net cash used in financing activities	(29.3)
	3.8

During the period there were €23.5m of additions in property, plant and equipment and intangible assets.

The aggregate effect of the disposal on the VGG Group's assets and liabilities was as follows:

	As at 28 August 2013
	€m
Property, plant and equipment	(356.3)
Intangible assets including goodwill	(398.7)
Inventories	(5.6)
Trade and other receivables	(506.5)
Cash and cash equivalents	(24.3)
Borrowings	487.9
Deferred tax liabilities	20.5
Provisions	18.7
Trade and other payables	30.6
Net liabilities	(733.7)
Consideration received, satisfied by cash	914.7
Cash and cash equivalents disposed of	(24.3)
Net cash inflow	890.4

13. INTANGIBLE ASSETS

Cost, amortisation and net book value of intangible assets were as follows:

	As at 31 December 2013				
	Goodwill	Brand name	Other acquisition related intangibles	Computer software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2013	939.1	43.5	405.5	58.8	1,446.9
Additions	-	-	-	5.5	5.5
Disposals	-	-	-	(1.2)	(1.2)
Discontinued operations	(413.7)	-	(181.3)	(1.5)	(596.5)
Exchange	-	-	(0.2)	-	(0.2)
At 31 December 2013	525.4	43.5	224.0	61.6	854.5
Accumulated amortisation and impairment					
At 1 January 2013	(112.1)	(13.5)	(256.4)	(39.8)	(421.8)
Charge for the year	-	(2.1)	(25.7)	(5.7)	(33.5)
Impairment	-	-	-	(0.8)	(0.8)
Disposals	-	-	-	1.2	1.2
Discontinued operations	47.4	-	149.3	1.1	197.8
At 31 December 2013	(64.7)	(15.6)	(132.8)	(44.0)	(257.1)
Net book amount					
At 31 December 2013	460.7	27.9	91.2	17.6	597.4

	As at 31 December 2014				
	Goodwill	Brand name	Other acquisition related intangibles	Computer software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2014	525.4	43.5	224.0	61.6	854.5
Additions	1.5	-	-	5.7	7.2
Disposals	-	-	(0.7)	(0.1)	(0.8)
Other	-	-	0.2	0.1	0.3
At 31 December 2014	526.9	43.5	223.5	67.3	861.2
Accumulated amortisation and impairment					
At 1 January 2014	(64.7)	(15.6)	(132.8)	(44.0)	(257.1)
Amortisation charge	-	(2.1)	(19.5)	(6.1)	(27.7)
Impairment charge	(424.0)	(16.6)	(47.0)	-	(487.6)
Disposals	-	-	0.5	-	0.5
At 31 December 2014	(488.7)	(34.3)	(198.8)	(50.1)	(771.9)
Net book amount					
At 31 December 2014	38.2	9.2	24.7	17.2	89.3

13. INTANGIBLE ASSETS (Continued)

	As at 31 December 2015				
	Goodwill	Brand name	Other Acquisition related intangibles	Computer software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2015	526.9	43.5	223.5	67.3	861.2
Additions	-	-	0.4	4.8	5.2
Disposals	-	(0.1)	(7.0)	(3.7)	(10.8)
Reclassification	-	-	0.4	(0.5)	(0.1)
At 31 December 2015	526.9	43.4	217.3	67.9	855.5
Accumulated amortisation and impairment					
At 1 January 2015	(488.7)	(34.3)	(198.8)	(50.1)	(771.9)
Amortisation charge	-	(0.8)	(8.6)	(6.9)	(16.3)
Impairment charge	-	(0.3)	(0.2)	-	(0.5)
Disposals	-	0.1	6.9	3.6	10.6
Reclassification	-	-	(0.2)	0.6	0.4
At 31 December 2015	(488.7)	(35.3)	(200.9)	(52.8)	(777.7)
Net book amount					
At 31 December 2015	38.2	8.1	16.4	15.1	77.8

	As at 31 August 2016				
	Goodwill	Brand name	Other Acquisition related intangibles	Computer software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2016	526.9	43.4	217.3	67.9	855.5
Additions	-	-	0.2	2.0	2.2
Reclassification	-	-	(0.7)	1.1	0.4
At 31 August 2016	526.9	43.4	216.8	71.0	858.1
Accumulated amortisation and impairment					
At 1 January 2016	(488.7)	(35.3)	(200.9)	(52.8)	(777.7)
Amortisation charge	-	(0.5)	(5.4)	(4.4)	(10.3)
Reclassification	-	-	0.7	(1.2)	(0.5)
At 31 August 2016	(488.7)	(35.8)	(205.6)	(58.4)	(788.5)
Net book amount					
At 31 August 2016	38.2	7.6	11.2	12.6	69.6

Of the total amortisation charge for the period to 31 August 2016, €5.9m (year to 31 December 2015: €9.4m, 2014: €21.5m and 2013: €26.2m) was charged to cost of sales and €4.4m (year to 31 December 2015: €6.9m, 2014: €6.2m and 2013: €7.3m) has been treated as an administrative expense in the Income Statement.

13. INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill acquired through business combinations has been allocated to four Cash Generating Units (CGUs): Waste Collection, VGG Minerals, Coolrec and Maltha. The CGU composition is based on the organisational structure of the VGG Group.

The recoverable amount of a CGU is determined based on its value in use. This is based on estimated revenues, costs, investments and cash flow projections using budgets and outlooks approved by management and estimated growth rates for a period of four years. After this explicit forecast period, the assumptions as presented in the tables below are applied.

The other key assumptions for the value in use calculation per CGU are based on approved budgets and outlooks.

31 August 2016

For the period to 31 August 2016 there were no triggering events and therefore no impairment test was performed for the eight month period.

31 December 2015	Waste Collection	Minerals	Coolrec	Maltha
Compound annual volume growth – 2016 to 2019	1.0%	(1.9)%	1.3%	7.9%
Long term growth rate	1.8%	1.8%	1.8%	1.8%
Average EBITDA margin – 2016 to 2019	9.8%	22.2%	8.2%	18.4%
EBITDA margin after 2019	10.2%	22.2%	8.6%	19.4%
Pre-tax discount rate	10.2%	10.2%	10.2%	10.2%

Based on the impairment test for the year ended 31 December 2015, it was concluded that the estimated recoverable amount was above the carrying value for all CGUs. Therefore, no impairment loss was recognised in 2015.

31 December 2014	Waste Collection	Minerals	Coolrec	Maltha
Compound annual volume growth – 2015 to 2019	1.2%	(7.6)%	2.7%	6.1%
Long term growth rate	1.8%	1.8%	1.8%	1.8%
Average EBITDA margin – 2015 to 2019	9.1%	23.3%	8.4%	18.2%
EBITDA margin after 2019	9.4%	12.0%	8.7%	19.4%
Pre-tax discount rate	10.5%	10.5%	10.5%	10.5%
Recoverable amount of CGU (€m)	319	15	35	N/A

Due to adverse market conditions during 2014 which resulted in a decline of estimated cash flows, a goodwill impairment loss was recognised for a total amount of €424m. This related to the Waste Collection CGU for €381m (recoverable amount of €319m), Coolrec CGU for €37m (recoverable amount of €35m) and VGG Minerals CGU for €6m (recoverable amount of €15m). For the Waste Collection and Minerals CGUs the impairment exceeded goodwill which led to an additional impairment of other intangible assets amounting to €63.5m. The impairment charge in 2014 of €487.6m was recorded in exceptional and non-trading in the consolidated Income Statement.

13. INTANGIBLE ASSETS (Continued)

31 December 2013	Waste Collection	Minerals	Coolrec	Maltha
Compound annual volume growth – 2014 to 2018	3.0%	(0.3)%	3.7%	6.3%
Long term growth rate	1.5%	0.5%	2.5%	1.5%
Average EBITDA margin – 2014 to 2018	15.0%	20.0%	10.5%	24.0%
Pre-tax discount rate	10.5%	10.5%	10.5%	10.5%

In 2013 there was no impairment.

The sensitivity of the impairment model was tested by varying four parameters individually while keeping all other original assumptions unchanged. This sensitivity analysis of reasonably possible changes has been performed on each individual CGU. The aggregate effect on the impairment of all the CGUs under each of these scenarios was as follows:

	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015
	€m	€m	€m
Change in discount rate			
-Reduction by 0.5%	-	-	-
-Increase by 0.5%	4.9	28.0	-
Change in revenue growth rate			
-Reduction by 0.5%	15.5	40.0	-
-Increase by 0.5%	-	-	-
Change in EBITDA margin			
-Reduction by 1.0%	29.9	99.0	35.0
-Increase by 1.0%	-	-	-
Change in CAPEX level			
-Reduction by 5.0%	-	-	-
-Increase by 5.0%	-	32.0	-

At December 2015 for the CGUs Maltha and Minerals, no impairment was required based on the sensitivity analysis. For the Waste Collection and Coolrec CGUs, the sensitivity analysis led to an impairment and for the Waste Collection CGU, the impairment of other intangibles fixed assets was also impacted as the carrying value of goodwill was nil.

At December 2014 for the CGUs Waste Collection, Minerals and Coolrec, the sensitivity analysis led to an additional impairment. There was no impact on CGU Maltha.

At December 2013 the impact of the sensitivity analysis was a lower recoverable amount for the CGU Waste Collection.

13. INTANGIBLE ASSETS (Continued)

Intangible assets

The brand name was acquired on acquisition and at 31 August 2016 had a carrying value of €6.4m and a remaining amortisation period of 10 years.

Other intangible assets were pledged to secure loans granted by financial institutions under the syndicated credit facilities with a carrying value at 31 August 2016 of €0.9m (31 December 2015: €0.9m, 2014: €nil and 2013: €nil).

Impairment tests were performed as at 31 December 2015, 2014 and 2013 with the key assumptions as listed above, which resulted in a €0.5m impairment charge at 31 December 2015 (2014: €63.6m and 2013: €0.8m). See details of the 2014 impairment above.

14. PROPERTY, PLANT AND EQUIPMENT

	As at 31 December 2013			
	Land and buildings	**Landfill sites**	**Plant and machinery**	**Total**
	€m	**€m**	**€m**	**€m**
Cost				
At 1 January 2013	519.3	57.6	1,374.8	1,951.7
Additions	9.3	3.0	57.4	69.7
Disposals	(2.8)	(1.1)	(38.5)	(42.4)
Discontinued operations (note 12)	(184.4)	–	(610.8)	(795.2)
Reclassification to assets held for sale	(3.1)	–	–	(3.1)
Other reclassifications	4.2	2.2	(6.4)	–
Disposal due to loss of control	(3.5)	–	(10.1)	(13.6)
Exchange	(0.7)	–	(1.6)	(2.3)
Other	–	–	0.9	0.9
At 31 December 2013	338.3	61.7	765.7	1,165.7
Accumulated depreciation and impairment				
At 1 January 2013	(189.6)	(45.4)	(914.0)	(1,149.0)
Depreciation charge	(16.5)	(4.5)	(71.7)	(92.7)
Impairment charge	(0.5)	–	(0.7)	(1.2)
Disposals	2.3	1.1	33.1	36.5
Discontinued operations (note 12)	61.6	–	377.3	438.9
Reclassification to assets held for sale	0.6	–	–	0.6
Other reclassifications	(0.7)	–	0.7	–
Disposal due to loss of control	2.9	–	7.7	10.6
Exchange	0.5	–	1.2	1.7
At 31 December 2013	(139.4)	(48.8)	(566.4)	(754.6)
Net book amount				
At 31 December 2013	198.9	12.9	199.3	411.1

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 31 December 2014			
	Land and buildings	Landfill sites	Plant and machinery	Total
	€m	€m	€m	€m
Cost				
At 1 January 2014	338.3	61.7	765.7	1,165.7
Additions	5.4	1.1	44.0	50.5
Disposals	(1.1)	(0.5)	(19.8)	(21.4)
Reclassification to assets held for sale	(0.6)	–	(8.0)	(8.6)
Other reclassifications	36.2	15.4	(51.6)	–
Disposal due to loss of control	–	–	(0.2)	(0.2)
Exchange	(0.2)	–	(0.5)	(0.7)
Other	(0.9)	–	(1.4)	(2.3)
At 31 December 2014	377.1	77.7	728.2	1,183.0
Accumulated depreciation and impairment				
At 1 January 2014	(139.4)	(48.8)	(566.4)	(754.6)
Depreciation charge	(14.4)	(6.1)	(43.2)	(63.7)
Impairment charge	(0.6)	(0.3)	(1.6)	(2.5)
Disposals	0.6	–	18.9	19.5
Reclassification to assets held for sale	0.6	–	6.9	7.5
Other reclassifications	(28.1)	(4.6)	32.7	–
Disposal due to loss of control	–	–	0.2	0.2
Exchange	–	–	0.3	0.3
Other	0.2	–	1.3	1.5
At 31 December 2014	(181.1)	(59.8)	(550.9)	(791.8)
Net book amount				
At 31 December 2014	196.0	17.9	177.3	391.2

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 31 December 2015			
	Land and buildings	Landfill sites	Plant and machinery	Total
	€m	€m	€m	€m
Cost				
At 1 January 2015	377.1	77.7	728.2	1,183.0
Additions	2.7	0.4	57.6	60.7
Disposals	(7.8)	(4.7)	(91.5)	(104.0)
Reclassification	(5.0)	(5.9)	(21.0)	(31.9)
Reclassification (to)/from assets held for sale	(4.5)	–	2.1	(2.4)
Disposal due to loss of control	(15.4)	–	(36.6)	(52.0)
Exchange	0.1	–	0.3	0.4
Other	–	–	(0.2)	(0.2)
At 31 December 2015	347.2	67.5	638.9	1,053.6
Accumulated depreciation and impairment				
At 1 January 2015	(181.1)	(59.8)	(550.9)	(791.8)
Depreciation charge	(12.5)	(4.4)	(44.4)	(61.3)
Impairment charge	(0.4)	–	(0.1)	(0.5)
Disposals	7.5	3.7	91.5	102.7
Other reclassifications	5.4	5.8	20.7	31.9
Reclassification to/(from) assets held for sale	1.1	–	(1.7)	(0.6)
Disposal due to loss of control	7.9	–	27.5	35.4
Exchange	(0.1)	–	(0.2)	(0.3)
Other	–	–	0.1	0.1
At 31 December 2015	(172.2)	(54.7)	(457.5)	(684.4)
Net book amount				
At 31 December 2015	175.0	12.8	181.4	369.2

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 31 August 2016			
	Land and buildings	Landfill sites	Plant and machinery	Total
	€m	€m	€m	€m
Cost				
At 1 January 2016	347.2	67.5	638.9	1,053.6
Additions	2.0	0.8	34.1	36.9
Disposals	(0.6)	(1.9)	(11.8)	(14.3)
Reclassification to assets held for sale	-	-	(1.6)	(1.6)
Reclassification	0.6	-	(0.6)	-
Other	0.1	-	-	0.1
At 31 August 2016	349.3	66.4	659.0	1,074.7
Accumulated depreciation and impairment				
At 1 January 2016	(172.2)	(54.7)	(457.5)	(684.4)
Depreciation charge	(7.1)	(2.5)	(29.6)	(39.2)
Impairment charge	-	-	(0.1)	(0.1)
Disposals	0.4	1.9	10.5	12.8
Reclassification to assets held for sale	-	-	1.5	1.5
Reclassification	(0.3)	(0.6)	0.9	-
At 31 August 2016	(179.2)	(55.9)	(474.3)	(709.4)
Net book amount				
At 31 August 2016	170.1	10.5	184.7	365.3

Impairment

The impairment charges in the years to 2013, 2014 and 2015 and the eight months to 31 August 2016 mainly related to the write down to fair value of assets transferred to assets held for sale.

Bank borrowings

Land, buildings and other real estate assets were mortgaged to secure loans granted by financial institutions under the syndicated credit facilities with a carrying value at 31 August 2016 of €124.0m (31 December 2015: €124.9m, 2014: €148.0m and 2013: €145.4m). Other fixed assets have been mortgaged with a carrying value at 31 August 2016 of €171.6m (31 December 2015: €169.6m, 2014: €72.0m and 2013: €76.9m).

Finance lease commitments

Included in land and buildings are assets held under finance leases with a net book value of €6.9m at 31 August 2016 (31 December 2015: €6.9m, 2014: €8.9m and 2013: €13.7m).

Included in plant and machinery are assets held under finance leases with a net book value of €54.8m at 31 August 2016 (31 December 2015: €55.1m, 2014: €64.8m and 2013: €52.1m).

15. INVESTMENTS

Interests in associates and joint ventures relates to the VGG Group's share in the net asset value of associates and joint ventures. See note 30 for a specification of the interests in associates, joint ventures and other investments. The valuation of the interests in associates, joint ventures and other investments is shown below:

	Joint ventures	Associates	Other investments	Total
	€m	€m	€m	€m
At 1 January 2013	-	1.7	1.2	2.9
Additions	-	0.2	-	0.2
Share of retained profits	-	0.6	-	0.6
Dividend income	-	(0.3)	-	(0.3)
At 31 December 2013	-	2.2	1.2	3.4
Share of retained profits	(0.1)	-	-	(0.1)
Dividend income	-	(0.4)	-	(0.4)
At 31 December 2014	(0.1)	1.8	1.2	2.9
Disposals	(0.1)	(0.2)	-	(0.3)
Share of retained profits	0.1	0.2	0.1	0.4
Dividend income	-	(0.6)	-	(0.6)
At 31 December 2015	(0.1)	1.2	1.3	2.4
Share of retained profits	0.1	0.3	0.1	0.5
Dividend income	-	(0.2)	(0.2)	(0.4)
At 31 August 2016	-	1.3	1.2	2.5

As a result of disposals of various investments in addition to the results shown above, there was a profit on disposal of €nil in the period ended 31 August 2016 (31 December 2015: €2.7m profit, 2014: €nil and 2013: €3.4m loss).

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Liabilities				
Interest rate swaps – at fair value through profit or loss	2.9	0.4	2.3	0.9
Interest rate swaps – effective hedges	3.9	4.2	-	-
Embedded derivative – at fair value through profit or loss	-	-	11.0	16.3
Diesel swaps – at fair value through profit or loss	-	-	2.3	0.5
	6.8	4.6	15.6	17.7
Current liabilities	6.6	2.9	4.7	1.4
Non-current liabilities	0.2	1.7	10.9	16.3
	6.8	4.6	15.6	17.7
Assets				
Diesel swaps – at fair value through profit or loss	0.2	-	-	-
Current asset	0.2	-	-	-

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Hedge ineffectiveness amounted to €1.4m during the period ended 31 August 2016 (year ended 31 December 2015: €2.1m, 2014: €0.4m and 2013: €nil). In 2015 following on from the reinstated senior facility, an embedded derivative for a 100 basis points minimum for EURIBOR was recognised as at 14 July 2015.

During 2013, the VGG Group settled part of its interest rate swaps for an amount of €11.0m in order to avoid hedge ineffectiveness as the term loan was repaid for an amount of €729.7m. From the settled interest rate swaps, €4.2m has not been recognised in the Income Statement.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 August 2016 was €300m (31 December 2015: €300m, 2014: €600m and 2013: €600m).

At 31 August 2016, the fixed interest rates vary from 0.3965 per cent. to 0.6225 per cent. (year ended 31 December 2015: 0.3965 per cent. to 0.6225 per cent., 2014: 0.3965 per cent. to 0.8120 per cent. and 2013: 0.8120 per cent. to 2.789 per cent.) and the main floating rate was EURIBOR.

