SYNLAB Bondco PLC

Annual report and consolidated financial statements for the year ended 31 December 2016

Registered number: 09503922

SYNLAB Bondco PLC

Report and financial statements 2016

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Strategic report

This strategic report has been prepared for the period from 1 January 2016 to 31 December 2016 for the Group (SYNLAB Bondco PLC and its subsidiaries) as a whole and therefore gives greater emphasis to those matters which are significant to SYNLAB Bondco PLC and its subsidiary undertakings when viewed as a whole.

Business strategy

SYNLAB Bondco PLC was incorporated on 9 June 2015 and acquired the Labco Group on 7 August 2015 and the Synlab Group on 1 October 2015. The principal business of the SYNLAB Bondco PLC Group (hereinafter "the Group") is the supply of medical diagnostic services, primarily relating to clinical diagnostics testing and screening services.

The Group is the largest European company of its type and benefits from a network of over 400 laboratories across 27 countries, including the core markets of Germany, France, Switzerland, Italy and Spain. The growing market for clinical laboratory and medical diagnostic services in Europe is driven by favourable structural trends, including an ageing population, increasing prevalence of chronic diseases a growing focus on disease prevention and increasing outsourcing of clinical laboratory testing by hospitals. Significant portions of the European market remain fragmented and we are at the forefront of the market consolidation.

We intend to continue to grow our business by expanding our service offering, in particular, introducing testing services in geographies that were previously only provided by Labco or Synlab but not by both and therefore create a consistent and increased pan-European products and services offerings. We are also focussed on leveraging our business's scale, capabilities and supplier relationships to drive operating efficiencies, by streamlining our lab operations and administrative functions. We also expect to pursue growth opportunities through selective acquisitions in the markets in which already operate and if the opportunity arises, we will also explore new markets.

Business review

Key performance indicators

The following table shows certain line items from the SYNLAB Bondco PLC consolidated statement of income for the year ended 31 December 2016. The comparatives reflect the period during which the Group consisted of the operations of the Labco Group for the period starting 7 August 2015 and the operations of the Synlab Group for the period starting 1 October 2015 until 31 December 2015.

	Note	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Revenue	6	**1,570,100**	**492,745**
Material and related expenses	7	(351,339)	(112,879)
Payroll and related expenses	8	(612,033)	(193,661)
Other operating expenses	9	(338,639)	(114,095)
Other operating income	10	23,976	9,971
Depreciation and amortisation	11	(115,429)	(31,503)
Operating profit before acquisition and restructuring expenses		**176,636**	**50,577**
Expenses for restructuring and other significant items	12	(10,215)	(8,269)
Acquisitions related expenses	12	(7,048)	(25,189)
Impairment and reversal of impairment of non-current assets	12	(79,697)	88
Operating Profit / Loss		**79,677**	**17,206**

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Strategic report

Revenue for the period was driven by several themes, mainly from the core operation of laboratories across Europe. Major events that contributed towards revenue growth for the year include the effect of the acquisitions done in 2015 and 2016, increases in volumes from existing relationships with hospitals and other segments of the market, the favourable mix effect recorded in most countries in which the Group is present, as well as organic volume growth. These increases have been partially counterbalanced by reimbursement pressure in most countries where the Group is present, strong competition in several regions and the cancelation of loss making contracts during the year in Germany.

Operating profit before acquisition and restructuring expenses is determined by restating significant items that will not be comparable between accounting periods. This is presented to demonstrate what the financial performance is from operations and other genuine trading activities.

These key trends, along with Depreciation and Amortisation, have netted the Group an Operating Profit before acquisition and restructuring expenses of 176.6 M€ compared to 50.6 M€ in the period to 31 December 2015.

Expenses relating to restructuring, acquisitions, and other significant items mainly from the Labco and Synlab group acquisitions during the period have contributed toward the total operating profit of 79.7 M€ compared to 17.2 M€ for the year 2015.

A significant amount of increase during the year was driven mainly by the full-year contribution of the acquisitions completed in 2015 and the pro rata temporis effect since acquisition for the ones completed in 2016. External growth was mainly implemented in France, Italy, Switzerland, Spain, Germany, Hungary, United Kingdom, Romania and to a lesser extent in Colombia, Austria, Cyprus, Ghana and Ghana.

Non-recurring restructuring plans

Restructuring related to the merger of former Labco and Synlab

During the year 2016, the Synlab Group implemented various cost-savings measure linked to the merger of Synlab and Labco (project 'Gemini'). These included, but were not limited to:

- Renegotiation of contracts with key suppliers in order to achieve savings through lower prices for materials;
- Restructuring of laboratory operations and administration in countries where both Synlab and Labco were present prior to the merger (the United Kingdom, Italy, Belgium, Switzerland);
- Restructuring of the headquarters with closing down of former Synlab headquarters in Augsburg, Germany and former Labco headquarters in Paris, France, and opening a joint headquarters in Munich, Germany;
- The restructuring of the headquarters also included reinforcement of some functions.

Total impact of the 'Gemini' project amounts to 16.6 M€ in the twelve months of 2016. Of this amount, 16.2 M€ relate to savings from the lower prices for Materials and related expenses described above and 1.6 M€ relate to footprint savings from the consolidation of operations in the UK, Italy and at the corporate level, the latter net of additional costs caused by strengthening of functions at the headquarters. These positive effects are partly offset by the related increase in the remuneration of personnel in France amounting to (1.2) M€.

Financing schemes implemented

In mid-June 2015, SYNLAB Bondco PLC issued 800 M€ Senior Secured Notes comprising of 500 M€ 6.25% Senior Secured Fixed Rate Notes due 2022 and 300 M€ Senior Secured Floating Rate Notes due 2022 to finance the Labco acquisition (including the refinancing of the Labco Group's existing indebtedness). The Group also financed the Synlab acquisition (including the refinancing of the Synlab Group's existing indebtedness) by the issuance, in mid-July 2015, by SYNLAB Bondco PLC of 685 M€ additional Senior Secured Notes comprising of 400 M€ 6.25% additional Senior Secured Fixed Rate Notes due 2022 and 285 M€ additional Senior Secured Floating Rate Notes due 2022 and by the entity SYNLAB Unsecured Bondco PLC (the direct parent company of SYNLAB Bondco PLC) of 375 M€ 8.25% Senior Notes due 2023.

SYNLAB Bondco PLC

Strategic report

On 18 May 2016, SYNLAB Bondco PLC issued an additional 190 M€ Senior Secured Floating Rates Notes, fungible in the existing 585 M€ Floating Rate Notes. On 16 November 2016, 775 M€, comprised of 585 M€ existing Floating Rate Notes and 190 M€ issued May 2016 Floating Rate Notes, were fully repaid and refinanced through 940 M€ Senior Secured Floating Rates Notes at 3.50% + Euribor 3M floored at 0%. The high yield bonds financing structure at SYNLAB Bondco PLC on 31 December 2016 therefore comprises of 940 M€ Senior Secured Floating Rates Notes and 900 M€ Senior Secured Fixed Rates Notes at 6.25%.

In June 2015, SYNLAB Bondco PLC also entered into a 140 M€ revolving credit facility under a "Super Senior" syndicated Revolving Credit Facility (RCF) with certain banks as lenders party, Natixis as agent and U.S. Bank Trustees Ltd as security agent. The committed available revolving credit facility amounting to 140 M€ was extended to 250 M€ on the completion of the Synlab acquisition on 1 October 2015.

For details on those financing schemes, please refer to the Note 23 Borrowings and financial liabilities.

Risk management

Approach to risk management

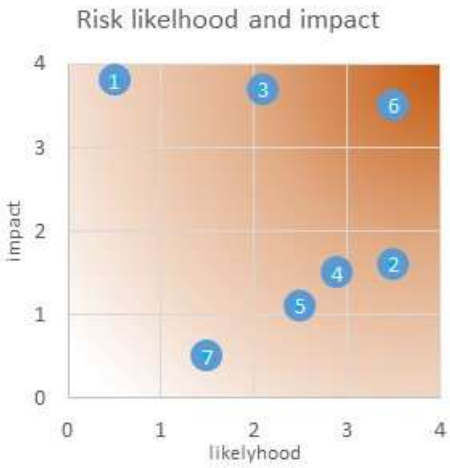
The Board has overall accountability for ensuring that risk is effectively managed across the SYNLAB Group and, on behalf of the Board, the Audit Committee reviews the effectiveness of the Group Risk Process. SYNLAB has been developing its global framework for risk management to increase risk awareness and provide further structure and support for risk management activities across the organisation.

The Group is exposed to risks wider than those listed below. We have, however, disclosed those we believe are likely to have the greatest impact on our business at the moment in time that those were debated by the Board. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

For a holistic view of risks the Group might be facing, both now and in the future, we considered those that are:

- external to our business;
- core to our day-to-day operations;
- related to changes in business activities; and
- likely to emerge in the future.

The risk radar below maps our principal risks against those categories.



SYNLAB Bondco PLC

Strategic report

Principal risks

Risk

1 Quality of diagnostics
2 Customer engagement
3 Data security and privacy
4 People
5 Supply chain
6 Political and regulatory change
7 Technology

Future developments

The Directors expect the level of revenues of the Group to continue growing organically in the forthcoming year as volumes growth and mix trends are expected to more than offset the negative impact of potential limited reimbursement tariffs in certain countries We expect such volume growth to be supported by strong underlying demographic movements as well as new medical trends conducive to an increasing role of diagnostic activities in the overall healthcare environment In particular the Group is looking forward to reaping the benefits of its investment in the fields of the participative, personalised, predictive and preventive medicine with new tests being introduced and marketed on a pan-European basis

Additionally the Group should also benefit from the accelerating trend of public and private hospitals to outsource their diagnostic activities to specialist lab operators

Lastly the Group is determined to further accelerate its external growth strategy with a well-populated pipeline of acquisition targets in all the fields of its M&A strategy small buy-and-close acquisitions, larger regional platforms aiming at extending the Group's footprint and targets with a high medical content

The strong productivity minded operational system of the group as well as the efficient management of supplier relationships should warrant that such top line growth translates into healthy EBITDA progress

Details of significant events since the balance sheet date are contained in Note 34 to the financial statements

Vincent Marcel

Director

10 April 2017

4 Devonshire Street, London, W1W 5DT, United Kingdom

SYNLAB Bondco PLC

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2016.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Note 34 of the accompanying notes included elsewhere in that annual report as well as in the Strategic Report and form part of this report by cross-reference.

Research and development

During 2016 the Company had no project of research and development, the core business of the Company being to offer clinical laboratory and medical diagnostic services.

Existence of branches outside the UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as listed in Note 36 Group entities.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's principal financial instruments comprise bank loans and overdrafts, debentures, finance leases, trade payables, purchase contracts and loans granted. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group performs ongoing credit evaluations of its receivables and establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by working with counterparties that have a high credit rating. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rate and in foreign currency exchange rates.

Interest rate risk is the risk that changes in market prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. The Group's exposure to the risk of changes in market interest rates relates primarily to the floating tranches of the Senior Secured Notes and to the debt drawn on the revolving credit facility (RCF). Interest rate evolution is monitored on a frequent basis and quotations are established to judge on the opportunity to enter into interest rate hedging instruments. Currently, the main part of the Group long-term debt is at fixed rate, enabling to limit the impacts of market risks.

The Group is exposed to limited foreign exchange risk, given the Synlab Group is mostly present in European countries part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British Pound, the Swiss operations exposed to Swiss Franc, certain Northern or Eastern Europe countries and rest of the world cash generating units. Foreign exchange risk policy is not to enter automatically into hedging. A value at risk approach on major exposed currencies shows that the Group's exposure to foreign currency changes can be supported.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Such planning considers the maturity of both financial assets and projected cash flow from operations. In addition, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes.

Dividends

The directors did not recommend the payment of any dividend following their approval of the 2016 consolidated financial statements and no dividends were paid during the course of 2016 and 2015.

Directors

The directors, who served throughout the year except as noted, were as follows:

Vincent Marcel, from 8 September 2015 – current
Nicholas Stopford, from 6 October 2016 – current

Stuart Quin, who was appointed on 12 November 2015, resigned as at 6 October 2016.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made during the year.

Disabled employees

The Group is fully compliant with local legislations concerning disabled workers. Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. On top of that, specific initiatives have been put in place in various countries to promote further integration and motivation in this area.

SYNLAB Bondco PLC

Directors' report

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company This is achieved through formal and informal meetings and the company magazine Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests All employees are eligible to an annual bonus related to the overall profitability of the Group

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

Vincent Marcel

Director

10 April 2017

4 Devonshire Street, London, W1W 5DT, United Kingdom

SYNLAB Bondco PLC

Directors' report

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

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

Approved by the Board and signed on its behalf by

Vincent Marcel

Director

10 April 2017

4 Devonshire Street, London, W1W 5DT, United Kingdom

SYNLAB Bondco PLC

Independent auditor's report to the members of SYNLAB Bondco PLC
For the year ended 31 December 2016

We have audited the financial statements of SYNLAB Bondco PLC for the year ended 31 December 2016 which comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes 1 to 36. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent Company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

SYNLAB Bondco PLC

Independent auditor's report to the members of SYNLAB Bondco PLC
For the year ended 31 December 2016

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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

Kerr Mitchell FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

10 April 2017

SYNLAB Bondco PLC

Consolidated statement of income
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Revenue	6	**1,570,100**	**492,745**
Material and related expenses	7	(351,339)	(112,879)
Payroll and related expenses	8	(612,033)	(193,661)
Other operating expenses	9	(338,639)	(114,095)
Other operating income	10	23,976	9,971
Depreciation and amortisation	11	(115,429)	(31,503)
Operating profit before acquisition and restructuring expenses		**176,636**	**50,577**
Expenses for restructuring and other significant items	12	(10,215)	(8,269)
Acquisitions related expenses	12	(7,048)	(25,189)
Impairment and reversal of impairment of non-current assets	12	(79,697)	88
Operating Profit		**79,677**	**17,206**
Share of loss of associates		(1,934)	(1,199)
Profit on disposal of investment		9,635	-
Finance income	13	6,194	7,017
Finance expenses	13	(170,263)	(76,664)
Loss before taxes		**(76,692)**	**(53,640)**
Income tax expenses	14	(24,909)	(8,471)
Net loss for the period		**(101,601)**	**(62,111)**
Profit attributable to non-controlling interests		2,742	219
Loss attributable to equity holders of the parent company		(104,343)	(62,330)

All losses are from continuing operations.

The accompanying notes are an integral part of the financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement. The net loss and the total comprehensive income for the parent company for the year was (65.9) M€ (2015: (43.9) M€).

SYNLAB Bondco PLC

Consolidated statement of comprehensive income
For the year ended 31 December 2016

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Net loss for the period	**(101,601)**	**(62,111)**
Actuarial gains or losses on pension obligations	301	(512)
Taxes on actuarial gains or losses on pension obligations	(12)	123
Items that will not be reclassified to profit or loss (a)	**289**	**(389)**
Hedge of a net investment in foreign companies	-	(748)
Taxes on hedge of net investment in foreign companies	-	249
Foreign exchange gains and losses (net of tax)	6,363	3,327
Other	(22)	-
Items that may be reclassified subsequently to profit or loss (b)	**6,341**	**2,828**
Revenues and expenses directly recognised in equity (a) + (b)	6,630	2,439
Total consolidated comprehensive income	**(94,971)**	**(59,672)**
Equity holders of the parent company	(97,642)	(59,899)
Non-controlling interests	2,671	227

The accompanying notes are an integral part of the financial statements.

SYNLAB Bondco PLC

Consolidated statement of financial position
For the year ended 31 December 2016

	Notes	31 December 2016 €000	31 December 2015 €000
ASSETS			
Goodwill	15	2,254,056	2,171,515
Intangible assets	16	842,473	833,756
Property, Plant and Equipment	17	236,053	194,037
Investments in associates	18	3,911	5,514
Other non-current assets	19	15,038	12,335
Deferred tax assets	20	19,112	12,815
Total non-current assets		**3,370,643**	**3,229,972**
Inventories		33,775	27,888
Trade accounts receivable	21	249,935	206,766
Other current assets		93,113	60,666
Cash and cash equivalents	22	145,397	94,586
Total current assets		**522,220**	**389,906**
Total assets		**3,892,863**	**3,619,878**
LIABILITIES			
Loans and borrowings (non-current)	23	2,192,527	1,831,532
Finance lease liabilities	23	47,913	40,158
Employee benefits liabilities	24	43,845	36,789
Non-current provisions	26	11,588	6,473
Other non-current liabilities	28	18,771	8,354
Deferred tax liabilities	20	199,302	202,331
Total non-current liabilities		**2,513,946**	**2,125,637**
Current loans and borrowings	23	12,330	100,057
Current finance lease liabilities	23	17,355	15,375
Trade accounts payable		199,237	151,706
Current provisions	26	11,597	18,497
Income tax liabilities		19,046	7,922
Other current liabilities	28	129,415	111,467
Total current liabilities		**388,980**	**405,024**
Total liabilities		**2,902,926**	**2,530,661**
Net assets		**989,936**	**1,089,217**

SYNLAB Bondco PLC

Consolidated statement of financial position
For the year ended 31 December 2016

	Notes	31 December 2016 €000	31 December 2015 €000
EQUITY			
Contributed capital	32	114,852	114,852
Additional paid-in capital	32	1,033,038	1,033,038
Cumulative translation adjustment		8,993	2,581
Accumulated deficit		(169,618)	(60,673)
Total parent company interests		987,265	1,089,798
Non-controlling interests		2,671	(581)
Total equity		**989,936**	**1,089,217**

The accompanying notes are an integral part of the financial statements

The financial statements were approved by the board of directors on 10 April 2017 and were signed on its behalf by

Vincent Marcel

Director

10 April 2017

4 Devonshire Street, London, W1W 5DT, United Kingdom

Company number 09503922

SYNLAB Bondco PLC

Company statement of financial position
For the year ended 31 December 2016

	Notes	31 December 2016 €000	31 December 2015 €000
ASSETS			
Investments in subsidiaries	35	1,127,199	527,199
Other non-current assets		185	-
Amounts owed by group companies in more than a year		1,934,744	2,444,212
Total non-current assets		**3,062,128**	**2,971,411**
Amounts owed by group companies in less than a year		213,358	20,845
Other current assets		80	713
Cash and cash equivalents		-	49
Total current assets		**213,437**	**21,607**
Total assets		**3,275,566**	**2,993,018**
LIABILITIES			
Amounts owed to group companies in more than a year	23	369,721	369,721
Loans and borrowings (non-current)	23	1,815,780	1,454,655
Total non-current liabilities		**2,185,501**	**1,824,376**
Amounts owed to group companies in less than a year		4,204	-
Bank overdrafts		-	63,100
Trade accounts payable		2,841	146
Trade accounts payable to group companies		370	-
Other current liabilities		673	1,379
Total current liabilities		**8,088**	**64,625**
Total liabilities		**2,193,589**	**1,889,001**
Net assets		**1,081,977**	**1,104,017**

SYNLAB Bondco PLC

Company statement of financial position
For the year ended 31 December 2016

	Notes	31 December 2016 €000	31 December 2015 €000
EQUITY			
Contributed capital	32	114,852	114,852
Additional paid-in capital	32	1,033,038	1,033,038
Accumulated deficit		(65,913)	(43,873)
Total equity		**1,081,977**	**1,104,017**

The accompanying notes are an integral part of the financial statements

The financial statements were approved by the board of directors on 10 April 2017 and were signed on its behalf by

Vincent Marcel

Director

10 April 2017

4 Devonshire Street, London, W1W 5DT, United Kingdom

Company number 09503922

SYNLAB Bondco PLC

Consolidated statement of changes in equity
For the year ended 31 December 2016

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance at 1 January 2016	**114,852**	**1,033,038**	**2,581**	**(60,673)**	**1,089,798**	**(581)**	**1,089,217**
Net result for the period	-	-	-	(104,343)	(104,343)	2,742	(101,601)
Other comprehensive income	-	-	6,412	289	6,701	(71)	6,630
Total comprehensive income for the period	-	-	6,412	(104,054)	(97,642)	2,671	(94,971)
Transactions with owners, recorded directly in equity							
Acquisition of non-controlling interests	-	-	-	(6,105)	(6,105)	2,433	(3,672)
Share-based payment transactions	-	-	-	1,214	1,214	-	1,214
Dividends	-	-	-	-	-	(1,852)	(1,852)
Total transactions with owners	-	-	-	(4,891)	(4,891)	581	(4,310)
Balance at 31 December 2016	**114,852**	**1,033,038**	**8,993**	**(169,618)**	**987,265**	**2,671**	**989,936**

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance at incorporation date	-	-	-	-	-	-	-
Net result for the period	-	-	-	(62,330)	(62,330)	219	(62,111)
Other comprehensive income	-	-	2,571	(140)	2,431	8	2,439
Total comprehensive income for the period	-	-	2,571	(62,470)	(59,899)	227	(59,672)
Transactions with owners, recorded directly in equity							
Capital increase	114,852	1,033,038	-	-	1,147,890	-	1,147,890
Business acquired	-	-	-	-	-	651	651
Share-based payment transactions	-	-	-	1,799	1,799	(1,508)	291
Other variations	-	-	10	(2)	8	49	57
Total transactions with owners	114,852	1,033,038	10	1,797	1,149,697	(808)	1,148,890
Balance at 31 December 2015	**114,852**	**1,033,038**	**2,581**	**(60,673)**	**1,089,798**	**(581)**	**1,089,217**

The accompanying notes are an integral part of the financial statements.

SYNLAB Bondco PLC

Company statement of changes in equity
For the year ended 31 December 2016

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2016	**114,852**	**1,033,038**	**(43,873)**	**1,104,017**
Net result for the period	-	-	(22,040)	(22,040)
Total comprehensive income for the period	-	-	(22,040)	(22,040)
Capital increase	-	-	-	-
Balance at 31 December 2016	**114,852**	**1,033,038**	**(65,913)**	**1,081,977**

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at incorporation date	-	-	-	-
Net result for the period	-	-	(43,873)	(43,873)
Total comprehensive income for the period	-	-	(43,873)	(43,873)
Capital increase	114,852	1,033,038	-	1,147,890
Balance at 31 December 2015	**114,852**	**1,033,038**	**(43,873)**	**1,104,017**

The accompanying notes are an integral part of the financial statements.

