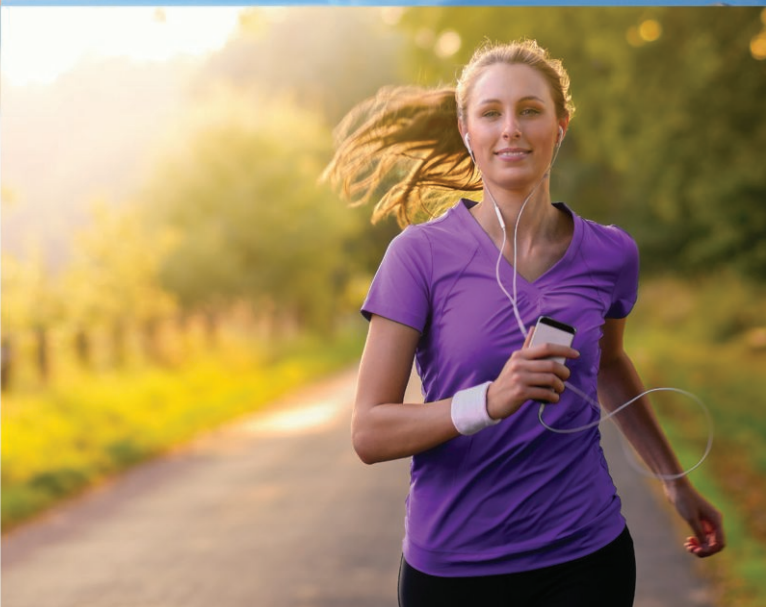
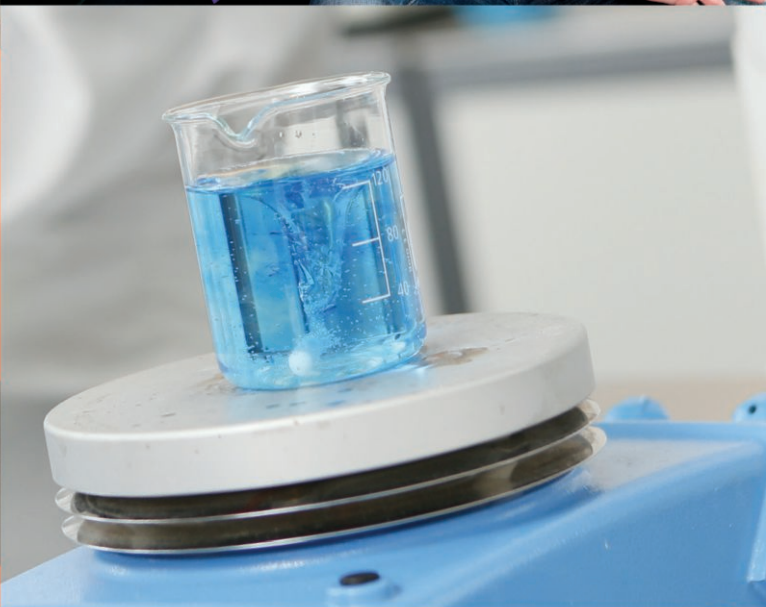




# ANNUAL REPORT 2015







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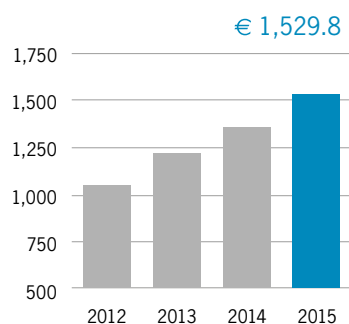
# Financial highlights 2015

## Strong results

- Revenue growth of 13% to EUR 1,530 million (+11% on a constant currency basis)
- Gross profit growth of 16% to EUR 332.8 million (+14% on a constant currency basis)
- Operating EBITA increased by 17% to EUR 128.3 million (+15% on a constant currency basis)
- Net result before amortisation and non-recurring items of EUR 87.2 million (2014: EUR 54.3 million)
- Cash conversion ratio improved to 90.5% (2014: 83.9%)
- Cash earnings per share increased by 26% to EUR 1.79
- Dividend proposal of EUR 0.44 in cash per share

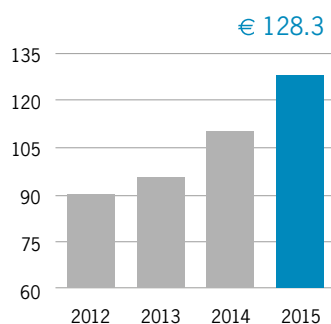
### Revenue

in EUR million



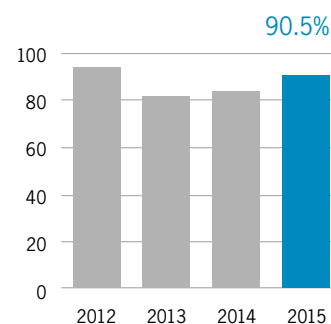
### Operating EBITA

in EUR million

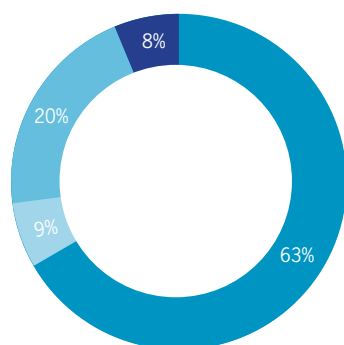


### Cash conversion

in %



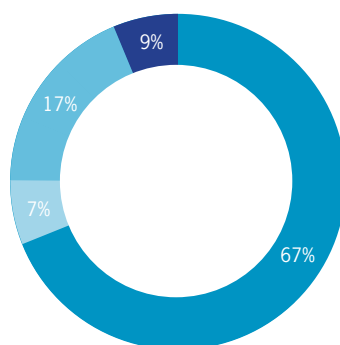
### Revenue per region



EUR million

- Europe: 968.9
- USA: 131.6
- Asia Pacific: 310.5
- Other Emerging Markets: 118.8

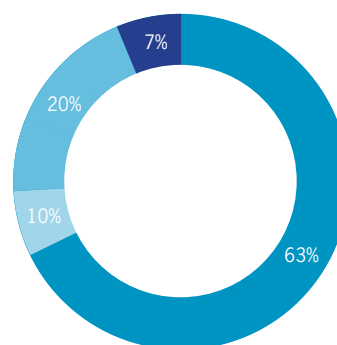
### Gross profit per region



EUR million

- Europe: 222.9
- USA: 23.6
- Asia Pacific: 58.1
- Other Emerging Markets: 28.2

### Operating EBITA per region\*



EUR million

- Europe: 87.3
- USA: 13.4
- Asia Pacific: 27.9
- Other Emerging Markets: 10.4

\* Excluding Holding Companies

## Key Figures

EUR million	2015	2014	Change
<b>Results</b>			
Revenue	1,529.8	1,358.3	13%
Gross profit	332.8	287.6	16%
Gross profit in % of revenue	21.8%	21.2%	0.6%
Operating EBITA <sup>1</sup>	128.3	110.0	17%
Operating EBITA in % of revenue	8.4%	8.1%	0.3%
Conversion margin <sup>2</sup>	38.5%	38.2%	0.3%
Net result before amortisation / non recurring items	87.2	54.3	61%
<b>Cash flow</b>			
Free cash flow <sup>3</sup>	119.3	94.6	26%
Cash conversion margin <sup>4</sup>	90.5%	83.9%	6.6%
<b>Balance sheet</b>			
Working capital	227.8	179.7	27%
Total equity	653.8	530.8	23%
Net debt	437.5	266.6	64%
Net debt / Operating EBITDA ratio <sup>5</sup>	2.9	2.4	0.5
<b>Employees</b>			
Number of full time employees end of period	1,746	1,512	15%
<b>Shares</b>			
Numbers of shares issued at year end (x 1,000)	52,592	50,000	5%
Weighted average number of shares (x 1,000)	51,612	25,118	105%
Earnings per share (weighted)	1.20	0.79	52%
Cash earnings per share (weighted) <sup>6</sup>	1.79	1.42	26%
Proposed dividend per share	0.44	0.20	120%