Diesel swaps

The value of wholesale fuel covered by fuel derivatives at 31 August 2016 was €3.1m (31 December 2015: €9.4m, 2014: €nil and 2013: €0.6m) and all of the purchases of wholesale fuel were expected to occur within 12 months of the period end.

17. DEFERRED TAX

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Deferred tax assets:				
-Deferred tax assets to be recovered after more than 12 months	7.3	14.3	20.5	15.1
-Deferred tax assets to be recovered within 12 months	2.6	2.6	4.2	2.3
	9.9	16.9	24.7	17.4
Deferred tax liabilities:				
-Deferred tax liabilities to be recovered after more than 12 months	(54.6)	(45.6)	(42.7)	(40.4)
-Deferred tax liabilities to be recovered within 12 months	(21.6)	(8.5)	(7.6)	(5.0)
	(76.2)	(54.1)	(50.3)	(45.4)
Total net deferred tax	(66.3)	(37.2)	(25.6)	(28.0)

On 15 June 2015, the fiscal unity for Dutch corporate income taxes, headed by VGG Netherlands 3 B.V., ceased to exist due to the steps taken for the sale of the shares of Van Gansewinkel Netherlands 4 B.V., the direct shareholder of the VGG Group. Recognised tax losses carried forward as per that date were charged to the profit or loss. Subsequently, a new fiscal unity was headed up by Van Gansewinkel Netherlands 4 B.V. as from 16 June 2015.

On 14 July 2015, the sale of the shares of Van Gansewinkel Netherlands 4 B.V. to the VGG Group's syndicate of lenders was finalised. As of that date, VGG Holdco B.V. is the new shareholder of Van Gansewinkel Netherlands 4 B.V. Furthermore, the fiscal unity has been expanded with VGG Holdco B.V. and its shareholder VGG Topco 2 B.V. as head of the fiscal unity, as from 14 July 2015.

17. DEFERRED TAX (Continued)

The movement in deferred tax assets and liabilities was as follows:

	Retirement benefit scheme	Tax losses	Derivative financial instruments	Intangible assets and Property, plant and equipment	Other timing differences	Total
	€m	€m	€m	€m	€m	€m
At 1 January 2013	4.0	125.2	6.7	(98.8)	4.1	41.2
Disposal of subsidiary	–	(125.2)	(1.1)	17.1	1.6	(107.6)
(Charged) credited to the income statement	(0.6)	–	–	9.4	(5.5)	3.3
Charged to other comprehensive income	(0.3)	–	(2.9)	–	–	(3.2)
At 31 December 2013	3.1	–	2.7	(72.3)	0.2	(66.3)
Credited (charged) to the income statement	–	8.1	(1.6)	27.8	(5.8)	28.5
Credited to other comprehensive income	0.6	–	–	–	–	0.6
At 31 December 2014	3.7	8.1	1.1	(44.5)	(5.6)	(37.2)
(Charged) credited to the income statement	(0.5)	6.7	3.3	5.9	(2.7)	12.7
Charged to other comprehensive income	(0.4)	–	(0.7)	–	–	(1.1)
At 31 December 2015	2.8	14.8	3.7	(38.6)	(8.3)	(25.6)
Credited (charged) to the income statement	0.3	(6.7)	0.7	2.5	–	(3.2)
Credited to other comprehensive income	0.8	–	–	–	–	0.8
At 31 August 2016	3.9	8.1	4.4	(36.1)	(8.3)	(28.0)
Deferred tax assets	3.1	–	2.7	–	4.1	9.9
Deferred tax liabilities	–	–	–	(72.3)	(3.9)	(76.2)
At 31 December 2013	3.1	–	2.7	(72.3)	0.2	(66.3)
Deferred tax assets	3.7	8.1	1.1	–	4.0	16.9
Deferred tax liabilities	–	–	–	(44.5)	(9.6)	(54.1)
At 31 December 2014	3.7	8.1	1.1	(44.5)	(5.6)	(37.2)
Deferred tax assets	2.8	14.8	3.7	-	3.4	24.7
Deferred tax liabilities	–	–	–	(38.6)	(11.7)	(50.3)
At 31 December 2015	2.8	14.8	3.7	(38.6)	(8.3)	(25.6)
Deferred tax assets	3.9	8.1	4.4	-	1.0	17.4
Deferred tax liabilities	-	-	-	(36.1)	(9.3)	(45.4)
At 31 August 2016	3.9	8.1	4.4	(36.1)	(8.3)	(28.0)

Tax losses amounting to €74.5m at 31 August 2016 (31 December 2015: €52.7m, 2014: €9.7m and 2013: €17.4m) are not recognised in the consolidated balance sheet in relation to tax losses in The Netherlands, France, Germany, Hungary and Czech Republic. An amount of €24.5m is attributable to the former fiscal unity headed by VGG Netherlands 3 B.V. and as such is no longer available for utilisation against future taxable income. No deferred tax asset has been recognised in respect of the remaining €50.0m (31 December 2015: €28.2m, 2014: €9.7m and 2013: €17.4m) due to the uncertainty of future profit streams.

18. INVENTORIES

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Raw materials and consumables	3.7	3.6	2.2	2.5
Finished goods	13.0	12.7	11.7	12.3
Less: impairment	(0.4)	(0.5)	-	-
	16.3	15.8	13.9	14.8

Write down of inventories recognised as an expense in the period to 31 August 2016 was €nil (year ended 31 December 2015: €nil, 2014: €0.5m and 2013: €0.4m).

Inventories have been pledged to financial institutions, with a carrying value at the period ended 31 August 2016 of €9.3m (year ended 31 December 2015: €9.6m, 2014: €3.8m and 2013: €3.5m).

19. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Non-current assets				
Loans due from related party	5.8	0.1	0.1	0.1
Other receivables	18.7	19.9	19.5	19.5
	24.5	20.0	19.6	19.6
Current assets				
Trade receivables	148.0	111.5	89.2	93.6
Provision for impairment of receivables	(5.2)	(4.5)	(2.3)	(2.7)
Trade receivables – net	142.8	107.0	86.9	90.9
Accrued income	32.6	27.1	27.3	28.7
Other receivables	9.7	6.4	5.8	4.5
Loans due from related party	0.2	5.8	0.1	1.3
Prepayments	5.8	6.2	5.9	7.2
	191.1	152.5	126.0	132.6

Non-current other receivables mainly relates to the minimal cash position for guarantees.

Trade receivables of €38.8m have been derecognised in the period to 31 August 2016. Trade receivables of €215k have been retained on the balance sheet where the VGG Group has continued involvement with a maximum late payment risk of €215k with a corresponding liability.

The fair value of trade and other receivables equals their carrying amount. The carrying amounts of the VGG Group's trade and other receivables are mostly denominated in Euro.

19. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the provision for impairment of receivables:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
At 1 January	(5.9)	(5.2)	(4.5)	(2.3)
(Charged) credited to Income Statement	(1.9)	(0.2)	0.2	(1.1)
Utilised	2.2	0.9	1.3	0.7
Discontinued operations	0.4	–	–	–
Disposal due to loss of control	–	–	0.7	–
At period end	(5.2)	(4.5)	(2.3)	(2.7)

Ageing of trade receivables that are past due but not impaired:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Neither impaired not past due	85.6	71.0	61.7	55.8
Overdue by less than three months	52.7	34.7	23.5	32.5
Overdue by between three and six months	3.9	0.9	1.4	2.4
Overdue by between six and twelve months	0.3	0.1	0.1	0.1
Overdue by more than twelve months	0.3	0.3	0.2	0.1
Impaired	5.2	4.5	2.3	2.7
Impairment provision	(5.2)	(4.5)	(2.3)	(2.7)
	142.8	107.0	86.9	90.9

Trade receivables have been pledged to financial institutions with a carrying value at 31 August 2016 of €85.0m (31 December 2015: €77.7m, 2014: €67.8m and 2013: €86.2m). Prepayments have been pledged to financial institutions with a carrying value at 31 August 2016 of €6.9m (31 December 2015: €5.6m, 2014: €5.1m and 2013: €4.2m). Other receivables (current and non-current) have been pledged with a carrying value at 31 August 2016 of €54.0m (31 December 2015: €46.2m, 2014: €52.0m and 2013: €46.9m).

20. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Cash and cash equivalents	155.4	119.0	103.2	92.7

The carrying amounts of the VGG Group's cash and cash equivalents are mostly denominated in Euro.

Cash includes cash in joint operations amounting to €0.4m at 31 August 2016 (31 December 2015: €0.4m, 2014: €0.4m and 2013: €0.4m).

Cash and cash equivalents have been pledged to financial institutions with a carrying value at 31 August 2016 of €79.4m (31 December 2015: €70.1m, 2014: €104.7m and 2013: €140.6m).

21. BORROWINGS

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Non-current				
Private funding from a syndicate of lenders	763.5	-	305.0	315.1
Preference shares	37.6	42.3	-	-
Finance lease obligations	47.8	43.9	31.7	31.1
Other loans	2.0	1.0	0.4	0.2
	850.9	87.2	337.1	346.4
Current				
Private funding from a syndicate of lenders	-	766.5	-	-
Bank overdraft	10.3	8.7	10.9	14.5
Finance lease obligations	12.3	13.2	12.7	11.1
Other loans	0.9	0.7	0.6	0.6
	23.5	789.1	24.2	26.2

All the borrowings are denominated in Euro.

The table below details the maturity profile of non-current borrowings:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Between one and five years	806.9	37.5	332.5	340.9
Over five years	44.0	49.7	4.6	5.5
	850.9	87.2	337.1	346.4

Private funding from a syndicate of lenders

In April 2015, the VGG Group reached an agreement with its shareholders and syndicate of lenders on a new financing structure. On 14 July 2015, the shares of Van Gansewinkel Netherlands 4 BV, the direct shareholder of the VGG Group, were sold to the VGG Group's syndicate of lenders. The lenders contributed a share premium in the VGG Group to convert the original senior debt including accrued interest and 50 per cent. of the fair value of the interest rate swaps into equity. With the share premium, the remainder of the original senior debt was converted into a €320m reinstated senior facility with a maturity in 2020. The €320m reinstated senior facility consists of an interest bearing 5 per cent. Original Discount Issue facility for €16m, leaving a €304m reinstated senior facility on which the share premium is based.

In accordance with IAS 39 and IFRS 9 this represented an exchange between an existing borrower and lender with 'substantially different' terms which resulted in accounting for the original senior debt as an extinguishment and the recognition of a new financial liability initially valued at fair value and subsequently at amortised cost.

On 14 July 2015, the fair value of the reinstated senior facility amounted to €298m, excluding the fair value of the embedded derivative of €10m. Subsequently, the reinstated senior facility is measured at amortised cost, resulting in an amortised cost value of €320m in 2020, excluding payment in kind interest of €56.8m. The fair value calculation of the reinstated senior facility is based on a discounted cash flow methodology using 6 months EURIBOR interest rates plus discount margin. In July 2015 the difference between the fair value of the reinstated senior facility of €308m, including the fair value of the embedded derivative and the carrying amount of the reinstated senior facility of €304m was €4m and this was charged to other finance costs in the year ended 31 December 2015.

21. BORROWINGS (Continued)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment of the original debt, any costs or fees incurred need to be recognised as part of the gain or loss on the extinguishment. The capitalised financing costs which were included in the measurement of the amortised cost of the original senior debt were charged as finance costs in the year ended 2015. Financing fees for the reinstated senior facility were charged to the profit or loss as other finance costs in that year.

At the end of December 2014 the total funding amounted to €776m in term loans and a revolving credit facility of which €35.6m was undrawn.

In April 2013, the VGG Group agreed with its syndicate of lenders to amend and extend the syndicated credit facilities. Through the sale of its waste processing activities, the VGG Group repaid €729.7m on the term loans in September 2013, leaving a remaining debt of €776.3m, due at the earliest in 2017. As the VGG Group did not comply with its bank covenants as at 31 December 2014, the syndicated credit facilities were re-classified to current borrowings.

Preference shares

The preference shares were cumulatively preferent with an annual interest rate of 12.5 per cent. At 31 December 2014, the accrued interest amounted to €27.6m (2013: €22.9m). Interest was calculated on the nominal value plus the share premium paid on these preference shares. Dividends were only paid out if sufficient profit was made, in accordance with the terms of the syndicated credit facilities. On 14 July 2015, the preference shares were converted into ordinary shares. This resulted in a conversion to equity of €45.1m including €2.8m of accrued interest.

Other loans

At 31 August 2016, the VGG Group had private bilateral bank loans of €0.6m (31 December 2015: €1.0m, 2014: €1.7m and 2013: €2.9m). The remaining duration of these loans varies from shorter than one year to up to five years at 31 August 2016 (31 December 2015: up to five years, 2014: up to six years and 2013: up to seven years). All of these loans are denominated in Euro.

Finance lease liabilities

The present value of finance lease liabilities is as follows:

	As at 31 August 2016		
	Minimum lease payments	Interest	Principal
	€m	€m	€m
Within one year	12.6	(1.5)	11.1
Between one and five years	27.9	(2.3)	25.6
More than five years	5.8	(0.3)	5.5
	46.3	(4.1)	42.2

21. BORROWINGS (Continued)

	As at 31 December 2015		
	Minimum lease payments	Interest	Principal
	€m	€m	€m
Within one year	14.5	(1.8)	12.7
Between one and five years	29.5	(2.6)	26.9
More than five years	5.0	(0.2)	4.8
	49.0	(4.6)	44.4

	As at 31 December 2014		
	Minimum lease payments	Interest	Principal
	€m	€m	€m
Within one year	15.6	(2.4)	13.2
Between one and five years	40.4	(4.0)	36.4
More than five years	8.0	(0.5)	7.5
	64.0	(6.9)	57.1

	As at 31 December 2013		
	Minimum lease payments	Interest	Principal
	€m	€m	€m
Within one year	14.7	(2.4)	12.3
Between one and five years	47.1	(5.7)	41.4
More than five years	7.1	(0.7)	6.4
	68.9	(8.8)	60.1

Interest rate profile of interest bearing borrowings

	As at 31 December 2013		As at 31 December 2014		As at 31 December 2015		As at 31 August 2016	
	Debt €m	Interest rate %	Debt €m	Interest rate %	Debt €m	Interest rate %	Debt €m	Interest rate %
Floating rate borrowings								
Private funding from a syndicate of lenders	763.5	5.2	766.5	5.0	305.0	8.3	315.1	8.3
Bank overdrafts	10.3	0.2	8.7	1.1	10.9	0.9	14.5	0.9
Other loans	2.9	2.0	1.7	0.9	1.0	0.7	0.8	1.2
Fixed rate borrowings								
Finance leases	60.1	5.0-7.0	57.1	5.0	44.4	5.0	42.2	5.0
Preference shares	37.6	12.5	42.3	12.5	–	–	–	–

21. BORROWINGS (Continued)

Undrawn borrowing facilities

There was a revolving credit facility of €70.0m at 31 August 2016 (31 December 2015: €70.0m, 2014: €70.0m and 2013: €60.6m) which can be used at the discretion of the VGG Group for credit or ancillary purposes. At the end of August 2016, no credit was drawn under the revolving credit facility (31 December 2015: €nil, 2014: €10.0m and 2013: €nil) and €31.6m of the ancillary line was drawn by way of bank guarantees (31 December 2015: €32.1m, 2014: €9.0m and 2013: €11.0m), leaving €38.4m undrawn as at 31 August 2016 (31 December 2015: €37.9m, 2014: €51.0m and 2013: €49.6m). The flexible credit facility is subject to an annual clean down obligation.

22. TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Current liabilities				
Trade payables	145.1	124.0	120.5	112.2
Other tax and social security payable	24.1	19.0	18.9	15.5
Other payables	26.9	42.7	32.8	38.2
Accruals	48.2	45.4	49.8	53.8
Deferred revenue	15.2	7.7	6.5	9.8
	259.5	238.8	228.5	229.5

23. PROVISIONS

	Site restoration and aftercare	Restructuring	Other	Total
	€m	€m	€m	€m
At 1 January 2013	68.0	21.5	35.8	125.3
Provided in the year	2.2	4.0	2.0	8.2
Released in the year	(0.2)	-	(1.7)	(1.9)
Finance charges – unwinding of discount	3.0	-	0.5	3.5
Discontinued operations	(0.7)	(3.5)	(14.2)	(18.4)
Utilised in the year	(2.5)	(19.3)	(4.4)	(26.2)
At 31 December 2013	69.8	2.7	18.0	90.5
Current	1.1	2.6	4.4	8.1
Non-current	68.7	0.1	13.6	82.4
At 31 December 2013	69.8	2.7	18.0	90.5

23. PROVISIONS (Continued)

	Site restoration and aftercare	Restructuring	Other	Total
	€m	€m	€m	€m
At 1 January 2014	69.8	2.7	18.0	90.5
Provided in the year	0.4	2.1	4.1	6.6
Released in the year	–	–	(6.1)	(6.1)
Finance charges – unwinding of discount	3.7	–	0.2	3.9
Utilised in the year	(0.9)	(2.1)	(0.1)	(3.1)
At 31 December 2014	73.0	2.7	16.1	91.8
Current	3.9	2.2	1.5	7.6
Non-current	69.1	0.5	14.6	84.2
At 31 December 2014	73.0	2.7	16.1	91.8

	Site restoration and aftercare	Restructuring	Other	Total
	€m	€m	€m	€m
At 1 January 2015	73.0	2.7	16.1	91.8
Provided in the year	0.2	6.4	3.0	9.6
Released in the year	(0.2)	(0.5)	(1.6)	(2.3)
Finance charges – unwinding of discount	3.8	–	0.2	4.0
Disposal due to loss of control	(0.9)	–	(0.1)	(1.0)
Reclassification	–	–	0.2	0.2
Utilised in the year	(0.9)	(5.1)	(2.1)	(8.1)
At 31 December 2015	75.0	3.5	15.7	94.2
Current	–	2.8	1.1	3.9
Non-current	75.0	0.7	14.6	90.3
At 31 December 2015	75.0	3.5	15.7	94.2

	Site restoration and aftercare	Restructuring	Other	Total
	€m	€m	€m	€m
At 1 January 2016	75.0	3.5	15.7	94.2
Provided in the period	0.3	3.3	2.2	5.8
Released in the period	-	(0.2)	(1.0)	(1.2)
Finance charges – unwinding of discount	2.4	-	0.1	2.5
Utilised in the period	(0.9)	(3.7)	(2.3)	(6.9)
At 31 August 2016	76.8	2.9	14.7	94.4
Current	-	2.7	1.7	4.4
Non-current	76.8	0.2	13.0	90.0
At 31 August 2016	76.8	2.9	14.7	94.4

With exception of the restructuring provision, the nature of the provisions is mainly long-term.

The landfill related provisions relate to the expected costs of restoration during and at the end of the filling period and have been calculated on the basis of a discount rate of 5 per cent., taking into account a future inflation rate of 2 per cent. The release in 2015 mainly related to re-assessments of the landfill provision and the increased charge in 2013 included €2.0m as a re-assessment of a landfill site.