SYNLAB Bondco PLC

Consolidated statement of cash flows
For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Operating Profit / Loss	30	**79,677**	**17,206**
Depreciation, amortisation, impairment		195,676	31,416
Change in provisions		(1,448)	5,795
Loss from the disposal of non-current assets		(308)	(80)
Other non-cash revenues and expenses		7,019	(219)
Profit/ before changes in net working capital		**280,616**	**54,118**
Change in inventories		(1,500)	(862)
Change in trade accounts receivable		(20,528	5,320
Change in trade accounts payable		30,448	(9,934)
Change in other net working capital		(22,115)	1,509
Income tax paid		(35,726)	(16,671)
Cash flow from operating activities (A)		**231,195**	**33,481**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions		(180,163)	(1,630,884)
Purchase of intangibles and property, plant and equipment		(75,906)	(25,422)
Proceeds from sale of intangibles and property, plant and equipment		-	2,481
Net decrease in other non-current assets		-	(86)
Interest received		6,163	
Net cash from disposal of investments		5,979	241
Cash flow (used in) investing activities (B)		**(243,927)**	**(1,653,671)**
Proceeds from share capital increase		-	1,147,890
Interest paid and other net cash from net financial profit (loss)		(151,571)	(65,963)
New loans, borrowings and other financial liabilities		1,137,016	1,917,718
Repayment of loans, borrowings and other financial liabilities		(903,309)	(1,279,488)
Repayment of finance lease liabilities		(17,166)	(6,063)
Dividends paid and other payments to non-controlling interests		(922)	(181)
Cash flow from financing activities (C)		**64,048**	**1,713,912**
TOTAL CASH FLOWS (A+B+C)		**51,316**	**93,722**
Cash and cash equivalents at the beginning of the period		93,662	-
Net foreign exchange differences		420	(59)
Cash and cash equivalents at the end of the period	22	145,397	93,662
NET INCREASE IN CASH AND CASH EQUIVALENTS		**51,316**	**93,722**

The accompanying notes are an integral part of the financial statements.

SYNLAB Bondco PLC

Notes to the consolidated financial statements
For the year ended 31 December 2016

1. Reporting entity

The consolidated financial statements were prepared by SYNLAB Bondco PLC (formerly Ephios Bondco plc, hereinafter: "the Company"), London, United Kingdom. The Company is registered under number 09503922 (England and Wales) and has its registered address at 4 Devonshire Street, London W1W 5DT, United Kingdom. The Group consolidated financial statements as at and for the period from 1 January 2016 to 31 December 2016 consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and include the Group's interest in associates.

The Synlab Group (combination of Synlab/Labco businesses) is the largest European private suppliers of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in the UK, employs more than 14,000 employees and benefits from a pan-European network across 27 countries. The Group is currently active in Germany, France, Switzerland, Spain, Portugal, Italy, Belgium, the United Kingdom, the Czech Republic, Austria, Hungary, Slovakia, Norway, Finland, Estonia, Lithuania, Romania, Poland, Slovenia, Macedonia, Croatia, Cyprus, the Republic of Belarus, Turkey, the United Arab Emirates, Ghana and Columbia.

In the opinion of the directors, the Company's ultimate parent company is Ephios Luxembourg Sarl, a company registered in Luxembourg. The Group is ultimately owned by funds advised by Cinven Capital Management (V) General Partner Limited, authorised and regulated by the Guernsey Financial Services Commission (reference number: 2022096). The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is SYNLAB Limited (formerly Ephios Topco limited), a company incorporated in the United Kingdom which operates under the laws of England and Wales. Copies of the group financial statements of SYNLAB Limited are available from Companies House.

The parent undertakings of the smallest group is SYNLAB Bondco PLC. SYNLAB Bondco PLC was incorporated on 23 March 2015 under the laws of England and Wales. The Company's immediate controlling party is SYNLAB Bondco Unsecured plc.

The Group audited consolidated financial statements were authorised for issue by the directors on 10 April 2017.

SYNLAB Bondco PLC

Notes to the consolidated financial statements
For the year ended 31 December 2016

2. Basis of preparation

SYNLAB Bondco PLC, incorporated on 9 June 2015, completed the Labco Group acquisition on 7 August 2015 and the Synlab Group acquisition on 1 October 2015. As a consequence, the consolidated statement of income and the consolidated statement of cash flows for the year ended 31 December 2015 include the Labco Group operations only from 7 August 2015 and Synlab Group operations only from 1 October 2015.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

2.1 Statement of compliance

The Group consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) and IFRS as published by IASB effective as at 31 December 2016.

The parent company's financial statements present information about the Company SYNLAB Bondco PLC for the year ended 31 December 2016. The Company has elected to prepare the parent company's financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement. Where required equivalent disclosures are given in the Group consolidated financial statements.

2.2 IFRS basis adopted

Given SYNLAB Bondco PLC was incorporated on 9 June 2015, there are only partially comparable profit and loss accounts for the comparative period ended 31 December 2015.

2.2.1 Standards, amendments and interpretations not mandatorily applicable as of 1 January 2016

The Group has elected not to early adopt the following standards or amendments whose application is not mandatory as of 1 January 2016.

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (issued in December 2014)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued in August 2014)
- Amendments to IAS 1: Disclosure Initiative (issued in September 2014)
- Annual Improvements to IFRS Standards 2012-2014 Cycle (issued in September 2014)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)
- Amendments to IFRS 11: Accounting for Acquisitions of interests in Joint Operations (issued in May 2014)
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued in June 2014)

The Group reviewed these amendments, to determine their possible impacts on the consolidated financial statements and related disclosures. There should be no material impact for the Group from these amendments.

2.2.2 New standards, amendments and interpretations not applicable

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these consolidated financial statements.

- IFRS 9 - Financial Instruments: Classification and Measurement, which sets out the requirements for recognising and reporting financial assets and financial liabilities. This standard will ultimately supersede IAS 39 – Financial Instruments (issued in July 2014, endorsement in November 2016)
- Amendments to IAS 12: Recognition for Deferred Tax Assets for unrealised Losses (issued in January 2016)

- Amendment to IAS 7: Disclosure Initiative (issued in January 2016)
- Amendments to IFRS 2: Classification on Measurement of Share-based Payment Transactions (issued in June 2016)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in December 2016)
- Annual Improvements to IFRS Standards 2014-2016 Cycle (issued in December 2016)
- Amendments to IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)
- Amendments to IAS 40: Transfers of Investment Property (issued in December 2016)
- IFRS 9 - Financial Instruments: The standard determines how an entity should classify and measure financial assets and liabilities for accounting purposes. No changes are to be expected in the classification of financial instruments, however, it is expected to recognise impairment sooner and estimate lifetime expected losses against a wider spectrum of assets.

The Group is currently reviewing these standards, amendments and interpretations to assess their possible effect on its financial information.

- IFRS 15 – Revenue from contract with customers, which establishes principles for recognising revenue and will ultimately replace IAS 18 Revenue (issued in May 2014, amendments issued in September 2016, endorsement in September 2016, effective date 1 January 2018).

  IFRS 15 establishes with the help of a five step module a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. In addition, the standard contains a series of further regulations on detailed questions as well as an extension of notes disclosures.

  The group will select the modified approach to recognize the impact of IFRS 15 on the financial statements.

  The effects will be analysed as part of a group-wide project for implementing the new standard, a reliable estimate of the quantitative effects will be possible once the project has been completed. So far no material impact on the consolidated financial statements and related disclosures is expected.

- IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  IFRS 16 is effective for annual periods beginning on or after 1 January 2019. It is expected that the full retrospective approach will be applied on implementation.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value and
- certain long-term financial assets are measured at fair value.

2.4 Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

2.5 Going Concern

The Board has reviewed forecasts, including forecasts adjusted for significantly worse conditions. The Board has also reviewed the Group's funding requirements and the available debt facilities. As a result of these reviews the Board remains satisfied with the Group's funding and liquidity position and believe that the Group is well placed to manage its business risks successfully. In addition, on the basis of its forecasts, both base case and stressed, and available facilities, which are described in Note 26, the Board has concluded that the going concern basis of preparation continues to be appropriate.

2.6 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2.6.1 Judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the consolidated financial statements.

Basis of consolidation

Judgement is applied when determining if the Group controls a subsidiary or associate. In assessing control, the Group considers whether it has power over the investee to affect the amount of investors returns. See Note 3 Basis of consolidation policy.

Leased assets

When the Group enters into an agreement with equipment suppliers, management analyses the economic substance of the agreement to determine whether the fulfilment of the agreement depends on the use of a specific assets and whether the agreements grant the right to use this asset. Determining if a leased asset is a capital or an operating lease requires management judgement in determining the point at which the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. See Note 3 Leases policy.

Revenue recognition

Judgement is applied when estimating the ultimate collection of receivables associated with the Group's clinical testing business to determine which amounts of revenue could be recorded especially when payments for clinical laboratory testing services are based on fee schedules and annual budget consumption set by governmental authorities or private insurers. See Note 3 Revenue.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised and subsequent recoverability with consideration given to the timing and level of future taxable income. See Note 3 Taxation – Deferred tax policy.

Goodwill

Judgement is required in evaluating whether any impairment loss has arisen against the carrying amount of goodwill. This may require calculation of the recoverable amount of cash generating units to which the goodwill is associated. Such a calculation may involve estimates of the net present value of future forecast cash flows and selecting an appropriate discount rate. Alternatively, it may involve a calculation of the estimated fair value less costs to sell of the applicable cash generating unit.

Judgement is required in identifying the cash generating units to which the goodwill is associated for the purposes of goodwill impairment testing. Identification of cash generating units involves an assessment of whether assets or groups of assets generate cash flows that are largely independent of other assets or groups of assets. Goodwill is then allocated to each identified cash generating unit that is expected to benefit from the synergies of the business combinations from which goodwill has arisen. The carrying value of the Group's goodwill balance is disclosed in Note 15, allocated by cash generating unit.

Acquisitions

Judgement is required in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. Calculating the fair values involves the use of significant estimates and assumptions, including expectations about future cash flows, discount rates and the lives of assets following purchase. In order to determine the fair value of customer lists acquired, we assess the cash future flows associated with recurring customers.

See Note 4 Business combinations and note 16 Intangible assets.

Restructuring

In making a provision for restructuring, management has based its estimate of future costs on the specific circumstances of each local and headquarter restructuring plans, including estimated costs and timing of completion. See Note 4 Business acquisitions and note 26 Provisions.

2.6.2 Estimates

Information about assumptions and estimation concerning the future, and other key sources of estimation at the reporting date, that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Goodwill and impairment of goodwill

The Group determines on an annual basis whether goodwill is impaired. This requires an estimation of the future cash flows of the cash generating units to which the goodwill is allocated. See Note 15 Goodwill.

Claims

In making provision for claims, management bases its estimate on the circumstances relating to each specific event, internal and external legal advice, knowledge of the industries, markets and regulations, prevailing commercial terms and legal precedents. See Note 26 Provisions.

Contingent consideration

When the Group acquires businesses, the total consideration may consist of an amount paid on completion plus further amounts payable on agreed post completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of the acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. See Note 28 Other Liabilities.

Employee post-retirement benefit obligations

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. See Note 24 Employee benefits liabilities.

3. Significant accounting policies

The accounting policies adopted for the first time preparation of the IFRS consolidated financial statements of SYNLAB Bondco PLC are described below.

The accounting policies have been applied consistently by Group entities.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 unobservable inputs for the asset or liability, notably Synlab's own data.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements including articles of association, shareholders agreement; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France.

In France, the Group is subject to regulatory constraints on the ownership of share capital and voting rights of SELs operating clinical laboratories by persons other than laboratory doctors and laboratory companies. Indeed laboratory doctors practising in the SEL should have the majority of voting rights and the majority of the share capital since the French law on medical biology adopted on 30 May 2013 (which includes a grandfathering clause for existing SELs, which are operating under a different ownership structure with the majority of their share capital held by laboratory companies as of the date of enactment). To comply with such regulatory constraints, the Group has put in place a specific corporate structure pursuant to which, and subject to a few exceptions, the Group, directly or indirectly, hold the maximum % of shares authorised by the law (up to 99.9% of share capital for historical SELs owned before May 2013 and 49.9% of share capital for SELs acquired since May 2013) while some of the laboratory doctors practising in said SEL hold the remaining shares. However, in all instances, the Group has been granted substantially all of the economic rights which is implemented through the issuance of preferred shares when laboratory doctors practicing in said SEL hold more than 50% of the share capital. The Group has therefore put in place mechanisms that grant it substantially all of the economic rights in such SELs and allow it to control the relevant activities, in accordance with the French regulatory framework, and fully consolidate its French network. The control exercised over French subsidiaries is based on specific governance mechanisms and contractual agreements with laboratory doctors practicing in the SEL, qualified by the Group as de facto control.

In Germany, due to German fee regulations, local physicians outsource a wide range of laboratory procedures to medical collaborative laboratories ("CLs"), which may also be responsible for billing. The sole shareholders of such CLs are local physicians co-operating to provide the required services in an economically viable way. The Synlab Group as a laboratory services provider thus sometimes has to cooperate based on contractual agreements with these CLs to render services. As a consequence of these contracts most of the benefits from the CL's business operations accrue to the Group. The Group therefore considers it has control over the CLs even though it does not legally own a shareholding.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that it ceases.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests ("minority interests") represent the part of total income or loss, and of total equity not held by the Group and are identified separately from the amounts attributable to the owners of the Company in the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position.

Those interests of minority interests that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the minority interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. For medical biology companies, whether controlled de jure or de facto, minority interests of other shareholders, i.e. laboratory doctors, must be assessed based on the financial rights attached to their shares rather than the % of share capital or voting rights.

Business combinations

Acquisitions of subsidiaries and businesses, regardless of whether equity instruments or other assets are acquired, are accounted for using the acquisition method at the acquisition date, being the date on which control is obtained. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred and are presented in a dedicated aggregate "Acquisitions related expenses" line within the consolidated statement of income.

The Group measures goodwill as the difference between: (a) the sum of (i) the fair value of the consideration transferred, (ii) the recognised amount of any non-controlling interest in the acquire, (iii) the acquisition date fair value of any previously held interest in the acquired business; and (b) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after the 12 months window are recognised in profit or loss and are presented in the dedicated aggregate "Acquisitions related expenses" line. Contingent consideration classified as equity is not re-measured.

A contingent liability assumed in a business combination is recognised only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Acquisitions and disposal of non-controlling interests

Acquisitions and/or disposal of non-controlling interests are accounted for as a transaction with equity holders in their capacity as equity holders. Therefore no goodwill is recognised or derecognised as a result of such transactions.

Acquisitions achieved in stages

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and all the other risks specific to the assets being considered in the estimated future cash flows from the assets or units. Depending on the timely availability each year of long-term business plans, future cash flows are either: (i) estimated based on the long-term five year business plans approved by senior management; or (ii) estimated based on the budget prepared for the following year and which are extrapolated over the next four years consistently with the latest five years business plan. In addition to projecting future cash flows over a five year-period, the calculation of the value in use includes a terminal value to incorporate expectations of growth thereafter. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purposes of goodwill impairment testing, the lowest level at which goodwill is monitored for internal reporting purposes corresponds to the twelve geographical areas as described in Note 15 Goodwill. The Group's corporate assets (Synlab holding entities in the UK (formerly Ephios entities), Synlab International GmbH (formerly Synlab Holding GmbH), Synlab France (formerly Ephios France), SYNLAB Acquisition GmbH (formerly Ephios Acquisition GmbH), Synlab Labco SA and Labco Corporate Assistance could not be allocated on a reasonable and consistent basis to each cash-generating units. As such they are included in the group of cash-generating units' impairment test (global test). Local holdings are included in their respective country.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or losses are made.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue

The Group earns revenues from a wide range of analysis and diagnostic testing services which are invoiced to insurance companies, hospitals, individuals, pharmacies, and National Health entities.

Those services include mainly analysis and diagnostic testing services for human medicine with notably the clinical biological testing, including routine and specialty tests (esoteric), anatomical pathology, histological or cytological testings and the diagnostic imaging using medical and molecular imaging technologies. The Group also offers testing services for veterinary medicine or environmental analysis.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of returns, trade discounts, volume rebates and other sales related taxes. Revenue is based on the net amount billed or billable if it can be estimated reliably. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Recognition of income requires fulfilment of the following criteria:

Provision of services

Revenue from laboratory services is recognised to the extent that the profit or loss of the business can be reliably estimated and it is sufficiently probable that the economic benefit will accrue to the Company. Medical services revenue is recognised on a completed test or service basis.

Sale of goods

Revenue is recognised when the significant risks and rewards associated with ownership of the goods and products sold have been transferred to the buyer. This usually takes place upon delivery of the goods and products.

Main nature of payers and general collection timetable varies from country to country.

The process of estimating the ultimate collection of receivables associated with the Group's clinical testing business involves significant assumptions and judgements.

Government payers

Payments for clinical laboratory testing services made by the government are based on fee schedules set by governmental authorities. Collection of such receivables is normally a function of providing the complete and correct billing information within the various filing deadlines. Collection timetable varies from country to country and the Group utilises a standard approach to establish allowances for doubtful accounts which considers the ageing of the receivables.

Private insurers

Reimbursements from private insurers are based on negotiated fee-for-service schedules and on capitated payment rates.

Substantially all of the accounts receivable due from private insurers represent amounts billed under negotiated fee-for-service arrangements. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, historical collection experience and other factors.

Client payers

Client payers include physicians, hospitals, employers and other commercial laboratories. Credit risk and ability to pay are more of a consideration for these payers than private insurers and government payers. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, as well as specific account reviews, historical collection experience and other factors.

Patient receivables (individuals)

Patients are billed based on established patient fee schedules, subject to any limitations on fees negotiated with healthcare insurers or physicians on behalf of their patients. Collection of receivables due from patients is subject to credit risk and ability of the patients to pay. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, historical collection experience and other factors.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The decision whether an agreement is classified as a lease is made on the economic substance of the agreement at the time of the conclusion of the agreement, and requires an estimate as to whether the fulfilment of the agreement depends on the use of a specific asset or assets and whether the agreement grants the right to use this asset.

The contracts for use of clinical testing or diagnostic equipment often stipulate that if the laboratory buys, exclusively from the supplier, chemical reagents for a certain indicative volume during the term of the contract, the supplier, in return, puts the clinical testing or diagnostic equipment at the disposal of the Group for free during the contractual period (referred to as “pay per reported result” equipment). These “put at disposal” schemes, although not under the legal form of a leasing agreement, correspond in substance, to a lease agreement whereby the global fee paid contains not only materials but also a rent/lease fee for provision of the equipment. As a consequence, under IFRS, such agreements are analysed in accordance with IAS 17 on leases with respect to the transfer of the majority of risks and rewards. The portion of lease components in these agreements is estimated based on the available documents because the parties to the contracts have provided limited information.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the finance lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Payments for operating leases are recorded on a straight-line basis in the income statement as expenses for rental and lease agreements over the term of the lease agreement. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

The following key exchange rates were applied:

Value of €1 :	Assets and liabilities Closing rates 31 December 2016	Income and expense Cumulative average rates Period ended 31 December 2016
Emirati Dirham (AED)	3.871180	4.066100
Brazilian real (BRL)	3.430500	3.795300
Belarusian ruble (BYN)	2.045000	2.179145
Swiss francs (CHF)	1.073900	1.090200
Colombian peso (COP)	3,161.640000	3,380.662400
Czech Koruna (CZK)	27.020000	27.034300
Pound sterling (GBP)	0.856180	0.818900
Ghanaian Cedi (GHS)	4.495160	4.377400
Croatian Kuna (HRK)	7.559700	7.534500
Hungarian Forint (HUF)	309.830000	311.460000
Macedonian Denar (MKD)	61.964700	61.604500
Norwegian Krone (NOK)	9.086300	9.292700
Polish Zloty (PLN)	4.410300	4.363600
Romanian New Leu (RON)	4.541100	4.490800
Saudi Arabian Riyals (SAR)	3.955460	4.153300
Turkish Lira (TRY)	3.709900	3.342800
Ukrainian Hryvnia (UAH)	28.422604	28.289500
United States Dollar (USD)	1.054100	1.106600

Value of €1 :	Assets and liabilities Closing rates 31 December 2015	Income and expense Cumulative average rates Period ended 31 December 2015
Emirati Dirham (AED)	4.014307	4.023999
Brazilian real (BRL)	4.480889	3.525844
Belarusian ruble (BYR)	20,408.163265	19,607.843137
Swiss francs (CHF)	1.083500	1.085000
Colombian peso (COP)	3,448.275862	2,941.176471
Czech Koruna (CZK)	27.024836	27.057009
Pound sterling (GBP)	0.733950	0.722402
Ghanaian Cedi (GHS)	4.199299	4.185011
Croatian Kuna (HRK)	7.638019	7.622997
Hungarian Forint (HUF)	315.955766	312.695435
Macedonian Denar (MKD)	62.007813	61.459038
Norwegian Krone (NOK)	9.603012	9.336981
Polish Zloty (PLN)	4.264029	4.263011
Romanian New Leu (RON)	4.524498	4.457003
Saudi Arabian Riyals (SAR)	4.101706	4.109004
Turkish Lira (TRY)	3.183801	3.184997
Ukrainian Hryvnia (UAH)	24.000960	25.067054
United States Dollar (USD)	1.088700	1.095000

Presentation of consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on hedging instruments that are recognised at fair value in profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise the cost of net debt and other financial expenses. Cost of net debt includes interest expense on borrowings and financial leases, as well as expenses related to derivatives. Other financial expenses mainly include unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred. The Group does not own any qualifying assets.

Retirement benefit costs

Depending on the laws and practices in force in the countries where the Group operates, Group companies have legal obligations in terms of pensions, early retirement payments and retirement bonuses. Such obligations are generally state defined contribution plans but the Group is also affected by post-employment or post-retirement employees' benefits mainly in Switzerland, Germany, France, Italy and Austria.

Defined contribution plans

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans and similar obligations

The Group's net obligation in respect of defined benefit pension plans and similar obligations comprises the amount of future benefit that employees have earned, based on the duration of the employee's service, expected salary increases and projected retirement age and discounted to determine a present value, less the fair value of the pension plan assets, if any. The calculation is performed by a qualified external actuary using the projected unit credit method. Actuarial gains and losses are recognised in equity.

Taxation

Current income taxes

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value-added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the taxation authority. The main SYNLAB Group activities being related to medical services are exempt from VAT in most of the countries in which the Group operates. In this case the Group cannot recover VAT applicable to charges and expenses relating to those VAT exempt activities and it is recognised as part of the cost of the acquisition of the asset or as part of the expense. In the case of Group companies for which partial reimbursement of VAT is possible, the non-reimbursable portion of VAT is not deducted.

The VAT amount to be refunded by or paid to the tax authority is recognised in the statement of financial position under "Other current assets" or under "Other liabilities".

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If material parts of property, plant and equipment must be replaced at regular intervals or have different useful lives, the Group capitalises such parts as separate assets (major components) with specific useful lives or depreciation periods.

Other maintenance and repair costs are recorded in profit or loss. The net present value of expected costs for disposal of an asset after its use is included in the cost of the respective asset if the criteria for recognition have been fulfilled.

An item of property, plant and equipment is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating income in profit or loss.

Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The residual value is estimated to be €nil at the end of the useful life, except for real estate in certain cases.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 15 to 30 years;
- leasehold improvements and fixtures 3 to 10 years;
- laboratory and office equipment 3 to 10 years;
- fixtures and fittings 2 to 10 years; and
- other fixed assets 2 to 10 years including Vehicle fleet 3 to 5 years.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Intangible assets

Intangible assets are recognised for the first time at acquisition cost. The cost of intangible assets acquired in a business combination is calculated as the fair value at date of acquisition.