<sup>1</sup> Result from operating activities before amortisation of intangibles and non-recurring items

<sup>2</sup> Operating EBITA in percentage of Gross profit

<sup>3</sup> Operating EBITDA plus/less changes in working capital less capital expenditures

<sup>4</sup> Free cash flow in percentage of Operating EBITDA

<sup>5</sup> Including full year impact of acquisitions 2015

<sup>6</sup> Result for the year before amortisation (net of tax)

# FOREWORD CEO



# Another year of progress

The year 2015 has been turbulent: a tragic crisis in the Middle East causing great human suffering, terror attacks, global warming, the Greek debt crisis, falling commodity prices, attempts to stimulate economic growth by monetary means, currency swings and so on. We operate in a volatile environment and it is safe to say that the global economy has shown very modest growth and that chemical production was behind expectation. The slowdown of world trade is a cause of concern also going into 2016.

Despite these circumstances, IMCD can look back on a good year. Whilst we could not reach our objective to increase sales in all markets, particularly in Europe, we were able to organically increase our gross profit and operational EBITA. With continuing financial discipline our cash flow remained strong. We were also able to accomplish further operational improvement in many of our businesses. Most importantly, we made a significant step in reaching our long term strategic goal of becoming a leading distributor of speciality chemicals and food ingredients by acquiring MF Cachat in the US. Finally, we strengthened our positions in key markets like India and Brazil by acquiring market focused companies in food and pharma respectively.

The relationships with our suppliers remain strong. We build partnerships with them to increase sales and develop their product brands and markets in a transparent way. In this annual report you will find examples of how our investment in technical capabilities and application laboratories ensure an optimal service to our customers and help them grow their businesses. Together with our suppliers, we put great effort into ensuring that we comply with the highest health, safety, environmental and quality standards.

IMCD is continually expanding its presence and currently has offices in 43 countries. Our business combines a global infrastructure with a local focus. This requires in depth market knowledge and cultural sensitivity from our staff everywhere in the world. We are very grateful to all of them for their hard work. Integrity, cooperation with one another and transparency towards our partners and customers remain key values of IMCD.

In 2015, we demonstrated consistent strong performance with solid operational EBITA growth, margin expansion and an excellent cash conversion. We will continue to build on the strong foundations of our company and we would like to thank our business partners and shareholders for their ongoing support.



Rotterdam, 15 March 2016  
Piet van der Slikke

# THE IMCD SHARE



IMCD was first listed on Euronext Amsterdam on June 27, 2014. At IMCD's IPO 50.6% of the total share capital was floated on the stock exchange at a price of EUR 21.00 per share, resulting in a market capitalisation of EUR 1,050 million. The first transaction was traded at EUR 22.00.

In May 2015, IMCD issued 2.6 million new shares at an offer price of EUR 32.79 per share, bringing the total number of issued shares to 52,592,254. The net proceeds of the offering were used to finance the acquisition of MF Cachat, a US speciality chemicals distributor.

On 21 July 2015 Euronext Amsterdam launched options on IMCD in the Spotlight options segment. In September 2015 IMCD purchased 100,000 own shares to fund its incentive plan. Through a number of sell-downs in 2015 Bain Capital Investors decreased its shareholding interest in IMCD from 39.17% to 7.9% by the end of 2015.

### Shareprice performance in 2015

In 2015, around 12 million IMCD shares were traded on Euronext Amsterdam. Another 18 million shares

were traded as a result of the sell-downs of Bain Capital Investors and the issuance of new shares. The average daily trading volume in 2015 was approximately 117,000 shares whereby during the year the share price rose by 21% from EUR 28.20 to a closing price at December 31, 2015 of EUR 34.07. By the end of 2015 the market capitalisation (including the share offering of May 2015) amounted to EUR 1,792 million (EUR 1,410 million end of 2014).

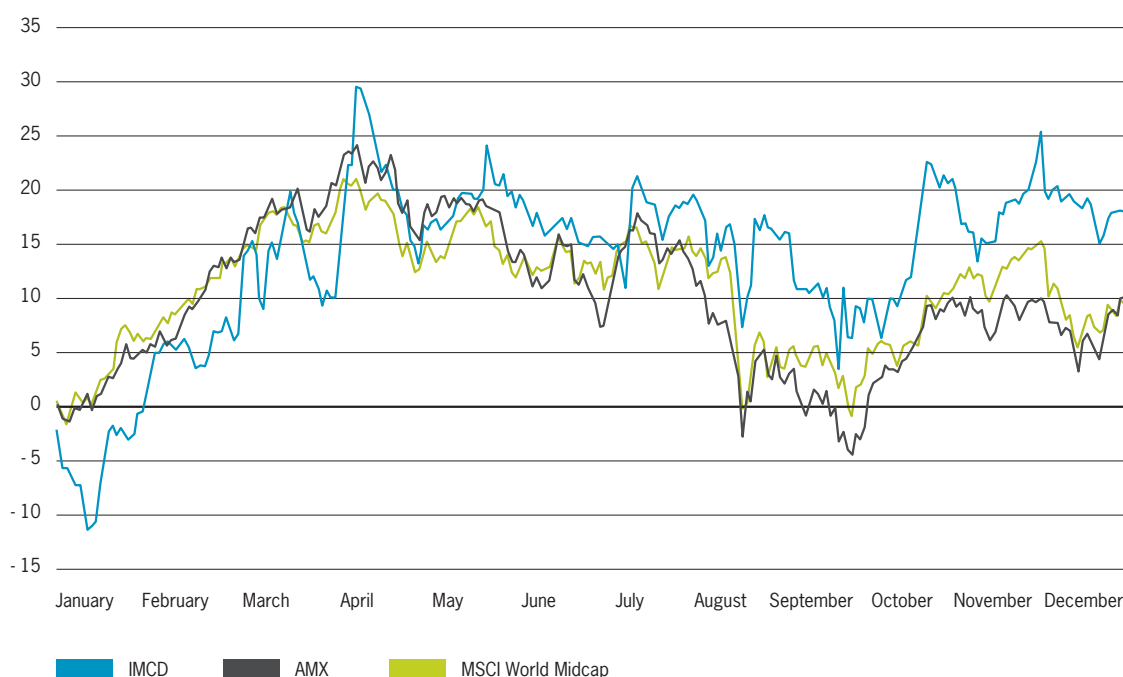
### Investor relations policy

IMCD values maintaining an active dialogue with its financial stakeholders such as existing and potential shareholders, brokers and the (financial) media. IMCD considers it very important to explain the IMCD business model and execution in order to give the stakeholders the information they need to form an opinion on the Company.