23. PROVISIONS (Continued)

A restructuring provision covers costs directly related to restructurings. The utilisation to 31 August 2016 of €3.7m (31 December 2015: €5.1m, 2014: €2.1m) mainly relates to severance payments for employees that left the VGG Group resulting from reorganisations in earlier periods. The large utilisation in 2013 for €19.3m included severance payments to employees that left the VGG Group during 2013 resulting from the restructuring in 2012.

The other provisions include provisions for contract risks of €2.8m at 31 August 2016 (31 December 2015: €4.6m, 2014: €5.4m and 2013: €2.9m), rent related provisions of €1.4m at 31 August 2016 (31 December 2015: €1.6m, 2014: €1.8m and 2013: €3.7m), and provision for demolition and repair costs and the long term employment jubilee schemes. The release during the year ended 31 December 2015 included the demolition and repair costs for a location which was sold in that year.

24. RETIREMENT BENEFIT SCHEMES

The VGG Group participates in both defined contribution schemes and defined benefit schemes and the retirement benefit costs for all periods were:

	Year ended 31 December			8 month period ended 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Defined benefit schemes	0.4	1.2	0.9	1.3
Defined contribution schemes	14.3	13.7	11.6	8.3
	14.7	14.9	12.5	9.6

Defined benefit schemes

The net defined benefit obligation is related to funded plans, mainly insurance contracts, managed by insurers. The assets consist of qualifying insurance policies which match the vested benefits. The vested benefits will be financed immediately for the pension plan. The funded plans can be classified as defined benefit plans. There are various schemes which are based on final salaries and in some cases on average salaries. The build-up of rights for inactives are indexed on the basis of additional interest and rights of active employees are being indexed unconditionally with the price-inflation figure. There are no unfunded plans.

The Belgium pension law was amended as at 1 January 2016, which resulted in an impact on the guaranteed return on contributions. The legal minimum guaranteed return on contributions is 1.75%. The insurance company guarantees a return of 1%, which results in a financial risk exposure. An additional €1.3m of defined benefit obligation has been included to cover this risk.

Income Statement

The amounts recognised in the Income Statement under employee benefit expenses, for both plan assets and defined benefit obligations, were as follows:

	Year ended 31 December			8 month period ended 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Current service cost	1.7	1.7	2.3	1.3
Past service gain	–	(0.5)	(1.4)	-
Curtailment	(1.3)	–	–	-
	0.4	1.2	0.9	1.3

24. RETIREMENT BENEFIT SCHEMES (Continued)

During 2014, amendments were made to the defined benefit plan for the Dutch entities related to the increase of the retirement age to 67 and the change in financing of indexations which resulted in a past service gain of €0.5m. In 2014 the settlement of a pension plan for one of the former VGG entities was recorded, as all risks have been transferred to the insurer with a settlement result of nil.

The Dutch government reduced the limits for tax-free pension accruals with effect from 1 January 2015. The maximum salary is capped for salaries exceeding €100,000. VGG adjusted its pension arrangement to reflect these governmental changes. This was recorded as a past service cost of €1.4m for the year ended December 2015.

The net pension benefit obligation recognised in the balance sheet in respect of defined-benefit post-employment plans is the fair value of plan assets less the present value of the projected defined benefit obligations at the balance sheet date, together with adjustments for projected unrecognised past service costs. The projected defined-benefit obligation is calculated annually at the period end by independent qualified actuaries using the projected unit credit method. The present value of the pension liability is calculated by discounting the estimated future cash flows. This is based on interest rates applying to high-quality corporate bonds with a term approximately equal to the term of the related pension liability.

The principal assumptions used by the actuaries were as follows:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
Rate of increase in salaries	2.5%	2.5%	2.5%	2.5%
Discount rate	3.6%	2.5%	2.4%	1.7%
Future pension indexation	2.0%	2.0%	2.0%	2.0%
Future indexing of new pensions	excess interest	excess interest	excess interest	excess interest

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the Netherlands and Belgium. The mortality assumptions imply the following expected future lifetimes from age 65:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
Retiring at the end of the reporting period:				
Males	20	21	21	21
Females	23	23	23	24
Retiring 20 years after the end of the reporting period::				
Males	22	24	24	24
Females	24	26	26	26

The amounts recognised in the balance sheet were as follows:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Present value of funded obligations	(48.9)	(54.2)	(50.9)	(69.7)
Fair value of plan assets	40.8	43.6	43.4	58.6
Pension scheme deficit	(8.1)	(10.6)	(7.5)	(11.1)

24. RETIREMENT BENEFIT SCHEMES (Continued)

Analysis of the movement in the net liability:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
At 1 January	(9.7)	(8.1)	(10.6)	(7.5)
Contributions by employer	1.6	1.4	2.4	0.7
Actuarial gains (losses) recognised	1.1	(2.4)	1.8	(2.9)
Net interest expense	(0.4)	(0.3)	(0.2)	(0.1)
Other	(0.3)	–	-	–
Curtailment	1.3	–	-	–
Past service cost	–	0.5	1.4	–
Current service cost	(1.7)	(1.7)	(2.3)	(1.3)
At period end	(8.1)	(10.6)	(7.5)	(11.1)

Changes in the present value of the defined benefit obligation were as follows:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
At 1 January	(48.3)	(48.9)	(54.2)	(50.9)
Current service cost	(1.8)	(1.7)	(2.2)	(1.3)
Past service cost	–	0.5	1.4	–
Curtailment	1.3	–	–	–
Interest expense on plan liabilities	(1.3)	(1.3)	(1.4)	(0.8)
Gains and losses on settlement	–	13.9	–	–
Other	(0.3)	–	–	–
Actuarial losses / (gains):				
- Changes in demographic assumptions	0.3	(1.6)	–	–
- Changes in financial assumptions	–	(15.7)	(1.3)	(19.9)
- Changes in experience	0.6	0.6	6.3	2.9
Contributions by employees	(0.6)	(0.5)	(0.5)	(0.3)
Benefits paid	1.2	0.5	1.0	0.6
At period end	(48.9)	(54.2)	(50.9)	(69.7)

Changes in the fair value of the defined benefit asset were as follows:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
At 1 January	38.6	40.8	43.6	43.4
Current service cost	0.1	-	(0.1)	-
Interest income on plan assets	0.9	1.0	1.2	0.7
Gains and losses on settlement	–	(13.9)	–	-
Changes in experience	–	–	–	7.7
Return on plan assets	0.2	14.3	(3.2)	6.4
Contributions by employees	2.2	1.9	2.9	1.0
Benefits paid	(1.2)	(0.5)	(1.0)	(0.6)
At period end	40.8	43.6	43.4	58.6

24. RETIREMENT BENEFIT SCHEMES (Continued)

Statement of comprehensive income

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Actuarial gains (losses) on liabilities:				
-Changes in demographic assumptions	0.3	(1.6)	-	-
-Changes in financial assumptions	-	(15.7)	(1.3)	(19.9)
-Other changes	0.6	0.6	6.3	2.9
Actuarial gains (losses) on assets:				
-Changes in financial assumptions	-	-	-	7.7
-Return on plan assets	0.2	14.3	(3.2)	6.4
	1.1	(2.4)	1.8	(2.9)

Sensitivity to assumptions

The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligation to changes in assumptions.

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Discount rate effect:				
-increase of 0.25% for all years	(1.8)	3.2	(2.9)	(3.6)
-decrease of 0.25% for all years	1.9	3.5	3.2	4.0
Salary and price inflation effect:				
-increase of 0.25% for December 2013 and 2014 (December 2015 and August 2016: 1%)	0.2	(0.6)	1.5	1.0
-decrease of 0.25% for December 2013 and 2014 (December 2015 and August 2016: 1%)	(0.2)	(0.5)	(1.6)	(0.9)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following disclosures relate to the VGG Group's defined benefit plan only.

Risks

Through its defined benefit pension schemes the VGG Group is exposed to a number of risks and the most significant of these are set out below.

Changes in bond yields

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields. However, the market value of assets is determined based on the net present value of the accrued benefits using the same discount rate as the liabilities. Therefore the risk on the liabilities is partly offset against the change in value of the assets.

Inflation risk

The majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

24. RETIREMENT BENEFIT SCHEMES (Continued)

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in the life of the member will result in an increase in the liabilities. However, the market value of assets is determined based on the net present value of the accrued benefits which have the same life expectancy as the liabilities. Therefore the risk on the liabilities is partly offset against the change in value of the assets.

Defined Contribution Schemes

In the Netherlands, certain employees are members of industry-wide multi-employer pension schemes. These schemes are treated as defined contribution schemes as it is not possible to separately identify the VGG Group's share of the assets and liabilities of those schemes. The VGG Group has been informed that it has no direct obligation to make additional contributions in the event that the schemes have an overall deficit.

25. SHARE CAPITAL AND SHARE PREMIUM

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
80,000 ordinary shares of €1 each (2013: 40,000; 2014: 40,000, 2015: 80,000)	–	–	0.1	0.1
Share premium	574.8	574.8	719.6	719.6
	574.8	574.8	719.7	719.7

Ordinary shares

The issued capital at 31 August 2016 consisted of 80,000 ordinary shares which were fully paid. Following on from the conversion of preference shares into ordinary shares on 14 July 2015, the number of issued shares increased by 40,000 in 2015.

Share premium

On 14 July 2015 the shares of Van Gansewinkel Netherlands 4 B.V., the direct shareholder of the VGG Group, were sold to VGG's syndicate of lenders. The lenders contributed a share premium in the VGG Group to convert the original senior debt including accrued interest and 50 per cent. of the fair value of the interest rate swaps into equity. With the share premium, the remainder of the original senior debt was converted into a €320m reinstated senior facility with a maturity in 2020. The €320m reinstated senior facility consists of an interest bearing 5 per cent. Original Discount Issue facility of €16m, leaving a €304m reinstated senior facility on which the share premium is based.

No dividends were paid nor declared in the years ended 31 December 2013, 2014, 2015 or the eight months to 31 August 2016.

26. FINANCIAL INSTRUMENTS

Carrying value of financial assets and financial liabilities

Financial assets

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Loans and receivables				
Trade and other receivables excluding prepayments	209.8	166.3	139.7	145.0
Cash and cash equivalents	155.4	119.0	103.2	92.7
Financial assets at fair value through profit or loss				
Derivative financial instruments	0.2	-	-	-
	365.4	285.3	242.9	237.7

Financial liabilities

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Liabilities at amortised cost				
Borrowings	(874.4)	(876.3)	(361.3)	(372.6)
Trade and other payables	(220.2)	(212.1)	(203.1)	(204.2)
Liabilities at fair value through profit or loss				
Derivative financial instruments	(2.9)	(0.4)	(15.6)	(17.7)
Derivatives used for hedging				
Derivative financial instruments	(3.9)	(4.2)	-	-
	(1,101.4)	(1,093.0)	(580.0)	(594.5)

The table below presents the assets and liabilities measured at fair value:

	Level 2			
	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Assets				
Derivative financial instruments	0.2	-	-	-
Liabilities				
Borrowings	(894.1)	(626.4)	(350.5)	(383.8)
Derivative financial instruments	(6.8)	(4.6)	(15.6)	(17.7)
	(900.9)	(631.0)	(366.1)	(401.5)

26. FINANCIAL INSTRUMENTS (Continued)

Valuation techniques and significant inputs

The fair value of the financial instruments as shown in the consolidated balance sheet is a result of the sum of the calculated expected future cash flows on the basis of the applicable yield curve. The VGG Group uses published 'market data', credit risk, counterparty quotes and market value calculations provided by external independent parties. The fair value of cash and cash equivalents and short-term trade receivables and payables equal their carrying amounts.

Level 1 financial assets and liabilities at fair value through income statement are instruments traded on an active market, based on quoted market prices. Level 2 financial assets and liabilities through income statement concern instruments that are not traded on an active market and valuation is determined by using generally accepted valuation techniques. These valuation techniques make maximum use of available market data and rely as little as possible on estimates. If all significant inputs required for the establishment of the fair value of an instrument are observable, the instrument is included in level 2. Level 3 financial assets and liabilities consist of items for which one or more of the significant inputs are not based on observable market data. There were no transfers between levels in either direction in the years ended 31 December 2013, 2014 and 2015 or in the eight months to 31 August 2016.

Financial and market risks and risk control

Credit risk and governance

The VGG Group runs a counterparty risk on cash and deposits held with counterparty banks. This risk is governed by avoiding cash concentration with one counterparty and selecting counterparties of respectable creditworthiness, so there is no concentration of credit risk. The total maximum credit risk on financial assets amounted to €240m at 31 August 2016 (31 December 2015: €247m, 2014: €287m and 2013: €364m).

The VGG Group runs credit risks on counterparties to the derivative transactions. This risk may result in a loss if the contractual counterparty defaults on payments due to the VGG Group. This risk is governed by only entering into transactions with counterparties of respectable creditworthiness. In addition, hedge transactions are allocated to different counterparties. With all counterparties an ISDA (International Swaps and Derivatives Association) Master Agreement has been concluded.

Credit risks on outstanding loans are managed by only entering into transactions with counterparties of respectable creditworthiness.

Customer credit risk is managed by each business unit subject to the VGG Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The credit risk on customers is mitigated by the use of a credit insurance policy. Part of the credit risk on customers is further mitigated by non-recourse factoring for an amount of €39.2m at 31 August 2016 (31 December 2015: €33.2m, 2014: €22.6m and 2013: €11.8m).

Credit risks on unbilled receivables, other receivables, prepayments and accrued income are managed by monitoring the invoicing backlog (unbilled receivables), limitations on prepayments and only doing business with reliable counterparties.

26. FINANCIAL INSTRUMENTS (Continued)

Liquidity risks and governance

The financing structure of the VGG Group is focused on maximising stakeholder value while retaining sufficient financial flexibility for investments, acquisitions and strategic projects. Liquidity risk consists of the possible financial impact for the VGG Group if liabilities cannot be met due to a liquidity shortage.

The loans and liquidity of the VGG Group are monitored by the central treasury department. The liquidity planning is updated weekly and reported to VGG Group's management board. The daily liquidity governance is focused on the concentration of liquidity within the VGG Group. The VGG Group and its shareholders take a very cautious approach to managing the capital structure and are continuously considering (strategic) options to adequately manage the liquidity risk.

A revolving credit facility of €70.0m can be used at the discretion of the VGG Group for credit or ancillary purposes. At 31 August 2016, no credit was drawn under the revolving credit facility and €31.6m of the ancillary line was drawn by way of bank guarantees, leaving €38.4m undrawn. The flexible credit facility is subject to an annual clean down obligation.

The tables below provides an insight into the contractual undiscounted cash flows of the financial obligations related to borrowings, based on the financing structure applicable at each period end. For each period, the nominal cash outflows are given. The expected future interest payments are based on forward EURIBOR rates. The expected nominal payments under hedge transactions are determined on the basis of the fixed hedge price and the assumption that the period-end variable rate remains constant for the remainder of the hedge term. If hedges are subject to a net settlement the corresponding cash flows are presented on a net basis.

Undiscounted cash flows after 31 August 2016	Within one year	Between one and two years	Between two and three years	Between three and four years	Over four years
	€m	€m	€m	€m	€m
Repayments loans	-	-	-	377.1	-
Repayment finance leases	11.1	8.1	7.1	4.7	11.2
Repayment other loans	0.6	0.1	-	-	-
Interest loans	17.0	17.5	18.1	19.6	-
Interest finance leases	1.5	1.0	0.7	0.4	0.5
Interest hedges	0.9	-	-	-	-
	31.1	26.7	25.9	401.8	11.7

Trade and other payables will be fully repaid within one year from the balance sheet date. Other than the interest hedges and the diesel hedges, there are no other hedges with a negative value which need to be settled in future years.

At the balance sheet date it was unlikely that any credit replacing guarantee would be claimed. Accordingly, there are no outgoing cash flows accounted for under these guarantees. Issued guarantees are disclosed in note 28.

26. FINANCIAL INSTRUMENTS (Continued)

Undiscounted cash flows after 31 December 2015	Within one year	Between one and two years	Between two and three years	Between three and four years	Over four years
	€m	€m	€m	€m	€m
Repayments loans	–	–	–	–	376.8
Repayment finance leases	12.7	8.5	6.9	5.7	10.7
Repayment other loans	0.6	0.3	0.1	–	–
Interest loans	16.7	17.2	17.7	18.3	10.1
Interest finance leases	1.7	1.1	0.8	0.5	0.5
Interest hedges	2.4	–	–	–	–
	34.1	27.1	25.5	24.5	398.1

Undiscounted cash flows after 31 December 2014	Within one year	Between one and two years	Between two and three years	Between three and four years	Over four years
	€m	€m	€m	€m	€m
Repayments loans	–	–	685.6	90.7	–
Repayment finance leases	13.2	13.1	9.1	8.5	13.1
Repayment other loans	0.7	0.6	0.2	–	0.2
Interest loans	39.1	39.3	13.4	1.2	–
Interest finance leases	2.4	1.7	1.1	0.7	0.9
Interest hedges	3.3	2.7	–	–	–
	58.7	57.4	709.4	101.1	14.2

Undiscounted cash flows after 31 December 2013	Within one year	Between one and two years	Between two and three years	Between three and four years	Over four years
	€m	€m	€m	€m	€m
Repayments loans	–	–	–	685.6	90.7
Repayment finance leases	12.8	10.9	10.8	9.1	16.5
Repayment other loans	0.8	0.7	0.8	0.2	0.4
Interest loans	38.9	39.0	40.2	13.7	1.2
Interest finance leases	2.5	1.5	1.5	1.2	2.0
Interest other loans	0.1	0.1	0.1	–	–
Interest hedges	7.2	1.9	0.9	–	–
	62.3	54.1	54.3	709.8	110.8

Interest rate risk and control

The interest rate risk of the VGG Group relates to the financing structure which to a large extent consists of variable rate loans. Within the terms of these loans the interest rates can be fixed for a period ranging between one and six months. As a result, the VGG Group's cash flow and results are subject to fluctuations in the short-term interest rate and EURIBOR is the relevant reference interest rate.

Hedge transactions are aimed at controlling the effects of market interest fluctuations on cash flows and results attempting to keep the effective interest rate as low as possible. To achieve the desired ratio between a fixed and floating rate the VGG Group uses mostly interest rate swaps and occasionally options. Periodically the interest risk profile is analysed and, if necessary, the ratio between fixed and variable interest rates is adjusted.

The sensitivity analysis below is based on the ratio between fixed and variable rate loans as mentioned in the financial statements and the corresponding interest rate hedges at 31 August 2016.

26. FINANCIAL INSTRUMENTS (Continued)

A parallel movement of the interest curve of 50 basis points up or down has the following effects:

- The interest charges arising from the variable rate loans can only increase by €1.6m annually since the EURIBOR rate is 10 basis points negative.
- The interest income arising from the interest rate hedges can only increase by €1.5m annually since the EURIBOR rate is 10 basis points negative.

The following table provides insight into the interest rate refixing periods on the long term loans and the corresponding interest rate hedges based on the financing structure applicable as of 31 August 2016. It is assumed that over time all debt that matures will not be rolled over. Fixed interest loans are assumed to be sensitive to interest re-pricing risk if loans are refinanced.