Subsequent to initial recognition, intangible assets with finite useful lives acquired separately or in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

- customer lists 3 to 25 years;
- trademarks 1 to 7 years;
- concessions, industrial property rights, and similar rights 3 to 6 years; and
- software 1 to 5 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if certain conditions have been demonstrated. Expenditure on software development is capitalised when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and the costs can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets are derecognised either upon disposal or when no economic benefits are expected to flow from further use or from the disposal of the recognised asset. Profit or loss arising from the derecognition of the asset are recorded in the income statement as the difference between the net disposal proceeds and the carrying amount of the asset in the period in which the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the greater of the fair value of an asset or a cash generating unit less cost of sale and the value-in-use. The recoverable amount must be determined for each individual asset unless a particular asset does not generate any cash flows that are largely independent of other assets or other groups of assets, in which case, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. If the carrying amount of an asset or cash generating unit exceeds its respective recoverable amount, the asset is impaired and is reduced to recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Value-in-use is the net present value of future expected cash flows using a discount rate before tax that reflects market expectations with respect to the interest rate effect and the specific risk of the asset. Recent market transactions, if applicable, are taken into consideration when determining the fair value less any cost of sale. If there are no such identifiable transactions, a suitable valuation model is used. This is based on valuation multiples or other available indicators of fair value.

Assets other than goodwill are assessed at every reporting date as to whether there are indications that a previously recorded impairment loss no longer exists or has been reduced. If such indications are present, the Group assesses the recoverable value of the asset or the cash generating unit. Any previously recorded impairment losses are only reversed if a change in the assumptions that formed the basis for the determination of the recoverable amount has taken place since recording the last impairment loss. The impairment reversal is limited by the fact that the carrying amount of an asset may neither exceed its recoverable amount nor the carrying value that would have remained after scheduled depreciation if in previous years no impairment losses for the asset had been recorded.

Inventories

Inventories consist of raw materials ("reagents") and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets

Financial assets held by the Group comprise available-for-sale financial assets, loans and receivables carried at amortised cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments and the Group determines the classification of its financial assets when they are recognised for the first time.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as: (a) loans and receivables; (b) held-to-maturity investments; or (c) financial assets at fair value through profit or loss.

The Group's investments in equity securities (generally the non-consolidated investments) and certain debt securities are classified as available-for-sale financial assets. These items are measured at fair value on initial recognition, which generally correspond to the acquisition cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The fair value of financial investments traded on organised markets is determined using the market bid price quoted at the reporting date.

The fair value of financial investments for which no active market exists is assessed using valuation methods. If there is no market and the fair value cannot be reasonably assessed, the asset is recognised at amortised cost.

Loans and receivables at amortised cost

Loans and receivables including trade receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables also include loans and advances to associates or non-consolidated companies and guarantee deposits and are recognised initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

On initial recognition, trade and certain other current assets are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. Gains or losses are recognised in the income statement for the period if loans or receivables are derecognised or impaired.

Impairment of financial assets

The Group determines at each reporting date whether there is any indication of impairment of a financial asset or a group of financial assets that are not recorded at fair value through profit or loss. Objective evidence for the impairment could include, for example, the repudiation of a draft invoice in a demand for payment, a significantly overdue payment or other indications of non-collectability such as default by a debtor.

With respect to available-for-sale financial investments, an objective indication of impairment is present if the fair value falls below the carrying amount either for an extended period or by a significant amount (more than 30%). To the extent such an asset is impaired, the cumulative loss previously recognised directly in equity is recognised in the income statement. A reversal of an impairment loss on an equity instrument classified as available-for-sale at a later point in time is not recorded in profit or loss, but rather reversed in equity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Direct issue costs are incremental costs directly attributable to the issue of equity instruments, net of any tax effects.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Non-derivative financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are categorised into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities comprise:

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in the specific note. For the contracts for which formal documentation of a hedging relationship at inception has been prepared, hedge accounting according to IAS 39 is applied. Where other instruments used in economic hedges have not been formally documented as hedging relationships and therefore do not qualify for hedge accounting under IAS39, changes in its fair value are recognised immediately in profit or loss. Gains and losses on foreign currency borrowings or permanent advances to foreign subsidiaries used to hedge foreign currency investments are recognised in other comprehensive income.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Provisions

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised if the general requirements for realisation of provisions are fulfilled.

Furthermore, the Group must follow a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably expect that the restructuring will take place, or it must have already begun.

Share-based payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option, that is, when the employee concerned is irrevocably entitled to exercise the option. The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect at any reporting date up to the date of first possibility of exercising the option the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or cash-settled is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

Non-controlling interests in partnerships/put options

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders has been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "Other financial expenses".

Adjusted EBITDA (Earnings before interest, taxation, depreciation, amortisation, impairment and separately disclosed items)

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are unusual and other items relevant to an understanding of the Group's performance and long-term trends with reference to their materiality and nature.

This additional information is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other organisations. The non-statutory disclosures should not be viewed in isolation or as an alternative to the equivalent statutory measure. Information for separate presentation is considered as follows:

- Acquisition related costs;
- Expenses for restructuring and other related costs;
- Mobilisation costs;
- Severance payments other than severance payments incurred in course of the projects classified as restructuring and other significant items;
- Share-based payments;
- Income and expenses from asset disposals; and
- Penalties paid due to cancellations of contracts.

Separately disclosed items

In order to present the performance of the Group in a clear, consistent and comparable format, certain separately identifiable items are disclosed separately on the face of the income statement in dedicated lines in accordance with IAS1.

The separately disclosed items recorded in the consolidated income statement include items such as acquisition related costs (including transaction costs for cancelled or realised acquisitions, as well as earn out variations of fair value subsequent to the 1 year window period), expenses for restructuring and other significant items (which would include, but not exclusive to, costs related to restructuring, disposals of a business and material claims and settlements), and impairment and reversal of impairment of non-operational assets.

Segment information

The Group has not issued shares in a public market. Therefore the Group is not required to but has decided to disclose segment information in accordance with IFRS 8.

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

The Group is organised for management purposes by country and by geographical segments leading to reportable segments being defined by the following geographical areas: West Europe (France, UK, Belgium); South Europe (Spain, Portugal and Italy); Central Europe (Germany and Switzerland); East Europe (Czech Republic and Eastern Europe); North Europe and Rest of the World. Segment information is reported on the same basis as used internally by the Chief Executive Officer and Executive Management Committee to determine allocation of resources to segments and assess their performance.

Segment performance is mainly assessed based on total revenue and adjusted EBITDA and is measured consistently with the statement of income in the published consolidated financial statements. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad-hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

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4. Business combinations

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country.

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure
01 Jan. 2016	Germany	Dr. Rabe	environmental analyses	market consolidation	asset deal
01 Jan. 2016	Austria	Oikos Umweltmanagement GmbH	environmental analyses	market consolidation	asset deal
31 Mar. 2016	France	Laborde Saint Lazare	clinical testing	market consolidation	share deal
01 Apr. 2016	Germany	Zytologie Dr. Mauermann	cytology	market consolidation	asset deal
20 Apr. 2016	United Kingdom	CCP Facilities LLP	clinical testing	market consolidation	Set up
26 Apr. 2016	Austria	Biutec	environmental analyses	market consolidation	asset deal
01 May 2016	Germany	Ennen&Gebauer laboratory	clinical testing	market consolidation	asset deal
01 May 2016	Germany	EGS Labortransport & Analytik Hamburg GmbH	clinical testing	market consolidation	share deal
06 May 2016	Portugal	Patrick Agositini II LDA	pathology	market consolidation	share deal
10 May 2016	Switzerland	Marnaud Holding SA	clinical testing	market consolidation	share deal
10 May 2016	Switzerland	Lab dermatopathologie SA	pathology	market consolidation	share deal
10 May 2016	Switzerland	Argot Lab Holding SA	holding	market consolidation	share deal
10 May 2016	Switzerland	Argot Lab SA	pathology	market consolidation	share deal
10 May 2016	Switzerland	Argot Lab pathologie oculaire SA	pathology	market consolidation	share deal
10 May 2016	Switzerland	Biopath Lab SA	pathology	market consolidation	share deal
31 May 2016	Austria	Forschungsgesellschaft Technischer Umweltschutz Gesellschaft m.b.H.	environmental analyses	market consolidation	share deal
31 May 2016	France	Selas Laboratoire Bomel	clinical testing	market consolidation	share deal
31 May 2016	Switzerland	Sium Engineering AG	environmental analyses	market consolidation	share deal
01 June 2016	United Kingdom	SPS Facilities LLP	clinical testing	market consolidation	share deal
01 June 2016	United Kingdom	Southwest Pathology Services LLP	clinical testing	market consolidation	share deal
01 June 2016	United Kingdom	SW Part Services LLP	clinical testing	market consolidation	share deal
30 June 2016	Hungary	Centrum-Lab Kft	clinical testing	market consolidation	share deal
01 July 2016	Germany	Zytologie Paret	clinical testing	market consolidation	asset deal
01 July 2016	Italy	Cosmol SAS	clinical testing	market consolidation	share deal

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure
01 July 2016	Switzerland	Cyto Oberwegeser AG	pathology	market consolidation	share deal
01 July 2016	Switzerland	Top Medizinische Laboratorien AG	clinical testing	market consolidation	share deal
01 July 2016	Spain	Investigación y Análisis, S.A.	clinical testing	market consolidation	share deal
04 July 2016	France	Hirson	clinical testing	market consolidation	asset deal
05 July 2016	Germany	SYNLAB MVZ Pathologie Hannover GmbH	pathology	set up	share deal
18 July 2016	Italy	Geneticlab S.r.l	molecular biology	market consolidation	share deal
18 July 2016	Italy	Pharmadiagen S.r.l	molecular biology	market consolidation	share deal
29 July 2016	Italy	C.E.A.R. Laboratori Riuniti S.r.l.	enviromental analyses	market consolidation	share deal
01 Aug. 2016	Spain	Brugues Asistencial, S. A.	medical centers	market consolidation	share deal
01 Aug. 2016	Spain	Imadia 2005, S.A.;	imaging	market consolidation	share deal
01 Aug. 2016	Spain	Centro Médico Virgen de Nuria, S.A.	medical centers	market consolidation	share deal
01 Aug. 2016	Spain	Servicios Integrales de Medicina de Urgencia, S.L.	clinical testing	market consolidation	share deal
09 Aug. 2016	Portugal	MEDPAT BOM SUCESSO – CENTRO DE ANÁLISE EM ANATOMIA PATOLÓGICA, LDA.	pathology	market consolidation	share deal
31 Aug. 2016	France	Biolac SELAS	clinical testing	market consolidation	share deal
01 Sept. 2016	United Kingdom	Genon Laboratories Ltd	food testing	market consolidation	share deal
01 Sept.2016	United Kingdom	Synergy Health Laboratory Services Ltd	drugs and alcohol testing	market consolidation	share deal
01 Oct. 2016	Germany	Lausitzer Analytik GmbH Laboratorium für Umwelt und Brennstoffe GmbH	enviromental analyses	market consolidation	share deal
01 Oct. 2016	Germany	Food Jena GmbH	food testing	market consolidation	share deal
17 Oct. 2016	Switzerland	One Provide AG	POCT service provider	market consolidation	share deal
02 Nov. 2016	France	Institut Pasteur de Lille	clinical testing	market consolidation	asset deal
04 Nov. 2016	Italy	Centro Diagnostico Exacta S.r.l.	clinical testing	market consolidation	share deal
05 Dec. 2016	Italy	Laboratorio Analisi Molinella S.r.l.	clinical testing	market consolidation	share deal
20 Dec. 2016	Italy	Radius S.r.l.	clinical testing	market consolidation	share deal
20 Dec. 2016	Italy	Laboratorio Santacroce S.r.l.	clinical testing	market consolidation	share deal

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure
23 Dec. 2016	Italy	Euganea Medica S.r.l.	diagnostic center	market consolidation	share deal
23 Dec. 2016	Italy	Poliamblatorio Euganea Medica S.r.l.	diagnostic center	market consolidation	share deal
29 Dec. 2016	Colombia	Àngel Diagnóstica S.A.	environmental analyses and clinical testing	expansion	share deal
29 Dec. 2016	Colombia	Bioter Diagnóstica S.A.S.	distributor	expansion	share deal
29 Dec. 2016	Colombia	Andreani S.A.S.	holding	expansion	share deal
29 Dec. 2016	Colombia	Jucamimca S.A.S.	holding	expansion	share deal
31 Dec. 2016	France	Société Civile de Moyens « BRINGEON – BEN LAGHA – ARCIN – TOMMASI-ZAPPATINI »	anatomopathology	market consolidation	share deal/ asset deal

For voting rates see Note 36 Group entities and the change of scope described below.

The laboratories acquired have generated an increase of goodwill amounting to 139.6 M€.

All acquisitions in the year earn revenues mainly from medical or environmental analyses. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

All amounts for the acquisitions in the year are provisional and subject to modification in the twelve months period following the acquisition date.

During the year the Group sold the following entities:

- KRH Labor GmbH on April 1, 2016
- Viljandi Tervisekeskus OÜ on May 31, 2016
- MED Laborunion GmbH on July 1, 2016
- NORDEN SELAS and SCM Vallee de la MEUSE on July 4, 2016

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The following changes in scope of consolidation have occurred during the period:

	31 December 2016			31 December 2015		
Designated entities	**% of control**	**Method of consolidation**	**% of interest**	**% of control**	**Method of consolidation**	**% of interest**
Labco Nous Colombia, S.A	100.00%	FC	100.00%	70.00%	FC	69.61%
The Christie Pathology Partnership LLP	50.10%	FC	50.10%	50.10%	EM	50.10%
IPP Ltd	100.00%	FC	100.00%	93.00%	FC	93.00%
Test SA	100.00%	FC	100.00%	48.00%	FC	48.00%
Mazarin SELAS	100.00%	FC	98.88%	98.68%	FC	98.88%
Sylab (formerly: Celab) SELAS	99.80%	FC	99.02%	98.89%	FC	99.02%
Eurabio SELAS (formerly: Institut de Biologie Clinique)	99.97%	FC	97.89%	97.89%	FC	97.89%
Groupe Biologic SELAS	91.13%	FC	99.99%	99.99%	FC	99.99%
Bio-Rhone SELAS	80.72%	FC	99.96%	99.92%	FC	99.96%
Anabio SELAS	100.00%	FC	98.77%	99.94%	FC	98.77%
Laboratoire de Biologie Bio-Alpes SELAS	99.99%	FC	99,68%	99.48%	FC	99.68%
Laboratoire de Biologie medical Régional de Normandie SELAS (LBMR)	40.46%	FC	99.76%	49.99%	FC	99.76%
SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	100.00%	FC	100.00%	51.00%	FC	51.00%

	31 December 2016			Acquisition date		
Designated entities	**% of control**	**Method of consolidation**	**% of interest**	**% of control**	**Method of consolidation**	**% of interest**
Argot Lab SA	89.20%	FC	89.20%	71.80%	FC	71.80%

At the date of acquisition, the fair values of the identifiable assets were as follows:

	€000
Non-current assets	
Intangible assets	72,359
Property, plant and equipment	16,870
Other non-current assets	432
Deferred tax assets	2,223
Current assets	
Inventories	4,387
Trade receivables	27,226
Other current assets	8,967
Cash and cash equivalents	15,973
Total assets	**148,437**
Non-current liabilities	
Loans and borrowings (non-current)	4,912
Employee benefits liabilities	9,303
Non-current provisions	881
Other non-current liabilities	2,850
Deferred tax liabilities	11,905
Current liabilities	
Current loans and borrowings	13,169
Current finance lease liability	882
Trade payables	17,084
Current provisions	569
Income tax liabilities	874
Other current liabilities	15,782
Total liabilities	**78,211**
Total identifiable net assets at fair value	**70,226**
Non-controlling interests	(888)
Goodwill from company acquisitions	139,633
Total consideration	**208,971**

The consideration is satisfied by:

	€000
Fixed purchase price	199,062
Contingent consideration arrangement	9,909
Total consideration	**208,971**

The fair value of the trade accounts receivables amounts to 27.2 M€. Gross amount of trade accounts receivables amounts of 28.7 M€. Impairment of trade accounts receivables amounting of 1.5 M€.

Goodwill in the amount of 139.6 M€ reflects the provisional value of expected synergies from the Company's acquisitions.

The Goodwill consideration per Cash Generating Unit (CGU) is as follows:

CGU	€000
Germany	12,194
France	25,361
Italy	34,772
Spain	20,331
Switzerland	36,834
UK	7,777
Portugal	278
Eastern Europe	2,086
Total	**139,633**

With the exception of Germany, most of the goodwill recognised is expected to be non-deductible for tax purposes.
If the companies acquired by way of a share deal had been acquired as of the beginning of the year, revenue would have been 103.9 M€ higher and consolidated profit would have been 5.6 M€ higher.

The companies acquired in share deals have contributed 34.2 M€ to revenue and decreased by 2.8 M€ consolidated profit or loss since their acquisition.

The acquired French companies SELAS Laboratoire Bomel, Selarl Laborde St Lazare and Biolac SELAS were merged immediately after the acquisition. Due to this merger, no information can be provided about these companies' contribution to revenue and consolidated profit or loss.

Cash outflow due to company acquisitions:

	€000
Analysis of cash outflow due to company acquisitions	
Total consideration transferred	(208,971)
Deferred consideration	28,808
Cash consideration	**(180,163)**
Net cash of acquired companies	15,973
Actual cash outflow due to company acquisitions	**(164,190)**

Transaction costs related to the closed acquisitions amount to 2.7 M€ and were expensed as incurred in the separately disclosed items balance "Acquisition related expenses".

The main acquisitions and corporate structuring activities undertaken during the comparative period ending 31 December 2015 are shown below, by country.

The Labco Group acquisition on 7 August 2015 and the Synlab Group acquisitions on 1 October 2015 were the main acquisitions to create the largest European clinical diagnostics services company and since then the Group has continued its external growth strategy with a number of non-significant laboratory bolt-on acquisitions.

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure
24 Apr. 2015	France	SYNLAB France S. A. S.			Set-up
21 May 2015	Germany	SYNLAB Acquisition GmbH			Set-up
07 Aug. 2015		Group Labco			Share deal
30 Sep. 2015	France	BBM	Clinical testing	Market consolidation	Share deal
01 Oct. 2015	France	SCP Martineau	Clinical testing	Market consolidation	Asset deal
01 Oct. 2015	France	SCP Angrand Pons	Clinical testing	Market consolidation	Asset deal
01 Oct. 2015		Group Synlab			Share deal
01 Nov. 2015	Germany	Zytologie Dr. Reuter	Cytologie	Development of specialisation	Asset deal
22 Oct. 2015	Romania	Romgermed (step 2)	Clinical testing	Market consolidation	Share deal

In addition to Goodwill generated by the Labco Group acquisition on 7 August 2015 and the Synlab Group on 1 October 2015, as part of the bolt-on strategy, a few non-significant laboratories have been acquired in France, one in Germany and one in Romania generating an increase of goodwill amounting to 15.0 M€.

Labco Group acquisition on 7 August 2015

The Labco Group comprises of nearly 100 subsidiaries present in 7 countries mainly in France, Spain, Portugal, Italy, Belgium, the United Kingdom and Switzerland, and earns revenues from medical analyses. The acquisition of the Group resulted in goodwill of 1,076 M€, which reflects the expectation that the Group will grow through opportunities to further consolidate the highly fragmented European diagnostics laboratory market and to reduce costs through economies of scale. The remaining goodwill is explained by the following:

- In France and Italy which accounts for 65% of the Labco Group revenues and 85% of the Labco Group Operating Profit before acquisition and restructuring expenses, Labco operations rely on services for individual patients with whom no customer relationships are identifiable;

- Future revenues and Operating Profit before acquisition and restructuring expenses growth driven by: (i) new customers mainly through the development of outsourcing contracts; and (ii) expected synergies resulting from the acquisition, especially on procurement optimisation; and
- The value of the leadership position as well as knowhow of Labco group employees.

At the date of acquisition on 7 August 2015, the fair values of identifiable assets acquired and liabilities assumed of the Labco Group were as follows:

	Total €000
Acquisition price	**455,503**
Property, Plant and Equipment	101,628
Intangible assets	79,472
Investment in equity accounted investees	4,185
Other non-current assets	11,049
Deferred tax assets	8,727
Inventory	11,465
Trade Receivables	97,845
Other current assets	24,530
Cash and cash equivalents	78,675
TOTAL ASSETS	**417,576**
Provisions	3,131
Employee benefits liabilities	16,788
Deferred tax liabilities	23,087
Financial liabilities	827,881
Trade Liabilities	75,904
Other current liabilities	88,413
TOTAL LIABILITIES	**1,035,204**
Contingent liabilities	**776**
Non-Controlling interests	**1,558**
Total net identifiable assets	**(619,962)**
Goodwill	**1,075,465**

All amounts are provisional and subject to modification in the twelve months period following the acquisition date.

As at 31 December 2015 Synlab France (formerly Ephios France) had acquired all the outstanding Synlab Labco SA shares for a total purchase price paid to Sellers of 455.3 M€ and with 0.5 M€ unpaid as at 31 December 2015. Transaction costs related to the acquisition amounted to 10.7 M€ and were expensed as incurred in the separately disclosed item balance “Acquisition related expenses”.

The measurement at fair value as of the acquisition date of the identifiable assets acquired and liabilities assumed was performed with the assistance of an external adviser and led to the recognition of intangible assets, primarily customer relationships relating to private and public hospitals outsourcing contracts activity in Portugal, the United Kingdom, in France and in Spain and for the nutritional business and the routine business with General Practitioners preparing the samples in Belgium.

Had the Labco Group been consolidated from 1 January 2016 the consolidated statement of income would have included additional revenue of 419.3 M€ and operating profit before acquisitions and restructuring expenses of 67.1 M€. The former Labco Group contribution in the SYNLAB Limited consolidated statement of income amounts to 293.8 M€ of revenue and 35.4 M€ of operating profit before acquisitions and restructuring expenses for the period 7 August to 31 December 2015.

Cash outflows resulting from the Labco Group acquisition were as follows:

	€000
Analysis of cash outflow resulting from the Labco Group acquisition	
Total consideration	(455,503)
Portion of other purchase price not yet affecting cash flows	578
Cash consideration	(454,925)
Net cash acquired	78,739
Cash outflow for Warrants repurchase Labco (BSA x10 and BSA Mezzanine C)	(7,646)
Actual cash outflow resulting from the Labco Group acquisition	**(383,832)**

Synlab Group acquisition on 1 October 2015

The Synlab Group, composed of nearly 115 subsidiaries present in 23 countries mainly in Germany, Switzerland, Belgium, Italy and Eastern Europe, earns revenues mainly from medical analyses. Goodwill amounting to 1,079 M€ was recognised as a result of this acquisition, reflecting the fact that the Group expects to expand on the strong fundamentals of the new combined group as a result of being the largest pan European platform and the opportunities to further consolidate the highly fragmented European diagnostics laboratory market and to reduce costs through economies of scale.

The remaining goodwill is explained by the following:

- Expected synergies from the merger with Labco Group, especially on procurement optimisation;
- Future revenue growth and operating profit margin improvement driven by: (i) new customers mainly through the development of outsourcing contracts; and (ii) footprint rationalisation and operating efficiencies; and
- The value of the leadership position as well as know-how of Synlab group employees.