In 2015 the Company has organised roadshows to London, Paris, Frankfurt, Copenhagen, Helsinki and New York. Investor conferences were attended in Amsterdam, London and Frankfurt. Also, a considerable number of meetings with (potential

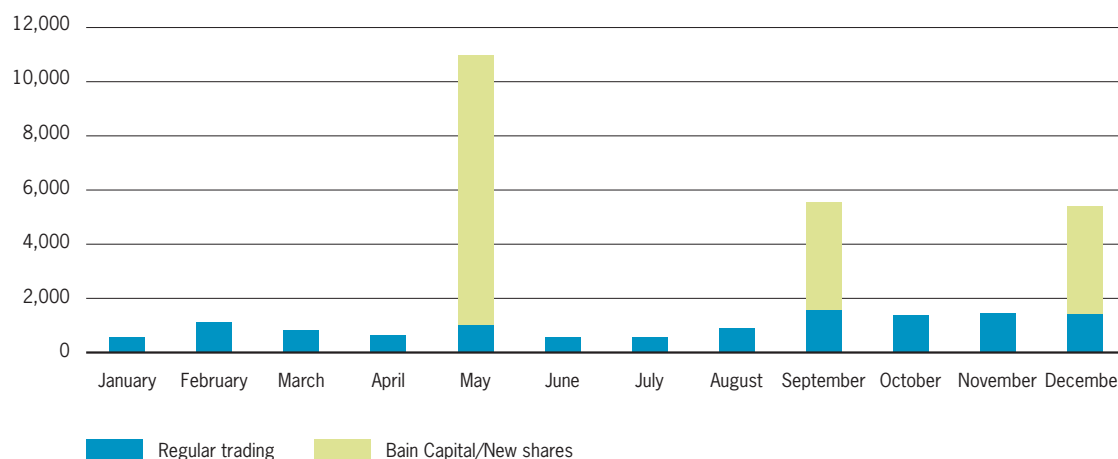
### Share price performance 2015

In %



### Trading volume 2015

In number of shares x 1,000



investors took place. IMCD is currently covered by 9 Dutch and foreign brokers.

### Dividend policy

Barring exceptional circumstances IMCD has a dividend policy with a targeted annual dividend in the range of 25% to 35% of adjusted net income (reported result for the year plus amortisation charges net of tax) to be paid out either in cash or in shares.

### Major shareholders

The register maintained by the Netherlands Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings in listed companies contains details of the following investors as at 31 December 2015. There are no known holdings in the AFM register of short positions.

FMR, LLC	10.00%
Bain Capital Investors, LLC	7.94%
Ameriprise Financial Inc.	5.10%
Dynamo Int. Gestao de Recursos Ltda.	5.07%
BlackRock, Inc.	4.71%
Stichting Nieuw Oosteinde	3.45%
Swedbank Robur Fonder AB	3.14%
Lucerne Capital Management, LLC	3.07%
Smallcap World Fund, Inc.	3.01%
Carmignac Gestion S.A.	2.87%

### Ticker symbols

Euronext Amsterdam	IMCD-NL
Euronext Amsterdam derivatives market	IMD
Reuters	IMCD.AS
Bloomberg	IMCD.NA

The IMCD share	2015	2014
Highest price	37.2	28.2
Lowest price	24.8	20.8
Year-end price	34.1	28.2
Earnings per share (weighted)	1.20	0.79
Proposed dividend per share	0.44	0.20
Number of shares at year-end (x 1,000)	52,592	50,000
Weighted average number of shares (x 1,000)	51,612	25,118

### Financial Calendar

16 March 2016	Full year 2015 results
12 May 2016	Q1 2016 Trading Update
	Annual General Meeting
	Dividend announcement
16 May 2016	Ex-dividend date
17 May 2016	Record date
18 May 2016	Payment date
23 August 2016	First half year 2016 results
16 November 2016	Q3 2016 Trading Update

### Investor relations

ir@imcdgroup.com  
www.imcdgroup.com/investor-relations



# Representing world class suppliers worldwide

IMCD was formed in 1995 with the strategy developed by Piet van der Slikke, CEO, and Hans Kooijmans, CFO. Since then, IMCD has grown to be one of the leading speciality chemicals and food ingredients distributors, offering suppliers an outsourced yet fully integrated marketing, sales and distribution channel. The Company originated from businesses located in the Netherlands, Belgium, France, Australia and New Zealand.

Through a market focused approach and recruitment of specialist technical resource, IMCD has grown both organically and by strategic acquisitions, resulting in the successful expansion of its business model to 43 countries in Europe, Asia-Pacific, the US and Other Emerging Markets. IMCD's business operations are organised along a number of strategic market sectors including pharmaceuticals, food & nutrition, plastics, personal care, synthesis, coatings, lubricants and detergents.



Executive Committee, from left to right:

Hans Kooijmans (1961) Chief Financial Officer (CFO), Piet van der Slikke (1956) Chief Executive Officer (CEO), Gabriele Bonomi (1962), John Robinson (1966), Frank Schneider (1959), Marcus Jordan (1974)

## 1995 - 2000

- In 1995 Internatio-Müller combines its speciality chemicals distribution assets in Benelux, France, Australia and New Zealand as a separate division under the name Internatio-Müller Chemical Distribution
- Acquisitions to build a pan-European network are a key part of the growth strategy. Businesses are acquired in the United Kingdom, Germany, Spain, Italy and other Western European countries
- Add on acquisitions to further strengthen the position in Australia and New Zealand

## 2001 - 2005

- Management and NIB Capital Private Equity acquire the Company in 2001 which adopts the name 'IMCD'
- Further acquisitions in Switzerland, Poland, Benelux, France and the United Kingdom to strengthen the pan-European network
- IMCD starts greenfield operations in Austria, Turkey, India and Russia
- Establishment of matrix organisation along geographic lines and end markets to enable distribution on a broad geographical basis supported with one single uniform IT platform in Europe
- AAC Capital Partners acquires NIB Capital Private Equity's interest in IMCD (2005)