As at August 2016	2016	2017	2018	2019	2020	>2020
	€m	€m	€m	€m	€m	€m
Average borrowings per year						
Borrowings – total fixed interest	36.7	26.0	17.3	11.3	7.2	1.1
Borrowings – total variable interest	323.8	339.2	355.2	370.9	-	-
Total repricing amount	360.5	365.2	372.5	382.2	7.2	1.1
Interest rate swaps						
Total repricing amount	(300.0)	-	-	-	-	-
Net amount subject to floating interest rate	23.8	339.2	355.2	370.9	-	-

The following table provides insight into the interest rate refixing periods on the long term loans and the corresponding interest rate hedges based on the financing structure applicable as of 31 December 2015. For the sake of analysis it is assumed that over time all debt that matures will not be rolled over. Fixed interest loans are assumed to be sensitive to interest re-pricing risk if loans are refinanced.

As at December 2015	2016	2017	2018	2019	2020	>2020
	€m	€m	€m	€m	€m	€m
Average borrowings per year						
Borrowings – total fixed interest	38.2	27.4	18.5	11.2	6.6	1.4
Borrowings – total variable interest	313.8	328.8	344.4	360.5	217.8	-
Total repricing amount	352.0	356.2	362.9	371.7	224.4	1.4
Interest rate swaps						
Total repricing amount	(300.0)	–	–	–	–	–
Net amount subject to floating interest rate	13.8	328.8	344.4	360.5	217.8	–

Based on the financing structure at 31 December 2015 and 31 August 2016, the VGG Group has fixed the 1-month EURIBOR interest rate for the calendar year 2016 for an average €300m of outstanding loans at 0.547 per cent. using interest rate swaps. The results on the interest rate hedges are settled on a monthly basis. The variable interest component in the hedges is determined monthly.

Comparative figures derived from the 2014 financial statements are included in the following table:

As at December 2014	2015	2016	2017	2018	2019	>2019
	€m	€m	€m	€m	€m	€m
Average borrowings per year						
Borrowings – total fixed interest	50.8	36.9	25.4	17.0	10.2	1.8
Borrowings – total variable interest	776.2	776.3	433.5	45.4	0.1	–
Total repricing amount	827.0	813.2	458.9	62.4	10.3	1.8
Interest rate swaps						
Total repricing amount	(600.0)	(600.0)	–	–	–	–
Net amount subject to floating interest rate	176.2	176.3	433.5	45.4	0.1	–

26. FINANCIAL INSTRUMENTS (Continued)

Comparative figures derived from the 2013 financial statements are included in the following table:

As at December 2013	2014	2015	2016	2017	2018	>2018
	€m	€m	€m	€m	€m	€m
Average borrowings per year						
Borrowings – total fixed interest	57.9	45.0	33.3	22.5	17.1	0.9
Borrowings – total variable interest	778.3	777.6	776.9	433.7	45.4	0.1
Total repricing amount	836.2	822.6	810.2	456.2	62.5	1.0
Interest rate swaps						
Total repricing amount	(590.8)	(600.0)	(600.0)	–	–	–
Net amount subject to floating interest rate	187.5	177.6	176.9	433.7	45.4	0.1

Currency risk and control

The VGG Group's activities are mainly executed within the same currency environment. Operational costs and revenues are all in the same currency, making the level of transactional risk virtually nil.

Almost all subsidiaries of the VGG Group are located within the Eurozone. As a result, the currency exchange risks are very limited. For net investments in Poland and the Czech Republic, the VGG Group is exposed to a limited translation risk for the balance sheet and income statement. Given the limited currency risk exposure and since these investments were sold in 2015, no currency hedge transactions have been carried out in the year ended 31 December 2015 or in the eight months to 31 August 2016.

Diesel price risk and control

The diesel price risk originates through the physical use of diesel by vehicles in the collection business. The current diesel market price is one of the factors which determine the purchase price of diesel. As a result, the results and cash flow of the VGG Group depend on the movements in the market price for diesel.

The VGG Group entered into derivative transactions to hedge the diesel price for the expected volume in the year to 31 December 2016. Diesel swaps with a fixed buying price are used. The results on these hedges are settled on a monthly basis. The variable component in the hedge is determined monthly in arrears on the average market price.

Assuming all other variables remain unchanged, a parallel movement of the diesel price curve of €50 per metric tonne up or down would have the following effects:

- The charges arising from the diesel hedge decrease / increase by €1.1m.
- The market value of the diesel hedges increase / decrease by €1.1m.

As at 31 August 2016 the fair value of the diesel swaps was €0.5m (31 December 2015: €2.3m, 2014: €nil and 2013 €0.1m).

Metal price risk and control

The VGG Group recovers various metals through processing of waste streams. The selling prices of various metals are mainly determined by the commodity markets. As a result, the results and cash flow of the VGG Group depend on the movements in the commodity market prices for metals.

Particularly in recycling, natural hedges are pursued through commercial contracts. This is a settlement method for incoming waste streams where the processing fee inversely correlates with the metals' market prices. Higher metal prices lead to a lower processing fee from the customer. This lower fee is offset by higher sales proceeds on the metals which guarantee the VGG Group's margin and net cash flow.

26. FINANCIAL INSTRUMENTS (Continued)

As far as a natural hedge cover is not applicable, the VGG Group selectively hedges the selling price of metals through derivative transactions. At 31 August 2016 no position is outstanding and no derivative transactions have been entered into for the balance of 2016 and beyond.

Capital risk management

The VGG Group's objectives when managing capital are to safeguard the VGG Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio is calculated as consolidated net debt divided by total capital. The gearing ratios as at 31 August 2016, 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

	As at 31 December			As at 31 August
	2013	**2014**	**2015**	**2016**
	€m	**€m**	**€m**	**€m**
Borrowings excluding preference shares	836.8	834.0	361.3	372.6
Less: cash and cash equivalents	(155.4)	(119.0)	(103.2)	(92.7)
Consolidated net debt	681.4	715.0	258.1	279.9
Total equity	87.3	(466.0)	(15.5)	(53.8)
Total capital	768.7	249.0	242.6	226.1
Gearing ratio	89%	287%	106%	124%

As at 31 December 2014, the VGG Group's equity amounted to €466.0m negative, mainly due to the impairment of goodwill and other intangibles assets in the year. On 14 July 2015 the shares of Van Gansewinkel Netherlands 4 B.V., the direct shareholder of the VGG Group, were sold to VGG's syndicate of lenders. The lenders contributed a share premium in the VGG Group to convert the original senior debt including accrued interest and 50 per cent. of the fair value of the interest rate swaps into equity. With the share premium the remainder of the original senior debt was converted into a €320m reinstated senior facility with a maturity in 2020. This resulted in a significant improvement of the VGG Group's equity to a negative equity amounting to €15.5m as at 31 December 2015, this has declined to €53.8m as at 31 August 2016.

As part of capital risk management, the VGG Group monitors compliance with bank covenants closely. Bank covenants are monitored on a monthly basis and reported to the group of financial institutions on a quarterly basis. Based on the new financing structure as of 14 July 2015, from July 2015 to 31 August 2016, the VGG Group complied with all bank covenants. To ensure covenant compliance under the new financing structure and decrease of the gearing ratio over time, cost reduction and revenue improvement programmes are in place, having positive effects on results, cash flow and debt reduction.

27. NOTES TO THE STATEMENT OF CASH FLOWS

	As at 31 December			As at 31 August	
	2013	2014	2015	2015	2016
				Unaudited	
	€m	€m	€m	€m	€m
(Loss) profit before tax	(80.8)	(591.4)	292.4	324.0	(32.9)
Fair value (gain) loss on financial instruments	(11.3)	2.1	2.6	2.2	4.0
Finance income	(0.4)	(0.6)	(402.8)	(402.8)	–
Finance charges	86.4	67.8	73.6	49.8	29.6
Share of results from associates and joint ventures	2.8	0.1	(3.1)	(3.5)	(0.5)
Operating (loss) gain from continuing operations	(3.3)	(522.0)	(37.3)	(30.3)	0.2
Operating gain from discontinued operations	28.4	–	–	-	-
Depreciation and amortisation	126.2	91.4	77.6	52.6	49.5
Loss (gain) on disposal of property, plant and equipment	2.8	(0.7)	(0.2)	(0.6)	0.6
Loss on disposal of associate	(3.4)	–	–	–	–
Impairment charge	2.0	490.1	1.0	–	0.1
Change in working capital and provisions	(8.3)	11.9	19.5	8.8	(10.4)
Fair value (gain) loss on financial instruments	(0.2)	0.2	2.3	2.6	(1.8)
Share based payments	(0.1)	–	–	–	–
Cash flows from operating activities	144.1	70.9	62.9	33.1	38.2

28. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December			As at 31 August
	2013	2014	2015	2016
	€m	€m	€m	€m
Within 1 year	19.3	17.2	18.4	21.1
More than 1 year and less than 5 years	36.7	43.0	38.5	47.8
After 5 years	88.9	86.6	85.8	94.7
	144.9	146.8	142.7	163.6

28. COMMITMENTS AND CONTINGENCIES (Continued)

(b) Contingent liabilities

For several Dutch entities in the VGG Group, Van Gansewinkel Groep B.V. has issued a guarantee under article 2:403 of the Dutch Civil Code. As a result of this guarantee van Gansewinkel Groep B.V. is liable for all liabilities resulting from transactions performed by these entities.

For corporate income tax, Van Gansewinkel Groep B.V. and its 100 per cent. owned (direct or indirect) Dutch subsidiaries are part of a fiscal unity, which is headed by VGG Topco 2 B.V. For VAT, Van Gansewinkel Groep B.V. and it's over 50 per cent. owned (direct or indirect) Dutch subsidiaries are part of a fiscal unity, together with VGG Holdco B.V. Based on the general conditions for a fiscal unity, all members of the fiscal unity are liable for the tax payable by the fiscal unity as a whole.

In the ordinary course of business, the VGG Group has issued relevant parent guarantees with respect to specific contracted business activities. Obligations under guarantees issued by the VGG Group amounted to €62.8m at 31 August 2016 (31 December 2015: €59.5m, 2014: €49.5m and 2013: €55.2m).

In respect of current disputes and lawsuits, where necessary, provisions have been made in respect of claims filed by third parties.

29. RELATED PARTY TRANSACTIONS

Trading transactions

Related party relationship	Relationship	Transaction type	31 December 2013	31 December 2014	31 December 2015	31 August 2016
			€m	€m	€m	€m
Income statement						
VGG Netherlands 1 B.V.	Holding company	Management fee	1.7	1.5	(2.8)	–
AlixPartners (CVC)	Indirect shareholder	Consultancy	–	2.7	–	–
Capstone (CVC)	Indirect shareholder	Consultancy	0.7	–	–	–
Van Gansewinkel Netherlands 4 B.V.	Direct holding company	Interest on preference shares	5.3	4.7	2.8	–
VGG Netherlands 3 B.V.	Holding company	Interest on loans granted	0.2	0.2	–	–
VGG Netherlands 3 B.V.	Holding company	Impairment of loan	–	–	(6.5)	–
Balance sheet						
VGG Netherlands 3 B.V.	Holding company	Loan granted	–	4.2	–	–
VGG Netherlands 3 B.V.	Holding company	Current liabilities	–	9.2	–	–
VGG Holdco B.V.	Holding company	Loan granted	–	–	–	1.3

In the period to 31 August 2016 a loan granted to VGG Holdco B.V. of €1.3m is included in the other current financial fixed assets and has an interest rate of 5.4 per cent.

In the year ended 31 December 2015, Van Gansewinkel Groep B.V. received a credit note for management fees invoiced by VGG Netherlands 1 B.V. amounting to €2.8m. VGG charged VGG Netherlands 1 B.V., VGG Netherlands 2 B.V., VGG Netherlands 3 B.V. and Van Gansewinkel Netherlands 4 B.V. for administrative services up till and including 2014. As from 2015 onwards, VGG is charged management fees by the new holding company VGG Holdco B.V.

At 31 December 2014 the loan granted to VGG Netherlands 3 B.V. of €4.2m was included in the other current financial fixed assets and had an interest rate of 6.5 per cent. This loan was impaired in the year ended 31 December 2015 and additionally, in this year, a receivable on VGG Netherlands 3 B.V. of €2.3m was impaired.

29. RELATED PARTY TRANSACTIONS (Continued)

Non-controlling interests (NCI)

Year ended 31 December 2013	Maltha Groep BV	Other	Total
	€m	€m	€m
Non-current assets	28.9	13.6	42.5
Current assets	27.3	6.3	33.6
Non-current liabilities	(11.9)	(2.6)	(14.5)
Current liabilities	(22.2)	(3.8)	(26.0)
Net assets	**22.1**	**13.5**	**35.6**
Carrying amount of NCI	**7.3**	**3.7**	**11.0**
Revenue	**48.8**	**25.5**	**74.3**
Result	3.9	(0.8)	3.1
OCI	–	–	–
Total comprehensive income	**3.9**	**(0.8)**	**3.1**
Result allocated to NCI	1.3	(0.1)	1.2
OCI allocated to NCI	–	–	–
Net decrease in cash and cash equivalents	**(0.4)**	**(2.1)**	**(2.5)**

Year ended 31 December 2014	Maltha Groep BV	Other	Total
	€m	€m	€m
Non-current assets	31.8	7.6	39.4
Current assets	25.5	6.4	31.9
Non-current liabilities	(11.1)	1.5	(9.6)
Current liabilities	(19.7)	(6.3)	(26.0)
Net assets	**26.5**	**9.2**	**35.7**
Carrying amount of NCI	**8.8**	**2.4**	**11.2**
Revenue	**45.2**	**25.1**	**70.3**
Result	0.5	(0.2)	0.3
OCI	–	–	–
Total comprehensive income	**0.5**	**(0.2)**	**0.3**
Result allocated to NCI	0.2	0.2	0.4
OCI allocated to NCI	–	–	–
Net decrease in cash and cash equivalents	**(0.1)**	**(0.1)**	**(0.2)**

30. NOTES TO THE STATEMENT OF CASH FLOWS

Year ended 31 December 2015	Maltha Groep BV	Other	Total
	€m	€m	€m
Non-current assets	31.6	4.5	36.1
Current assets	23.9	7.4	31.3
Non-current liabilities	(8.3)	(0.2)	(8.5)
Current liabilities	(23.5)	(6.1)	(29.6)
Net assets	**23.7**	**5.6**	**29.3**
Carrying amount of NCI	**7.9**	**1.0**	**8.9**
Revenue	**41.3**	**24.1**	**65.4**
Result	(2.7)	0.5	(2.2)
OCI	–	–	–
Total comprehensive income	**(2.7)**	**0.5**	**(2.2)**
Result allocated to NCI	(0.9)	0.2	(0.7)
OCI allocated to NCI	–	–	–
Net increase in cash and cash equivalents	**1.1**	**0.5**	**1.6**

8 months ended 31 August 2016	Maltha Groep BV	Other	Total
	€m	€m	€m
Non-current assets	31.5	4.2	35.7
Current assets	26.1	7.4	33.5
Non-current liabilities	(8.5)	(0.5)	(9.0)
Current liabilities	(25.7)	(4.6)	(30.3)
Net assets	**23.4**	**6.5**	**29.9**
Carrying amount of NCI	**7.8**	**1.1**	**8.9**
Revenue	**30.2**	**14.8**	**45.0**
Result	(0.3)	0.5	0.2
OCI	-	-	-
Total comprehensive income	**(0.3)**	**0.5**	**0.2**
Result allocated to NCI	(0.1)	0.1	-
OCI allocated to NCI	-	-	-
	(0.1)	0.1	-
Net increase (decrease) in cash and cash equivalents	**0.9**	**(0.6)**	**0.3**

Key management compensation

The following table details the aggregate compensation paid in respect of the members of the Management Board and the Supervisory Board.

	For the year ended 31 December			For the 8 months ended 31 August	
	2013	2014	2015	2015	2016
	€m	€m	€m	€m	€m
Short-term employee benefits	4.2	2.1	1.5	1.0	1.0
Social security costs	-	-	-	-	0.1
Post-employment benefits	0.2	0.2	0.1	0.1	0.1
	4.4	2.3	1.6	1.1	1.2

31. SUBSIDIARIES, JOINT OPERATIONS, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

List of subsidiaries, joint operations, joint ventures, associates and other investments:

Company name	Registered office address	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
		%	%	%	%
Subsidiaries					
The Netherlands					
A&G Holding B.V.	Utrecht	100%	100%	100%	100%
B.V. Twente Milieu bedrijven	Hengelo	100%	100%	100%	100%
Coolrec B.V.	Eindhoven	100%	100%	100%	100%
Coolrec Nederland B.V.	Dordrecht	100%	100%	100%	100%
Ecosmart Nederland B.V	Maarheeze	100%	100%	100%	100%
Glasrecycling Noord-Oost Nederland B.V.	Emmen	67%	67%	67%	67%
Immo C.V.	Rotterdam	100%	100%	100%	–
Maltha Glasrecycling Nederland B.V.	Rotterdam	67%	67%	67%	67%
Maltha Glassrecycling International B.V.	Rotterdam	67%	67%	67%	67%
Maltha Groep B.V.	Rotterdam	67%	67%	67%	67%
Plastic Herverwerking Brakel B.V.	Drunen	100%	100%	100%	100%
Regionale Reinigingsdienst (R.R.D.) B.V.	Eindhoven	100%	100%	100%	100%
Rebeeck Olie Amsterdam 1 B.V. (formerly known as Olie Verwerking Amsterdam B.V.)	Rotterdam	100%	100%	100%	100%
Rebeeck Olie Amsterdam 2 B.V. (formerly known as Groenendaal Handel in Afgewerkte Oliën B.V.)	Amsterdam	100%	100%	100%	100%
Robesta Vastgoed Acht B.V	Maarheeze	100%	100%	100%	100%
Robesta Vastgoed B.V.	Maarheeze	100%	100%	100%	100%
Semler B.V.	Son en Breugel	100%	100%	100%	100%
Van Gansewinkel CFS B.V.	Weert	100%	100%	100%	100%
Van Gansewinkel Industrial Services B.V.	Rotterdam	100%	100%	100%	100%
Van Gansewinkel Industrie B.V.	Rotterdam	100%	100%	100%	100%
Van Gansewinkel International B.V.	Maarheeze	100%	100%	100%	100%
Van Gansewinkel Maasvlakte B.V.	Rotterdam	100%	100%	100%	100%
Van Gansewinkel Milieuservices Overheidsdiensten B.V.	Maarssen	100%	100%	100%	100%
Van Gansewinkel Milieutechniek B.V.	Waalwijk	100%	100%	100%	100%
Van Gansewinkel Nederland B.V.	Maarheeze	100%	100%	100%	100%
Van Gansewinkel Recycling B.V.	Maarheeze	100%	100%	100%	100%
Van Gansewinkel Transporten B.V	Eindhoven	100%	100%	–	–
Van Gansewinkel Zweekhorst B.V.	Rotterdam	100%	100%	100%	100%
Verwerking Bedrijfsafvalstoffen Maasvlakte (V.B.M.) B.V.	Rotterdam	100%	100%	100%	100%
Belgium					
Belgo-Luxembourgeoise de Services Publics S.A.	Athus	100%	100%	100%	100%
Coolrec Belgium N.V. (formerly known as Apparec N.V.)	Tisselt	100%	100%	100%	100%
Cegemi S.A.	Moeskroen	100%	–	–	–
Coolrec N.V.	Willebroek	100%	–	–	–
Eco-Smart N.V.	Ruisbroek	100%	100%	100%	100%
Maltha Glasrecyclage B.V.B.A	Lommel	67%	67%	67%	67%
Recydel S.A.	Liege	80%	80%	80%	80%
Van Gansewinkel N.V	Mol	100%	100%	100%	100%
Van Gansewinkel België N.V.	Mol	100%	100%	100%	–
Van Gansewinkel ES Treatment N.V.	Mol	100%	100%	100%	100%
Van Gansewinkel Industrial Services Belgium N.V.	Mol	–	–	100%	100%