As at 1 October 2015 SYNLAB Acquisition GmbH acquired all the outstanding Synlab Holding GmbH shares for a total purchase price paid to Sellers of 1.266 M€. Transaction costs related to the acquisition amount to 12.4 M€ and were expensed as incurred in the separately disclosed items balance “Acquisition related expenses”.

At the date of acquisition on 1 October 2015, the fair values of identifiable assets acquired and liabilities assumed of the Synlab Group were as follows:

	Total €000
Acquisition price	**1,265,950**
Property, Plant and Equipment	74,600
Intangible assets	762,051
Investment in equity accounted investees	1,705
Other non-current assets	1,671
Deferred tax assets	3,499
Inventory	15,444
Trade Receivables	114,550
Other current assets	43,201
Cash and cash equivalents	41,089
TOTAL ASSETS	**1,057,810**
Provisions	13,563
Employee benefits liabilities	19,995
Deferred tax liabilities	181,767
Financial liabilities	513,042
Trade Liabilities	84,969
Other current liabilities	57,280
TOTAL LIABILITIES	**870,616**
Contingent liabilities	**500**
Total net identifiable assets	**186,694**
Goodwill	**1,079,256**

All amounts are provisional and subject to modification in the twelve months period following the acquisition date.

The measurement of the identifiable assets acquired and liabilities assumed, to be conducted at fair value as of the acquisition date, was performed with the assistance of an external adviser and led to the recognition of intangible assets, primarily customer relationships relating to hospitals outsourcing contracts activity and the routine business with General Practitioners in Germany, in Switzerland and in Belgium.

If the Synlab Group had been consolidated from 1 January 2016 the consolidated statement of income would have included additional revenue of 567.0 M€ and operating profit before acquisitions and restructuring expenses of 51.0 M€. The former Synlab Group contribution in the SYNLAB Limited consolidated statement of income amounts to 199.0 M€ of revenue and 15.5 M€ of operating profit before acquisitions and restructuring expenses for the period 1 October to 31 December 2015.

At the year-end date, the opening balance sheet positions following the acquisitions of Synlab International GmbH and Synlab Labco SA (formerly Labco SA) were presented on a provisional basis. The provisional amounts recognised in relation to the fair value of the contingent liability for potential payments to an Italian pension plan have been updated to reflect new information about facts and circumstances that existed at the acquisition date relating to required payments to this pension. The following adjustments have been applied as a result:

Labco Group 7 August 2015 in €000

	Amount in Opening Balance	Adjustment	At 31 December 2016
Goodwill	1,075,465	2,359	1,077,824
Provisions	3,131	3,272	6,403

Synlab Group 1 October 2015 in €000

	Amount in Opening Balance	Adjustment	At 31 December 2016
Goodwill	1,079,256	1,840	1,081,096
Provisions	13,563	2,553	16,116

In addition, deferred tax assets of 1.6 M€ were reflected.

Cash outflows resulting from the Synlab Group acquisition were as follows:

	€000
Analysis of cash outflow resulting from the Synlab Group acquisition	
Total consideration	(1,265,950)
Cash consideration	(1,265,950)
Net cash acquired	41,089
Actual cash outflow resulting from the Synlab Group acquisition	**(1,224,861)**

5. Adjusted EBITDA

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off or do not reflect an operational cost of the business and should be adjusted in order to reflect an understanding of the Group's performance and long-term trends.

The reconciliation between net loss and adjusted EBITDA is as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Net loss for the period	**(101,601)**	**(62,111)**
Income tax expenses	(24,909)	(8,471)
Finance costs	(170,263)	(76,665)
Finance income	6,194	7,017
Share of loss of associates	(2,273)	(1,199)
Result from associates	340	-
Result from deconsolidation	9,634	-
Operating profit	**79,677**	**17,206**
Adjustments for:		
Depreciation and amortisation	115,429	31,503
Impairment and reversal of impairment of non-current assets	79,697	(88)
Acquisitions related expenses	7,048	25,189
Expenses for restructuring and other significant items	10,215	8,269
Income and expenses from asset disposals	(308)	60
Share-based payments	6,337	(701)
Other one-off costs	-	1,716
Severance payments	1,433	(266)
Mobilisation costs (including start-up losses)	1,127	381
Penalties paid due to cancellation of contracts	942	360
Adjusted EBITDA	**301,596**	**83,631**

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6. Segmental analysis

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system and prepared in accordance with the same accounting rules as in the consolidated financial statements and set out in the notes thereto. The policies applied to determine the operating segments presented are set out in Note 3 Significant accounting policies above in the section Segment information.

	31 December 2016			
SEGMENT REPORTING	**West Europe €000**	**Central Europe €000**	**South Europe €000**	**East Europe €000**
Revenue external	510,071	540,701	341,811	116,991
Revenue IC	128	8,599	281	231
Adjusted EBITDA	**115,308**	**101,346**	**66,484**	**20,078**
Ratio Adjusted EBITDA./Revenue	22.6%	18.7%	19.5%	17.2%
Operating Profit before acquisition and restructuring expenses	**84,729**	**46,394**	**44,564**	**8,796**
Acquisitions related expenses	(1,090)	(1,007)	(439)	(9)
Expenses for restructuring and other significant items	(1,742)	(2,801)	(2,229)	(144)
Impairment and reversal of impairment of non-current assets	(24,095)	-	(55,602)	-
Share of loss of associates				
Net finance costs				
Income tax expenses				
Net Loss for the period				

	North Europe €000	RoW €000	Reconcili-ation €000	Total Group €000
Revenue external	24,881	35,646	-	1,570,100
Revenue IC	-	-	(9,239)	-
Adjusted EBITDA	**6,416**	**4,850**	**(12,885)**	**301,596**
Ratio Adjusted EBITDA./Revenue	25.8%	13.6%	-	19.2%
Operating Profit before acquisition and restructuring expenses	**3,683**	**3,157**	**(14,687)**	**176,636**
Acquisitions related expenses	-	184	(4,687)	(7,048)
Expenses for restructuring and other significant items	(117)	(40)	(3,141)	(10,215)
Impairment and reversal of impairment of non-current assets	-	-	-	(79,697)
Share of loss of associates				(1,934)
Net finance costs				(164,069)
Income tax expenses				(24,909)
Result from deconsolidation				9,634
Net Loss for the period				**(101,601)**

	31 December 2015			
SEGMENT REPORTING	**West Europe €000**	**South Europe €000**	**Central Europe €000**	**East Europe €000**
Revenue external	202,010	116,399	133,079	26,888
Revenue IC	(1)	-	2,061	51
Adjusted EBITDA	**38,887**	**16,925**	**25,462**	**4,325**
Ratio Adjusted EBITDA./Revenue	19.3%	14.5%	19.1%	16.1%
Operating Profit before acquisition and restructuring expenses	**31,548**	**8,934**	**13,081**	**1,273**
Acquisitions related expenses	(503)	(92)	(158)	-
Expenses for restructuring and other significant items	(225)	(1,578)	(898)	(15)
Impairment and reversal of impairment of non-current assets	-	95	-	(7)
Share of loss of associates				
Net finance costs				
Income tax expenses				
Net Loss for the period				

	North Europe €000	RoW €000	Reconcili-ation €000	Total Group €000
Revenue external	6,102	8,267	-	492,745
Revenue IC	-	-	(2,110)	-
Adjusted EBITDA	**1,293**	**726**	**(3,987)**	**83,631**
Ratio Adjusted EBITDA./Revenue	21.2%	8.8%		17.0%
Operating Profit before acquisition and restructuring expenses	**752**	**236**	**(5,546)**	**50,577**
Acquisitions related expenses	(294)	(22)	(24,120)	(25,189)
Expenses for restructuring and other significant items	-	-	(5,554)	(8,269)
Impairment and reversal of impairment of non-current assets	-	-	-	88
Share of loss of associates				(1,199)
Net finance costs				(69,647)
Income tax expenses				(8,471)
Net Loss for the period				**(62,111)**

The column Reconciliation includes all Group central functions included in Corporate holdings such as management, legal, Group finances and treasury, internal audit and strategic procurement which cannot be attributed to individual operating segments. Furthermore, reconciliation includes finance income and expense and taxes because they are centrally managed by the Group, and therefore cannot be attributed to individual business segments, as well as the consolidation transactions to be conducted among the individual segments.

The detail of revenue by country is as follows for the period from 1 January 2016 to 31 December 2016:

	Year ended 31 December		Period ended 31 December	
	2016 €000	%	2015 €000	%
West Europe	**510,071**	**32%**	**202,010**	**41%**
France	391,881	25%	158,253	32%
Belgium	61,108	4%	21,886	5%
United Kingdom	57,082	4%	21,870	4%
South Europe	**341,811**	**22%**	**116,399**	**24%**
Spain (incl. Latin America)	123,677	8%	48,252	10%
Portugal	44,457	3%	18,295	4%
Italy	173,677	11%	49,852	10%
Central Europe	**540,701**	**34%**	**133,079**	**27%**
Switzerland	123,916	8%	28,256	6%
Germany	416,785	27%	104,823	21%
East Europe	**116,991**	**7%**	**26,888**	**5%**
Czech Republic	50,149	3%	11,820	2%
Austria	23,705	2%	5,384	1%
Hungary	30,668	2%	6,548	1%
Slovakia	12,469	1%	3,137	1%
North Europe	**24,881**	**2%**	**6,102**	**1%**
Norway	1,072	0%	254	0%
Finland	9,094	1%	2,262	0%
Estonia	13,058	1%	3,199	1%
Lithuania	1,658	0%	387	0%
RoW	**35,646**	**2%**	**8,267**	**2%**
Romania	8,565	1%	1,296	0%
Poland	911	0%	223	0%
Slovenia	3,230	0%	922	0%
Macedonia	1,481	0%	366	0%
Croatia	1,474	0%	360	0%
Cyprus	2,924	0%	830	0%
The Republic of Belarus	3,487	0%	830	0%
Turkey	5,175	0%	1,195	0%
The United Arab Emirates	5,999	0%	1,574	0%
Ghana	2,400	0%	670	0%
Total revenue	**1,570,100**	**100%**	**492,745**	**100%**

7. Materials related expenses

Significant items included in material expenses are as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Reagents	(95,120)	(52,940)
External analysis services	(52,794)	(24,935)
Consumables	(73,505)	(19,328)
Per reported result	(104,661)	(14,037)
Temporary workers	(24,822)	(1,623)
Other	(437)	(16)
Total material and related expenses	**(351,339)**	**(112,879)**

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a “per reported result” billing basis.

8. Payroll related expenses

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Salaries and wages	(424,720)	(136,065)
Social security contributions	(117,403)	(39,407)
Other personnel related costs	(44,784)	(10,707)
Subcontracting/temporary staff	(18,789)	(8,183)
Share-based payments	(6,337)	701
Total payroll and related expenses	**(612,033)**	**(193,661)**
Number of employees:	**14,183**	**13,454**
Administration	2,687	2,602
Operation	11,496	10,852
Thereof doctors/biologists	582	754

Other personnel related costs include, amongst others, profit sharing, pensions expenses, travel expenses, fees for training of personnel and food allowances.

Details of pension arrangements and share-based payment transactions are set out in Notes 24 and 25 respectively. In the year ended 31 December 2016, 29.9 M€ was paid by the Group into defined contribution plans.

Salaries and wages expenses include also the variable remuneration paid to biologists under various legal forms, either compensation paid as salary or, mainly for French biologists, the priority dividends paid on the current year result. The priority dividends to be paid to certain laboratory doctors after year-end are recognised as employee benefits expense and liability in the current year. During the period ended 31 December 2015, post-employment benefits (severance pay) were released in the amount of 0.3 M€.

9. Other operating expenses

Significant items included in other operating expenses are as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Operating lease and rental expenses	(77,201)	(26,041)
Marketing and communication expenses	(40,731)	(13,940)
Transportation expenses	(40,654)	(12,305)
Repairs and maintenance and insurance expenses	(36,124)	(12,155)
Utilities	(34,967)	(11,489)
Consulting and advisory fees	(24,023)	(9,749)
Accounts receivable provision and write-off of receivables	(9,695)	(7,864)
IT and administration expenses	(29,419)	(6,604)
Personnel related expenses	(23,409)	(5,400)
Taxes	(7,689)	(2,607)
Other expenses	(14,726)	(5,942)
Total other operating expenses	**(338,639)**	**(114,095)**

Other expenses include, amongst others, service charges relating to security, cleaning and storage costs.

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

Accounts receivable provision and write off include additions to allowance for doubtful accounts for an amount of 3.8 M€ (2015: 5.1 M€) and de-recognition of receivables for an amount of 5.9 M€ (2015: 2.7 M€).

Audit services

Audit services are included in the line Consulting and advisory fees. During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs. The amount of fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements for the period from 1 January 2016 until 31 December 2016 for all the consolidated companies, where they are appointed, is broken down as follows:

Audit fees:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Fees payable to the Company's auditor for the audit of the Company's financial statements	652	150
The audit of the Company's subsidiaries	1,322	815
Total audit fees	**1,974**	**965**

Non-audit fees:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Audit related assurance services	217	130
Corporate finance services	100	252
Other services	889	60
Total non-audit fees	**1,206**	**442**
Total fees	**3,180**	**1,407**

10. Other operating income

Significant items included in other operating income are as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Income from reversal of provisions or valuation allowance	9,804	5,040
Rental and lease income	924	1,031
Other	13,248	3,899
Total other operating income	**23,976**	**9,971**

Gains on sale of non-current assets are included in the line Other as well as other income like dunning fees or passed on consultancy expenses.

11. Depreciation and amortisation

Depreciation and amortisation relate to the following items:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Property, Plant and Equipment	(54,270)	(16,044)
Customer lists	(48,457)	(10,285)
Intangible assets	(12,702)	(5,174)
Total depreciation and amortisation	**(115,429)**	**(31,503)**

Amortisation of customer lists relates to customer lists recorded as part of the Labco and Synlab Group acquisitions.

12. Separately disclosed items

The Separately Disclosed Items mainly include in the period from 1 January 2016 to 31 December 2016 the following expenses or provisions:

		Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Strategic project costs	(a)	(9,036)	(1,754)
Restructuring	(b)	(1,179)	(6,515)
Expenses for restructuring and other significant items		**(10,215)**	**(8,269)**
Costs on current year acquisitions	(c)	(2,654)	(23,100)
Costs on abandoned projects	(d)	(4,394)	(2,089)
Acquisition related expenses		**(7,048)**	**(25,189)**
Impairment of goodwill	(e)	(57,337)	-
Impairment of customer lists	(f)	(22,157)	-
Impairment of non-current assets		(203)	(88)
Impairment and reversal of impairment of non-current assets		**(79,697)**	**(88)**
Total		**(96,960)**	**(33,546)**

(a) 9.0 M€ (2015: 1.8 M€) costs linked to the merger of Synlab and Labco (Gemini), consisting mainly from advisory costs and other one-off expenses incurred in relation to the implementation if the merger;

(b) Expenses for restructuring results from 5.4 M€ (2015: nil €) of income from cancellation of a larger software project, paid by the respective supplier; 3.5 M€ (2015: nil €) of income from the release of provisions for restructuring and other significant items posted in prior years; 10.0 M€ (2015: 6.5 M€) of restructuring expenses related to asset write-offs and staff redundancies in certain regions in which the Group operates, especially in relation with the restructuring schemes implemented in the Group's headquarters and Spain announced at year-end 2015;

(c) 2.7 M€ (2015: 23.1 M€) of transaction costs for acquisition projects done by the Group;

(d) 4.4 M€ (2015: 2.1 M€) of transaction costs for acquisition projects abandoned by the Group;

(e) The impairment test performed as of 31 December 2016 resulted in an impairment of goodwill (57.3 M€) (2015: nil €);

(f) The impairment test performed as of 31 December 2016 resulted in an impairment of customer lists (22.2 M€) (2015: nil €).

13. Net finance costs

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Finance income	6,194	7,017
Interest Expenses on Financial liabilities measured at amortised costs	(155,864)	(74,329)
Interest Expenses on Finance Leases	(3,918)	-
Other interest expenses	(492)	(163)
(Loss) / Profit on remeasurement of derivatives at fair value through profit or loss	(145)	7
Exchange losses	(9,083)	(1,885)
Subtotal Cost of net debt	(163,308)	(69,353)
Other financial expenses	(761)	(294)
Net Finance Costs	(164,069)	(69,647)

The interest expenses correspond mainly to the 900 M€ Senior Secured Fixed Rate Notes with effective interest rate of 6,6% due 2022, to the 940 M€ Senior Secured Floating Rate Notes due 2022 at effective interest rate at 3,7% (depending on Euribor floating rate) and to the 370 M€ loan from SYNLAB Unsecured Bondco PLC (formerly Ephios Holdco II) to SYNLAB Bondco PLC at 8,55% due 2022. It also includes the interest expense on the drawn part of the Revolving Credit Facility ("RCF") and the commitments fees and amortisation of RCF debt issuance costs for the undrawn part.

14. Income tax expenses

Analysis of tax charge in the year:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Current tax current year	(43,753)	(11,326)
Current tax prior year	(399)	(22)
Deferred tax	19,243	2,877
Total income tax expenses	**(24,909)**	**(8,471)**

Effective 2016, Management has decided to reconcile at the UK rate of corporation tax (on the basis that the group results are consolidated into a UK resident company) rather than the blended rate for the period. Comparatives continue to be provided using the blended rate for the prior period.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Loss on ordinary activities before tax	(75,550)	(62,111)
Tax credit expected on the loss on ordinary activities at 20.00% (2015: 27.30%)	15,110	16,933
Tax effect of:		
Impairment of acquired goodwill	(11,520)	-
Other net permanent differences on non-deductible items	(2,050)	(1,049)
Non-taxable income	1,315	937
Non UK profits taxed at rates in excess of the UK rate	(7,958)	-
Temporary differences upon which no deferred tax asset has been recognised	(22,282)	(12,132)
Effect of changes in corporate tax rates on deferred tax balances	3,314	(6,426)
Prior year tax adjustments	(399)	(22)
Other items	(439)	(6,713)
Total tax charge for the year	**(24,909)**	**(8,471)**

The effective tax rate of (30.1)% differs from the UK corporation tax rate for the period as a result of a number of permanent adjustments increasing the tax charge (including the application of interest restrictions and amortisation of consolidated goodwill), together with profits of the group arising in jurisdictions with higher rates of corporation tax (including France, Germany and Spain). In addition the non-recognition of losses in the UK and interest capacity in a number of jurisdictions increases the effective tax rate. Whilst most of these items are considered to be recurring, the effective tax rate is particularly volatile to movements in underlying profit.

15. Goodwill

		Goodwill €000
Gross amount	**At 1 January 2016**	**2,175,707**
	Additions	133,893
	Foreign currency translation	1,833
	31 December 2016	**2,311,433**
Impairment	**At 1 January 2016**	-
	Impairment charge	(57,377)
	Foreign currency translation	-
	31 December 2016	**(57,377)**
Carrying amount	**At 1 January 2016**	2,175,707
	At 31 December 2016	**2,254,056**

		Goodwill €000
Gross amount	**At incorporation date**	-
	Business acquired	2,169,760
	Foreign currency translation	1,755
	31 December 2015	**2,171,515**
Impairment	**At incorporation date**	-
	Impairment charge	-
	Foreign currency translation	-
	31 December 2015	-
Carrying amount	**At incorporation date**	-
	At 31 December 2015	**2,171,515**

The increase of goodwill, during the period ended 31 December 2015, by the amount of 4.2 M€ is caused by the reassessment of the liabilities linked to ENPAM.

Goodwill values for the acquisitions made during the year ended 31 December 2016 are provisional and subject to modification in the twelve months period following the acquisition date.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The 12 geographical areas defined as cash-generating units (CGUs) are: France, the UK, Belgium, Spain, Portugal, Italy, Germany, Switzerland, Czech Republic, Eastern Europe, North Europe and Rest of World (RoW).

The aggregate carrying amounts of goodwill allocated to each CGUs and key assumptions of the impairment testing model are as follows:

Year ended 31 December 2016	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	529,745	2.0%	7.1%	9.5%
France	738,637	1.5%	7.5%	10.1%
Italy	373,368	1.9%	9.0%	11.8%
Spain (incl. Latam)	17,890	2.2%	8.9%	11.9%
Switzerland	284,802	1.1%	6.5%	7.7%
Belgium	71,994	2.0%	7.7%	10.5%
UK	12,651	2.0%	8,1%	9.2%
Czech Republic	19,556	2.0%	8.0%	9.5%
Portugal	61,660	1.0%	10.4%	13.0%
Eastern Europe	56,263			
Northern Europe	25,594			
RoW	61,896			
	2,254,056			

Period ended 31 December 2015	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	517,553	1.6%	7.3%	9.7%
France	718,448	1.5%	7.6%	11.0%
Italy	334,394	1.8%	8.7%	11.4%
Spain (incl. Latam)	45,596	1.0%	8.8%	11.5%
Switzerland	245,279	1.4%	6.4%	7.6%
Belgium	81,294	2.0%	7.9%	11.0%
UK	5,542	2.0%	8.2%	9.2%
Czech Republic	19,552	0.0%	8.3%	10.1%
Portugal	61,381	1.0%	10.3%	12.9%
Eastern Europe	53,978			
Northern Europe	25,594			
RoW	62,904			
	2,171,515			

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period. The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5 year business plan, incorporating the 2017 budget. Trends in volumes, prices and direct costs are based on past trends and on the future market outlook which include a certain level of uncertainties, especially in the current context of economic difficult environment in certain European countries.
- The cash flows projections for the years 2017 to 2021 include also:
  - Taxes impact by applying an average theoretical rate per country;
  - Working capital variance; and
  - Capital expenditures corresponding in general to 3.9% (2015: 2.5%) of forecasted annual turnover.
- The terminal value is then calculated by discounting the forecast flows of the last year (2021) using a perpetual growth rate between 1.0% and 3.4% (2015: 0.5% and 2%) depending on the cash generating unit. This percentage is management's best estimate of the expected market evolution based on an organic growth rate such as inflation or published sector-specific market research.
- The discount rate is based on the Group's weighted average cost of capital (WACC) including a leveraged beta, cost of debt and cost of equity (including market risk premium and size premium); and
- Discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates result in value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow. (as requested by IAS 36).

Result of annual impairment testing

After having performed the annual impairment testing, an impairment was recorded for the CGUs Spain and Belgium. In Spain, the impairment recorded was 55 M€ which resulted in a reduction in goodwill of 48 M€ and a reduction in customer lists of 7.3 M€. In Belgium, the impairment recorded was 24.1 M€ which resulted in a reduction of goodwill of 9.3 M€ and a reduction in customer lists of 14.8 M€. No other impairment was required for the remaining CGUs.

Sensitivity analysis

The calculation of the value in use is most sensitive to EBITDA and discount rates.

A discount rate increase of 1% point would lead to the following goodwill impairment: Germany 27 M€ (2015: 74 M€), Italy 37 M€ (2015: nil €), UK 3 M€ (2015: nil €), and RoW 6 M€ (2015: nil €).

A 5% decrease in the forecasted EBITDA over the forecasts horizon included the terminal value would not cause any impairment except marginally for the CGU Italy of 7 M€ (2015: nil €) and the CGU RoW of 2 M€ (2015: nil €).