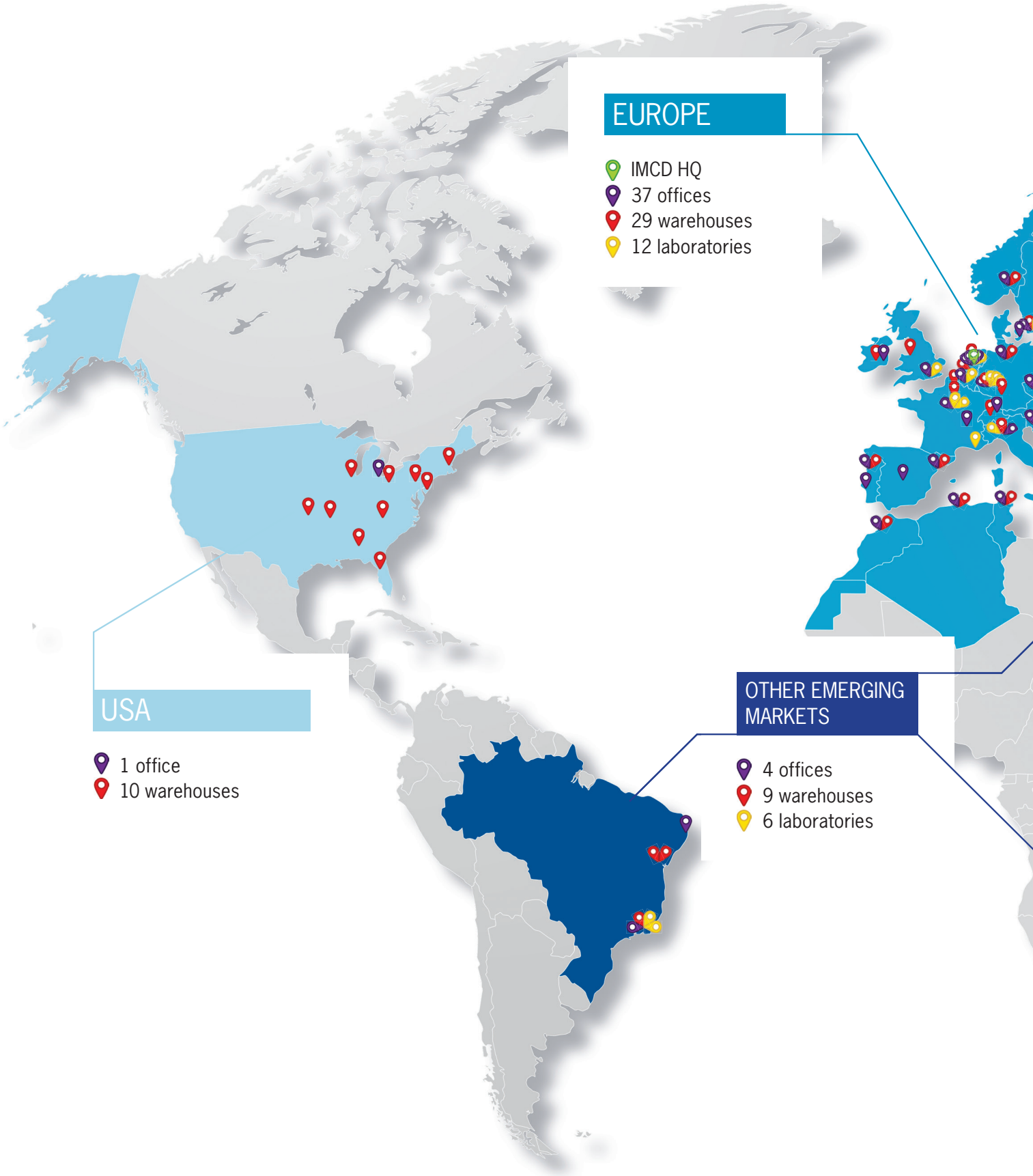
## 2006 - 2010

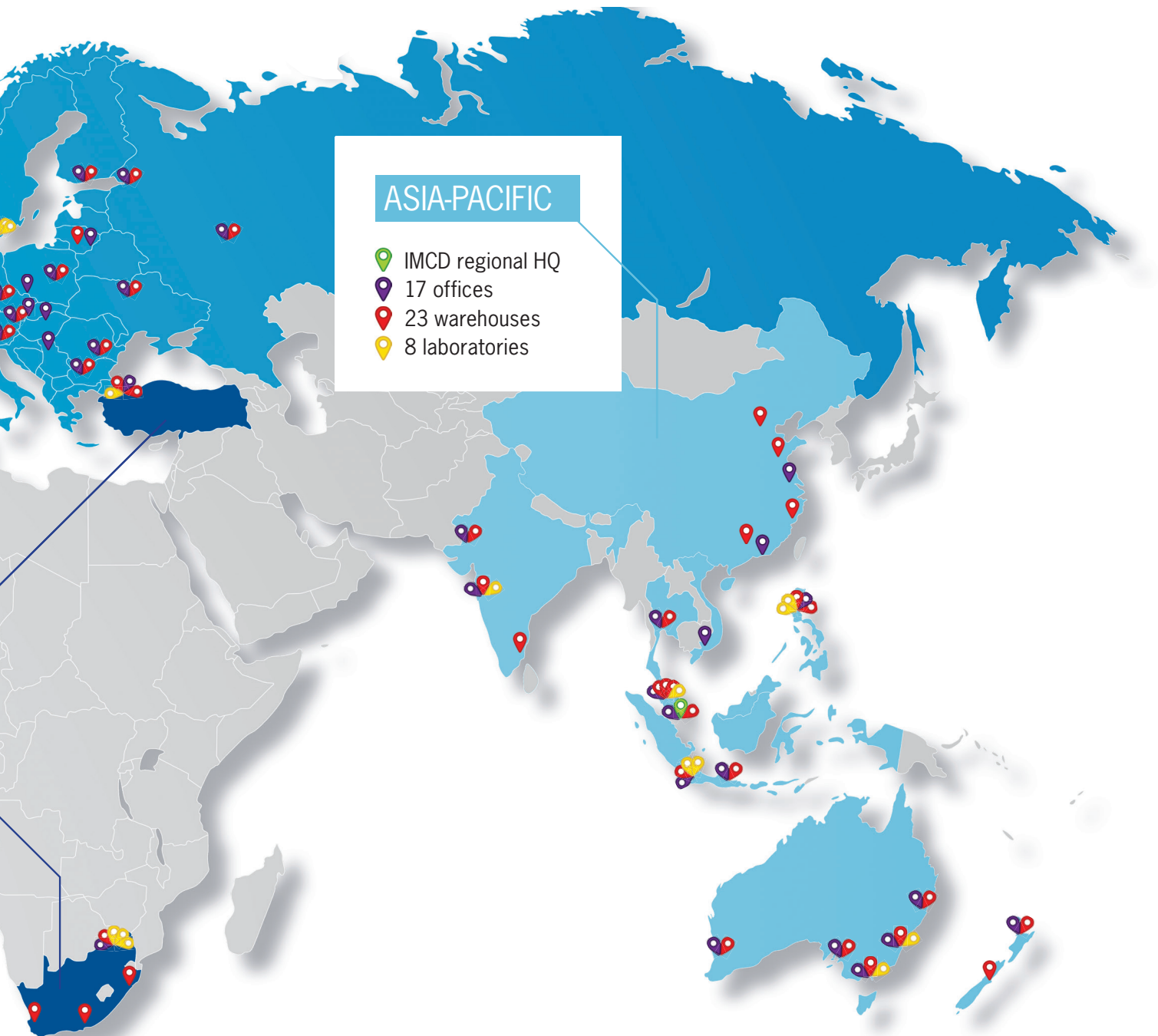
- Acquisition of businesses in South Africa, Germany, New Zealand and Norway
- Acquisition of Warwick, providing increased coverage in France, Spain, Italy and entry to Malaysia
- Diversification by suppliers, customers, end markets, products and geographies proves to have a degree of resilience through challenging economic cycles

## 2011 - 2015

- Bain Capital acquires AAC Capital Partners' interest in IMCD (2011)
- Acquisitions of businesses in South Africa, Malaysia, Singapore, China, India, Philippines and Brazil develop a strong emerging market footprint
- IMCD opens a regional head office in Singapore and offices in Thailand and Vietnam
- Further acquisitions in Europe and Australia to strengthen market presence
- First listing on Euronext Amsterdam (2014)
- Entrance in the US market with the acquisition of MF Cachat

# Global presence





# THE SPECIALITY CHEMICALS MARKET





# Speciality versus commodity chemicals

Whilst there is no clear definition for speciality or commodity chemicals, the following is generally accepted:

## **Commodity chemicals are**

- generally basic in nature
- available from numerous sources with a common specification
- higher volume products
- lower priced

Due to the high volume, commodity chemicals require a primary focus on supply chain infrastructure and efficiencies of scale. Therefore, commodity chemical distributors are generally more asset-intensive than speciality chemicals distributors and require much less technical know-how and expertise.

## **Speciality chemicals are**

- generally functional in nature
- available from only a limited number of sources
- generally ordered in smaller volumes
- higher priced

Distribution of speciality chemicals typically requires technical expertise, application know-how as well as marketing and sales competence. Because of the low order volumes it is more common for speciality chemicals distributors to outsource their supply chain infrastructure to selected third parties, paying for the services they require as opposed to investing in fixed assets.