31. SUBSIDIARIES, JOINT OPERATIONS, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS (Continued)

Company name	Registered office address	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
		%	%	%	%
Subsidiaries (continued)					
France					
Coolrec France S.A.S.	Lesquin	92%	92%	92%	92%
Gibert Recyclage S.A.S.	Béthune	100%	100%	–	–
Maltha Glass Recycling France S.A.S. (formerly Industries Propres d'Aquitaine S.A.)	Izon	67%	67%	67%	67%
Société Civile Immobilière des Lucs	Villeurbanne	67%	–	–	–
Van Gansewinkel France S.A.S.	Béthune	100%	100%	–	–
Germany					
Coolrec Deutschland GmbH	Pulheim	100%	100%	100%	100%
Coolrec RDE Rucknahmen Demontagen Elektronik-Recycling GmbH	Pulheim	100%	100%	100%	100%
Hungary					
Maltha Hungary Uvegujrahasznosit o Kft.	Budapest	67%	67%	67%	67%
Luxembourg					
Van Gansewinkel Luxembourg S.A.	Differdange	100%	100%	100%	100%
Poland					
Maltha Szklo Recycling Polska Sp. z.o.o	Krąków	67%	67%	67%	67%
PUK van Gansewinkel Górny Śląsk Sp. z.o.o	Wrocław	100%	100%	–	–
PUK van Gansewinkel Legnica Sp. z.o.o	Legnica	100%	100%	–	–
PUK van Gansewinkel Krąków Sp. z.o.o	Krąków	100%	100%	–	–
PUK van Gansewinkel Śląsk Dolny Sp. z.o.o	Oława	100%	100%	–	–
PUK van Gansewinkel Tarnów Sp. z.o.o w link idacji	Tarnów	100%	100%	–	–
Van Gansewinkel Polska Sp. z.o.o	Krąków	100%	100%	–	–
Portugal					
Maltha Glass Recycling Portugal Lda (formerly known as Vidrocicio Lda)	Figuera da Foz	67%	67%	67%	67%
Czech Republic					
A&G Envirotech sro	Modrice	100%	100%	100%	100%
PETKA CZ as	Modrice	64%	64%	–	–
TEMPOS Breclav as	Breclav	66%	66%	–	–
Van Gansewinkel as	Modrice	100%	100%	–	–
Van Gansewinkel Services sro	Modrice	100%	100%	–	–
Van Gansewinkel Slovensko sro	Bratislava (Slovak Republic)	100%	100%	–	–
Van Gansewinkel HBSS sro	Modrice	100%	100%	–	–
Joint operations					
Baggerspecieverwerking Noord-Nederland VOF	Leeuwarden	50%	50%	50%	50%
Hydrovac VOF	Rosmalen	50%	50%	50%	50%
Induserve VOF	Eindhoven	33%	33%	33%	33%
Octopus VOF	Raamsdonksveer	50%	50%	50%	50%
TOP Leeuwarden VOF	Leeuwarden	50%	50%	50%	50%

31. SUBSIDIARIES, JOINT OPERATIONS, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS (Continued)

Company name	Registered office address	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
Joint ventures					
Recycling Maatschappij Bovenveld B.V.	Hattem	50%	50%	50%	50%
PQA B.V.	Haarlemmer meer	50%	50%	50%	50%
Associates and other investments					
Afval Loont Holding B.V.	Rotterdam	25%	25%	22%	22%
AMP B.V.	Noordwijke rhout	33%	33%	33%	33%
CPP-Incofin CVBASO	Wilrijk (Belgium)	1%	–	–	–
EARN Elektrogeräte Service GmbH	Vienna (Austria)	33%	33%	33%	33%
ENVIE2e S.A.S.	Lesquin (France)	17%	17%	17%	17%
Full Service Facility B.V.	Grou	25%	–	–	–
Ipalle SC SCRL	Tournai (Belgium)	2%	1%	–	3%
SUEZ PCB Decontamination N.V. (formerly Sita Decontamination Serices N.V.)	Grimbergen (Belgium)	23%	23%	23%	23%
Uvelia S.A.	Herstal (Belgium)	15%	15%	15%	15%
Zandrecycling Nederland B.V.	Poeldijk	33%	33%	–	–
Zavin B.V.	Dordrecht	33%	33%	33%	33%
Zavin C.V.	Dordrecht	33%	33%	33%	33%

32. POST BALANCE SHEET EVENTS

On 29 September 2016, Shanks Group plc and the VGG Group announced that merger terms have been agreed to form a leading waste-to-product business. The merger is subject to Shanks and VGG shareholder approvals which were given on 24 October 2016 and 14 October 2016 respectively and anti-trust clearance, with completion expected in early 2017. The proposed merger does not have any impact on the financial position of the VGG Group for any of the historical periods.

PART 9—UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED GROUP

Section A—Unaudited pro forma financial information of the Combined Group

The unaudited pro forma statement of net assets of the Combined Group and pro forma income statement of the Combined Group has been compiled on the basis of the notes set out below (together the "**Unaudited Pro Forma Financial Information**") and in accordance with the requirements of items 1 to 6 of Annex II of the Prospectus Directive in order to illustrate the effect of (i) the Equity Issue, (ii) the refinancing of the existing debt of the VGG Group and (iii) the Merger on the consolidated net assets of Shanks as if they had taken place on 30 September 2016 and the income statement of Shanks as if they had taken place on 1 April 2015.

The Unaudited Pro Forma Financial Information is based on the consolidated financial information of the Shanks Group and the VGG Group and has been prepared in accordance with Annex II of the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by Shanks for the year ended 31 March 2016.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, addresses a hypothetical situation. It does not purport to represent what the Combined Group's financial position or results of operations actually would have been if the Equity Issue and the Merger had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or financial position at any future date. It does not reflect the results of any purchase price allocation exercise as this will be conducted following the Merger.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act. Shareholders should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part 9. PricewaterhouseCoopers LLP's report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part 9.

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Merger

1. Pro forma statement of net assets

£ millions	Shanks Group as at 30 Sept 2016	Adjustments: Equity Issue	Adjustments: VGG Group as at 31 August 2016	Adjustments: Finance costs/ refinancing	Adjustments: Inter-company adjustment	Adjustments: Merger adjustment	Pro forma Combined Group
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Non-current assets							
Intangible assets	216.2	–	60.2	–	–	206.7	483.1
Property, plant and equipment	314.0	–	316.1	–	–	–	630.1
Investments	13.9	–	2.2	–	–	–	16.1
Financial assets relating to PFI/PPP contracts	156.1	–	–	–	–	–	156.1
Trade and other receivables	1.7	–	17.0	(16.8)	–	–	1.9
Deferred tax assets	23.8	–	15.1	–	–	–	38.9
	725.7	–	410.6	(16.8)	–	206.7	1,326.2
Current assets							
Inventories	7.4	–	12.8	–	–	–	20.2
Financial assets relating to PFI/PPP contracts	12.8	–	–	–	–	–	12.8
Trade and other receivables	135.1	–	114.7	–	(2.0)	–	247.8
Derivative financial instruments	0.3	–	–	–	–	–	0.3
Current tax recoverable	–	–	0.4	–	–	–	0.4
Cash and cash equivalents	31.8	136.3	80.2	44.9	–	(261.3)	31.9
	187.4	136.3	208.1	44.9	(2.0)	(261.3)	313.4
Assets classified as held for sale	–	–	2.1	–	–	–	2.1
Total assets	**913.1**	**136.3**	**620.8**	**28.1**	**(2.0)**	**(54.6)**	**1,641.7**
Non-current liabilities							
Borrowings – PFI/PPP non recourse net debt	(86.2)	–	–	–	–	–	(86.2)
Borrowings – other	(271.6)	–	(299.7)	160.1	–	–	(411.2)
Derivative financial instruments	(35.6)	–	(14.1)	14.1	–	–	(35.6)
Other non-current liabilities	(5.9)	–	–	–	–	–	(5.9)
Deferred tax liabilities	(33.1)	–	(39.3)	–	–	–	(72.4)
Provisions	(44.4)	–	(77.9)	–	–	–	(122.3)
Defined benefit pension scheme deficit	(27.1)	–	(9.6)	–	–	–	(36.7)
	(503.9)	–	(440.6)	174.2	–	–	(770.3)
Current liabilities							
Borrowings – PFI/PPP non recourse net debt	(2.5)	–	–	–	–	–	(2.5)
Borrowings – other	(3.8)	–	(22.7)	–	–	–	(26.5)
Derivative financial instruments	(1.2)	–	(1.2)	1.2	–	–	(1.2)
Trade and other payables	(208.2)	–	(198.6)	2.6	2.0	–	(402.2)
Current tax payable	(10.0)	–	(0.4)	-	–	–	(10.4)
Provisions	(17.9)	–	(3.8)	–	–	–	(21.7)
	(243.6)	–	(226.7)	3.8	2.0	–	(464.5)
Total liabilities	**(747.5)**	**–**	**(667.3)**	**178.0**	**2.0**	**–**	**(1,234.8)**
Net Assets	**165.6**	**136.3**	**(46.5)**	**206.1**	**–**	**(54.6)**	**406.9**

Notes:

(1) Shanks' financial information for the 6 months ended 30 September 2016 has been extracted, without material adjustment, from the Shanks Group's published interim financial information for the 6 months ended 30 September 2016, which is incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

(2) The net proceeds of the Equity Issue of £136.3 million represents gross proceeds of £141.4 million on the issue of 211,201,962 new Ordinary Shares at a blended price of 66.95 pence per share, net of expenses of £5.1 million in connection with the Equity Issue.

(3) The VGG Group's financial information for the 8 months ended 31 August 2016 has been extracted, without material adjustment, from the financial information in Section B of Part 8 (*Historical financial information of the VGG Group*) using the closing exchange rate at 30 September 2016 (GBP:Euro 1.156). The table below sets out the Euro and GBP values.

	The VGG Group as at 31 August 2016	
	€ millions	£ millions
Non-current assets		
Intangible assets	69.6	60.2
Property, plant and equipment	365.3	316.1
Investments	2.5	2.2
Financial assets relating to PFI/PPP contracts	-	-
Trade and other receivables	19.6	17.0
Deferred tax assets	17.4	15.1
	474.4	**410.6**
Current assets		
Inventories	14.8	12.8
Financial assets relating to PFI/PPP contracts	-	-
Trade and other receivables	132.6	114.7
Derivative financial instruments	-	-
Current tax recoverable	0.5	0.4
Cash and cash equivalents	92.7	80.2
	240.6	**208.1**
Assets classified as held for sale	2.4	2.1
Total assets	**717.4**	**620.8**
Non-current liabilities		
Borrowings – PFI/PPP contracts	-	-
Borrowings – other	(346.4)	(299.7)
Derivative financial instruments	(16.3)	(14.1)
Other non-current liabilities	-	-
Deferred tax liabilities	(45.4)	(39.3)
Provisions	(90.0)	(77.9)
Defined benefit pension scheme deficit	(11.1)	(9.6)
	(509.2)	**(440.6)**
Current liabilities		
Borrowings – PFI/PPP contracts	-	-
Borrowings – other	(26.2)	(22.7)
Derivative financial instruments	(1.4)	(1.2)
Trade and other payables	(229.5)	(198.6)
Current tax payable	(0.5)	(0.4)
Provisions	(4.4)	(3.8)
	(262.0)	**(226.7)**
Total liabilities	**(771.2)**	**(667.3)**
Net liabilities	**(53.8)**	**(46.5)**

(4) The adjustments arising as a result of refinancing the existing debt of the VGG Group are set out below:

£ millions	Repayment of VGG Group bank facilities (Note 4a)	Drawdown of new and committed facilities (Notes 4b)	Total
Trade and other receivables	(16.8)	-	(16.8)
Cash and cash equivalents	(80.2)	125.1	44.9
Borrowings - other	285.2	(125.1)	160.1
Non-current derivative financial instrument liabilities	14.1	-	14.1
Current derivative financial instrument liabilities	1.2	-	1.2
Trade and other payables	2.6	-	2.6
Impact on net assets	**206.1**	-	**206.1**

(a) The repayment of existing VGG bank facilities of £206.1 million comprises: repayment of borrowings of £285.2 million (which excludes finance leases) net of £80.2m of cash in the VGG Group and £16.8 million of bank guarantee funds (included as trade and other receivables); the repayment of accrued interest of £2.6 million; and the non cash settlement of £15.3 million in relation to derivatives (of which £14.1 million is non-current and £1.2 million is current) held in connection with the VGG bank funding; and

(b) The drawdown of £125.1 million on new and committed financing in the Combined Group to settle £231.9 million of cash consideration net of the Equity Issue proceeds of £136.3 million and £26.7 million of associated deal costs. In addition, under a multicurrency note facility and guarantee agreement held by Shanks, an amount of £2.8 million (€3.2 million translated at the closing exchange rate at 30 September 2016, being GBP:Euro 1.156) is required to repay the make-whole premium detailed in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus on completion of the Equity Issue.

(5) Intra-group adjustments reflect a £2.0 million adjustment to trade and other receivables and a corresponding adjustment to trade and other payables to remove Shanks' trading balances with the VGG Group as at 30 September 2016, as per the accounting records of the Shanks Group and VGG Group.

(6) The adjustments arising as a result of the Merger are set out below:

(a) The adjustment reflects goodwill arising on the Merger and has been accounted for using the acquisition method of accounting. The excess of consideration over the book value acquired has been reflected as goodwill. A fair value exercise to allocate the purchase price will be completed following completion of the Merger; therefore, no account has been taken in the pro forma of any fair value adjustments that may arise on the Merger.

The total consideration payable has been calculated in accordance with the offer price mechanism detailed in the Merger Agreement and this will be payable as a combination of the issuance of new ordinary shares in Shanks (referred to as "Equity Consideration" in these notes) and cash (referred to as "Cash Consideration" in these notes). The total consideration payable and the calculation of the adjustment to goodwill is set out below:

	Note	£m
Equity consideration	(i)	134.4
Cash consideration	(ii)	231.9
Total consideration		**366.3**
Repayment of financing in the VGG Group	(iii)	(206.1)
Consideration on a debt free basis		160.2
Less net liabilities acquired of the VGG Group	(iv)	79.5
Goodwill arising on acquisition		**239.7**
Existing goodwill		**(33.0)**
Pro forma goodwill adjustment		**206.7**

The provisional initial consideration for the Merger shown in the above table and calculated using the full goodwill method shows an illustrative amount of £366.3 million reflecting the pro forma equity value of £160.2 million for the VGG Group. On completion of the Merger, a purchase price adjustment reflecting the difference between the actual and budgeted cash balances at 31 August 2016 and operating cash flows for the period from 31 December 2015 to 31 August 2016 will also be calculated, however, these have not been considered for the purposes of the Unaudited Pro Forma Financial Information.

The total consideration is due to be settled as follows:

(i) The Equity Consideration of £134.4 million has been calculated as the issue of 190,187,495 shares at a discounted Equity share price of 70.7 pence in accordance with the offer price mechanism set out in the Merger Agreement, representing a 26.0 per cent. discount to the Shanks share price of 95.5p as at 21 February 2017, being the Latest Practicable Date.

(ii) The Cash Consideration of £231.9 million will be funded by proceeds from the Equity Issue and an assumed additional drawdown of £125.1 million of the €600 million syndicated debt facility agreed at the time of the Merger announcement.

The total consideration payable at completion will be different to the total consideration included in this Unaudited Pro Forma Financial Information due to the purchase price adjustments outlined above, which will be computed at the completion date.

(iii) The £206.1 million repayment of existing financing in the VGG Group comprises VGG Group borrowings of £287.8 million (inclusive of £2.6 million of accrued interest) and non-cash settlement of derivative financial instrument liabilities of £15.3 million net of £80.2 million of cash in the VGG Group and £16.8 million of bank guarantee funds included as trade and other receivables.

(iv) The net liabilities acquired of £79.5 million include £46.5 million of net liabilities of the VGG Group as at 31August 2016 and an elimination of existing goodwill of £33.0 million (as shown in note 13 to the VGG Group Financial Information of Part 8 (*Historical financial information of the VGG Group*).

(b) A £261.3 million adjustment to cash reflects the Cash Consideration of £231.9 million, transaction costs of £19.3 million, finance advisory and placing fees of £7.3 million and repayment of a make-whole premium of £2.8 million (€3.2 million translated at the closing exchange rate at 30 September 2016, being GBP:Euro 1.156) relating to the agreement detailed in paragraph 12.1(f) of Part 12 (*Additional Information*) on completion of the Equity Issue.

(7) In preparing the unaudited pro forma statement of net assets no account has been taken of the trading or transactions of the VGG Group since 31 August 2016 and Shanks since 30 September 2016.

2. Pro forma income statement

£ in millions	Shanks Group for the year ended 31 Mar 2016	VGG Group for the year ended 31 Dec 2015	Adjustments: Finance costs	Adjustments: Inter-company adjustment	Adjustments: Merger adjustment	Pro forma Combined Group
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
Revenue	613.8	669.3	–	(6.8)	–	1,276.3
Cost of sales	(518.4)	(553.8)	–	6.8	–	(1,065.4)
Gross profit	**95.4**	**115.5**	**–**	**–**	**–**	**210.9**
Administrative expenses	(85.6)	(142.8)	–	–	(19.3)	(247.7)
Operating profit (loss)	**9.8**	**(27.3)**	**–**	**–**	**(19.3)**	**(36.8)**
Finance income	16.7	294.7	–	–	–	311.4
Finance charges	(30.0)	(55.8)	18.8	–	(2.3)	(69.3)
Share of results from associates and joint ventures	1.0	2.3	–	–	–	3.3
(Loss) profit before tax	(2.5)	213.9	18.8	–	(21.6)	208.6
Taxation (note 6)	(1.5)	8.3	(4.7)	–	4.7	6.8
(Loss) profit for the year from continuing operations	**(4.0)**	**222.2**	**14.1**	**–**	**(16.9)**	**215.4**
Discontinued operations						
Profit for the year from discontinued operations	0.1	–	–	–	–	0.1
(Loss) profit for the year	**(3.9)**	**222.2**	**14.1**	**–**	**(16.9)**	**215.5**

Notes:

(1) Shanks' financial information for the 12 months ended 31 March 2016 has been extracted, without material adjustment, from the Shanks Group's published financial information for the year ended 31 March 2016, which is incorporated by reference into the Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

(2) The VGG Group's financial information for the 12 months ended 31 December 2015 has been extracted, without material adjustment, from the financial information set out in Part 8 (*Historical financial information of the VGG Group*) using the average exchange rate for the year ended 31 March 2016 (GBP:Euro 1.367). The table below sets out the Euro and GBP values.