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16. Intangible assets

		Customer lists €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other (incl. prepayment) €000	Total €000
Gross amount	**At 1 January 2016**	**782,197**	**35,858**	**26,226**	**3,434**	**941**	**848,656**
	Business acquired	71,418	-	3,067	610	-	75,095
	Foreign currency translation	743	-	(102)	1	-	642
	Additions	-	-	12,021	725	4,181	16,927
	Disposals	(423)	-	(2,281)	(10)	-	(2,714)
	Reclassification	(1,185)	-	4,431	(404)	(2,842)	-
	31 December 2016	**852,750**	**35,858**	**43,362**	**4,356**	**2,280**	**938,606**
Depreciation and Impairment	**At 1 January 2016**	**(11,999)**	**27**	**(2,620)**	**(309)**	**-**	**(14,901)**
	Depreciation and Impairment charge	(71,056)	(72)	(11,027)	(1,161)	-	(83,316)
	Foreign currency translation	(45)	1	21	-	-	(23)
	Reversal	-	-	2,107	-	-	2,107
	31 December 2016	**(83,100)**	**(44)**	**(11,519)**	**(1,470)**	**-**	**(96,133)**
Carrying amount	**At 1 January 2016**	**770,199**	**35,885**	**23,606**	**3,124**	**941**	**833,755**
	At 31 December 2016	**769,650**	**35,814**	**31,843**	**2,886**	**2,280**	**842,473**

	Customer Lists €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other (incl. prepayment) €000	Total €000
At incorporation date	-	-	-	-	-	-
Business acquired	780,036	35,895	19,076	2,497	2,227	839,731
Foreign currency translation	1,280	12	(24)	-	3	1,271
Additions	1,176	-	6,320	943	(16)	8,423
Disposals	(295)	(49)	(419)	(7)	-	(769)
Reclassification	-	-	1,273	-	(1,273)	-
31 December 2015	**782,197**	**35,858**	**26,226**	**3,434**	**941**	**848,656**
At incorporation date	-	-	-	-	-	-
Depreciation and Impairment charge	(12,182)	(22)	(2,939)	(316)	-	(15,459)
Foreign currency translation	(19)	-	3	-	-	(16)
Reversal	203	49	316	6	-	574
31 December 2015	**(11,998)**	**27**	**(2,620)**	**(310)**	**-**	**(14,901)**
At incorporation date	-	-	-	-	-	-
At 31 December 2015	**770,199**	**35,885**	**23,606**	**3,124**	**941**	**833,755**

The customer lists primarily represent customer relationships with doctors and hospitals. These customer lists consist of customer relationships acquired in the scope of corporate transactions.

The net book value of Software of 31.8 M€ at 31 December 2016 (2015: 23.6 M€) includes software in construction of 1.3 M€ (2015: 1.2 M€).

Customer relationships break down into the following CGUs:

Year ended 31 December 2016	Gross €000	Depreciation & Impairment €000	Net €000
Germany	385,955	(24,023)	361,932
France	3,795	(299)	3,496
Italy	42,543	(2,659)	39,884
Spain (incl. Latam)	9,113	(8,022)	1,091
Switzerland	185,115	(16,204)	168,911
Belgium	73,652	(19,771)	53,881
United Kingdom	23,297	(2,188)	21,109
Czech Republic	50,129	(3,843)	46,286
Portugal	17,027	(1,644)	15,383
Eastern Europe	35,545	(2,218)	33,327
Northern Europe	23,470	(2,048)	21,422
RoW	3,109	(181)	2,928
	852,750	**(83,100)**	**769,650**

Period ended 31 December 2015	Gross €000	Depreciation & Impairment €000	Net €000
Germany	367,209	(4,774)	362,435
France	8,494	(2,587)	5,907
Italy	42,559	(541)	42,018
Spain (incl. Latam)	6,277	(151)	6,126
Switzerland	156,923	(2,949)	153,974
Belgium	73,658	(1,230)	72,427
United Kingdom	8,727	(1,334)	7,394
Czech Republic	49,786	(692)	49,094
Portugal	16,995	(473)	16,523
Eastern Europe	31,921	(402)	31,519
Northern Europe	21,133	(342)	20,791
RoW	2,037	(45)	1,992
	785,719	**(15,520)**	**770,199**

The impairment test performed as of 31 December 2016 resulted in an impairment of customer lists in Spain (7.3 M€) and in Belgium (14.8 M€).

SYNLAB Bondco PLC

Notes to the consolidated financial statements
For the year ended 31 December 2016

17. Property, plant and equipment

		Land and building (Incl. leasehold improvements €000	Technical machines and equipment €000	Vehicle fleet €000	Other (incl. prepayment) €000	Total €000
Acquisition cost and ccc coo conversion	**At 1 January 2016**	**54,449**	**91,309**	**2,335**	**56,663**	**204,756**
	Change of scope	3,401	7,933	246	3,533	15,113
	Foreign currency translation	(1,581)	(546)	16	15	(2,096)
	Additions	3,163	48,930	1,204	35,620	88,917
	Disposals	(7,292)	(7,893)	(1,213)	(4,683)	(21,081)
	Reclassification	8,731	(1,220)	43	(7,554)	-
	31 December 2016	**60,871**	**138,513**	**2,631**	**83,594**	**285,609**
Depreciation and impairment	**At 1 January 2016**	**(1,752)**	**(6,954)**	**48**	**(2,059)**	**(10,717)**
	Depreciation and impairment	(5,721)	(30,809)	(1,395)	(16,345)	(54,270)
	Foreign currency translation	17	106	(23)	(70)	30
	Reversal	4,377	5,920	1,148	3,957	15,402
	31 December 2016	**(3,079)**	**(31,737)**	**(222)**	**(14,517)**	**(49,555)**
Carrying amount	**At 1 January 2016**	**52,697**	**84,355**	**2,383**	**54,604**	**194,039**
	At 31 December 2016	**57,792**	**106,776**	**2,409**	**69,077**	**236,054**

		Land and building (Incl. leasehold improvements €000	Technical machines and equipment €000	Vehicle fleet €000	Other (incl. prepayment) €000	Total €000
Acquisition cost and ccc coo conversion	**At incorporation date**	-	-	-	-	-
	Business acquired	48,738	72,814	2,465	53,098	177,115
	Foreign currency translation	(373)	(138)	8	101	(402)
	Additions	4,715	20,683	371	9,909	35,678
	Disposals	(222)	(2,278)	(509)	(4,626)	(7,635)
	Reclassification	1,591	228	-	(1,819)	-
	31 December 2015	**54,449**	**91,309**	**2,335**	**56,663**	**204,756**
Depreciation and impairment	**At incorporation date**	-	-	-	-	-
	Depreciation and impairment	(1,871)	(8,982)	(431)	(4,760)	(16,044)
	Foreign currency translation	(10)	(29)	(6)	(46)	(91)
	Reversal	129	2,057	485	2,747	5,418
	31 December 2015	**(1,752)**	**(6,954)**	**48**	**(2,059)**	**(10,717)**
Carrying amount	**At incorporation date**	-	-	-	-	-
	At 31 December 2015	**52,697**	**84,355**	**2,383**	**54,604**	**194,039**

Other fixed assets mainly include IT and office equipment as well as prepayments and assets under construction amounting to 69.1 M€ (2015: 54.6 M€) as at 31 December 2016. These assets in the course of construction will not be depreciated until they are available for use.

Leased plant and machinery

Included in Property, Plant and equipment are the following amounts for assets held as finance lease:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Leasing – buildings and improvements (gross)	3,214	4
Leasing – buildings and improvements (dep.)	(363)	-
Net book value	**2,851**	**4**
Leasing – furniture, industrial fixtures, equipment and tooling (gross)	114,706	109,535
Leasing – furniture, industrial fixtures, equipment and tooling (dep)	(59,762)	(60,760)
Net book value	**54,944**	**48,775**
Leasing – Motor vehicles (gross)	1,335	1,424
Leasing – Motor vehicles (dep)	(582)	(562)
Net book value	**753**	**862**
Leasing – IT equipment (gross)	2,588	5,129
Leasing – IT equipment (dep)	(270)	(3,631)
Net book value	**2,318**	**1,498**
Net lease property under finance leases	**60,866**	**51,139**

The leased plant and machinery mainly relate to the automats included in technical equipment used for medical analyses. The contracts in use for this activity often stipulate that, if the laboratory buys, exclusively from the supplier, chemical reagents for a certain indicative volume during the term of the contract, the supplier, in return, puts the clinical testing or diagnostic equipment at the disposal of the Group for free during the contractual period (referred to as “pay per reported result” equipment).

These “put at disposal” schemes, although not under the legal form of a leasing agreement, correspond, in substance, to a lease agreement whereby the global fee paid contains not only materials (reagent) but also a rent/lease fee for provision of the equipment. As a consequence under IFRS, such agreements are analysed in accordance with IAS 17 on leases with respect to the transfer of the majority of risks and rewards.

A number of such contracts have been classified as finance leases. For these contracts, the relating finance lease assets and liabilities have been recognised on the balance sheet at the lower of the fair value of the asset and the present value of the minimum lease payment at inception of the contract.

18. Investments in associates

The Group's share of loss in its associates (equity accounted investees) as at 31 December 2016 was (1.9) M€ (2015: (1.1) M€).

The main group investments in associates correspond to non-controlling investment in a French biology laboratory and a Spanish laboratory.

In addition, the Group owned interests between 10% and 50% in a local Economic Interest Group (so called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2016 the Group received dividends of 0.4 M€ (2015: nil €) from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

	31 December 2016			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	363	50%	188	-
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,709	49%	3,599	-
CAM ECO SERVICE SRL, Italy	178	41%	83	-
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	165	33%	17	-
SPS Facilities LLP, UK	42	33%	11	-
Southwest Pathology Services LLP, UK	71	33%	12	-
SPS LLP, UK	41	33%	1	-
Total	**3,570**		**3,911**	-

	31 December 2015			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,434	49%	3,605	-
SCM Cabinet Médical Saint Côme, France	2	48%	-	58
CAM ECO SERVICE SRL, Italy	178	41%	68	-
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	87	33%	28	-
CONSORZIO PER LA GENETICA MOLECOLARE UMANA, Italy	213	33%	70	-
Lab Dos Analisis S.L., Spain	350	50%	188	-
MED Laborunion GmbH, Germany	1,950	21%	749	-
The Christie Pathology Partnership LLP, UK	634	50%	806	-
KRH Labor GmbH, Germany	179	49%	-	-
Total	**6,026**		**5,514**	**58**

Summarised financial information for the main investments in associates is as follows (100% of amounts):

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Current assets	629	6,807
Non-current assets	2,452	2,505
Cash	3,030	6,915
Total assets	**6,111**	**16,226**
Shareholders' equity	3,570	6,026
Financial debt	939	472
Other liabilities and provisions	1,602	9,728
Total liabilities and equity	**6,111**	**16,226**
Income statement		
Revenue	24,950	20,235
Results from operating activities	1,239	1,016
Net profit for the period	**867**	**634**

19. Other non-current assets

Other non-current assets include the following:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Deposits and guarantees	9,696	6,651
Available-for-sale financial assets (incl. non-consolidated investments)	909	2,715
Other non-current receivables and loans	4,433	2,969
Total other non-current assets	**15,038**	**12,335**

Non-current assets correspond mainly to deposits and guarantees provided to lessors for the renting of buildings and other premises, as well as non-current other receivables.

For entities in which the Group has an ownership below 20% or no significant influence, they are not consolidated and the investments in those entities have been classified as available-for-sale financial assets pursuant to IAS 39 and, as such, recognised at fair value or historical value when fair value could not be reliably estimated. Available-for-sale financial assets (non-consolidated investments) and other available-for-sale assets are categorised within level 3. Unrealised gains and losses are taken directly to other comprehensive income, except for impairment losses that are recognised in the Income Statement.

No unrealised gain or loss was recognised in 2016 and in 2015.

20. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Deferred tax assets		Deferred tax liabilities		
	Tax losses and other deferred taxes €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
At 1 January 2016	**26,586**	**(15,329)**	**(200,771)**	**(216,100)**	**(189,514)**
Reallocation	-	-	-	-	-
Acquisition of businesses	1,922	-	(12,028)	(12,028)	(10,106)
Disposal of businesses	-	-	-	-	-
Charge/credit to income	(9,588)	8,198	20,634	28,831	19,243
Charge/credit to other comprehensive income	202	(251)	-	(251)	(49)
Exchange differences	(9)	224	22	246	236
At 31 December 2016	**19,112**	**(7,159)**	**(192,143)**	**(199,302)**	**(180,190)**

The recognition of these assets, and the non-recognition of assets in respect of other losses, is based on Synlab's management's estimate of the probability of being able to use these losses within the next 5 years, based upon forecast operating results, the current financing structure and the level of deferred tax liabilities recognised in the particular territory or company. Deferred tax is not provided on the majority of tax losses. Deferred tax assets have not been recognised in respect of losses of 197.3 M€, of which 196.3 M€ are available for indefinite carry forward. These losses have arisen mainly in the UK, France and Spain.

The Group has also incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of 192.4 M€ is available for indefinite carry forward, primarily in Germany, Spain and France.

The Group has not recognised any deferred tax liability in respect of unremitted retained earnings as there is currently no intention to repatriate earnings.

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the prior year period:

	Deferred tax assets		Deferred tax liabilities		
	Tax losses and other deferred taxes €000	**Accelerated tax depreciation and other liabilities €000**	**Deferred tax on intangible assets €000**	**Total deferred tax liabilities €000**	**Total net deferred tax €000**
At incorporation date	-	-	-	-	-
Acquisition of businesses	26,586	(15,701)	(203,163)	(218,864)	(192,278)
Disposal of businesses	-	-	-	-	-
Credit to income	-	-	2,877	2,877	2,877
Credit to other comprehensive income	-	372	-	372	372
Exchange differences	-	-	(485)	(485)	(485)
At 31 December 2015	**26,586**	**(15,329)**	**(200,771)**	**(216,100)**	**(189,514)**

21. Trade accounts receivable

Net trade accounts receivable break down into the following geographical areas:

Year ended 31 December 2016	Gross €000	Impairment €000	Net €000
Germany	83,503	(8,895)	74,608
France	27,850	(1,789)	26,061
Italy	43,109	(6,207)	36,902
Spain (incl. Latam)	50,503	(7,640)	42,863
Switzerland	18,262	(2,396)	15,866
Belgium	11,388	(2,241)	9,147
UK	4,858	(134)	4,724
Czech Republic	9,523	(99)	9,424
Portugal	13,185	(4,459)	8,726
Eastern Europe	13,563	(2,465)	11,098
Northern Europe	2,794	(48)	2,746
RoW	8,845	(1,075)	7,770
	287,383	**(37,448)**	**249,935**

Period ended 31 December 2015	Gross €000	Impairment €000	Net €000
Germany	75,131	(15,093)	60,038
France	28,503	(2,467)	26,036
Italy	29,580	(3,764)	25,816
Spain (incl. Latam)	37,637	(4,368)	33,269
Switzerland	12,837	(804)	12,033
Belgium	13,327	(2,409)	10,918
UK	265	(3)	262
Czech Republic	9,444	(88)	9,354
Portugal	10,648	(864)	9,784
Eastern Europe	11,787	(2,313)	9,474
Northern Europe	2,764	(10)	2,754
RoW	8,191	(1,165)	7,026
	240,114	**(33,348)**	**206,766**

The ageing of trade accounts receivable at the reporting date was as follows:

				Of these not impaired			
					Overdue		
31 December 2016	**Carrying amount €000**	**Gross receivables €000**	**Of these impaired fully or partially €000**	**Not due €000**	**<3 months €000**	**3<5 months €000**	**>5 months €000**
	249,935	287,383	37,647	175,698	59,371	5,788	8,879

				Of these not impaired			
					Overdue		
31 December 2015	**Carrying amount €000**	**Gross receivables €000**	**Of these impaired fully or partially €000**	**Not due €000**	**<3 months €000**	**3<5 months €000**	**>5 months €000**
	206,766	240,114	26,591	129,478	49,942	6,528	7,746

The Group's exposure to credit and currency risks related to trade accounts receivable is as follows. The carrying amount of trade accounts receivable represents the maximum credit exposure. There is no material difference between the above carrying amounts and their fair value due to their short-term duration.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Year ended 2016 €000	**Period ended 2015 €000**
At 1 January 2016	(33,348)	-
Business acquired	(1,482)	(32,903)
Additions recognised in profit or loss	(10,179)	(5,196)
Foreign currency translation	(113)	13
Utilisation and reversal	7,674	4,738
	(37,448)	**(33,348)**

The actual write-off relating to trade receivables as at 31 December 2016 amounts to 5.9 M€ (2015: 2.7 M€) There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs ongoing credit evaluations of its receivables.

22. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts and cash equivalent. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Euro (€)	*110,103*	*77,977*
UK Sterling pounds (£)	*3,649*	*4,259*
Swiss franc (CHF)	*11,539*	*2,946*
Czech Crown (CZK)	*2,021*	*651*
Hungarian Forint (HUF)	*3,080*	*696*
Other currencies	*3,911*	*2,895*
Cash at bank and deposit	134,302	89,423
Cash equivalents	9,797	4,186
Cash on hand	1,298	976
Cash and cash equivalents	**145,397**	**94,586**
Bank overdrafts	(3,937)	(923)
Cash and cash equivalents in the statement of cash flows	**141,460**	**93,662**

Cash equivalents correspond, according to the categorisation by hierarchy of fair values as stated by IFRS 7, to financial instrument of level 1.

23. Borrowings and other financial liabilities

		Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
At amortised cost	**Non-current liabilities**		
	Bank loans	6,884	6,927
	Senior Secured Notes	1,815,780	1,454,655
	Related Party loan from SYNLAB Unsecured Bondco PLC	369,721	369,721
	Finance lease liabilities	47,913	40,158
	Other financial loans	92	131
	Current liabilities		
	Bank loans	3,642	3,965
	Accrued interest on Senior Secured Notes	4,204	94,858
	RCF syndicated loans	-	15,375
	Finance lease liabilities	17,355	312
	Other financial loans	547	923
	Bank overdraft	3,937	6,927
At fair value	**Non-current derivatives**		
	Derivatives	51	98
Total Non-Current		**2,240,439**	**1,871,690**
Total Current		**29,685**	**115,433**
Total		**2,270,125**	**1,987,122**

Revolving credit facility

- The Group's principal bank facility comprises of a 250 M€ revolving credit facility ("RCF"), with a maturity date of 17 June 2021. Advances under the facility bear interest at a rate equal to EURIBOR plus 3% although this may reduce to 2% by reference to a senior secured net leverage test. The RCF is subject to certain covenants which require SYNLAB Bondco PLC to ensure compliance with a senior secured net leverage ratio tested quarterly. This facility was undrawn as at 31 December 2016 (2015: 100 M€).

Senior Secured Notes

- In June 2015 the Group issued 800 M€ of senior secured notes. These notes were issued in two tranches with 500 M€ at a fixed annual interest rate of 6.25% and 300 M€ at a floating rate of 3 month EURIBOR (with a 0% floor) plus 5%. Both tranches are repayable on 1 July 2022. The notes, which are listed and traded on the Irish Stock Exchange, are subject to covenants related to incurrence of additional indebtedness as well as reporting and information requirements. The floating tranche of 300 M€ was fully redeemed in November 2016 from the proceeds of the senior secured notes issued in November 2016.
- In August 2015 the Group issued 685 M€ of senior secured notes. These notes were issued in two tranches with 400 M€ at a fixed annual interest rate of 6.25% and 285 M€ at a floating rate of 3 month EURIBOR (with a 0% floor) plus 5%. Both tranches are repayable on 1 July 2022. The notes, which are listed and traded on the Irish Stock Exchange, are subject to covenants related to incurrence of additional indebtedness as well as reporting and information requirements. The floating tranche of 285 M€ was fully redeemed in November 2016 from the proceeds of the senior secured notes issued in November 2016.

- In May 2016 the Group issued 190 M€ of senior secured notes. The notes were issued at fair value equivalent to 99.5% of the principal and at a floating rate of 3 month EURIBOR (with a 0% floor) plus 5% and are repayable on 1 July 2022. The notes are listed and traded on the Irish Stock Exchange. Fees directly linked to the bond amounted to 2.3 M€ and have been capitalised as debt issuance costs to be amortised over the notes maturity using the effective interest rate method.
- In November 2016 the Group issued 940 M€ of senior secured notes. The notes were issued at a floating rate of 3 month EURIBOR (with a 0% floor) plus 3.5% and are repayable on 1 July 2022. The proceeds have been used to redeem, in full, the Group's outstanding Senior Secured Floating Rate notes in the amount of 775 M€ (300 M€ issued on 17 June 2015, 285 M€ issued on 6 August 2015 and 190 M€ tranche issued on 26 May 2016) and for repayment of the Group's RCF and payment of issuance and redemption fees and costs. Remaining funds are expected to be allocated to execution of the Group's M&A strategy which aims at selective acquisitions in its current markets and in new markets.

  Fees directly linked to the additional debt issuance amounted to approximately 8.5 M€ and have been capitalised as debt issuance costs to be amortised over the notes maturity using the effective interest rate method. The remaining amount of debt issuance costs of the repaid Floating Rate notes were fully amortised as at 16 November 2016.

Related Party Loan from SYNLAB Unsecured Bondco

- In August 2015 the SYNLAB Unsecured Bondco PLC (formerly Ephios Holdco II plc) issued 375 M€ of senior notes. The proceeds have been on-lent to SYNLAB Bondco PLC for an amount of 369.7 M€.

  The main terms and conditions of the loan from SYNLAB Unsecured Bondco PLC are an interest of 8.55% paid quarterly and maturity of the intragroup loan is 1 July 2022.

	Bank loans €000	Fixed and floating Senior Secured Notes €000	Related Party loan from SYNLAB Unsecured Bondco €000	Accrued interest on notes €000	RCF Syndicated Secured loan €000	Finance lease liabilities €000	Derivatives €000	Other financial loans €000	Bank over-drafts €000	Total €000
Amount at 1 January 2016	**10,892**	**1,454,655**	**369,721**	**-**	**94,858**	**55,533**	**98**	**443**	**923**	**1,987,122**
Business acquired	14,794	-	-	-	-	893	-	259	3,027	18,973
Foreign currency translation	66	-	-	-	-	(1,275)	-	-	(16)	(1,225)
Additions	6	1,118,614	-	4,204	-	31,135	(47)	538	3	1,154,453
Decrease	(15,232)	(757,489)	-	-	(94,858)	(21,019)	-	(600)	-	(889,198)
As at 31 December 2016	**10,526**	**1,815,780**	**369,721**	**4,204**	**-**	**65,268**	**51**	**639**	**3,937**	**2,270,125**

	Bank loans €000	Fixed and floating Senior Secured Notes €000	Related Party loan from SYNLAB Unsecured Bondco €000	Accrued interest on notes €000	RCF Syndicated Secured loan €000	Finance lease liabilities €000	Derivatives €000	Other financial loans €000	Bank over-drafts €000	Total €000
Amount at incorporation date	-	-	-	-	-	-	-	-	-	-
Business acquired	500,904	700,000	-	34,191	55,138	42,909	105	528	1,324	1,335,099
Foreign currency translation	-	-	-	-	-	(282)	-	(1)	-	(283)
Additions	2	1,454,655	369,721	-	94,858	18,969	-	353	-	1,938,558
Decrease	(490,014)	(700,000)	-	(34,191)	(55,138)	(6,063)	(7)	(437)	(401)	(1,286,251)
As at 31 December 2015	**10,892**	**1,454,655**	**369,721**	**-**	**94,858**	**55,533**	**98**	**443**	**923**	**1,987,122**

Fixed and Floating Secured Senior Notes covenants

Depending on the terms of the bonds indentures, SYNLAB Bondco PLC has to respect certain covenants mainly related to reporting and information requirement.