## Speciality chemicals distribution

Speciality chemicals are used in almost every aspect of daily life, ranging from cosmetics, food, drinks, cars, detergents, paint and medication. The constant demand for product improvement and higher performance drives the requirement for innovative speciality chemicals.

Chemical suppliers typically service the larger customers directly but utilise the skills and market coverage of a speciality distribution company to serve the small and mid-sized accounts. In effect, the speciality chemical distribution company acts as a cost effective extension of the suppliers' sales and marketing 'arm'. In some cases, where the supplier is based remotely, the distributor will cover all sales activity to all customer types in the region. In most cases the distributor will have local warehousing and stock-holding to enable 'just-in-time', small lot deliveries.

By working with a speciality distribution company, the supplier benefits from having one loyal business partner as opposed to dealing directly with many small customers, thus simplifying their route-to-market. In addition, by offering a more comprehensive product portfolio from a variety of suppliers, the distributor is able to significantly enhance and improve the customer coverage and local market intelligence.

In addition to offering business simplification, a speciality chemicals distributor can add technical value and expertise to both the supplier and customer. Both can benefit from the technical expertise and application know-how of the distributor and, in some cases, from the distributors' in-house laboratory support.

### Financial resilience

Diversity in product, market and geographical coverage can protect against the impact of specific market conditions such as product availability, local economic circumstances or application downturn. Commodity and speciality chemicals distributors therefore tend to be relatively financially resilient owing to the diversity of supplier and product portfolio they have to offer. This resilience is further strengthened when the distributor has a multi-market and geographical coverage.

Speciality chemicals distributors are generally less impacted by price fluctuations of basic raw materials owing to the fact that the products within their portfolios are highly functional, relatively low volume

and are not easily replaced. This resilience is further enhanced by the asset light business model adopted by most speciality chemicals distributors as the cost base is very flexible and quickly adjustable to any change in the market environment.

### Consolidation

Aside from a small number of regional distributors, the speciality chemicals distribution market is still highly fragmented with a lot of, often family owned, local distributors. In general, there is an increasing demand from major suppliers for pan-regional distributors who are capable of offering both business simplification and long term growth. Due to these ever increasing supplier demands, it is anticipated that there will be further consolidation within the sector whilst maintaining a continued focus on delivering local excellence and expertise.

The following trends are expected to continue to have an impact on the rationalisation of the global speciality distribution industry.



**Increased outsourcing**

There is an increasing trend towards outsourcing of sales, marketing and distribution to a more limited number of third party distributors. The greater complexity in the breadth of speciality products, lower order volumes and specific customer requirements in the various end markets are expected to drive outsourcing to a decreasing number of speciality chemicals distributors.

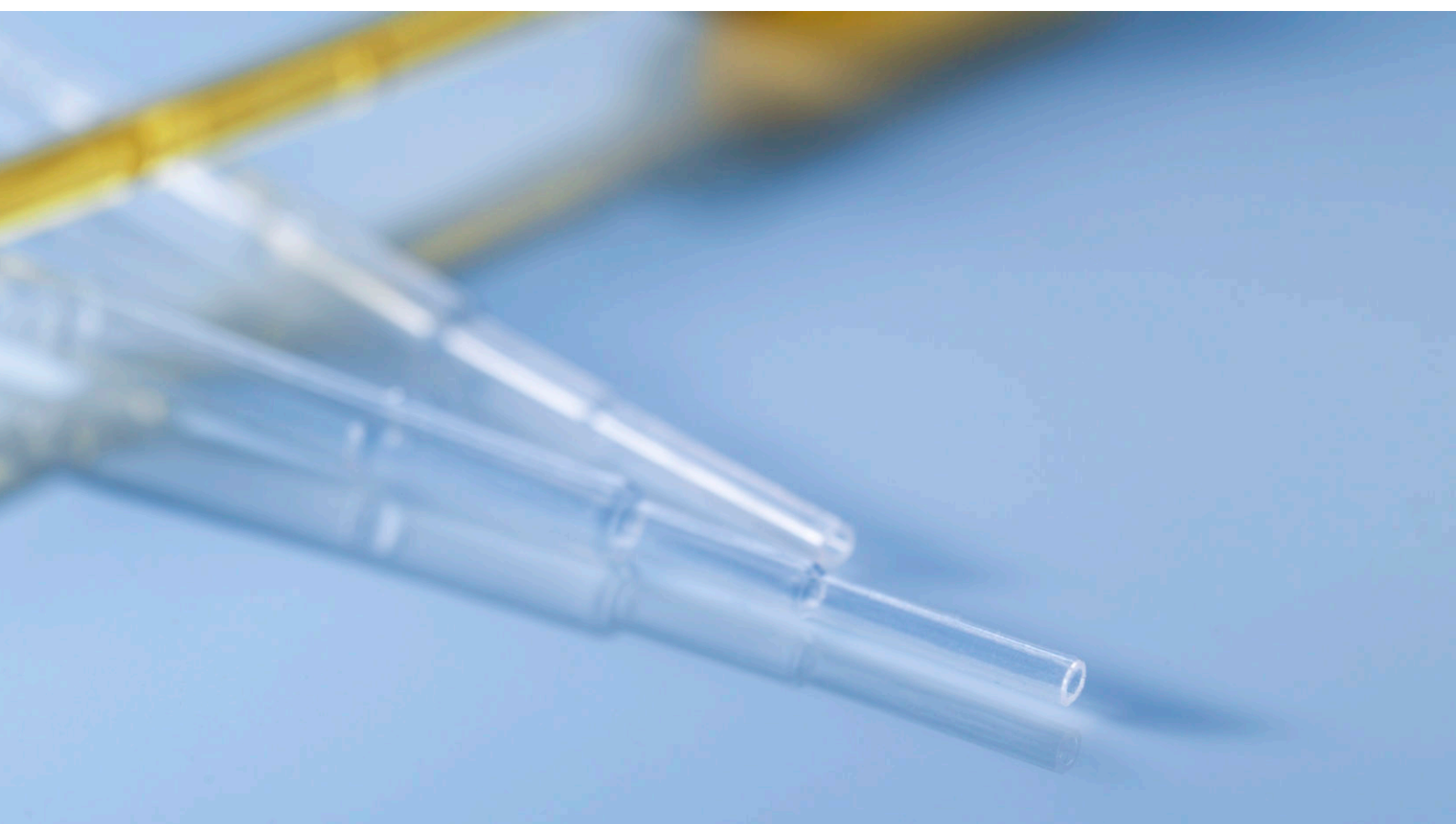
**Preferred partnership**

Suppliers in sophisticated markets are generally looking for more structured pan-regional management of sales and distribution. By entering into sole third party rights of distribution relationships with a preferred distribution partner for multiple countries or regions, suppliers are able to significantly simplify and optimise their route-to-market.

**Increased regulation**

In sophisticated markets increasing regulation will require chemical distributors to obtain a certain minimum scale in order for them to be able to fully comply with the requirements at an affordable cost. In order to be compliant, smaller distributors may

need to upgrade their facilities or to alter processes. Smaller, locally-oriented distributors that currently do not comply with the additional requirements generally are required to make comparatively large investments to comply, whereas larger distributors can more easily make such investments due to their scale.