	The VGG Group for the year ended 31 December 2015	
	€ millions	£ millions
Revenue	**914.8**	**669.3**
Cost of sales	(756.9)	(553.8)
Gross profit	**157.9**	**115.5**
Administrative expenses	(195.2)	(142.8)
Operating loss	**(37.3)**	**(27.3)**
Finance income	402.8	294.7
Finance charges	(76.2)	(55.8)
Share of results from associates and joint ventures	3.1	2.3
Profit before tax	**292.4**	**213.9**
Taxation	11.3	8.3
Profit for the year from continuing operations	**303.7**	**222.2**
Discontinued operations		
Profit for the year from discontinued operations	-	-
Profit for the year	**303.7**	**222.2**

(3) The adjustment to finance costs includes the following elements:

(a) an adjustment to reverse £32.1 million of VGG finance costs, of which £30.5 million relates to interest on term and other loans and £1.6 million relates to the fair value loss on derivative financial instruments, which will no longer be incurred as the existing debt of the VGG Group is refinanced and derivative financial instruments are settled as part of the Transaction with the new and committed €600 million syndicated debt facility in the Combined Group. This adjustment will not have a continuing impact on the Combined Group;

(b) finance charge of £13.3 million, which will have a continuing impact on the Combined Group, includes:

(i) an adjustment of £3.3 million representing the full year interest expense relating to the £125.1 million total draw down. This represents full drawdown of Facility B at £104.1 million (€143.75 million) and the remainder of £20.7 million under Facility A (€456.25 million) of the new and committed €600 million syndicated debt facility, calculated on the basis of an estimated interest rate of 2.65% (Zero EURIBOR plus estimated margin of 2.65%) based on the terms of the New Facilities Agreement assuming that this was taken out on 1 April 2015;

(ii) an adjustment of £0.2 million to replace Shanks Group's finance cost of £0.6 million incurred in relation to £31.2 million draw down on its existing debt facility as at 1 April 2015 at an effective interest rate of 1.89% (EURIBOR plus estimated margin of 1.91%) based on the terms of the existing debt facility, with £0.8 million of finance cost which will be incurred on the draw down amount under the terms of the New Facilities Agreement at an estimated interest rate of 2.65% (Zero EURIBOR plus estimated margin of 2.65%);

(iii) an adjustment of £7.3 million representing advisor and arrangement fees incurred to arrange the new €600 million syndicated debt facility which extinguishes the previous Shanks Group bank facilities for accounting purposes; and

(iv) £2.5m representing the full year commitment fee on the undrawn amount of £234.8 million of Facility A (€456.25 million) of the €600 million syndicated debt facility at an estimated interest rate of 1.06% (40% of the applicable margin of 2.65%) based on the terms of the New Facilities Agreement.

(4) Intra-group adjustments remove £6.8 million of revenue and £6.8 million of cost of sales resulting from Shanks' trading operations with the VGG Group for the 12 months ended 31 March 2016, as per the accounting records of the Shanks Group and the VGG Group. This adjustment will have a continuing impact on the Combined Group.

(5) This reflects an adjustment of £19.3 million in relation to transaction costs for the Merger charged to administrative expenses and a finance cost of £2.3 million (€3.2 million translated at the opening exchange rate at 1 April 2015, being GBP:Euro 1.381) in relation to the repayment of a make-whole premium associated with the agreement detailed in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus on completion of the Equity Issue. These costs will not have a continuing impact on the Combined Group. It is expected that that total transaction costs of £34.0 million will be incurred in relation to the Transaction which also comprises transaction costs of £7.3 million in relation to refinancing (note 3 (b)(ii)) and £5.1 million of costs associated with the Equity Issue which have been recorded against equity. These costs will not have a continuing impact on the Combined Group.

(6) The £4.7 million tax effect of the adjustments to financing costs is calculated at the VGG Group's Dutch corporate income tax rate of 25.0%. The £4.7 million tax effect of the Transaction costs is calculated at the Shanks Group's effective tax rate of 21.7%.

(7) In preparing the unaudited pro forma income statement no account has been taken of the trading or transactions of the VGG Group since 31 December 2015 and Shanks since 31 March 2016.

(8) In preparing the unaudited pro forma income statement no account has been taken of the impact of additional depreciation or amortisation costs that may arise, and have a continuing impact, following any purchase price allocation exercise, as this will be undertaken following the Merger.

Section B—Accountants' report on the unaudited pro forma financial information of the Combined Group

pwc

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23 February 2017

Dear Sirs

Shanks Group plc (the "Company")

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in Section A of Part 9 of the Company's prospectus dated 23 February 2017 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the (i) issuance of new ordinary shares pursuant to an equity fundraising, the distribution of which completed on 14 November 2016; (ii) the refinancing of the existing debt of the Van Gansewinkel Groep B.V.; and (iii) the merger might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2016. This report is required by item 7 of Annex II to the PD Regulation, item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities
It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II to the PD Regulation and item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation and item 20.2 of Annex I to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART 10—CAPITALISATION AND INDEBTEDNESS

1. SHANKS

The tables below set out Shanks' capitalisation as at 30 September 2016, indebtedness as at 30 November 2016 and net financial indebtedness as at 30 November 2016. Shanks' statement of indebtedness and statement of net financial indebtedness have been prepared under IFRS using policies which are consistent with those used in preparing the Shanks Group's audited consolidated financial information for the year ended 31 March 2016.

1.1 Indebtedness

Unaudited, £ millions	As at 30 November 2016
Current debt	
Guaranteed	-
Secured[1]	(5.1)
Unguaranteed/unsecured	-
Total current debt	**(5.1)**
Non-current debt (excluding portion of long-term debt)	
Guaranteed	(187.8)
Secured[1]	(90.8)
Unguaranteed/unsecured	-
Total non-current debt	**(278.6)**
Total indebtedness	**(283.7)**

(1) Secured debt comprises: (i) PFI/PPP non-recourse debt which is secured by a legal mortgage over any land and a fixed and floating charge over the assets of the PFI/PPP company—£2.5 million is current and £83.6 million is non-current; and (ii) finance leases which are secured by the underlying leased assets—£2.6 million is current and £7.2 million is non-current.

There has been no material change in Shanks' total indebtedness since 30 November 2016.

1.2 Capitalisation

Unaudited, £ millions	As at 30 September 2016
Capitalisation	
Share capital[1]	39.8
Other reserves	140.9
Total capitalisation	**180.7**

(1) Shareholders' equity does not include the profit and loss account reserve.

Since 30 September 2016, Shanks issued 211,201,962 new Ordinary Shares pursuant to the Equity Issue and 198,757 new Ordinary Shares pursuant to its employee share schemes.

1.3 Net financial indebtedness

Unaudited, £ millions	As at 30 November 2016
Cash	50.7
Cash equivalents	0.1
Trading securities	-
Liquidity	**50.8**
Current bank debt	-
Current portion of non-current debt[1]	(2.5)
Other current financial debt[2]	(2.6)
Current financial debt	**(5.1)**
Net current financial indebtedness	**45.7**
Non-current bank loans[3]	(102.5)
Bonds issued	(168.9)
Other non-current financial debt[2]	(7.2)
Non-current financial indebtedness	**(278.6)**
Net financial indebtedness	**(232.9)**

(1) Current portion of non-current debt relates to PFI/PPP non-recourse net debt.

(2) Other financial debt relates to finance leases.

(3) Non-current bank loans include £83.6 million of PFI/PPP non-recourse net debt.

As at 30 November 2016, the Shanks Group had a total net derivatives liability of £28.0 million of which £0.2 million was a current asset, £0.7 million a current liability and £27.5 million as a non-current liability. The derivatives related to interest rate swaps (£27.4 million liability), fuel derivatives (£0.7 million liability) and forward foreign exchange contracts (£0.1 million asset).

As at 30 November 2016, the Shanks Group had no other indirect or contingent liabilities, or any contingent commitments.

2. VGG

The tables below set out VGG's capitalisation as at 31 August 2016, indebtedness as at 30 November 2016 and net financial indebtedness as at 30 November 2016. VGG's statement of indebtedness and statement of net financial indebtedness have been prepared under IFRS using policies which are consistent with those used in preparing the Shanks Group's audited consolidated financial information for the year ended 31 March 2016.

2.1 Indebtedness

Unaudited, € millions	As at 30 November 2016
Current debt	-
Guaranteed	-
Secured[1]	(16.3)
Unguaranteed/unsecured	-
Total current debt	**(16.3)**
Non-current debt (excluding portion of long-term debt)	-
Guaranteed	-
Secured[1]	(349.9)
Unguaranteed/unsecured	-
Total non-current debt	**(349.9)**
Total indebtedness	**(366.2)**

(1) Secured debt comprises finance leases which are secured by the underlying leased assets—€10.4 million is current and €30.9 million is non-current.

There has been no material change in VGG's indebtedness since 30 November 2016.

2.2 Capitalisation

Unaudited, € millions	As at 31 August 2016
Capitalisation	
Share capital[1]	0.1
Other reserves	(720.3)
Total capitalisation	**(720.4)**

(1) Shareholders' equity does not include the profit and loss account reserve.

There has been no material change in VGG's capitalisation since 31 August 2016.

2.3 Net financial indebtedness

Unaudited, € millions	As at 30 November 2016
Cash	91.4
Cash equivalents	-
Trading securities	-
Liquidity	**91.4**
Current bank debt	5.7
Current portion of non-current debt	(0.2)
Other current financial debt	(10.4)
Current financial debt	**(16.3)**
Net current financial indebtedness	**75.1**
Non-current bank loans	(318.9)
Other non-current loans	(31.0)
Non-current financial indebtedness	**(349.9)**
Net financial indebtedness	**(274.8)**

As at 30 November 2016, the VGG Group had no indirect or contingent liabilities, or any contingent commitments.

PART 11—TAXATION

The statements on taxation referred to in this Part 11 are for general information purposes only and are not intended to be a comprehensive summary of all technical aspects of the structure and are not intended to constitute legal or tax advice to investors.

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise for investors in relation to the acquisition, holding and disposition of Ordinary Shares (which may vary depending upon the particular individual circumstances and status of investors). These comments are based on the laws and practices as at the time of writing and may be subject to future revision. This discussion is not intended to constitute advice to any person and should not be so construed.

1. UNITED KINGDOM

1.1 General

The following statements are intended to apply only as a general guide to certain UK tax considerations, and are based on current UK tax law and current published practice of HM Revenue and Customs ("**HMRC**"), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the UK taxation treatment of Shareholders who are resident and, in the case of individuals, domiciled in (and only in) the UK for UK tax purposes (except to the extent that the position of non-UK resident Shareholders is expressly referred to), who hold the Ordinary Shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of Shareholders such as (but not limited to) persons acquiring their Ordinary Shares in connection with an office or employment, dealers in securities, insurance companies and collective investment schemes.

Prospective purchasers of Ordinary Shares who are in any doubt as to their tax position regarding the ownership and disposition of the Ordinary Shares or who are subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own tax advisers.

1.2 UK resident individuals

Under current UK legislation, no tax is required to be withheld from dividend payments by Shanks.

An individual Shareholder who is resident and domiciled for tax purposes in the United Kingdom and who receives a cash dividend from Shanks will pay no tax on the first £5,000 of dividend income received in a year (the "Nil Rate Amount"). The rates of income tax on dividends received above the dividend allowance are: (a) 7.5 per cent. for dividends taxed in the basic rate band; (b) 32.5 per cent. for dividends taxed in the higher rate band; and (c) 38.1 per cent. for dividends taxed in the additional rate band (2016/2017).

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits—and will therefore affect the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, dividend income is treated as the highest part of an individual's income.

1.3 UK resident companies

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will generally not be subject to UK corporation tax on any dividend received from Shanks provided certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from Shanks so long as the dividends fall within an exempt class and certain other conditions are met. Examples of exempt classes include dividends paid on shares that are "ordinary shares" and are not "redeemable" (as defined in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a person holding less than 10 per cent. of the issued share capital (or any class of that share capital) in Shanks. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from Shanks at the rate of corporation tax applicable to that Shareholder (currently 20 per cent. and reducing to 19 per cent. from 1 April 2017 and further to 17 per cent. from 1 April 2020).

1.4 Non-UK resident Shareholders

Where a non-UK resident Shareholder who is resident for tax purposes outside the United Kingdom, carries on a trade profession or vocation in the United Kingdom and the dividends are a receipt of that trade, profession or vocation or, in the case of a non-UK resident corporate Shareholder if, the Ordinary Shares are held for a UK permanent establishment through which a trade is carried on, the Shareholder may be liable to UK tax on dividends paid by Shanks.

A Shareholder resident outside the United Kingdom may be subject to taxation on dividend income under their local law. Any such Shareholder should consult his (or its) own tax advisers concerning his (or its) tax liabilities (in the United Kingdom and any other country) on dividends received from Shanks.

1.5 Taxation of disposals

(a) General

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

(b) UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 10 per cent. (2016/2017) for individuals who are subject to income tax at the basic rate and 20 per cent. (2016/2017) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £11,100) for the year to 5 April 2017 without being liable to UK capital gains tax.

(c) UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 20 per cent. for companies). or an allowable loss for the purposes of UK corporation tax. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax by increasing the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index but indexation allowance cannot create or increase any allowable loss.

(d) Non-UK resident Shareholders

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK taxation on chargeable gains. They may, however, be subject to taxation under their local law.

However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Ordinary Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders.

Individual Shareholders who are not resident in the United Kingdom will not be subject to UK capital gains tax in respect of gains arising on disposals of Ordinary Shares. However, a Shareholder who has previously been resident or ordinarily resident in the United Kingdom may in some cases be subject to UK tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the United Kingdom.

1.6 Inheritance tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A transfer of ownership by gift or settlement of such assets by, or the death of, an individual Shareholder, may (subject to certain exemption reliefs) therefore give rise to a liability to UK inheritance tax regardless of where the Shareholder is resident or domiciled, subject to any available exemption or relief. A transfer of Ordinary Shares at less than market value may be treated for inheritance tax purposes as a gift of the Ordinary Shares, and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules apply to close companies and to trustees of certain settlements who hold Ordinary Shares, which rules may bring them within the charge to inheritance tax. The inheritance tax rules are complex and Shareholders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where Shareholders intend to make a gift of Ordinary Shares, to transfer Ordinary Shares at less than market value or to hold Ordinary Shares through a company or trust arrangement.

1.7 Stamp duty and stamp duty reserve tax (SDRT)

(a) General

The following statements are intended as a general guide to the current UK stamp duty and SDRT position for holders of Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

Neither stamp duty nor SDRT is generally payable on the issue of new shares.

(b) Subsequent non-CREST transfers of Ordinary Shares

Stamp duty at the rate of 0.5 per cent. of the amount (in the case of consideration in the form of cash) or value (in the case of consideration in the form of other marketable securities or debt) of the consideration given (rounded up to the nearest multiple of £5) is generally payable on an instrument transferring Ordinary Shares, outside the CREST system. An exemption from stamp duty applies to an instrument transferring Ordinary Shares where the amount or value of the consideration (whether in the form of cash or otherwise) is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument or the instrument is certified as exempt, any SDRT already paid will generally be refunded provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The purchaser or transferee of the Ordinary Shares will generally be responsible for paying such stamp duty or SDRT.

(c) Subsequent transfers of Ordinary Shares held through CREST

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, generally no stamp duty or SDRT will arise on a deposit of Ordinary Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5 per cent. of the amount or value of the consideration for the Ordinary Shares.

(d) Depositary receipt systems and clearance services

Under current UK legislation, where Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (rounded up to the nearest multiple of £5 in the case of stamp duty). Subsequent transfers of the Ordinary Shares held within the clearance service or depository receipt scheme should then not be subject to either stamp duty or SDRT.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service operator has made and maintained an appropriate election under section 97A of the Finance Act of 1986 which has been approved by HMRC. In these circumstances, the normal rates of stamp duty and SDRT (rather than the higher rate regime referred to above) will generally apply to any transfer of Ordinary Shares into the clearance service (in the event that this is done for consideration) and to any transfers of the Ordinary Shares held within the clearance service.

Any liability for stamp duty or SDRT in respect of the transfer into a clearance service or depositary receipt system, or in respect of a transfer of Ordinary Shares held within such a service or system, will strictly be payable by the operator of the clearance service or depositary receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depositary receipt system.

Following litigation, HMRC issued a note stating that it will no longer seek to impose the 1.5 per cent. SDRT charge on issues of UK shares to depositary receipt issuers and clearance service providers anywhere in the world on the basis that the charge is not compatible with EU law. HMRC consider, though, that the 1.5 per cent. SDRT or stamp duty charge will still apply to transfers of shares to depositary receipt issuers or clearance service providers that are not an integral part of an issue of share capital. As such, it may be appropriate to seek specific professional advice before transferring shares to, or to a nominee or agent for, a person whose business includes issuing depositary receipts or a person providing clearing services.

PART 12—ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

1.1 Shanks and the Directors, whose names appear on page 39 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of Shanks and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

2.1 Shanks was incorporated and registered in Scotland on 4 February 1982 under the name "Anontymous Limited" as a private limited company under the Companies Acts 1948 to 1980, with registered number SC077438. On 23 September 1985, Shanks re-registered as a public limited company and changed its name to "Shanks & McEwan Group plc". On 22 July 1999, Shanks changed its name to "Shanks Group plc".

2.2 Shanks is domiciled in the United Kingdom. Its registered office is at 16 Charlotte Square, Edinburgh EH2 4DF, United Kingdom and its head office is at Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire MK1 1BU, United Kingdom. Its telephone number is +44 (0)1908 650 580 or, if dialling from outside the United Kingdom, +44 1908 650 580.

2.3 The principal legislation under which Shanks operates, and under which the Ordinary Shares were created, is the Companies Act and regulations made thereunder. Shanks operates in conformity with its Articles.

3. SHARE CAPITAL

3.1 The Ordinary Shares have been created under the Companies Act and they conform with the laws of Scotland. The Ordinary Shares have been and will be duly authorised according to the requirements of the Articles and have and will have all necessary statutory and other consents.

3.2 The Ordinary Shares carry the right to receive dividends and distributions paid by Shanks. Shareholders will have the right to receive notice of and to attend and vote at all general meetings of Shanks. There are no different voting rights for any Shareholder. Further information on the rights attaching to the Ordinary Shares is set out in paragraph 5 of this Part 12.

3.3 As at 1 April 2013, the first day covered by the Shanks Group's historical financial information incorporated by reference into this Prospectus, 397,463,413 Ordinary Shares were in issue fully paid or credited as fully paid. Since 1 April 2013, there have been the following changes in Shanks' issued share capital:

Period	Ordinary Shares issued pursuant to the Executive Share Option Scheme 1995[(1)]	Ordinary Shares issued pursuant to the Savings Related Share Option Scheme and the Shanks Group plc 2015 Sharesave scheme[(2)]	Ordinary Shares issued pursuant to the Equity Issue
1 April 2013-31 March 2014	-	237,761[(2)]	-
1 April 2014-31 March 2015	18,877[(2)]	130,366[(2)]	-
1 April 2015-31 March 2016	-	339,140[(2)]	-
1 April 2016-13 November 2016	-	15,680	-
14 Nov 2016-Latest Practicable Date		198,757	211,201,962
Total	**18,877[(2)]**	**921,704**	**211,201,962**

(1) The Executive Share Option Scheme 1995 was replaced by the Shanks Group's first long-term incentive plan in 2005. This exercise represents the last vesting of options under the scheme. All remaining options under the scheme expired on 5 June 2015.

(2) Issuances prior to 14 November 2016 do not reflect adjustments to options made following completion of the Equity Issue on that date.