Revolving Credit Facility (RCF) covenants

The RCF includes certain covenants related to reporting and information requirement and also certain financial covenants as defined in the agreements and described above.

The senior secured net leverage only acts as a drawstop to new drawings under the RCF and, if breached, will not trigger a default or event of default.

Finance lease liabilities

The Group has finance leases mainly for technical equipment (refer to Note 17 Property, plant and equipment).

24. Employee benefits liabilities

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these legal pension schemes, a provision for pensions and other post-employment benefits is recorded in the IFRS consolidated statement of financial position as of 31 December 2016 and 31 December 2015 based on an actuarial expert opinion for the following obligations:

Obligations in Switzerland

Swiss statutes require the Group to provide occupational pension schemes for employees in which contributions are paid into pension funds. The Group fulfils this obligation by means of a defined benefit plan. Pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 0.65% (2015: 0.90%) and a salary increase rate of 2.00% (2015: 2.00%). Staff turnover assumptions is based on the demographic BVG 2015, (2015: BVG 2010). The individual values range from between 1.225% and 29.586% (2015: was between 1.29% and 24.16%). Mortality, disability and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2015 (2015: BVG 2010).

Long-services award commitments ("jubilee awards") in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 0,65% (2015: 0.90%), a salary increase rate of 2.00% (2.00%), and a staff turnover rate per BVG 2015 of between 1.225% and 29.586% (2015: BVG 2010 of between 1.29% and 24.16%).

Obligations in France

Based on collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on following actuarial assumptions: voluntary departure, discount rate amounting to 1.60% (2015: 2.20%), inflation rate 1,50 % (2015: 2.00%), salary increase 1.5% (2015: 1.5%), age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 52% and low staff turnover rate.

Obligations in Italy

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one time severance payment when they leave the company. The amounts depend on the employee's term of service and salary level. Provisions were calculated based on following actuarial assumptions: discount rate of 1.40% (2015: 1.90%), inflation rate 1.00% (2015:1.50%) and salary increase 2.00% (2015: 2.50%).

Other obligations

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Slovak Republic) or when they leave the company (United Arab Emirates). In addition in Germany and in Belgium, the Group is legally obliged to pay salary-related top-ups when employees retire early under certain conditions. The Group assumed also pension obligations from defined benefit plans for a few executive staff as a consequence of specific agreements in certain acquisitions in Germany.

	Switzerland €000	France €000	2016 Italy €000	Other €000	Total €000
Changes in pensions and similar obligations					
Net present value of defined benefit obligations (DBO) at beginning of period	57,304	11,759	6,784	2,799	78,646
Changes in the scope of consolidation	24,815	182	2,816	822	28,635
Service cost	2,963	679	281	212	4,135
Interest cost	550	255	125	63	993
Employee contributions	1,923	57	-	-	1,980
Benefits paid	(853)	(655)	(605)	(200)	(2,313)
Insurance premiums	(676)	-	-	-	(676)
Plan curtailment	(2,722)	(6)	-	-	(2,728)
Revaluations	1,022	618	(113)	49	1,576
Exchange rate differences	786	-	-	21	807
Net present value of defined benefit obligations at end of period	**85,112**	**12,889**	**9,288**	**3,766**	**111,055**

There is a negative plan curtailment due to a reduction in conversion rate in Switzerland.

	2016				
	Switzerland	**France**	**Italy**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**42,887**	**-**	**-**	**-**	**42,887**
Changes in the scope of consolidation	18,716	-	-	643	19,359
Interest income	423	-	-	-	423
Employer contributions	1,975	-	-	-	1,975
Employee contributions	1,923	-	-	-	1,923
Benefits paid	(814)	-	-	-	(814)
Insurance premiums	(676)	-	-	-	(676)
Revaluations (income from plan assets, excluding amounts included in interest cost)	1,648	-	-	-	1,648
Exchange rate differences	626	-	-	-	626
Plan assets at the end of the period	**66,708**	**-**	**-**	**643**	**67,351**

Balance sheet provisions					
Net present value of defined benefit obligations (DBO) at end of period	85,112	12,889	9,288	3,766	111,055
Net present value of plan assets at end of period	66,708	-	-	643	67,351
Balance sheet provisions at year-end	**18,404**	**12,889**	**9,288**	**3,123**	**43,704**

Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	2,963	679	281	212	4,135
Interest expense	127	255	125	63	570
Effects of plan settlements/plan curtailments	(2,722)	(6)	-	-	(2,728)
Revaluation of other long-term obligations	(13)	-	-	(26)	(39)
Total annual net expense	**355**	**928**	**406**	**249**	**1,938**

	2016	**2015**
Fair value of plan assets Switzerland	**€ 000**	**€ 000**
a. Cash and cash equivalents	0,673	0,487
b. Equity instruments	11,437	10,409
c. Debt instruments	19,231	18,655
d. Real estate	10,169	9,322
e. Assets held by insurance company	20,728	-
f. Other	4,470	4,014
Total	**66,708**	**42,887**

Fair values of plan assets are based on quoted market prices.

	2016				
	Switzerland €000	France €000	Italy €000	Other €000	Total €000
and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	(1,033)	-	-	-	(1,033)
Actuarial gains/losses from changes of financial assumptions	0,738	0,895	0,111	0,113	1,857
Adjustments based on past experience	1,330	(0,277)	0,225	0,037	0,791
Income/expenses from plan assets, excluding amounts included in interest cost)	(1,648)	-	-	-	(1,648)
Total annual amount recorded in other comprehensive income	**(0,613)**	**0,618**	**0,113**	**0,076**	**(0,033)**
Total annual expenses from pensions and similar obligations	**(0,258)**	**1,546**	**0,293**	**0,325**	**1,904**

	2015				
	Switzerland €000	France €000	Italy €000	Other €000	Total €000
A. Changes in pensions and similar obligations					
Net present value of defined benefit obligations (DBO) at beginning of period	-	-	-	-	-
Business acquired	54,474	11,752	6,622	2,713	75,561
Service cost	710	272	98	53	1,133
Interest cost	123	78	41	15	257
Employee contributions	385	-	-	-	385
Benefits paid	1,767	(162)	(42)	(59)	1,504
Insurance premiums	(134)	-	-	-	(134)
Plan curtailment	(47)	-	-	15	(32)
Revaluations	(379)	(181)	65	48	(447)
Exchange rate differences	405	-	-	14	419
Net present value of defined benefit obligations at end of period	**57,304**	**11,759**	**6,784**	**2,799**	**78,646**

		2015				
		Switzerland €000	France €000	Italy €000	Other €000	Total €000
B.	**Plan assets available measured at market values**					
	Plan assets at the beginning of the period	-	-	-	-	-
	Business acquired	40,705	-	-	-	40,705
	Interest income	94	-	-	-	94
	Employer contributions	282	-	-	-	282
	Employee contributions	385	-	-	-	385
	Benefits paid	1,777	-	-	-	1,777
	Insurance premiums	(134)	-	-	-	(134)
	Revaluations (income from plan assets, excluding amounts included in interest cost)	(525)	-	-	-	(525)
	Exchange rate differences	303	-	-	-	303
	Plan assets at the end of the period	42,887	-	-	-	42,887
C.	**Balance sheet provisions**					
	Net present value of defined benefit obligations (DBO) at end of period	57,304	11,759	6,784	2,799	78,646
	Net present value of plan assets at end of period	(42,887)	-	-	-	(42,887)
	Balance sheet provisions at year-end	14,417	11,759	6,784	2,798	35,759
D.	**Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period**					
	Service cost	710	272	98	53	1,133
	Interest expense	28	78	41	15	162
	Effects of plan settlements/plan curtailments	(47)	-	-	15	(32)
	Revaluation of other long-term obligations	14	-	-	13	27
	Total annual net expense	705	350	139	96	1,290
	and amounts thereof recorded in other comprehensive income					
	Actuarial gains/losses from changes of demographic assumptions	-	1,298	-	-	1,298
	Actuarial gains/losses from changes of financial assumptions	-	(646)	-	(10)	(656)
	Adjustments based on past experience	(393)	(832)	65	45	(1,115)
	Income/expenses from plan assets, excluding amounts included in interest cost)	525	-	-	-	525
	Total annual amount recorded in other comprehensive income	132	(180)	65	35	52
	Total annual expenses from pensions and similar obligations	837	170	204	131	1,342

The change in the net present value of the defined benefit obligations were as follows:

Current service costs, effects of plan settlements and plan curtailments, and revaluation of other long-term obligations were included in the amounts recorded in "Payroll and related expenses"; interest costs were included in the respective expense items.

The cumulative net actuarial gains and losses recognised in OCI are broken down in the consolidated statement of comprehensive income.

The Group expects to pay contributions to defined benefit plans for the year ending 31 December 2017 in the amount of 2.4 M€ (2015: 1.8 M€).

The following sensitivity analysis shows the impact on the net present value of the defined benefit obligations if the most important actuarial assumptions were to change:

	Changed by	Impact 2016 on DBO amount €000	Impact 2015 on DBO amount €000
Salary reductions	(0.50%)	107,063	77,401
Salary increase	0.50%	109,505	79,640
Discount rate	(0.50%)	116,251	84,136
Discount rate	0.50%	101,001	73,547

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

	2016 €000	2015 €000
Within the next 12 months	2,433	1,771
In 2 years	2,322	1,734
In 3 years	2,581	2,356
In 4 years	3,531	2,375
In 5 years	3,253	2,878
In the following 5 years	20,154	17,733

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As of 31 December 2016	13	15	10	18
As of 31 December 2015	15	12	9	10

25. Share-based payment schemes

The ultimate parent company, SYNLAB Limited, established in November 2015 a share option scheme for key management ("Management package scheme") and a free share plan to replace the historical Labco's free share plan.

Free share plan

The historical Labco free share award scheme implemented in November 2014 granted to the beneficiaries up to 687,361 free shares, subject to the achievement of the conditions detailed in the issuance agreement. Those conditions included cumulatively a performance condition (that was met as at 31 December 2014) and conditional to an active employment period of two years, with an obligation to keep the shares for a certain period.

Subsequent to the Labco acquisition on 7 August 2016, the free share plan was replaced by an equivalent scheme composed of SYNLAB Limited shares with the original vesting schedule remaining unchanged and a holding period of one year.

As a consequence, at modification date the new SYNLAB Limited free share plan was categorised under IFRS 2 as a modification of the share-based payment equity-settled plan and the initial compensation cost continues to be amortised over the remaining period. Correspondingly, for 2016 an amount of 1.6 M€ has been recorded as share-based payment compensation in the income statement.

In addition, as a consequence of the restructuring plan announced in November 2015 of Synlab Labco SA headquarters in Paris, certain beneficiaries of the free share plan left the Group by the end of May 2016 before the service condition was met resulting in free shares being forfeited. Consequently the cumulative amount of share-based payment reserve related to those beneficiaries has been reversed through profit and loss for an amount of 0.4 M€.

Management package scheme

In November 2015, SYNLAB Limited put in place a management package by granting A Ordinary Shares representing 10% of total SYNLAB Limited Ordinary Shares to certain key managers as determined by the remuneration committee.

For certain beneficiaries, A Ordinary Shares are subscribed by a dedicated entity (Management Co.) which has been funded by the managers with ordinary shares being paid at fair value with a one year holding period. For other beneficiaries, A Ordinary Shares have been granted for free, subject to a one year service condition and a one year holding period. The awards are subject to a service condition of being employed at the date of an exit event. During the year the following grants were made:

- 58,835 shares at a fair value of 15.37 €; and
- 90,000 shares at a fair value of 15.37 €.

The fair value of each grant was measured at the date of grant using a Monte Carlo model.

As determined by the remuneration committee, further key managers became beneficiaries in December 2016, when SYNLAB Limited granted 665,475 so-called growth ordinary shares (or "G Ordinary Shares") representing ca. 3.5% of total SYNLAB Limited Ordinary Shares. The fair value of the G shares granted was 1.55 €, which measured at the date of grant using a Monte Carlo model.

As no exit event is currently foreseeable no charge has been recognised for the granting of shares under this scheme.

UK iPP specific scheme

In addition, the performance share plan implemented by Labco in the UK in April 2014 remains unchanged. Under a plan implemented by Labco in the UK in April 2014, 7% of iPP's shares were awarded to iPP's two main managers through a "UK Employee Shareholders Scheme". The economic rights to those shares were subject to a 5-year vesting period (20% per year). The managers were granted a put option that could be exercised when all the economic rights to the shares vested. The Company had a call option that could be exercised one year after the end of the vesting period and at any time in the event of a change in control of the Company or iPP. The valuation of the shares was based on a price formula specified in the contract relating to that option. That plan was therefore valued in accordance with IAS 19, with the estimated charge corresponding to the share award plan subject to regular measurement in the Group's financial statements.

On 25 August 2016, Labco UK Group Ltd, the parent company to iPP, decided to repurchase the outstanding shares from both beneficiaries, while the two beneficiaries reinvested part of the proceeds from such sale into the aforementioned management package scheme.

The Group recognised as share-based payment expense a net expense of 6.3 M€ during the period for the UK specific scheme, the Free shares plan and the management package given new grants, forfeitures, the changes in expectations of beneficiaries as well as update of economic assumptions during the year ended 31 December 2016. This expense is included in the separately disclosed items. The share-based payment liability included in employee benefits liabilities amounted to 1.3 M€ and the share-based payment reserve included in net equity to 3.3 M€ as at 31 December 2016.

26. Provisions

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At 1 January 2016	**18,792**	**12,003**	**30,795**
Business acquired	-	1,433	1,433
Foreign currency translation	1	6	7
Provisions made during the period	2,778	4,812	7,591
Provisions utilised/reversed during the period	(13,879)	(2,762)	(16,641)
As of 31 December 2016	**7,692**	**15,492**	**23,185**
Thereof short-term at the end of the year	6,223	5,374	11,597

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At incorporation date	-	-	-
Business acquired	15,361	8,553	23,914
Foreign currency translation	(21)	-	(21)
Provisions made during the period	4,364	1,291	5,655
Provisions utilised/reversed during the period	(912)	(3,666)	(4,578)
As of 31 December 2015	**18,792**	**6,178**	**24,970**
Thereof short-term at the end of the year	14,095	4,402	18,497

Provisions for restructuring

The provisions for restructuring reflect both provisions existing in the Labco or Synlab Group balance sheet at acquisition date and measured at fair value and new provisions recognised as at 31 December 2016 given the restructuring plans announced.

Provisions assumed in the Labco business combination correspond mainly to the remaining restructuring provision in Spain for the Barcelona reorganisation (0.3 M€ 2015: 0.5 M€) and to restructuring in the United Kingdom (nil € 2015: 0.6 M€) and provisions assumed in the Synlab business combination correspond mainly to the onerous contracts provision (3.0 M€ 2015: 6.2 M€) from the hospital business in Germany.

Provisions made during the period correspond mainly to the headquarters restructuring scheme (2.0 M€ 2015: 2.4 M€) announced in November 2016 as a consequence of the relocation to a new headquarter in Munich (Germany) and to a lesser extent the restructuring schemes implemented in Germany (1.4 M€ 2015: 2.3 M€) and in Spain (0.6 M€ 2015: 0.8 M€).

Other Provisions

Other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel, taxes, suppliers) with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses.

The provisions correspond to certain risks existing related to several Labco and Synlab subsidiaries and have been estimated at fair value at acquisition date.

Furthermore, as set out in Note 4, other provisions have retrospectively been adjusted by 5.8 M€ to reflect management's latest estimate on potential payments to ENPAM in Italy.

27. Litigations and Contingent liabilities

Group companies are involved in various legal proceedings arising in the ordinary course of business, including disputes concerning professional liability and employee related matters, as well as inquiries from governmental agencies and health insurance carriers regarding, among other things, billing issues or litigations with tax, social security and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel, for the various litigations.

Pursuant to the share purchase agreement for the sale by the former Labco Group of its German activities to Sonic Group on 2 December 2013, two specific litigation cases existing at that date are covered by a specific warranty without any time limitation but capped to an amount of 3.0 M€ in order to compensate Sonic group for any financial costs related to the evolution of those litigations starting from the 1st euro and limited to the cap. For one of the litigation cases covered relating to MVZ Medizinisches Fachlabor Dillenburg, a provision amounting to 0.7 M€ was recorded in the Labco Group opening balance sheet as at 7 August 2015.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls.

Below is a summary of the challenges and proceedings brought in certain countries against or by the Synlab Group.

In France, the Ordre des pharmaciens and, to a lesser extent, the Ordre des médecins have challenged the former Labco Group's organisation and legal structure. At the disciplinary level, the Ordre des pharmaciens brought a number of actions against certain Labco Group SELs, as well as against laboratory doctors practicing within those SELs. Several of these actions, some of which are still pending, directly challenge the capital ownership structure and the qualified majority voting provisions contained in the articles of association of the Labco Group's SELs as a breach of the principle of independence of laboratory doctors. In 2007, Synlab Labco filed a complaint with the European Commission, arguing that the Ordre des pharmaciens had inappropriately used its administrative and disciplinary powers to impede the development of free competition and the creation of groups of laboratories in the French clinical laboratories services market. On 8 December 2010, the European Commission ruled against the Ordre des pharmaciens. This decision was confirmed in an appeal to the Court of Justice of the European Union and the Ordre des pharmaciens indicated that they would not appeal further.

Also, the Syndicat des Biologistes ("SDB") has filed an appeal on 2 November 2015 before the Administrative Tribunal of Bordeaux, challenging the decision (arrêté) dated 7 September 2015 from the Agence Régionale de Santé Aquitaine authorising the merger between SELAS Laboratoires Analyses Médicales ANABIO, controlled by Synlab Labco, and SELAS BBM. The merger of SELAS BBM into the SELAS Laboratoires Analyses Médicales Anabio, took place following the acquisition by SELAS Laboratoires Analyses Médicales ANABIO of shares of SELAS BBM. Even though Synlab Labco and SELAS Laboratoires Analyses Médicales ANABIO are not parties to the proceedings initiated by the Syndicat des Biologistes, Synlab Labco has decided to intervene into these proceedings to protect its interests, and has filed a statement of defence with the Administrative Court of Bordeaux on 26 February 2016. Management considers, confirmed by its lawyers, that there are serious arguments available to contradict the arguments raised by the Syndicat des Biologistes. The Agence Régionale de Santé has filed its own statement of defence on 29 February 2016 and other briefs have been filed, but no hearing date has been set so far.

Another litigation is ongoing in France against the managing board (*directoire*) of Laboratoire Bioliance, a French SEL operating in the Nantes area, which has taken several decisions detrimental to the Group since the end of 2015. As these decisions were considered by the Group as breach by the sellers (most of whom are the current shareholders/directors of Laboratoire Bioliance) of the share purchase agreement related to the acquisition of Laboratoire Bioliance by the Group, the latter decided to launch judicial actions against three of the sellers of Laboratoire Bioliance, on the grounds of wilful misconduct, actions taken against the Company's best interests and violation of contractual agreements.

In this respect, a first judicial action has been filed before the Commercial Court of Paris which in its decision on 30 September 2016, ordered the above-mentioned three sellers to stop taking actions prejudicial to the Group and contrary to their good faith obligations and legal warranty as sellers, and to pay to Synlab France an amount of 100.000 € for procedural costs. The sellers have filed an appeal of such decision, which is enforceable notwithstanding appeal.

A second judicial action had been filed before the Commercial Court of Nantes (tribunal de commerce de Nantes) and the hearings have not yet been scheduled.

In Germany, several German MVZs of the Synlab Group have brought legal actions regarding the question of whether a quotation of fees for different medical services is legal and therefore, if the relevant distribution criteria of fees and the relevant fee distribution agreements of the Association of Statutory Health Insurance Physicians (Kassenärztliche Vereinigung) are legal. Synlab is currently evaluating the respective decision of the Federal Social Court of Germany (Bundessozialgericht) as of 19 August 2015. No contingent liability has arisen since the Labco or Synlab acquisitions for which it will be necessary to disclose information in the notes to the consolidated financial statements.

Contingent liabilities assumed in the Synlab Group business have been recorded relating to a liability of most part of Italian lab companies related to the calculation of the social contribution to be paid when a laboratory is using for a specific analysis self-employed doctors. Italian Group entities have paid every year, for several years, the tax based on only the turnover generated by the doctors whereas the Italian Supreme Court has considered a higher tax base including the full turnover of a clinical diagnostic company with the National Health System. The contingent liability has been estimated at fair value of 6.9 M€ and recorded as Other provisions.

The Group operates in more than 20 countries and is subject to a wide range of complex tax laws and regulations. At any point in time it is normal for there to be a number of open years in any particular territory which may be subject to enquiry by local authorities.

28. Other liabilities

Other liabilities

	31 December 2016 €000	31 December 2015 €000
Other non-current liabilities	**18,771**	**8,354**
Put options over non-controlling interests	6,156	3,855
Purchase price contingent consideration	10,244	3,784
Liabilities to related parties	-	448
Payables related to fixed assets suppliers	-	190
Other	2,371	78
Other current liabilities	**129,415**	**111,467**
Liabilities from salaries and social security payments	73,825	69,229
Purchase price contingent consideration	25,778	13,521
Liabilities from VAT and other taxes	9,597	7,991
Deferred income	5,673	7,224
Put options over non-controlling interests	1,976	2,926
Liabilities to related parties	411	1,362
Payables related to fixed assets suppliers	1,523	1,100
Priority dividends payables	1,015	1,055
Other	9,617	7,059
Total Non-Current	**18,771**	**8,354**
Total Current	**129,415**	**111,467**
Total	**148,186**	**119,822**

In the context of the external growth strategy of the new combined SYNLAB Group, contingent consideration may arise in the scope of business combinations which is required to be recorded at fair value as of the date of acquisition. For contingent consideration which is dependent on the fulfilment of performance targets, especially earn out, the amount is recorded as purchase price contingent consideration whereas fixed amounts are recorded as payables related to acquisitions of subsidiaries.

There is no contingent consideration in relation to the Labco Group acquisition closed on 7 August 2015 or the SYNLAB Group acquisition closed on 1 October 2015. Amounts included correspond to remaining contingent consideration liabilities for previous years acquisitions assumed from the Synlab Group acquisition and recorded at fair value and new acquisitions completed since the acquisitions of Labco and Synlab.

29. Financial instruments

Overview of financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures.

The Group's principal financial instruments, other than derivatives, comprise high yield bonds, bank loans and overdrafts, debentures, finance leases, trade payables, purchase contracts and loans granted. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivables and cash and short-term deposits, which arise directly from its operations.