# PROFILE



## Value through expertise

As a leading distributor of speciality chemicals and food ingredients, IMCD offers value through expertise employing highly technical market specialists to promote speciality chemicals from leading suppliers to customers in a wide range of market sectors. IMCD builds enduring relationships with suppliers, seeking to simplify supplier business operations whilst supporting their business development and providing them with valuable market intelligence and technical expertise. To its customers, IMCD offers a comprehensive portfolio of speciality chemicals and food and pharmaceutical ingredients together with expert technical advice and formulatory support.

IMCD has a focus on achieving growth through long term partnerships combined with market expertise, technical development and innovation. This strategy has yielded solid growth based on the following strengths:

- leading international speciality chemicals focused sales, marketing and distribution platform
- diversified and resilient business model
- superior margin conversion and cash conversion
- demonstrated ability to deliver organic and acquisition led growth
- proven and committed management team

### Products

Speciality chemicals are used in almost every aspect of daily life, ranging from the cosmetics we wear, the food we eat, the cars we drive and the medication we take. The constant demand for product improvement and higher performance drives the requirement for innovative speciality chemicals.

### Suppliers

IMCD focuses on partnering with prestigious suppliers that offer leading and innovative products. The Company places high importance on further strengthening and developing relationships with its supply partners by offering premium market penetration and intelligence to deliver long term organic growth. In addition, suppliers can benefit from the proven IMCD business model of expanding into multiple countries and regions.

IMCD is highly experienced in providing business simplification to its suppliers by coordinating multi-territory agreements and adopting a flexible and cost effective supply chain infrastructure. This includes offering a comprehensive range of value added services such as repacking and utilisation of both local and central warehousing.

### Customers

IMCD has built a strong base of over 32,000 customers and a balanced portfolio of approximately 27,000 products. By working closely with IMCD, customers ensure that they have the highest level of technical and formulatory support to create market leading and innovative products. IMCD also provides additional tailored services for customers including local stocking, repacking, mixing, blending and has a continual focus on delivering a premium customer service to further develop close, long term relationships.

IMCD's customers operate in a wide variety of end markets in the life science and industrial sectors, manufacturing a large array of products including paints, adhesives, inks, construction materials, plastic products, lubricants, tablets and capsules, cosmetics, fragrances, food and beverages.

### Supply chain

IMCD's logistics and warehousing is, whenever possible, outsourced to best-in-class third party service providers enabling the Company to respond in a quick and flexible way to any change in supplier, customer or market demand.

This asset light business model allows IMCD to be adaptable, reliable and efficient, offering bespoke simplified solutions to fulfil the technical, commercial and quality requirements of its customers and suppliers alike. With central, regional and local warehouses in place across all operating territories, IMCD can deliver its products to most customers within a 24 hour timeframe. All IMCD third party logistics service providers are monitored and audited by IMCD's dedicated HSEQ team with expert knowledge of control regulations and business standards for the storage, handling and transport of speciality chemicals and ingredients.



IMCD speciality offering









**People**

IMCD's biggest asset is its people. The Company currently employs more than 1,700 people across 6 continents. With a focus on face-to-face customer interaction, approximately 70% of IMCD's employees are part of the technically and commercially skilled sales force that is able to understand customer needs and grow the business. These professionals possess a relevant technical background and are dedicated market specialists who focus exclusively on their respective fields, playing a vital role in maintaining and expanding the Company's relationships with its partners. The remaining 30% are involved in IT, finance, supply chain, HSEQ, legal and HR management.

On the basis of a shared business culture and facilitated through an integrated group wide IT infrastructure, IMCD employees efficiently collaborate and share their expertise throughout the organisation. Together they provide the solid platform from which the Company operates.

It is the Company's philosophy to encourage entrepreneurial spirit throughout IMCD and to create an efficient and fast-paced working environment to attract and retain ambitious and talented people. Through a continuous investment in local and international training and development programmes, the professional knowledge of IMCD's employees is kept up to date and to the highest standards. With clear responsibilities and accountability for results within its business groups and regional organisations, IMCD aims to create long term employee commitment and a drive to excel.

## IMCD Business Groups

Life Sciences		End-markets	Products	Characteristics
Pharmaceuticals		<ul style="list-style-type: none"> <li>Pharmaceuticals formulation</li> <li>Pharmaceuticals synthesis</li> <li>Biotechnology</li> <li>Laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Excipients</li> <li>Active ingredients</li> <li>Speciality solvents</li> </ul>	<ul style="list-style-type: none"> <li>Insensitive to economic cycles</li> <li>High levels of regulation</li> </ul>
Personal Care		<ul style="list-style-type: none"> <li>Hair care</li> <li>Skin care</li> <li>Make-up</li> <li>Toiletries</li> </ul>	<ul style="list-style-type: none"> <li>Additives</li> <li>Actives</li> <li>Functional ingredients</li> </ul>	<ul style="list-style-type: none"> <li>Innovative</li> <li>Fast and dynamic formulation processes</li> </ul>
Food & Nutrition		<ul style="list-style-type: none"> <li>Bakery</li> <li>Beverage</li> <li>Confectionery</li> <li>Dairy</li> <li>Nutrition</li> <li>Savoury</li> </ul>	<ul style="list-style-type: none"> <li>Additives</li> <li>Ingredients</li> <li>Carriers</li> <li>Dairy</li> </ul>	<ul style="list-style-type: none"> <li>Local tastes dictate formulation</li> <li>Increasing regulation</li> <li>Fragmented</li> </ul>
Industrials		End-markets	Products	Characteristics
Coatings		<ul style="list-style-type: none"> <li>Adhesives</li> <li>Construction</li> <li>Industrial coatings &amp; paints</li> <li>Inks</li> </ul>	<ul style="list-style-type: none"> <li>Additives</li> <li>Filters</li> <li>Pigments</li> </ul>	<ul style="list-style-type: none"> <li>High dependence on automotive &amp; construction industries</li> </ul>
Lubricants		<ul style="list-style-type: none"> <li>Lubricants</li> <li>Oil &amp; gas</li> <li>Greases</li> </ul>	<ul style="list-style-type: none"> <li>Additives</li> <li>Base oils</li> <li>Tackifiers</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory changes drive opportunity in Asia Pacific and other markets</li> <li>High performance requirements</li> <li>Consolidated market</li> </ul>
Synthesis		<ul style="list-style-type: none"> <li>Industrial synthesis</li> <li>Polymerisation</li> </ul>	<ul style="list-style-type: none"> <li>Monomers</li> <li>Process chemicals</li> <li>Solvents</li> </ul>	<ul style="list-style-type: none"> <li>Trend for 'green' chemistry (plant-based materials)</li> <li>Volume trends follow downstream segments (construction, automotive, personal care, lubricants)</li> </ul>
Plastics		<ul style="list-style-type: none"> <li>Converters</li> <li>Composites</li> <li>Plastic compounders</li> <li>Polyurethane</li> <li>Rubber</li> </ul>	<ul style="list-style-type: none"> <li>Additives</li> <li>Compounds</li> </ul>	<ul style="list-style-type: none"> <li>Innovation in light weight and durable solutions</li> <li>'Green' and environmentally friendly formulations</li> <li>Economically sensitive</li> </ul>
Detergents		<ul style="list-style-type: none"> <li>Home care</li> <li>Industrial &amp; institutional cleaners</li> </ul>	<ul style="list-style-type: none"> <li>Surfactants</li> <li>Builders</li> <li>Funcional additives</li> </ul>	<ul style="list-style-type: none"> <li>Focus on environmentally friendly formulations</li> </ul>



### Technical expertise & laboratory services

To support its role as a leading speciality chemicals and food ingredients distributor, IMCD operates 26 laboratories in 15 countries. IMCD's focused laboratory technical teams build, maintain and expand relationships with both suppliers and customers, creating growth opportunities and delivering value. The primary function of IMCD's laboratories includes the following:

#### **Technical training of IMCD employees**

Workshops and training sessions are held within the facilities for the IMCD sales force, ensuring they stay abreast of market trends and developments and fully understand the functionality and characteristics of the products within the portfolio. This enables them to better understand issues that customers may face.