3.4 As at the Latest Practicable Date:

(a) Shanks had 609,605,956 Ordinary Shares in issue fully paid or credited as fully paid;

(b) Shanks held no treasury shares;

(c) the following Ordinary Shares were under option pursuant to Shanks' employee share schemes in favour of employees of the Shanks Group, including the Directors:

The Savings Related Share Option Scheme (the "SRSOS") and The Shanks Group plc 2015 Sharesave Scheme

Year of grant	Maturity date(1)	Exercise price(2)	Number of Ordinary Shares under option(2)
2013	November 2016	66.055 pence	43,315
2014	November 2017	73.008 pence	335,096
2015	November 2018	65.185 pence	634,346
2016	November 2019	71.269 pence	524,939
Total			**1,537,696**

(1) Exercise period ordinarily lasts six months from this date.

(2) Reflects adjustments to options made following completion of the Equity Issue.

The Shanks Group plc 2011 Long-Term Incentive Plan

Year of grant	Vesting date	Exercise price	Number of Ordinary Shares under option(1)
2014	May 2017	Nil	3,161,724
2015	May 2018	Nil	3,564,416
2016	Nov 2019	Nil	4,710,000
Total			**11,436,140**

(1) Reflects adjustments to options made following completion of the Equity Issue.

The Shanks Group plc Deferred Annual Bonus Plan

Year of grant	Vesting date(1)	Exercise price	Number of Ordinary Shares under option(2)
2015	May 2018, May 2019, May 2020	Nil	182,149
2016	Nov 2019, May 2020, May 2021	Nil	364,372
Total			**546,521**

(1) 50 per cent. of award shares in year three, 25 per cent. in year four, and 25 per cent. in year five.

(2) Reflects adjustments to options made following completion of the Equity Issue.

Details of the Directors' interests in Ordinary Shares as at the Latest Practicable Date, including pursuant to Shanks' employee share schemes, are set out at paragraph 6.2 of this Part 12. Summaries of the terms of Shanks' employee share schemes can be found at paragraph 7 of this Part 12; and

(d) save as otherwise disclosed in this Part 12:

(i) no share or loan capital of Shanks has, since the incorporation of Shanks, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

(ii) no commission, discounts, brokerages or other special terms have been granted by Shanks in connection with the issue or sale of any share or loan capital; and

(iii) no share or loan capital of Shanks is under option or agreed, conditionally or unconditionally, to be put under option.

3.5 Immediately after Admission, it is expected that more than 25 per cent. of Shanks' issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19R of the Listing Rules).

3.6 The Ordinary Shares are denominated in pounds sterling. On Admission, the Ordinary Shares will be registered with ISIN GB0007995243 and SEDOL number 0799524.

4. ARTICLES

The information set forth in paragraph 5 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

5. DIRECTORS AND SENIOR MANAGEMENT

5.1 Other directorships and partnerships

Details of those companies and partnerships outside Shanks of which the Directors and Senior Management are currently directors or partners, or have been directors or partners at any time during the five years prior to the date of this Prospectus, are set out in the table below.

Director/Member of Senior Management	Current Directorships/Partnerships	Past Directorships/Partnerships
Directors		
Colin Matthews	Highways England Company Limited Johnson Matthey Plc	Heathrow Airport Holdings Limited Heathrow Airport Limited Heathrow Holdco Limited LHR Airports Limited Ridley Hall, Cambridge Wycliffe Hall
Peter Dilnot	–	–
Toby Woolrych	–	Bespak Europe Limited Bespak Finance Limited Bespak Holdings Limited Bespak Quest Limited Consort Medical Finance 2010 Limited Consort Medical plc Integrated Aluminium Components Limited Medical House (ASI) Limited Medical House Products Limited The Medical House Group Limited The Medical House Limited
Eric van Amerongen	ANWB B.V. BT Nederland B.V. Essent N.V. Royal Wegener N.V. Thales Nederland B.V.	Imtech N.V.[1] HTT N.V. ASMI International N.V. CBR Rijswijk Lucent NL CBR, Rijswijk
Allard Castelein	Port of Rotterdam Sohar Industrial Port Company Sohar International Development Company Isala Hospitals Rotterdam Partners The Dutch Ronald McDonald Huis Sophia Rotterdam	IEPECA World Environment Center
Jacques Petry	Albioma Jacques Petry Strategic Services	
Stephen Riley	Ficycle Limited Cubico Sustainable Investment Holdings Limited	Gippsland Ventures Pty Limited International Power (Trading) Limited International Power Consolidated Holdings Limited International Power Levanto Investments Limited International Power Retail (UK) Limited IPM Hydro (UK) Limited IPM International B.V. Morwell Financial Services Pty Limited Swindon Power Technical Services Limited Scotia Wind (Craigengelt) Limited Snakebay Limited Association of Electricity Producers Limited GDF Suez Energy Limited GDF Suez Marketing Limited GDF Suez Sales Limited GDF Suez Services Limited GDF Suez Shotton Limited GDF Suez Solutions Limited GDF Suez Teesside Limited International Power Retail Supply Company (UK) Limited IPM Energy Retail Limited IPM Holdings (UK) Limited

		Teesside Energy Trading Limited
Marina Wyatt	Lucas Bols N.V. Supercali LLP The Children's House School The Invicta Film Partnership No. 5, LLP UBM plc	Future Film Sale and Leaseback 2000/1 LLP TomTom Development Germany GmbH TomTom Global Assets B.V. TomTom N.V. TomTom Sales B.V. TomTom Treasury I B.V. TomTom Treasury Luxembourg II Sarl
Senior Management		
Bas Blom	–	SABIC Innovative plastics Czech s.r.o.
Patrick Deprez	Suez PCB Decontamination SA Uvelia S.A. Zavin B.V. Zavin C.V. Recypel B.V.BA	Marpobel N.V. Bos N.V.
Wim Geens	Van Gansewinkel N.V. BLSP S.A. Van Gansewinkel Luxembourg S.A. Genaca N.V. Go4Circle	–
Geert Glimmerveen	Van Gansewinkel N.V. Institute for War & Peace Reporting Check-Points B.V.	Stichting Leergeld GGMA B.V. Egeria B.V. Eneco N.V.
Jonny Kappen	–	–
Patrick Laevers	Paladan B.V.BA Platinum Invest B.V.BA Jos Van Vlierden N.V. GO4CIRCLE vzw	Antwerp Decoil Centre N.V.(2) RPM Invest N.V.
James Priestley	Kenneggy Limited	RGIS Inventory Specialists SPRL ISICS-RGIS Ltd RGIS Spécialistes en Inventaire S.A.R.L RGIS B.V. RGIS Hungária Gazdasági Szolgáltató Kft RGIS Specialisti in Inventari S.r.l. RGIS Inventory Specialists Teoranta RGIS Inventur Spezialisten GmbH RGIS Inventory Specialists Limited RGIS USŁUGI INWENTARYZACYJNE Sp. z o.o
George Slade	Slade Consulting Services Limited	-

(1) Imtech N.V. entered administration on 11 August 2015 and there are outstanding legal claims against this company and its former supervisory board members (including Eric van Amerongen) relating to, among other things, a prospectus which Imtech N.V. published.

(2) Antwerp Decoil Centre N.V. underwent a Wegeving Continuïteit Onderneming (judicial reorganisation) granted on 14 July 2015 and completed on 25 August 2015.

Save as disclosed above, as at the date of this Prospectus, none of the Directors:

(a) has any convictions in relation to fraudulent offences for at least the previous five years;

(b) was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings; and

(c) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

5.2 Director and Senior Management and other interests in Shanks' share capital

(a) The interests of the Directors and Senior Management in Shanks' share capital are set out in the table below.

Director/Member of Senior Management	Interest in Ordinary Shares as at the Latest Practicable Date		Interest in Ordinary Shares immediately after Admission(1)	
	Number of Ordinary Shares	% of total issued share capital	Number of Ordinary Shares	% of total issued share capital
Directors				
Colin Matthews	137,500	0.02%	137,500	0.02%
Peter Dilnot(2)	131,364	0.02%	131,364	0.02%
Toby Woolrych(3)	54,753	0.01%	54,753	0.01%
Eric van Amerongen	-	-	-	-
Allard Castelein	-	-	-	-
Jacques Petry	-	-	-	-
Stephen Riley	27,500	<0.01%	27,500	<0.01%
Marina Wyatt	-	-	-	-
Senior Management	-	-	-	-
Blas Blom	-	-	-	-
Patrick Deprez	-	-	-	-
Wim Geens	-	-	-	-
Gert Gilmmerveen	-	-	-	-
Jonny Kappen(4)	-	-	-	-
Patrick Laevers(5)	-	-	-	-
James Priestley(6)	-	-	-	-
George Slade(7)	-	-	-	-

(1) Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission.

(2) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Peter Dilnot was interested in 330,261 Ordinary Shares under the DAB (unvested but subject to holding periods), 2,428,817 Ordinary Shares under the LTIP (unvested and subject to performance conditions) and 26,133 Ordinary Shares under the Sharesave (unvested and subject to continuous employment).

(3) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Toby Woolrych was interested in 216,260 Ordinary Shares under the DAB (unvested but subject to holding periods), 1,271,425 Ordinary Shares under the LTIP (unvested and subject to performance conditions) and 26,133 Ordinary Shares under the Sharesave (unvested and subject to continuous employment).

(4) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Jonny Kappen was interested in 690,224 Ordinary Shares under the LTIP (unvested and subject to performance conditions).

(5) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, Patrick Laevers was interested in 511,887 Ordinary Shares under the LTIP (unvested and subject to performance conditions).

(6) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, James Priestley was interested in 230,000 Ordinary Shares under the LTIP (unvested and subject to performance conditions).

(7) Excludes interests in Ordinary Shares pursuant to Shanks' employee share schemes. As at the Latest Practicable Date, George Slade was interested in 529,145 Ordinary Shares under the LTIP (unvested and subject to performance conditions) and 16,568 Ordinary Shares under the Sharesave (unvested and subject to continuous employment).

(b) As at the Latest Practicable Date, in so far as is known to Shanks, no persons had notifiable interests, being interests of 3 per cent. or more, in Shanks' capital or voting rights, directly or indirectly, except as set out below and in paragraph 5.2(a) above.

Shareholder	Notifiable interests as at the Latest Practicable Date		Notifiable interests immediately after Admission(1)	
	Number of Ordinary Shares	% of total issued share capital	Number of Ordinary Shares	% of total issued share capital
Kabouter Management LLC	67,392,794	11.06%	67,392,794	8.43%
Paradice Investment Management Pty Ltd	31,297,984	5.13%	31,297,984	3.91%
FMR LLC	30,552,914	5.01%	30,552,914	3.82%
Aberforth Partners LLP	30,330,756	4.98%	30,330,756	3.79%
Neptune Investment Management Ltd	29,925,720	4.91%	29,925,720	3.74%
FIL Limited	21,155,740	3.47%	21,155,740	2.65%

(1) Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission. Assuming that no new Ordinary Shares (other than the Consideration Shares) are issued from the Latest Practicable Date until Admission.

(c) Save as disclosed in paragraph 5.2(a) above, no Director or member of Senior Management has any interests (beneficial or non-beneficial) in Shanks' share capital or any other securities of Shanks.

(d) Save as disclosed in paragraph 5.2(b) above, Shanks is not aware of any person who directly or indirectly, jointly or severally, exercises or, immediately after Admission, could exercise control over Shanks.

5.3 Director service contracts and letters of appointment

The information set forth in paragraph 6.3 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

5.4 Director and Senior Management remuneration

The information set forth in paragraph 6.4 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus, save as amended below.

The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to Senior Management for services in all capacities to Shanks in the year ended 31 March 2016 was approximately £1.0 million.

The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to Senior Management for services in all capacities to VGG in the year ended 31 December 2016 was approximately €1.0 million.

5.5 Transactions with Directors and Senior Management

(a) None of the Directors or Senior Management has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by Shanks during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

(b) None of the Directors or Senior Management has or has had a beneficial interest in any contract to which Shanks was a party during the current or immediately preceding financial year.

(c) No loan has been granted to, nor any guarantee provided for the benefit of, any Director or Senior Management by Shanks.

(d) None of the Directors or Senior Management is considered to be subject to any conflicts of interest between his duties to Shanks and his private interests or other duties.

6. EMPLOYEE SHARE SCHEMES

The information set forth in paragraph 7 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

On 10 November 2016, the following adjustments were made to Shanks' employee share schemes as a result of the Equity Issue:

- the exercise prices of outstanding options under the 2005 SAYE and 2015 Sharesave Schemes were adjusted by a factor of 0.86913982878;
- the number of outstanding shares under option under the 2005 SAYE and 2015 Sharesave Schemes were adjusted by a factorof 1.15056285178; and
- the number of outstanding shares subject to awards under the 2011 LTIP and 2014 DAB were adjusted by a factor of 1.15056285178.

7. PENSIONS

The information set forth in paragraph 8 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

8. SUBSIDIARY UNDERTAKINGS

8.1 Shanks

(a) Shanks' principal subsidiary undertakings are:

Subsidiary undertaking	Country of incorporation	Percentage of ownership interest
AB Civiel Beheer B.V.	Netherlands	100%
Afvalstoffen Terminal Moerdijk B.V.	Netherlands	100%
B.V. van Vliet Groep Milieu-Dienstverleners	Netherlands	100%
Icopower B.V.	Netherlands	100%
Icova B.V.	Netherlands	100%
Klok Containers B.V.	Netherlands	100%
Orgaworld International B.V.	Netherlands	100%
Orgaworld Nederland B.V.	Netherlands	100%
Orgaworld WKK 1 B.V	Netherlands	100%
Orgaworld WKK II B.V.	Netherlands	100%
Orgaworld WKK III B.V	Netherlands	100%
Reym B.V.	Netherlands	100%
Shanks Belgium Holding B.V.	Netherlands	100%
Shanks B.V.	Netherlands	100%
Shanks European Investments 1 Coop WA	Netherlands	100%
Shanks European Investments 2 Coop WA	Netherlands	100%
Shanks Hazardous Waste B.V.	Netherlands	100%
Shanks Nederland B.V.	Netherlands	100%
Shanks Netherlands Holdings B.V.	Netherlands	100%
Shanks Netherlands Holdings B.V. Investments B.V.	Netherlands	100%
Smink Afvalverwerking B.V.	Netherlands	100%
Smink Beheer B.V	Netherlands	100%
Transportbedrijf Van Vliet B.V.	Netherlands	100%
Vliko B.V.	Netherlands	100%
ATM Entsorgung Deutschland GmbH	Germany	100%
Reym GmbH	Germany	100%
Enviro+ N.V.	Belgium	100%
Ocean Combustion Services N.V.	Belgium	100%
Shanks Logistics N.V.	Belgium	100%
Shanks Valorisation & Quarry	Belgium	100%
Shanks Belgium N.V.	Belgium	100%
Shanks Wood Products N.V.	Belgium	100%
Shanks European Holdings Limited	United Kingdom	100%
Shanks Financial Management Limited	United Kingdom	100%
Shanks Holdings Limited	United Kingdom	100%
Shanks PFI Investments Limited	United Kingdom	100%
Shanks SRF Trading Limited	United Kingdom	100%
Shanks Waste Management Limited	United Kingdom	100%
Orgaworld Canada Limited	Canada	100%
Orgaworld Design-Builder General Partner Limited	Canada	100%
Orgaworld Design-Builder Limited Partnership	Canada	100%
Orgaworld Surrey General Partner Limited	Canada	100%
Orgaworld Surrey Limited Partnership	Canada	100%
Safewaste Limited	United Kingdom	100%
Shanks Argyll & Bute Limited	United Kingdom	100%
Shanks Argyll & Bute Holdings Limited	United Kingdom	100%
Shanks Cumbria Limited	United Kingdom	100%
Shanks Cumbria Holdings Limited	United Kingdom	100%
3SE (Barnsley, Doncaster & Rotherham) Holdings Limited (75%)	United Kingdom	75%
3SE (Barnsley, Doncaster & Rotherham) Limited (75%)	United Kingdom	75%

(b) The information set forth in paragraph 9.1(b) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus, save that M&I Airport Waste Services VOF is no longer a joint venture of Shanks.

8.2 VGG

The information set forth in paragraph 9.2 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

9. FACILITIES

The information set forth in paragraph 10 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

10. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE ORDINARY SHARES

The information set forth in paragraph 11 of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

11. MATERIAL CONTRACTS

11.1 Shanks

The following are summaries of (i) each material contract, other than contracts entered into in the ordinary course of business, to which Shanks or any member of the Shanks Group is a party, for the two years immediately preceding publication of this Prospectus; and (ii) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Shanks Group which contains any provision under which any member of the Shanks Group has any obligation or entitlement which is material to the Shanks Group as at the date of this Prospectus.

(a) Merger Agreement

The information set forth in paragraph 1 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(b) New Facilities Agreement

The information set forth in paragraph 3.1 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

Pursuant to an amendment letter entered into on 27 January 2017, the New Facilities Agreement has been amended by the parties thereto as follows. The €600 million of facilities available under the New Facilities Agreement comprises a €143.75 million term facility and a €456.25 million revolving credit facility. The €456.25 million revolving credit facility under the New Facilities Agreement is split into a €431.25 million tranche A1 and a €25 million tranche A2. Subject to satisfaction of the relevant conditions precedent under the New Facilities Agreement:

(i) tranche A1 is available from the Signing Date (as defined in the New Facilities Agreement) until the date that is one month before the fifth anniversary of the Signing Date (or such later date as may be agreed pursuant to an extension option); and

(ii) tranche A2 is available from the Signing Date until the date that is one month before the secondary anniversary of the Signing Date.

(c) Underwriting Agreement

The information set forth in paragraph 3.2 of Part 2 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(d) Sale of subordinated debt and equity in the Wakefield PFI contract

The information set forth in paragraph 12.1(d) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(e) Redemption of 5.025 per cent. series A guaranteed senior notes due 2018

The information set forth in paragraph 12.1(e) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(f) 3.65 per cent. guaranteed retail notes due 2022

The information set forth in paragraph 12.1(f) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(g) 4.23 per cent. guaranteed retail notes due 2019

The information set forth in paragraph 12.1(g) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(h) Sponsors' agreement

On 23 February 2017, Shanks and each of the Joint Sponsors entered into a sponsors' agreement pursuant to which the Joint Sponsors agreed to act as joint sponsors to Shanks in connection with Admission (the "**Sponsors' Agreement**").

For their services in connection with Admission, each of Greenhill and Investec shall be entitled to fees as set out in their respective engagement letters with Shanks. Each Joint Sponsor will be entitled to be reimbursed by Shanks for all its costs, fees and expenses in connection with or incidental to Admission.

Under the Sponsors' Agreement, Shanks has given certain market standard warranties and indemnities to the Joint Sponsors concerning, among other things, the accuracy of the information contained in this Prospectus.

The Joint Sponsors each have the right to terminate the Sponsors' Agreement, which is exercisable in certain customary circumstances prior to Admission. These circumstances include the Merger Agreement being terminated or becoming incapable of Completion, the breach by Shanks of any of the warranties, undertakings or covenants contained in the Sponsors' Agreement and the occurrence of any material adverse change in the Shanks Group's business or any market material adverse change. In the event that either Joint Sponsor unilaterally exercised its right to terminate the Sponsors' Agreement, in accordance with its terms, the Sponsors' Agreement will remain in force as between Shanks and the remaining Joint Sponsor. The Sponsors' Agreement is not capable of termination following Admission.