The carrying amount of all financial assets and liabilities is equal to their fair value except for the interest-bearing loans as shown below. The financial instruments break down as follows by accounting classification:

SYNLAB Bondco PLC

Notes to the consolidated financial statements
For the year ended 31 December 2016

2016	Valuation categories (IAS 39)	Carrying amount €000	(Amortised) cost €000	FV recognised through other comprehensive income €000	FV recognised through P&L €000	Fair Value €000
Non-current assets						
Non-current financial assets	LAR	13,944	13,944	-	-	13,944
Equity investments	AFS	909	-	909	-	909
Derivatives – no hedge accounting	FAHfT	185	-	-	185	185
		15,038	**13,944**	**909**	**185**	**15,038**
Current assets						
Trade receivables	LAR	249,439	249,439	-	-	249,439
Other current financial assets	LAR	61,374	61,374	-	-	61,374
Cash and Cash equivalents	LAR	145,397	145,397	-	-	145,397
Discontinued operations and long term assets held for sale	FVTPL	514	-	-	514	514
		456,724	**456,210**	-	**514**	**456,724**
Non-current liabilities						
Interest bearing loans borrowings	FLAC	2,240,389	2,240,389	-	-	2,341,773
Other non-current liabilities measured at amortised costs	FLAC	9,299	9,299	-	-	9,299
measured at FV through P&L	FLHfT	9,473	-	-	9,473	9,473
Derivatives - no hedge accounting	FLHfT	51	-	-	51	51
		2,259,212	**2,249,688**	-	**9,524**	**2,360,596**
Current liabilities						
Interest bearing loans borrowings	FLAC	29,685	29,685	-	-	29,685
Other current liabilities measured at amortised costs	FLAC	115,289	115,289	-	-	115,289
Measured at FV through P&L	FLHfT	6,543	-	-	6,543	6,543
Trade payables	FLAC	199,237	199,237	-	-	199,237
		350,754	**344,211**	-	**6,543**	**350,754**

2015	Valuation categories (IAS 39)	Carrying amount €000	(Amortised) cost €000	FV recognised through other comprehensive income €000	FV recognised through P&L €000	Fair Value €000
Non-current assets						
Non-current financial assets	LAR	9,620	9,620	-	-	9,620
Equity investments	AFS	2,715	-	2,715	-	2,715
		12,335	**9,620**	**2,715**	-	**12,335**
Current assets						
Trade receivables	LAR	206,766	206,766	-	-	206,766
Other current financial assets	LAR	39,291	39,291	-	-	39,291
Cash and Cash equivalents	LAR	94,586	94,586	-	-	94,586
		340,643	**340,643**	-	-	**340,643**
Non-current liabilities						
Interest bearing loans borrowings	FLAC	1,871,592	1,871,592	-	-	1,923,234
Other non-current liabilities						
measured at amortised costs	FLAC	2,651	2,651	-	-	2,651
measured at FV through P&L	FLHfT	5,703	-	-	5,703	5,703
Derivatives - no hedge accounting	FLHfT	98	-	-	98	98
		1,880,044	**1,874,244**	-	**5,801**	**1,931,686**
Current liabilities						
Interest bearing loans borrowings	FLAC	115,433	115,433	-	-	115,433
Other current liabilities						
measured at amortised costs	FLAC	96,316	96,316	-	-	96,316
measured at FV through P&L	FLHfT	5,332	-	-	5,332	5,332
Trade payables	FLAC	151,706	151,706	-	-	151,706
		368,787	**363,455**	-	**5,332**	**369,718**

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 23 Borrowings and other financial liabilities for detail of maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these covenants, if the Group does not respect contractual requirements, it may result in preventing of future drawing on the undrawn facility.

The Group monitors its risk to a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets and the projected cash flows from operations.

Prospective liquidity analysis for non-derivative and derivative financial liabilities is as follows:

		Cash flow - remaining period			
2016	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	2,204,857	135,225	497,859	2,359,887	2,992,972
Finance Lease Liabilities	65,268	20,380	46,494	10,670	77,544
Trade payables	199,242	199,242	-	-	199,242
Other financial liabilities	510,324	121,832	388,492	-	510,324
Total	**2,979,691**	**476,679**	**932,845**	**2,370,557**	**3,780,082**

		Cash flow - remaining period			
2015	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	1,931,589	126,528	491,857	2,168,310	2,786,695
Finance Lease Liabilities	55,533	16,369	33,523	10,141	60,034
Trade payables	151,706	151,706	-	-	151,706
Other financial liabilities	110,003	101,649	8,354	-	110,003
Total	**2,248,831**	**396,252**	**533,734**	**2,178,451**	**3,108,438**

Included in the interest bearing loans, the Revolving Credit Facility amounting to 250 M€ was undrawn as of 31 December 2016. Future cash flow contain commitment fees paid on the undrawn facility until mid-2021 with a rate corresponding to 35% of margin.

Market risk – interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the floating tranches of the Senior Secured Notes and to the debt drawn on the revolving credit facility (RCF). The main part of the Group's long-term debt is at fixed rates, enabling us to limit the impacts of market risks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	31 December 2016 €000	31 December 2015 €000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	1,334,467	1,318,497
Variable rate instruments		
Financial assets	145,397	94,586
Financial liabilities	935,658	668,626

Under the Group's current financing strategy, the Secured Senior Notes are 6.25% fixed rate for a tranche of 900 M€ and floating for a tranche of 940 M€ and the intragroup loan from SYNLAB Unsecured Bondco, which on-lent the Senior Notes is 8.55% fixed rate for an amount of 370 M€. Consequently, fixed rate borrowings represent approximately 55%. The Group is only exposed to market risk arising from fluctuations in interest rates in respect of the Revolving Credit Facility (undrawn as at 31 December 2016) and the floating rate Senior Secured Notes. Although the Group is not required to enter into hedging transactions or to use derivative financial instruments to mitigate the adverse effects of interest rate fluctuations pursuant to the RCF Agreement or the Senior Secured Note documentation, the Group entered into an interest rate cap contract to hedge against a potential market interest rate increase. As a consequence, portion of the fixed rate borrowings represents 80% of the total borrowings as of 31 December 2016. The Group does not enter into financial instruments for trading or speculative purposes.

Due to the Group's specific interest rate risk position and funding structure, risk management policies require to manage cash flow volatility.

Cash flow sensitivity analysis for variable rate instruments

On an annual basis and given the interest rate hedging in place, a change of 100 basis points in interest rates would have led to an additional payment of 4.6 M€ interest on the Floating Rate Senior Secured Notes. If the RCF would be drawn for its maximum amount of 250 M€, exposure to interest risk rate on financial liabilities would amount to a maximum of 1.8 M€ for an increase of variable interest rate of 100 basis points. That limited exposure to interest rate risk on financial liabilities would be compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable rate instruments. This analysis assumes that all other variables remain constant.

Market risk – foreign currency risk

The Group has been exposed to limited foreign exchange risk, given Synlab Group is mostly present in European countries which are part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British pound sterling, the Swiss operations which are exposed to Swiss francs, certain Northern or Eastern Europe countries and rest of the world cash generating unit. In addition, the Spanish subsidiary Labco Nous, located in Barcelona, provides laboratory testing services in Latin America with subsidiaries opened especially in Brazil and Colombia, and is therefore exposed to foreign exchange risk in respect of the Brazilian real and the Colombian peso. Non-euro denominated total revenue represented, in aggregate, 19.35% of the Group's total revenue for the year ended 31 December 2016.

The following table demonstrates the sensitivity to a change in FX-exchange rates of CZK, CHF, and GBP with all other variables held constant. No impact on the Group's pre-tax equity has been calculated since the Group does not have any exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

2016	Change of currency %	Effect on EBT €000	Effect on equity €000
Change in CZK rate	0.05	(2,452)	-
Change in CZK rate	-0.05	2,702	-
Change in CHF rate	0.05	(1,125)	-
Change in CHF rate	-0.05	1,238	-
Change in GBP rate	0.05	(2,826)	-
Change in GBP rate	-0.05	3,123	-

2015	Change of currency %	Effect on EBT €000	Effect on equity €000
Change in CZK rate	0.05	(2,436)	-
Change in CZK rate	-0.05	2,692	-
Change in CHF rate	0.05	(650)	-
Change in CHF rate	-0.05	715	-
Change in RON rate	0.05	(366)	-
Change in RON rate	-0.05	397	-

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk are provided in Note 21 Trade accounts receivable.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group performs ongoing credit evaluations of its receivables and establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a general allowance related to the aging of the overdue receivables.

Investments and cash and cash equivalents

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2016 €000	31 December 2015 €000
Trade accounts receivables	249,935	206,766
Other current assets	61,374	39,291
Cash and cash equivalents	145,397	94,586
Other non-current assets	15,038	12,335
Total	**471,744**	**352,978**

Fair values

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of private equity investments, call options on minority interests with agreed price determination formula as well as contingent consideration recorded in a business combination (as detailed in Note 28 Other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and liabilities, together that are not at fair value in the statement of financial position, are not significantly different from recorded carrying amounts.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the specific aggregate Acquisition related expenses detailed in Note 12 Separately Disclosed Items.

The total gains or losses for the year relating to financial assets that are measured at fair value at the end of each reporting period are included in the line Other financial expenses detailed in Note 13 Net finance costs. All gains and losses, if any, included in other comprehensive income related to available-for-sale unlisted shares are reported in the line Net changes in fair value of available-for-sale assets detailed in the Consolidated Statement of Comprehensive Income.

No transfers out of level 3 category have been performed given the nature of financial assets and liabilities measured at fair value.

Financial Instruments designated as FVTPL

	Derivatives	Contingent Consideration
	€000	€000
As at 1 January 2016	**6,879**	**4,254**
Realised during the period	891	3,629
Change in fair value	1,113	-
As at 31 December 2016	**8,883**	**7,883**

	Derivatives	Contingent Consideration
	€000	€000
Amount at incorporation date	**-**	**-**
Business acquired	5,637	2,786
Realised during the period	-	1,142
Change in fair value	1,242	326
As at 31 December 2015	**6,879**	**4,254**

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss. Furthermore, as of 31 December 2016 the Group shows in Spain an amount of 0.5 M€ as a building held for sale. According to IFRS 5 this asset is measured at fair value less costs to sell and is presented separately in the statement of financial position.

The Group has a non-significant fair value instrument in Belgium accounted for as trading derivatives and holds an interest rate hedge in the form of a cap in SYNLAB Bondco PLC. Those derivatives correspond, according to the categorisation by hierarchy of fair value, to level 2 financial instruments. The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable to hierarchical level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques which includes inputs that are not based on observable market data (Level 3).

The notional amount of Financial Instruments designated at Fair Value through Profit and Loss outstanding at the end of reporting period was 16.8 M€ (2015: 11.1 M€).

30. Reconciliation from net loss to operating profit

The reconciliation from net loss to operating profit is as follows in the consolidated statement of cash flows:

	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Net loss for the period	**(101,601)**	**(62,111)**
Adjustments for:		
Income tax expenses	24,909	8,471
Finance costs	170,263	76,665
Finance income	(6,194)	(7,017)
Share of loss of associates	1,934	1,199
Profit from disposal of investments	(9,634)	-
Operating loss	**79,677**	**(17,206)**

31. Capital commitments and contingencies

Operating lease and commercial commitments

The Group has entered into rental and commercial lease agreements as lessee primarily for company buildings, equipment and vehicles. These lease agreements have an average term of between two and seven years with no renewal option included in the contracts for equipment and vehicles. The Group leases almost all of the properties where its laboratories are located. The leases in Germany are generally on 2 to 7 years lease contracts, in France on a 3/6/9 year lease contracts or 6 or 12 years lease terms, and in Portugal and Spain, the situation is such that the Group can exit leases at 6-12 months' notice.

Minimum obligation (payments) from operating leases 2016	Buildings €000	Other €000
Due in one year or less	60,465	19,447
Due between one and five years	163,247	43,563
Due over five years	59,197	1,775
Total	**282,909**	**64,785**

Minimum obligation (payments) from operating leases 2015	Buildings €000	Other €000
Due in one year or less	42,852	21,003
Due between one and five years	124,757	42,413
Due over five years	48,067	1,593
Total	**215,675**	**65,009**

Operating lease expenses related to property amounted to 55.4 M€ in 2016 (2015: 20.2 M€) and other (including equipment) lease expenses of 25.5 M€ (2015: 10.1 M€).

Finance lease and commercial commitments

The Group has entered into finance leases and commercial commitments on certain testing equipment as well as motor vehicles, items of machinery or IT and office equipment.

Reagents suppliers in certain instances provide the testing equipment free of charge to laboratories in exchange for exclusive purchasing commitments, including minimum volume commitments. Management believes minimum volume commitments for consumables are substantially below current volumes and therefore does not consider these minimum purchase commitments to be material.

As stated in Note 17 Property, Plant and Equipment, some of these contracts have been qualified as capital lease over an average duration of 5 years because the contracts have tacit renewal clauses, but no purchase options. Renewals are at the option of the specific entity that holds the leases. Other contracts which have been agreed with Beckmann Coulter GmbH for analysis instruments were classified as capital leases over an average duration of 7 years because the lease agreements contain purchase options. Future minimum lease payments under finance leases are as follows:

	31 December 2016		31 December 2015	
	Minimum obligations payments			
	(nominal value) €000	(present value) €000	(nominal value) €000	(present value) €000
Due over one year or less	20,181	17,310	16,389	15,375
Due between one and five years	46,064	40,388	33,512	30,718
Due over five years	10,698	7,526	10,137	9,440
Total minimum lease payments	**76,943**	**65,224**	**60,038**	**55,533**
Less interest portion	(11,719)		(4,504)	
Total	**65,224**		**55,534**	
Lease payments for the year		**22,693**		**6,503**

Off balance sheet commitments given and received

As of 31 December 2016 and 31 December 2015, the Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, in particular securities provided to secure the Senior Secured Notes and the RCF, or also for the Group cash pooling activities.

Indeed the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement, have been guaranteed by a certain number of Group entities, called Guarantors.

The RCF provides that the commitments from borrowers pursuant to the RCF agreement are jointly guaranteed on the same basis as the Group's Bonds: (i) by SYNLAB Bondco PLC; and (ii) by some subsidiaries (together "Guarantors") representing more than 50% of the Group EBITDA. The Collateral securing the obligations under the RCF are the same as the one securing the obligations under the indentures relating to the high yield bonds. They are mainly composed of: (i) pledge over the shares of certain Group companies; and (ii) the pledge over the long-term intercompany loans receivables under any intra group loan in excess of 5 M€. Refer to Note 23 Borrowings and other financial liabilities for the details of the covenants under the RCF and the indentures relating to the Senior Secured Notes.

SYNLAB Bondco PLC

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As at 31 December 2016 and 31 December 2015, the Guarantors are the following entities:

	Guarantors
Country	**Entity name**
Austria	Institut für medizinische und chemische Labordiagnostik GmbH. Synlab Holding Austria GmbH
Belgium	Laboratoire D'analyses Medicales Roman Pais SPRL Laboratoire D'analyses Medicales Docteur J. Collard SC SPRL
France	Synlab France SAS Biopar SAS Labco Corporate Assistance SAS Synlab Labco SA (formerly: Labco SA) Laboratoire de Biologie Médicale Aquilab SELAS Biofrance SELAS Eurabio SELAS (formerly : Institut de Biologie Clinique and Unibionor SELAS) Laboratoire Bioliance SELAS Mazarin SELAS Novabio Diagnostics SELAS Oxabio SELAS
Germany	SYNLAB International GmbH SYNLAB Acquisition GmbH Medizinisches Versogungszentrum synlab Leverkusen GmbH Steinlach-Klinik GmbH Synlab Medizinisches Versorgungszentrum Berlin GmbH Synlab Medizinisches Versorgungszentrum Heidelberg GmbH Synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH Synlab Medizinisches Versorgungszentrum Kassel GmbH Synlab Medizinisches Versorgungszentrum Stuttgart GmbH Synlab Medizinisches Versorgungszentrum Trier GmbH Synlab Medizinisches Versorgungszentrum Weiden GmbH Synlab Medzinisches Versorgungszentrum Augsburg GmbH Synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH SYNLAB Holding Deutschland GmbH (ex- synlab Services GmbH) Synlab Umweltinstitut GmbH Synlab Verwaltungs u. Beteiligungs GmbH Synlab.vet GmbH.
Italy	Synlab Holding Italy S.r.l. Synlab Italia S.r.l. Istituto II Baluardo SpA Sdn SpA
Spain	Synlab Holding Iberia SA Synlab Diagnosticos Globales SA
Switzerland	AMS analyses médicales services SA Synlab Suisse SA
UK	Labco UK Group Limited SYNLAB Bondco PLC

In addition the Group provides guarantees in the ordinary course of business. They correspond mainly to lease guarantees for buildings and equipment in the amount of 9.4 M€ (2015: 8.9 M€) and to performance parent guarantees on the UK contracts. The guarantee in the context of a share purchase agreement for 11.5 M€ and the guarantee provided to the Italian Ministry of Research on loan received for 0.5 M€ expired in 2016. For outsourcing contracts in the UK with certain NHS Trusts, Synlab Labco SA has issued parent company guarantees to the benefit of the Trusts in order to guarantee the performance of the operating obligations of its UK entities managing the contracts (iPP, iPP Analytics and iPP Facilities) under the outsourcing contract and for a period lasting over contract period plus two years in general.

Under the RCF agreement, part of the total available facility of 250.0 M€ is for an ancillary available facility amounting to 16.9 M€ under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary available facility was drawn for an amount of nil € as at 31 December 2016 (2015: 15.2 M€).

32. Capital and reserves

Ordinary shares and deferred shares

The share capital of SYNLAB Bondco PLC is divided into two types (2015: two types) of shares:

- Ordinary Shares with a nominal value of 0.10 €. The holders of these shares are entitled to participate to any dividend or distribution. Ordinary Shares entitle the holders to full voting rights.
- Deferred Ordinary Shares with a nominal value of £1. The deferred shares do not entitle the holder to any voting rights or any dividend or distribution.

As at 31 December 2016 the authorised share capital consisted of 1,147,890,052 ordinary shares. The shares have a par value of 0.10 €, all shares being fully paid. The capital of the Company is the total equity on the Company's Statement of Financial Position.

At incorporation, 50,001 ordinary £1 shares were issued at par value with the amount owed by the parent entity as at 30 June 2015. In July 2015, the 50,001 ordinary £1 shares were converted into deferred shares.

Issuance of ordinary shares during the period

No shares were issued during the year 2016.

The objective of the Company's capital management is to grow its business and deliver improving returns for its parent company. Subject to statutory shareholder authorisation, the management of the Company's capital is performed by the Board of Directors. There are no externally imposed capital requirements.

Currency Translation reserve

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations. Refer to the Consolidated Statement of Changes in Equity.

Dividends

No dividends were declared or distributed.

33. Related party disclosures

Identity of related parties

The Group has a related party relationship with its key management (including companies in which managers hold key position) and with its majority shareholders, the Cinven funds or entities controlled by Cinven.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

Directors' and key executive management compensation

The Group considers key management to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Members of the board of directors and the executive committee receive no compensation for their services on either of these committees.

Certain members of the board of directors (1 individual) and the executive committee (19 individuals) are, or were, compensated for certain other services they render to the Group. Such remuneration is paid to them (or to professional companies wholly-owned by them) by way of a fixed annual salary (or fees) and an annual bonus.

The remuneration of the key management is set out below in aggregate as at 31 December 2016:

	Notes	Year ended 31 December 2016 €000	Period ended 31 December 2015 €000
Short-term benefits		5,555	1,795
Post-employment benefits	(i)	-	-
Special indemnities (including termination)	(ii)	-	2,214
Share-based payments	(iii)	-	-
Total		**5,555**	**4,009**

(i) Post-employment benefits are not significant and correspond only for the few members concerned to legal post-employment benefits due to employees as described in Note 24 Employee benefit liabilities. None of the directors or key executives is member of a defined benefit pension scheme or money purchase pension scheme.

(ii) The specific indemnities correspond to the compensation for loss of office paid to certain director or key executive.

(iii) Certain key members of the senior management benefit from the various share-based payment schemes implemented by SYNLAB Limited. No awards were exercisable by any members of the senior management during that period. As part of management incentive plans, 14 directors or key executives have received awards receivable in the form of shares in the parent company under a long-term incentive scheme or rights to subscribe in the parent company through a Management vehicle. Refer to Note 25 Share based payment scheme.

Remuneration of the highest paid director:

The remuneration of the sole and highest paid director amounts to 0.5 M€ (2015: 1.3 M€) and no special indemnity for loss of office has been paid (2015: 0.9 M€). The highest paid director did not exercise any share options in the year and is not benefiting from any defined benefit pension scheme.

Other related party transactions with Directors or key management member

Service agreement with Cinven Partners LLP

SYNLAB Limited (2015: Synlab France S.A.S.) and Cinven Partners LLP (2015: Cinven SA) entered into a service agreement pursuant to which Cinven Partners LLP will provide advisory and administrative services for an annual fee of 0.5 M€ (2015: 0.5 M€) per annum.

Other relations with related parties

	31 December 2016			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Other €000**	**Total €000**
Loans to related parties	-	-	-	-
Receivables from related parties	8.023	-	401	**8.424**
Borrowings from related parties	(369.721)	-	-	**(369.721)**
Liabilities to related parties	-	-	(390)	**(390)**

	31 December 2015			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Other €000**	**Total €000**
Loans to related parties	-	-	-	-
Receivables from related parties	-	1	1,782	**1,783**
Borrowings from related parties	(369,721)	(448)	-	**(370,168)**
Liabilities to related parties	-	(1,107)	(255)	**(1,362)**

Receivables and payables, income and expenses concerning related parties, i.e. companies with significant influence on the Group and companies in which managers hold key positions.

Other related party transaction

A number of associates accounted for under the equity method incur expenses for certain subsidiaries of the Group. These operating expenses are recharged to the relevant subsidiaries. All transactions and outstanding balances with the related parties during the year are priced on an arm's length basis. None of the balances are secured.

34. Events after the reporting period

Acquisitions

From 1 January 2017 until 10 April 2017, acquisitions have been made for a total value of 54.9 M€. They relate to the following acquisitions in Germany and France: Detailed information on those non-significant operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure
01 January 2017	Germany	Dr. Ganse	clinical testing	market consolidation	asset deal
01 January 2017	Germany	Pathologie am Tiergarten GbR	pathology	market consolidation	asset deal
01 January 2017	Germany	Praxis für Humangenetik Freiburg	genetic licenses	market consolidation	asset deal
04 January 2017	France	SELARL Analabo	clinical testing	market consolidation	share deal
10 January 2017	France	SELARL Medilabs	clinical testing	market consolidation	share deal
31 January 2017	France	Laboratoire d'Analyses d'Anatomie Pathologique Perrot SELAS	pathology	market consolidation	share deal
15 February 2017	France	Dr. Muriel Ney	pathology	market consolidation	asset deal
01 April 2017	Austria	Dr. Kampfer Beteiligungs GmbH	holding	market consolidation	share deal
01 April 2017	Austria	Krankenanstalt Medizinisch-diagnostisches Laboratorium O.M.R. Prof. Dr. Wilhelm Reinhart Ges.m.b.H.	clinical testing	market consolidation	share deal
01 April 2017	Germany	Schindler	genetic licenses	market consolidation	asset deal

35. Investment in subsidiaries

Company	Shares in subsidiary undertakings €000
Cost	
At 1 January 2016	527,199
Additions	600,000
At 31 December 2016	1,127,199
Net book value	
At 31 December 2016	1,127,199

Principal Group investments

The Company and the Group have investments in subsidiary undertakings and investments, which principally affected the profits or net assets of the Group as listed in Note 36 Group entities.