#### **New product analysis and development to provide formulatory advice to customers**

IMCD works in close collaboration with its customers' research and development departments, carrying out competitive matching, sharing new application opportunities and assisting them in formulating the most effective and innovative products.

#### **Customer seminars to promote new market trends and products from within the IMCD portfolio**

IMCD organises workshops and seminars for its customers, either to introduce a new product to them, investigate a new trend in the market or to look into material alternatives for their production processes. Customers are given access to IMCD's laboratories to enable them to test product performance, run stability and application tests and experience the finished product with the support of IMCD's scientists and technical managers.

#### **Supplier workshops to support product and application development**

Within the IMCD laboratories, suppliers are able to gain an understanding as to how their products interact and function (in combination with other products from within the IMCD portfolio) as part of a finished formulation. With this understanding and market trend awareness, IMCD is able to assist the supplier to develop new product concepts for the future.

#### **Technical expertise and sustainable innovation**

With 26 laboratories around the world and a continuous investment in high-end technical capabilities IMCD strives to ensure operational excellence and added value for both its business partners and the society as a whole. It is IMCD's policy to analyse current market trends and proactively offer innovative solutions for the constantly developing and demanding markets in which it operates. In doing so, IMCD is committed to supporting a comprehensive representation of sustainable, bio-based and renewable products in its overall product portfolio offering. Using its technical expertise and laboratory services IMCD is able to offer sustainable formulation and application solutions to its customers that minimise environmental and social impact, without sacrificing product performance. Examples of the added value of IMCD's technical expertise are set out on the next pages of this annual report.



# Making sunshine safer

## Confident and comfortable

Lotions with high sun protection factor (SPF) can feel sticky or leave residue on the skin, meaning that end users often settle for lower, less protective alternatives. To help our partners respond to market demands, we proactively develop new formulations that combine the very highest protection with the very best sensory profile: enhancing user approval whilst creating an advantage for our partners.

First we conducted rigorous tests on a selection of emulsifiers, emollients, film formers and UV filters. After detailed analysis we settled on a blend of characteristics that would deliver high SPF performance, combined with the all-important sensory properties that leave consumers feeling comfortable, confident and safe.



## Personal Care

Business Group Personal Care supplies a complete range of speciality additives, actives and sensorial ingredients used in the formulation of products to clean, perfume, protect, maintain and enhance the healthy appearance of the body. These ingredients perform various functions from adding colour to a lipstick, improving the texture of a face cream and adding moisturising properties to a body lotion.

IMCD customers produce end-products that have become an important part of daily life, including cosmetics, dental care, deodorants, fragrances, hair care, skin care and toiletries.



# Healthier treats for children

## Ingredient opportunities

Childhood obesity is considered to be one of the most serious global health challenges of the 21st century, meaning there's an increasing demand for our experts to help food manufacturers to provide more healthy, low-sugar alternatives – even in the indulgent desserts sector.

Partnering with a premium ice cream manufacturer, we supported their project to re-formulate an existing recipe to reduce sugar content for the children's consumer market. By advising on the best ingredients and most appropriate applications, we helped to develop a product that could be positioned as an indulgent, guilt-free ice cream that combined a premium, creamy taste with good shelf life stability.



### Food & Nutrition

Business Group Food & Nutrition offers a range of speciality food ingredients and additives used in the manufacture of food and beverages that are consumed as part of people's daily diets. These specialised products are used to improve the taste, visual appeal and texture of food, as well as adding preservative properties and health and safety benefits.

With dedicated food technical centres, IMCD's local sales and technical teams provide application expertise and recipe know-how to support manufacturers and customers operating in many market segments including bakery, savoury, dairy, edible oils and fats, confectionery, beverages and nutrition.

# Taking the pain out of self-medication

## Innovative solutions

As modern healthcare becomes increasingly advanced, one of the biggest challenges facing pharmaceutical companies is providing medicines in a form that people are willing and able to take. The global cost of people not adhering to their recommended medication is enormous.

Working in collaboration with a key partner, our technical experts have created a number of solutions for both the oral and dermatological market. Designed to improve both customer appeal and ease of application, our efforts ensure self-medication is more tolerable. Sufferers of skin conditions no longer need to worry about unsightly mess and discomfort caused by creams and lotions, whilst carers have more options when supporting patients of all ages for oral medicines.



## Pharmaceuticals

Business Group Pharmaceuticals offers a wide range of speciality chemicals used in the manufacture of medicinal products that can be found in any pharmacy, nutritional supplement or at home in a medicine cabinet. End-products come in the form of the powders, liquids and syrups, tablets, capsules, inhalers and nasal sprays, to name but a few.

Pharmaceutical chemicals can be the building blocks of the drug, the drug itself or the ingredients that help to make it into the end-product. Many have a function to help the drug do its work after administration, by disintegrating the product in the stomach or helping transport the drug to the affected area and relieving symptoms.



# Making homes more efficient

## Sustainable technology

A thermally efficient property needs a façade that repels water from the outside, whilst allowing moisture to escape from the inside. Working in close co-operation with a valued supplier, our Coatings group has established a test procedure in our Cologne laboratory, allowing the development of a sustainable coating formulation that optimises the energy performance and indoor climate of modern buildings.

By evaluating the water repellancy and moisture permeability attributes of emulsion façade paints using silicone resin technology, our experts can support and advise our customers to develop optimum solutions that will create comfortable living environments whilst enhancing thermal performance.



### Coatings

Whether used in construction, painting, printing or sticking, Business Group Coatings delivers speciality ingredients for the manufacture of a variety of products. Serving customers in the adhesives, decorative & industrial paints, inks and construction industries, IMCD's portfolio of products add colour, enhance durability and increase protection.

Coatings end-products can be found in almost all aspects of day-to-day life; from decorative indoor paints to car components held together by adhesives; from brickwork waterproofing to paper & ink in books; and from road markings to protective coatings on bridges.

## Growth strategy

IMCD aims to grow its revenues and results both through organic growth and acquisitions. First and foremost, the Company is focused on growing the market share of the products of the world class suppliers it represents. In addition, the Company uses its strong market intelligence to identify strategic product gaps, possible acquisition targets and related opportunities across the different geographies.

### Organic growth

IMCD's organic growth strategy has three main drivers:

- GDP growth in the different geographies where IMCD operates
- increasing market share by outperforming through sales excellence
- expanding with existing suppliers in additional geographies and adding new suppliers and products to the portfolio

Throughout IMCD, there is a coordinated and focused approach towards expanding market share of existing products and towards business development with the primary aim of expanding the product portfolio with both existing and new suppliers. IMCD aims to achieve organic revenue growth that is higher than market growth in general.



IMCD growth strategy

### Acquisition growth

Acquisitions have historically been an important part of IMCD's growth and will remain a focus going forward to assist in building scale and efficiencies, complementing its product portfolio and expanding its geographic and strategic market coverage.