11.2 VGG

The following are summaries of (i) each material contract, other than contracts entered into in the ordinary course of business, to which VGG or any member of the VGG Group is a party, for the two years immediately preceding publication of this Prospectus; and (ii) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the VGG Group which contains any provision under which any member of the VGG Group has any obligation or entitlement which is material to the VGG Group as at the date of this Prospectus.

(a) Disposal of Czech waste collection business

The information set forth in paragraph 12.2(a) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(b) Disposal of Polish business

The information set forth in paragraph 12.2(b) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(c) Disposal of French business

The information set forth in paragraph 12.2(c) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(d) Disposal of Dutch oil containing waste streams and warehousing business

The information set forth in paragraph 12.2(d) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

(e) Arrangements relating to Maltha Groep B.V.

The information set forth in paragraph 12.2(e) of Part 15 of the Combined Circular and Prospectus (as detailed in the section of this Prospectus entitled "Documents incorporated by reference") is incorporated by reference in this Prospectus.

12. RELATED PARTY TRANSACTIONS

12.1 Between 1 April 2014 and the date of this Prospectus, Shanks did not enter into any related party transactions (within the meaning ascribed to that term in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002) other than as disclosed in Note 34 ('Related party transactions') to the Shanks Group's historical financial information incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*).

12.2 Between 1 January 2013 and the date of this Prospectus, VGG did not enter into any related party transactions (within the meaning ascribed to that term in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002) other than as disclosed in Note 29 ('Related party transactions') to the VGG Group's historical financial information set out in Section B of Part 8 (*Historical financial information of the VGG Group*).

13. LITIGATION

13.1 There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Shanks is aware), during the previous 12 months preceding the date of this Prospectus which may have, or have had in the recent past significant effects on the Shanks Group's financial position or profitability.

13.2 There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Shanks is aware), during the previous 12 months preceding the date of this Prospectus which may have, or have had in the recent past significant effects on the VGG Group's financial position or profitability.

14. SIGNIFICANT CHANGE

14.1 There has been no significant change in the Shanks Group's financial or trading position since 30 September 2016, being the latest date to which the Shanks Group's interim historical financial information incorporated by reference in this Prospectus as set out in Part 7 (*Historical financial information of the Shanks Group*) was prepared.

14.2 There has been no significant change in the VGG Group's financial or trading position since 31 August 2016, being the latest date to which the VGG Group's historical financial information set out in Part 8 (*Historical financial information of the VGG Group*) was prepared.

15. WORKING CAPITAL STATEMENT

15.1 In the opinion of Shanks, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this Prospectus.

16. CONSENTS

16.1 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its accountants' reports in Section A of Part 8 (*Historical financial information of the VGG Group*), Section B of Part 9 (*Unaudited pro forma financial information of the Combined Group*) and Section B of Part 13 (*Profit estimate of the VGG Group*) in the form and context in which they appear and has authorised the contents of the parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

16.2 Investec Bank plc has given and has not withdrawn its written consent to the inclusion in this Prospectus of the references to its name in the form and context in which they are included.

16.3 Greenhill & Co. International LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of the references to its name in the form and context in which they are included.

16.4 A written consent under the Prospectus Rules is different from a consent filed with the Securities Exchange Commission under section 7 of the US Securities Act. As the Ordinary Shares have not been and will not be registered under the US Securities Act, none of PricewaterhouseCoopers LLP, Investec Bank plc or Greenhill & Co. International LLP has filed a consent under section 7 of the US Securities Act.

17. GENERAL

17.1 The historical financial information contained in this Prospectus does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act. Statutory audited accounts of Shanks have been delivered to the Registrar of Companies in respect of the accounting periods ended 31 March 2014, 2015 and 2016.

17.2 The information set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as Shanks is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

17.3 The total costs, charges and expenses relating to the Merger and Admission payable by Shanks are estimated to be £26.7 million (exclusive of VAT).

18. DOCUMENTS AVAILABLE FOR INSPECTION

18.1 Copies of the following documents will be available for inspection at the registered office of Shanks during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of publication of this Prospectus up to and including the date of Admission:

- the Articles;
- the report of PricewaterhouseCoopers LLP set out in Section A of Part 8 (*Historical financial information of the VGG Group*);
- the report of PricewaterhouseCoopers LLP set out in Section B of Part 9 (*Unaudited pro forma financial information of the Combined Group*);
- the report of PricewaterhouseCoopers LLP set out in Section B of Part 13 (*Profit estimate of the VGG Group*);
- each of the documents incorporated by reference as set out in the section of this Prospectus titled "Documents incorporated by reference";
- each of the consent letters referred to in paragraph 16 of this Part 12; and
- this Prospectus.

18.2 Copies of this Prospectus are also available for inspection at the National Storage Mechanism at www.morningstar.co.uk/uk/nsm.

18.3 For the purposes of PR 3.2.4 of the Prospectus Rules, the Prospectus will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of Shanks at 16 Charlotte Square, Edinburgh EH2 4DF, United Kingdom. In addition, the Prospectus will be published in electronic form and be available on Shanks' website at www.shanksplc.com, subject to certain access restrictions.

PART 13—PROFIT ESTIMATE OF THE VGG GROUP

Section A—Profit estimate of the VGG Group

1. PROFIT ESTIMATE

In its announcement issued on 7 February 2017, Shanks stated, in reference to VGG's unaudited preliminary trading update for the twelve months ended 31 December 2016, that "After adjustments made to align with Shanks' accounting policies, VGG estimates it achieved a 23% increase in Adjusted EBITDAE to €91.0 million on revenues down 3% to €882.5 million".

"Adjusted EBITDAE" is defined as the VGG Group's EBITDA adjusted to show the result before the impact of certain items that the VGG Group considers to be non-recurring costs and exceptional items.

"EBITDAE" is equivalent to underlying EBITDA typically reported in Shanks' interim and financial results.

"Underlying EBITDA" is a non-GAAP financial measure. This is not prepared in accordance with IFRS. This non-GAAP financial measure should not be considered in isolation from, as a substitute for, or superior to financial measures prepared in accordance with IFRS.

"EBITDA" comprises trading profit from continuing operations before depreciation, amortisation and profit or loss on disposal of property, plant and equipment. The term "underlying" refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items, financing fair value remeasurements and amortisation of acquisition intangibles. Items classified as "non-trading and exceptional" are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, restructuring of the activities of an entity including employee severance costs, acquisition and disposal transaction costs, onerous contracts, significant provision releases and the profit or loss on disposal of properties.

The reference to 23% increase in EBITDAE to €91.0m represents a profit estimate of the results of the VGG Group under the Prospectus Rules (the "**Profit Estimate**").

The Directors have considered and confirm that the Profit Estimate continues to be valid at the date of this Prospectus.

2. BASIS OF PREPARATION

The Profit Estimate has been prepared on a basis consistent with Shanks' current accounting policies which are in accordance with IFRS (as adjusted in accordance with Shanks' non-GAAP policy with respect to Underlying EBITDA) and those which the Directors anticipate will be applicable for the full year ending 31 March 2017. The Profit Estimate is based on the VGG Group's audited historical financial information for the eight months ended 31 August 2016 and its unaudited management accounts for the four months ended 31 December 2016.

3. ASSUMPTIONS

Shanks has not based the Profit Estimate on any assumptions.

The Directors
Shanks Group plc
Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU

Greenhill & Co. International LLP
Lansdowne House
57 Berkeley Square
London
W1J 6ER

Investec Bank plc
2 Gresham Street
London
EC2V 7PQ

23 February 2017

Dear Sirs

Shanks Group plc

We report on the profit estimate comprising the statement by Shanks Group plc (the "**Company**") on Van Gansewinkel Groep B.V. (the "**Target**") and its subsidiaries (together the "**Target Group**") for the year ended 31 December 2016 (the "**Profit Estimate**"). The Profit Estimate and the basis on which it is prepared set out in Section A of Part 13 of the Prospectus issued by the Company dated 23 February 2017 (the "**Prospectus**").

This report is required by item 13.2 of Annex I to the PD Regulation and is given for the purpose of complying with that Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Profit Estimate in accordance with the requirements of items 13.1 and 13.3 of Annex I to the PD Regulation. In preparing the Profit Estimate the Directors are responsible for correcting errors that they have identified which may have arisen in unaudited financial results and unaudited management accounts used as the basis of preparation for the Profit Estimate.

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It is our responsibility to form an opinion as required by item 13.2 of Annex I to the PD Regulation as to the proper compilation of the Profit Estimate and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation and profit estimate

The Profit Estimate has been prepared on the basis stated in Section A of Part 13 of the Prospectus and is based on the unaudited financial results for the 8 months ended 31 August 2016 and its unaudited financial results accounts for the 4 months ended 31 December 2016. The Profit Estimate is required to be presented on a basis consistent with the accounting policies of the Company.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information for the 12 months to 31 December 2016 included in the Profit Estimate has been prepared and considering whether the Profit Estimate has been accurately computed using that information and whether the basis of accounting used is consistent with the accounting policies of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Estimate has been properly compiled on the basis stated.

However the Profit Estimate has not been audited. The actual results reported, therefore, may be affected by revisions required to accounting estimates due to changes in circumstances, the impact of unforeseen events and the correction of errors in the interim financial results. Consequently we can express no opinion as to whether the actual results achieved will correspond to those shown in the Profit Estimate and the difference may be material.

Opinion

In our opinion, the Profit Estimate has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART 14—DEFINITIONS AND GLOSSARY

The following definitions will apply throughout this Prospectus unless the context otherwise requires.

"**€**" or "**Euro**" or "**cents**"	the lawful currency of the Member States of the European Union that have adopted the Euro as their common currency and sole legal tender;
"**£**" or "**p**" or "**Sterling**" or "**pence**"	the lawful currency of the United Kingdom;
"**AD**"	anaerobic digestion;
"**Adjusted EBITDA**"	in respect of the Shanks Group means the Shanks Group's earnings before interest, tax, depreciation and amortisation and in respect of the VGG Group means the VGG Group's operating profit (loss), adjusted to show the result before the impact of certain depreciation and amortisation and impairment charges;
"**Adjusted EBITDA from continuing operations**"	the Shanks Group's continuing trading profit before depreciation, amortisation and profit or loss from on disposal of property, plant and equipment;
"**Adjusted EBITDAE**"	in respect of the VGG Group means the VGG Group means the VGG Group's EBITDA for a given period, adjusted to show the result before the impact of certain items that the VGG Group considers to be non-recurring costs and exceptional items;
"**Admission**"	re-admission of the Ordinary Shares and admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the Main Market;
"**Articles**"	Shanks' articles of association;
"**Audit Committee**"	the audit committee of the Board as described in paragraph 4.1 of Part 7 of the Combined Circular and Prospectus;
"**AVR**"	AVR-Afvalverwerking B.V.;
"**Beneficiaries**"	existing and former employees of the Shanks Group and the dependents of such existing and former employees who are beneficiaries of the EBT;
"**Board**" or "**Directors**"	the directors of Shanks as at the date of this Prospectus and whose names are set out in the section titled "*Directors, Company Secretary, registered office and advisers*";
"**Business Day**"	a day on which the London Stock Exchange and banks in London are normally open for business;
"**C&D**"	Construction and Demolition;
"**Canada**"	Canada, its provinces and territories and all areas subject to its jurisdiction or any political subdivision thereof;
"**Capital Expenditure**"	certain items within the VGG Group's cash flow from investment activities, specifically its investments in intangible assets and in property, plant and equipment, in a given period;
"**CCD**"	central chemical depot;
"**certificated**" or "**certificated form**"	not uncertificated or in uncertificated form;
"**City Code**"	the City Code on Takeovers and Mergers of the United Kingdom;
"**Combined Circular and Prospectus**"	the combined circular and prospectus dated 29 September 2016 and published by Shanks;
"**Combined Group**"	the Shanks Group and the VGG Group, together;

"**Companies Act**"	the Companies Act 2006, as amended;
"**Consideration Shares**"	the 190,187,502 new Ordinary Shares to be issued at Completion as part consideration for the Merger;
"**Corporate Governance Code**"	the UK Corporate Governance Code as published by the Financial Reporting Council;
"**Corporations Act**"	the Corporations Act 2001 of the Commonwealth of Australia;
"**CREST**"	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as "Operator" pursuant to the CREST Regulations;
"**CREST Regulations**"	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 200l/3755);
"**DAB**"	The Shanks Group plc Deferred Annual Bonus Plan;
"**Direct FTE**"	the VGG Group personnel employed in the physical collection or handling of waste;
"**Disclosure Requirements**"	articles 17, 18 and 19 of the Market Abuse Regulation;
"**EBT**"	The Shanks Group Plc Employee Share Trust;
"**EEA**"	the European Economic Area;
"**Equity Issue**"	the issue of 211,201,962 new Ordinary Shares pursuant to an equity fundraising, the distribution of which completed on 14 November 2016;
"**Euroclear**"	Euroclear UK and Ireland Limited;
"**FCA**"	the UK Financial Conduct Authority (or its successor bodies);
"**FSMA**"	the Financial Services and Markets Act 2000, as amended;
"**FTE**"	full-time equivalent;
"**Greenhill**"	Greenhill & Co. International LLP;
"**HMRC**"	HM Revenue and Customs of the United Kingdom;
"**I&C**"	Industrial and Commercial;
"**IAS**"	the International Accounting Standards, as issued by the antecedent International Accounting Standards Council, and endorsed and amended by the International Accounting Standards Board;
"**IFRS**"	the International Financial Reporting Standards, as adopted by the European Union;
"**IFRS IC**"	IFRS Interpretation Committee;
"**Indirect FTE**"	the VGG Group personnel that are not direct FTEs and employed in managing and supporting the waste collection and Recycling segments;
"**Investec**"	Investec Bank plc;
"**ISIN**"	International Securities Identification Number;
"**Joint Sponsors**"	Greenhill and Investec;
"**Latest Practicable Date**"	21 February 2017;
"**Listing Rules**"	the listing rules made by the FCA under section 73A of FSMA;
"**London Stock Exchange**"	London Stock Exchange plc;
"**LTIP**"	The Shanks Group plc 2011 Long-Term Incentive Plan;

"Main Market"	the London Stock Exchange's main market for listed securities;
"Market Abuse Regulation"	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014;
"MBT"	mechanical biological treatment;
"Member State"	a member state of the EEA;
"Merger"	the proposed acquisition of the entire issued share capital of VGG by Shanks Netherlands Holdings B.V. pursuant to the Merger Agreement;
"Merger Agreement"	the agreement between Shanks, Shanks Netherlands Holdings B.V. and Van Gansewinkel Netherlands 4 B.V. dated 29 September 2016 relating to the Merger;
"MRF"	material recycling facility;
"MTM"	a many-to-many instruction in CREST;
"New Facilities Agreement"	the €600 million multicurrency facilities agreement between Shanks, ING Bank N.V. as Arranger, ING Bank N.V., Coöperatieve Rabobank U.A., ABN Amro Bank N.V., KBC Bank N.V., BNP Paribas Fortis S.A./N.V. and HSBC Bank plc as Original Lenders, ING Bank N.V. as Issuing Bank and Coöperatieve Rabobank U.A. as Facility Agent dated 29 September 2016, as amended on 27 January 2017, pursuant to which a €143.75 million term facility and a €456.25 million revolving credit facility will be provided to certain members of the Combined Group;
"Nomination Committee"	the nomination committee of the Board as described in paragraph 4.3 of Part 7 of the Combined Circular and Prospectus;
"NPV"	net present value;
"Official List"	the list maintained by the FCA pursuant to Part VI of FSMA;
"Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended);
"Ordinary Shares"	ordinary shares of 10 pence each in the capital of Shanks;
"Overseas Shareholders"	Shareholders who are resident in, ordinarily resident in or citizens of, or who have a registered address in, a jurisdiction outside the United Kingdom;
"PFI"	private finance initiative;
"PPP"	public private partnership;
"PRA"	the UK Prudential Regulation Authority;
"Profit before tax from continuing operations"	the Shanks Group's profit before taxation before amortisation of acquisition intangibles, exceptional items and changes in fair value of derivatives;
"Profit Estimate"	the profit estimate made in respect of the VGG Group as set out in Part 13 (*Profit estimate of the VGG Group*);
"Prospectus"	this Prospectus;
"Prospectus Directive"	Directive 2003/71/EC as amended and including any relevant implementing measure in each Relevant Member State;
"Prospectus Rules"	the prospectus rules made by the FCA under section 73A of FSMA;
"qualified investors"	"qualified investors" as defined in section 86 of FSMA;
"QIB"	a "qualified institutional buyer" within the meaning of the Rule 144A under the US Securities Act;

"**RDF**"	refuse derived fuels;
"**Registrar**"	Computershare Investor Services PLC;
"**Regulation S**"	Regulation S under the US Securities Act;
"**Relevant Member State**"	a Member State of the EEA which has implemented Directive 2003/71/EC;
"**relevant persons**"	a "relevant person" as defined in section 86 of FSMA;
"**Remuneration Committee**"	the remuneration committee of the Board as described in paragraph 4.2 of Part 7 of the Combined Circular and Prospectus;
"**restriction notice**"	a notice served by Shanks on a member pursuant to the Articles directing that the member shall not be entitled to be present or to vote at any general meeting or class meeting of Shanks;
"**revenue from continuing operations**"	the Shanks Group's revenue before non-trading and exceptional items;
"**SDRT**"	stamp duty reserve tax;
"**Senior Management**"	the permanent members of the senior management team of the Combined Group from Completion, whose names are set out in Part 4 (*Directors, senior management and corporate governance*);
"**Shareholder**"	a registered holder of an Ordinary Share;
"**Sharesave**"	The Shanks Group plc 2015 Sharesave Scheme;
"**SID**"	senior independent director;
"**Shanks**"	Shanks Group plc, a public limited company incorporated and registered in Scotland under the Companies Act, with registered number SC077438;
"**Shanks Group**"	Shanks and its subsidiaries and subsidiary undertakings from time to time;
"**SME**"	small-to-medium-sized enterprise;
"**SPV**"	a special purpose vehicle;
"**Sponsors' Agreement**"	the sponsors' agreement dated 23 February 2017 between Shanks and each of the Joint Sponsors;
"**SRF**"	solid recovered fuel;
"**SRSOS**"	The Savings Related Share Option Scheme;
"**Statutes**"	the Companies Act and any other statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies;
"**statutory notice**"	a notice given under section 793 of the Companies Act;
"**trading profit from continuing operations**"	the Shanks Group's continuing operating profit before non-trading and exceptional items and amortisation of acquisition intangibles;
"**Unaudited Pro Forma Financial Information**"	the unaudited pro forma statement of net assets, pro forma income statement and the related notes set out in Part 9 (*Unaudited pro forma financial information of the Combined Group*);
"**uncertificated**" or "**in uncertificated form**"	recorded on the register of members as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"**underlying free cash flow**"	the Shanks Group's cash flow before dividends, growth capital expenditure, acquisitions and disposals;
"**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;

"**United States**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**US Securities Act**"	the US Securities Act of 1933, as amended;
"**VAT**"	value added tax;
"**VGG**"	van Gansewinkel Groep B.V., a private company incorporated and registered in the Netherlands a limited liability company (*besloten vennootschap*), with registered number 24390763;
"**VGG Group**"	VGG and its subsidiaries; and
"**WEEE**"	waste electrical and electronic equipment.