SYNLAB Bondco PLC

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36. Group entities

Parent company: SYNLAB Bondco PLC

	31 December 2016		
Designated entities	**% of control**	**Method of consolidation**	**% of interest**
FRANCE			
Synlab France SAS	100.00%	FC	100.00%
Synlab Labco SA (formerly: Labco SA)	100.00%	FC	100.00%
Labco Corporate Assistance SAS	100.00%	FC	100.00%
Oxabio SELAS	98.42%	FC	97.33%
Synlab Labco Gestion (formerly: Labco Gestion)	100.00%	FC	100.00%
Laboratoire de Biologie Medicale Aubert SELAS	99.66%	FC	99.40%
Biofrance SELAS	99.32%	FC	99.31%
Norden SELAS		SOLD	
Labco Midi SELAS	99.96%	FC	99.96%
Laboratoire de Biologie Médicale Delaporte SELAS	99.99%	FC	99.99%
BioaIliance SELAS	99.79%	FC	99.74%
Eurabio SELAS (formerly: Institut de Biologie Clinique)	99.97%	FC	98.89%
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	98.36%	FC	98.36%
Biopaj SELAFA	99.99%	FC	97.62%
Biopar SAS	100.00%	FC	100.00%
Biosynthèse SELAS	99.40%	FC	98.80%
Laboratoire de Biologie Médicale Carron SELAS	99.87%	FC	99.87%
Laboratoire du Beffroi SELAS	99.92%	FC	99.68%
Novabio Diagnostics SELAS	99.99%	FC	97.32%
Centre Biologique SELAS	99.87%	FC	99.73%
Bio Arvor SELAS	98.85%	FC	99.05%
Laboratoire de Biologie Médicale Aquilab SELAS	98.89%	FC	99.09%
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	49.37%	EM	49.47%
Groupe Biologic SELAS	91.13%	FC	99.99%
Laboratoire de Biologie Médicale Bio Adour SELAS	99.99%	FC	99.30%
Laboratoire Bioliance SELAS	97.30%	FC	94.98%
Bio-Rhone SELAS	80.72%	FC	99.96%
Anabio SELAS	100.00%	FC	98.77%
Bioval Laboratoires SELAS	98.55%	FC	98.70%
Laboratoire de Biologie Médicale du Val d'Orne SELAS	99.82%	FC	99.82%
Laboratoire de Biologie Medicale Cayrou-Gorse-Bourjeili SELAS	98.54%	FC	98.69%
Laboratoire d'Ananlyses de Biologie Médicale Christine Pepin-Philippe Leluan-Patricia Sannier-Didier Guillo SELAS (PLSG)	98.28%	FC	98.89%
Bio-Alpes SELAS	99.99%	FC	99.68%
Normabio SELAS	96.91%	FC	97.31%
Société d'Exercice Libéral Bio Fin et Associés SELAS		MERGER	
Laboratoire de Biologie Médicale Labo Gascogne SELAS	98.84%	FC	98.84%
Probio SELAS	99.99%	FC	99.30%
Mazarin SELAS	100.00%	FC	98.88%
Axilab SELAS	98.63%	FC	98.71%
Laboratoire Verdun de Lore SELAS	99.75%	FC	99.75%
Sylab (formerly: Celab) SELAS	99.80%	FC	99.02%
Sylab SELAS		MERGER	
Biosix SARL	100.00%	FC	96.89%
Isolab SELAS	99.97%	FC	99.28%
Laboratoire de Biologie medical Régional de Normandie SELAS (LBMR)	49.99%	FC	99.76%
Alpigène SELAS	32.35%	FC	54.98%
Unibionor SELAS		MERGER	

Technipath SELAS	100.00%	FC	99.95%
SCM de la Rue de la Marne	100.00%	FC	100.00%
SCM Vallee de la MEUSE		SOLD	
SCM LAD	99.47%	FC	99.55%
SCM GROUPEMENT LABO	65.90%	FC	66.04%
SCM Cabinet Médical Saint Côme	45.61%	EM	45.61%
SCM Labco centre	100.00%	FC	100.00%
SCM LE CENTRE		LIQUIDATON	
SCM AZURLAB	28.39%	EM	28.39%
SCM Biologis	100.00%	FC	95.23%
SCM GRAM	39.48%	EM	39.56%
SCM Unibionor		LIQUIDATON	
SCM Technipath		MERGER	
SCM BIO 76	0.01%	NC	0.01%
SCM PIERRE BACHET	9.91%	NC	9.91%
GIE LABCO 06		LIQUIDATON	
GIE LABCO 07		LIQUIDATON	
SCI la Salicorne	57.71%	FC	57.68%
Labco Services France	100.00%	FC	100.00%
Société Civile de Moyens « BRINGEON – BEN LAGHA – ARCIN – TOMMASI-ZAPPATINI	100.00%	FC	100.00%
ENVIRONNEMENT & SANTE		LIQUIDATON	
SWEDEN			
LABCO DIAGNOSTICS SWEDEN AB		LIQUIDATION	
ITALY			
LABCO LOMBARDIA S.R.L.		MERGER	
C.A.M. CENTRO ANALISI MONZA S.P.A.		MERGER	
Synlab Italy S.r.l.	100.00%	FC	100.00%
ISTITUTO IL BALUARDO SPA	100.00%	FC	100.00%
SDN SPA	100.00%	FC	100.00%
SDN Guantai Nuovi S.r.l.	100.00%	FC	100.00%
SDN San Giorgio a Cremano S.r.l.	100.00%	FC	100.00%
SDN Vanvitelli S.r.l.	100.00%	FC	100.00%
SDN Gianturco S.r.l.		MERGER	
CAM ECO SERVICE SRL	41.00%	EM	41.00%
CONSORZIO PER LO SVILUPPO DELLA MEDICINA OCCUPAZIONALE E AMBIENTALE	33.33%	EM	33.33%
Baluardo Servizi Sanitari Srl	100.00%	FC	100.00%
CONSORZIO PER LA GENETICA MOLECOLARE UMANA	33.33%	EM	33.33%
Analisi Cliniche Alfa S.r.l.		MERGER	
Centro A. Fleming S.r.l.	100.00%	FC	100.00%
Centro Diagnostico Specialistico San Nicolò Como S.r.l.	100.00%	FC	100.00%
Citylab S.r.l.		MERGER	
Laboratorio Analisi per la Diagnostica Medica – IV Miglio S.r.l.	100.00%	FC	100.00%
Mater Dei S.r.l.	100.00%	FC	100.00%
Synlab Emilia Romagna S.r.l.	100.00%	FC	100.00%
Synlab Holding Italy S.r.l.		MERGER	
SYNLAB Holding Italy S.r.l. (formerly: Labco Italia S.r.l.)	100.00%	FC	100.00%
Synlab Lazio S.r.l.	100.00%	FC	100.00%
synlab Veneto S.r.l.	100.00%	FC	100.00%
Synlab Toscana S.r.l.	100.00%	FC	100.00%

C.E.A.R. Laboratori Riuniti S.r.l.	100.00%	FC	100.00%
Centro Diagnostico Exacta S.r.l	100.00%	FC	100.00%
Cosmol SAS	100.00%	FC	100.00%
Geneticlab S.r.l	100.00%	FC	100.00%
Pharmadiagen S.r.l.	100.00%	FC	100.00%
Laboratorio Analisi Molinella S.r.l.	100.00%	FC	100.00%
Data Medica Padova S.p.A.	100.00%	FC	100.00%
Euganea Medica S.r.l.	100.00%	FC	100.00%
Poliamblatorio Euganea Medica S.r.l.	100.00%	FC	100.00%
Radius S.r.l.	100.00%	FC	100.00%
Laboratorio Santacroce S.r.l.	100.00%	FC	100.00%
Analisi Cliniche Gallieno S.r.l.	10.00%	NC	10.00%
GERMANY			
Labco Germany GmbH	100.00%	FC	100.00%
SYNLAB Acquisition GmbH	100.00%	FC	100.00%
SYNLAB International GmbH	100.00%	FC	100.00%
Ärztliche Laborgemeinschaft Oberhausen GbR	SPE	FC	SPE
Apparategemeinschaft i. Albrecht-Dürer-Haus GbR	SPE	FC	SPE
Arbeitsgemeinschaft für Laboratoriumsmedizin Neuwied GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Troisdorf GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hamburg Nordwest GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Kassel GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Köln-Kalk GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Nordeifel Mechernich GbR	SPE	FC	SPE
Ärztliche Laborgemeinschaft Region Eschweiler GbR	SPE	FC	SPE
BZH GmbH Deutsches Beratungszentrum für Hygiene GmbH	52.84%	FC	52.84%
INTERLAB GmbH central lab services - worldwide		MERGER	
KRH Labor GmbH		SOLD	
Vertragsärztliche Laborgemeinschaft Allgäu GbR	SPE	FC	SPE
Laborgemeinschaft Bayern-Nord GbR	SPE	FC	SPE
Laborgemeinschaft Bayern-Süd GbR	SPE	FC	SPE
Laborgemeinschaft Bayrischer Ärzte GbR	SPE	FC	SPE
Laborgemeinschaft Berlin GbR	SPE	FC	SPE
Laborgemeinschaft Bayrischer Heilpraktiker GbR	SPE	FC	SPE
Laborgemeinschaft Oberpfälzer Ärzte in Weiden GbR	SPE	FC	SPE
Laborgemeinschaft Kurpfalz GbR	SPE	FC	SPE
Laborgemeinschaft Mittelfranken GbR	SPE	FC	SPE
Laborgemeinschaft Mittelhessen GbR	SPE	FC	SPE
Laborgemeinschaft München-Innenstadt GbR	SPE	FC	SPE
Laborgemeinschaft Oberpfälzer Ärzte GbR	SPE	FC	SPE
Laborgemeinschaft Ostbayern-Bavaria GbR	SPE	FC	SPE
Laborgemeinschaft Rhein-Nahe-Eck GbR	SPE	FC	SPE
Laborgemeinschaft Stuttgart-Voralb GbR	SPE	FC	SPE
Laborgemeinschaft Thueringia GbR	SPE	FC	SPE
Laborgemeinschaft Trier GbR	SPE	FC	SPE
Laborgemeinschaft Dr. Wimmer GbR	SPE	FC	SPE
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	SPE	FC	SPE
MED Laborunion GmbH		SOLD	
Medizinisches Versorgungszentrum synlab Bonn GmbH	100.00%	FC	100.00%
Medizinisches Versorgungszentrum synlab Hämotologisches Köln GmbH	100.00%	FC	100.00%
Privamed – privatärztliche Laborgemeinschaft GbR	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Dinslaken GbR	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Kassel GbR	SPE	FC	SPE
Privat-Laborgemeinschaft Gießen-West GbR	SPE	FC	SPE

Steinlach-Klinik GmbH	100.00%	FC	100.00%
Synlab Labor München Zentrum GbR	85.50%	FC	85.50%
Synlab Labormedizinisches Versorgungszentrum Jade-Weser GmbH	100.00%	FC	100.00%
Synlab Logistics GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Augsburg GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Berlin GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Hamburg GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Heidelberg GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Kassel GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	100.00%	FC	100.00%
MVZ Synlab Leverkusen GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Stuttgart GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Trier GmbH	100.00%	FC	100.00%
Synlab Medizinisches Versorgungszentrum Weiden GmbH	100.00%	FC	100.00%
SYNLAB Holding Deutschland GmbH	100.00%	FC	100.00%
synlab Umweltinstitut GmbH	100.00%	FC	100.00%
Synlab Verwaltungs und Beteiligungs GmbH	100.00%	FC	100.00%
synlab.vet GmbH	100.00%	FC	100.00%
Laborgemeinschaft Brandenburg-Templin GbR	SPE	FC	SPE
Synlab tesdelo service GmbH	100.00%	FC	60.00%
SYNLAB MVZ Humangenetik Freiburg GmbH	100.00%	FC	100.00%
SYNLAB MVZ Pathologie Hannover GmbH	100.00%	Set-up - FC	100.00%
EGS Labortransport & Analytik Hamburg GmbH	100.00%	FC	100.00%
Lausitzer Analytik GmbH Laboratorium für Umwelt und Brennstoffe GmbH	100.00%	FC	100.00%
Food Jena GmbH	100.00%	FC	100.00%
Labor Stülpnagelstrasse GbR	33.00%	NC	33.00%
SPAIN			
Synlab Holding Iberia SA	100.00%	FC	99.32%
Synlab Diagnosticos Globales. S.A.	100.00%	FC	99.32%
ANALISIS CLINICOS BIOCLINIC S.L.	100.00%	FC	99.32%
GENERAL LABORATORIES & TRIALS S..L	75.00%	FC	74.49%
Lab Dos Analisis S.L.	50.00%	EM	49.66%
Genética Molecular Laboratorio S.L.	100.00%	FC	99.32%
Labco Madrid S.A.	100.00%	FC	99.32%
Labco Baleares S.L.	100.00%	FC	99.32%
Raban Gibraltar LDA	100.00%	FC	99.32%
Centro De Patologia Celular Y Diagnostico Prenatal. S.A.	84.70%	FC	84.42%
Labco Pathology. S.L.	100.00%	FC	99.45%
Egara Laboratoris S.L.	45.00%	EM	44.69%
Institut De Citologia I Histopatologia. S.L.	100.00%	FC	99.32%
Labco Buildings SL	100.00%	FC	99.32%
Labco Castilla y Leon. S.L.	100.00%	FC	99.32%
Olot Análisis, S.L.		MERGER	
Global Analitica S.A.		MERGER	
Investigación y Análisis, S.A.	100.00%	FC	99.32%
Brugues Asistencial, S. A.	100.00%	FC	99.32%
Imadia 2005, S.A.;	100.00%	FC	99.32%
Servicios Integrales de Medicina de Urgencia, S.L.	100.00%	FC	99.32%
Centro Médico Virgen de Nuria, S.A.	100.00%	FC	99.32%
CIC MEXICO ANALISIS ESPECIALES, S.C.	70.00%	NC	69.61%
CIC Peru Analisis Especiales SAC	70.00%	NC	70.00%
CIC Analitica Especial Gestao e Investimento Brasil Ltda	99,00%	FC	98.32%
CIC Analisis Clinicos Especiales Ltda	100,00%	FC	99.32%

CIC Laboratorio Labco Nous do Brasil Ltda	100,00%	FC	99.32%
Labco Nous Colombia SAS	100.00%	FC	99.32%
Àngel Diagnóstica S.A.	98,50%	FC	97.83%
Bioter Diagnóstica S.A.S.	100.00%	FC	99.32%
Andreani S.A.S.	100.00%	FC	99.32%
Jucamimca S.A.S.	100.00%	FC	99.32%
LAB Martinez Reig SL	100.00%	NC	100.00%
BELGIUM			
Labco Belgium SA	100.00%	FC	99.59%
Laboratoire d'Analyses Médicales Roman Païs SPRL	100.00%	FC	99.18%
Ellipsys SCA	100.00%	FC	98.70%
Generalimmo SPRL	100.00%	FC	98.89%
Labco Finance SPRL	100.00%	FC	100.00%
Laboratoires de Biologie médicale V.R. SPRL	100.00%	FC	99.18%
CPG Laboratorium SPRL	100.00%	FC	98.61%
Laboratoire médical et Analyses biologiques (M.A.B.) SPRL		LIQUIDATION	
Laboratoire D'analyses Medicales Docteur J. Collard SC SPRL	100.00%	FC	100.00%
UK			
IPP Ltd	100.00%	FC	100.00%
Labco Diagnostics UK Group Ltd	100.00%	FC	100.00%
Integrated Path Services Ltd	100.00%	FC	100.00%
IPP Facilities Ltd	100.00%	FC	100.00%
IPP Analytics Ltd	100.00%	FC	100.00%
Labco Diagnostics UK Ltd	100.00%	FC	100.00%
Synlab UK Limited	100.00%	FC	100.00%
The Christie Pathology Partnership LLP	50.10%	FC	50.10%
CCP Facilities LLP	100.00%	Set-up FC	100.00%
Genon Laboratories Ltd	100.00%	FC	100.00%
Synergy Health Laboratory Services Ltd	100.00%	FC	100.00%
SPS LLP	33,33%	EM	33,33%
SPS Facilities LLP	33,33%	EM	33,33%
Southwest Pathology Services LLP	33,33%	EM	33,33%
PORTUGAL			
Questão em Aberto, S.A.	100.00%	FC	99.45%
General Lab Portugal, S.A.	100.00%	FC	99.45%
Germilab – Patologistas Clínicos Associados, S.A.	100.00%	FC	99.45%
Laboratório Médico Dr. David Santos Pinto e Dr. Fernando Teixeira, S.	100.00%	FC	99.45%
Clínica De Diagnósticos Da Azambuja, Dr. Fernando Teixeira, Lda..		MERGER	
Clinova - Centro De Diagnóstico Laboratorial De Torres Novas, Lda..	100.00%	FC	99.45%
Flaviano Gusmão, S.A.	100.00%	FC	99.45%
Gnóstica - Laboratório De Análises Clínicas, S.A.	100.00%	FC	99.45%
José Júlio De Castro Fernandes, S.A.	100.00%	FC	99.45%
Laboratório De Análises Clínicas - Susana Pereira Rosas, Lda.	100.00%	FC	99.45%
Laboratório De Análises Clínicas Da Covilhã, S.A.	100.00%	FC	99.45%
Laboratórios Consolidados do Porto, S.A.	100.00%	FC	99.45%
Datapartners. S.A.		MERGER	
Sampletest S.A. - Consultoria E Gestão De Laboratórios De Análises Clinicas S.A.		MERGER	

Sampletest II - Consultoria E Gestao De Laboratorios De Analises Clinicas. S.A.		MERGER	
GDPN – Genetica Medica e Diagnostico Pre-Natal Dr. Sergio Castedo S.A.	100.00%	FC	99.45%
Sscp - Serviços De Saúde Curativos e Preventivos, Lda.	100.00%	FC	99.45%
Dr. Macedo Dias - Laboratório de Anatomia Patológica S.A	100.00%	FC	99.45%
Dr. Patrick Agostini II Lda.	100.00%	FC	100.00%
MEDPAT BOM SUCESSO – CENTRO DE ANÁLISE EM ANATOMIA PATOLÓGICA, Lda.	100.00%	FC	100.00%
SWITZERLAND			
TEST Tailored Efficient Swiss Testing SA	100.00%	FC	100.00%
AMS analyses médicales services SA	100.00%	FC	100.00%
Synlab SWISS Holding	100.00%	FC	100.00%
Labsupply AG	100.00%	FC	100.00%
Swiss BioAnalytics AG	100.00%	FC	100.00%
synlab Suisse SA	100.00%	FC	100.00%
Marnaud Holding SA	100.00%	FC	100.00%
ArgotLab dermatopathologie SA	100.00%	FC	100.00%
Argot Lab Holding SA	100.00%	FC	100.00%
Argot Lab SA	89.20%	FC	89.20%
Argot Lab pathologie oculaire SA	100.00%	FC	100.00%
Biopath Lab SA	100.00%	FC	100.00%
Sium Engineering AG Cyto Oberwegeser AG	100.00%	FC	100.00%
Top Medizinische Laboratorien AG	100.00%	FC	100.00%
One Provide AG	100.00%	FC	100.00%
Bakteriologisches Institut Olten BIO AG	30.00%	NC	30.00%
AUSTRIA			
Institut für medizinische und chemische Labordiagnostik GmbH	100.00%	FC	100.00%
synlab Holding Austria GmbH	100.00%	FC	100.00%
synlab Logistic Austria GmbH	100.00%	FC	100.00%
Synlab Umweltinstitut GmbH	100.00%	FC	100.00%
Forschungsgesellschaft Technischer Umweltschutz Gesellschaft m.b.H.	100.00%	FC	100.00%
Czech Republic			
Aneclab s.r.o.	100.00%	FC	100.00%
synlab Czech s.r.o.	100.00%	FC	100.00%
synlab genetics s.r.o.	100.00%	FC	100.00%
Poliklinika Moravské Budejovice. s.r.o.	4.00%	NC	4.00%
Estonia			
Quattromed HTI Laborid OÜ	100.00%	FC	100.00%
Viljandi Tervisekeskus OÜ		SOLD	
Finland			
Synlab Finland OY	100.00%	FC	100.00%
synlab Holding Finland OY	100.00%	FC	100.00%
Hungary			
Spectromass Analitikai Labortórium Kft.	100.00%	FC	100.00%
Synlab Hungary Kft.	100.00%	FC	100.00%

Centrumlab Kft	100.00%	FC	100.00%
synlab Umweltinstitut Ungarn Kft.		MERGER	
Rest of World			
Freiburg Medical Laboratory Middle East LLC	70.00%	FC	70.00%
Das ausl. private einheitliche Dienstleistungsuntern. „Synlab-EML“	100.00%	FC	100.00%
Medilab Ltd.	100.00%	FC	100.00%
Medlab Ghana Limited	100.00%	FC	100.00%
Medical Imaging Ghana Limited	100.00%	FC	100.00%
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAGNOSTIKU	100.00%	FC	100.00%
Medven Africa Limited	100.00%	FC	100.00%
synlab Lietuva UAB (formerly UAB “SORPO)”	100.00%	FC	100.00%
Private Medical Institution – Diagnostic Laboratory with Biochemical and Microbiological Laboratory SYNLAB Skopje (formerly Adrialab d.o.o. Skopje)	98.00%	FC	98.00%
Lab1 AS	51.00%	FC	51.00%
Synlab Polska Sp. Z.o.o.	100.00%	FC	100.00%
LABORATOARELE SYNLAB S.r.l.	100.00%	FC	100.00%
SYNLAB WEST S.r.l.	99.94%	FC	99.94%
CMI Dr. Marinescu Dana Mihaela SRL	99.94%	FC	99.94%
CMI Dr. Lacobescu C Anca SRL	99.94%	FC	99.94%
Laboratoarele RGM. SRL	97.98%	FC	97.98%
Medsense Servici Medicale SRL	99.94%	FC	99.94%
Romgervet SRL	98.95%	FC	98.95%
Zostalab SRL	99.94%	FC	99.94%
Adrialab d.o.o. Ljubljana	100.00%	FC	100.00%
synlab slovakia s.r.o.	100.00%	FC	100.00%
Referans M-B Saglik Laboratuar Hizmetleri Sanayi ve Ticaret Ltd. Sti.	SPE	FC	SPE
Synlab ILK Referans Saglik Hizmetleri Sanayi ve Ticaret A.S.	100.00%	FC	100.00%
Synlab Turk A.S.	100.00%	FC	100.00%

EM: Equity Method / FC: Fully consolidated / NC: Not consolidated / SPE: Special Purpose Entity