IMCD takes benefit from the highly fragmented distribution market and the continuing consolidation trend largely driven by increasing supplier demands for multi-country agreements. Since its formation, IMCD has acquired over 50 companies, providing the

current presence in Europe, Asia Pacific, the US and Other Emerging Markets. IMCD has demonstrated its capacity to identify, execute and successfully integrate acquisitions. Finding suitable acquisition targets is an ongoing process with a high level of complexity related to ensuring that there is the right cultural and business fit combined with a willingness of the target company to become part of IMCD.

IMCD's selective acquisitions strategy is not determined by take-over budgets or revenue growth targets. IMCD's strict acquisition criteria focus first

and foremost on a strategic fit providing a platform for further growth both geographically and in complementary product markets. The primary aim in all acquisitions is to achieve added value for IMCD's suppliers and customers. Barring exceptional circumstances, an acquired company should be able to contribute to IMCD's cash earnings per share from the date of acquisition.

IMCD's acquisition activities are driven centrally by an experienced management team supported by external consultants and are put before the Supervisory Board. Detailed and critical valuation and full scope due diligence is carried out in order to identify and assess any price impacts and potential risks. Transaction structures and purchase contracts are tailored to mitigate identified and unidentified risks.

Integration of newly acquired companies is effected through a well structured integration programme providing for a swift transition to IMCD's internal reporting, control and compliance systems and ensuring an optimal realisation of operational and business synergies. Acquisitions are always subject to the availability of appropriate management attention and to IMCD's financial policy that is focussed on a strong balance sheet and limited financial risks. Most acquisitions are financed from IMCD's strong cash flow generation and its flexible loan facilities.

Using its extensive network and in depth market knowledge, IMCD will continue to pursue selected acquisition opportunities to further expand and enhance its business model in both developed and emerging markets.





# Function summary

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IMCD was formed in 1995. Piet van der Slikke, CEO and Hans Kooijmans, CFO developed its strategy and drove execution. Since then, IMCD has grown to be one of the leading chemical distributors with a focus on speciality chemicals and food ingredients.

## Management Board

**P.C.J. (Piet) van der Slikke**  
(1956, Dutch nationality)

- Chief Executive Officer
- In current position since 1995
- Term expiring in 2018

**H.J.J. (Hans) Kooijmans**  
(1961, Dutch nationality)

- Chief Financial Officer
- In current position since 1996
- Term expiring in 2018





## Supervisory Board



**J.C. (Jean-Charles) Pauze**  
1947, male, French nationality

- Chairman and member of the Remuneration Committee
- Appointed as of 2 July 2014, current term expiring in 2018

### Most important positions

Non-executive director of Bunzl Plc  
Member of the Board of Europcar Groupe S.A.  
Chairman of the Supervisory Board of Compagnie Française de l'Afrique Occidentale (CFAO)  
Former CEO and chairman of the Management Board of Rexel S.A.



**A.J.T. (Arjan) Kaaks**  
1966, male, Dutch nationality

- Vice-chairman and chairman of the Audit Committee
- Appointed as of 10 February 2015, current term expiring in 2018

### Most important positions

CFO of Ceva Logistics  
Former CFO and member of the Executive Board of Maxeda DIY Group B.V.  
Former CFO and member of the Executive Board of Royal Grotsch N.V.  
Member of the Supervisory Board of Red Star Holding B.V.  
Chairman of the Curatorium Nyenrode EMFC



**M.G.P. (Michel) Plantevin**  
1956, male, French nationality

- Appointed as of 28 February 2011, current term expiring in 2018

### Most important positions

Managing Director at Bain Capital  
In his capacity as Managing Director at Bain Capital Mr. Plantevin holds several Supervisory Board and non-executive positions at e.g. entities of Bravida AB, FCI SA, FTE Automotive  
Former Managing Director at Goldman Sachs International  
Former Supervisory Board member of Brenntag S.A.



**I. (Ivano) Sessa**  
1977, male, Italian nationality

- Member of the Audit Committee
- Appointed as of 28 February 2011, current term expiring in 2018

### Most important positions

Managing Director at Bain Capital  
In his capacity as Managing Director at Bain Capital Mr. Sessa holds several Supervisory Board and non-executive positions at e.g. entities of Bravida AB, TeamSystem Srl, Cerved S.A.



**M.F. (Michael) Siefke**  
1967, male, German nationality

- Chairman of the Remuneration Committee
- Appointed as of 28 February 2011, current term expiring in 2018

### Most important positions

Managing Director at Bain Capital  
In his capacity as Managing Director at Bain Capital Mr. Siefke holds several Supervisory Board positions at entities of FTE Automotive Chairman of the Supervisory Board of Bravida AB entities

# REPORT OF THE SUPERVISORY BOARD



## Chairman's foreword

In 2015 the ongoing efforts and dedication of the IMCD management and all IMCD employees resulted in a good operational performance in line with expectations, despite volatile market and macro-economic circumstances. IMCD's listing at Euronext Amsterdam contributed to the successful pursuit of the Company's long term growth strategy through the acquisition of MF Cachat. MF Cachat will offer a great platform for further growth and expansion of IMCD's activities in the US.

As chairman of the Supervisory Board I express my gratitude and appreciation to the Management Board members and to my fellow Supervisory Board members for their continuing commitment and valuable contribution to the further enhancement of IMCD's governance, strategy and its execution. I look forward to welcoming our new Supervisory Board members upon their appointment at IMCD's next Annual General Meeting. With their specific experience and knowledge they will add new and useful insights that will be a benefit to the diligent execution of the Supervisory Board's tasks and responsibilities.

Jean-Charles Pauze, Chairman

### Supervisory Board composition

The Supervisory Board consists of five members. At IMCD's IPO in 2014 Michel Plantevin, Ivano Sessa, Michael Siefke and Jean-Charles Pauze were appointed as Supervisory Board members for four year terms. Arjan Kaaks was appointed to the Supervisory Board at the EGM held on 10 February 2015 to fill the position of Supervisory Board member Floris Waller, who unexpectedly deceased in September 2014. The particulars of the current Supervisory Board members and their Supervisory Board committee memberships are set out on page 33.

Michel Plantevin, Ivano Sessa and Michael Siefke were appointed upon the nomination of IMCD's major shareholder Emma (BC) Holdings S.C.A. (Bain Capital) and are considered non-independent members of the Supervisory Board within the meaning of best

practice provision III.2.1 of the Dutch Corporate Governance Code. In carrying out their duties the Supervisory Board members are well aware of and act in accordance with their personal statutory and fiduciary duties to maintain confidentiality and to act independently and in the interest of the Company and all its stakeholders. The Supervisory Board Rules cater for extensive and adequate measures for situations in which there is a (potential) conflict of interest (described on page 66 of this annual report) and the Supervisory Board is committed to ensure compliance with these provisions.

Further to the subsequent reductions of Bain Capital's shareholding in 2015 and in accordance with the Relationship Agreement between IMCD and Bain Capital, Ivano Sessa and Michael Siefke will resign at IMCD's next Annual General Meeting to be held on 12 May 2016. As announced in December 2015, the Supervisory Board will nominate Mrs Julia van Nauta Lemke - Pears and Mr Janus Smalbraak to fill these Supervisory Board positions. Upon their appointments, the Supervisory Board will have no more than one non-independent member.

With due regard to the specific complexities of having multiple non-independent Supervisory Board members, the Supervisory Board strongly believes that the overriding principle for the composition of the Supervisory Board remains that its members have a valuable contribution in terms of experience and knowledge of the Company's business. On this basis, the Supervisory Board is of the opinion that in 2015 the size and composition of the Supervisory Board fulfilled the specifications laid down in the Supervisory Board Profile and was appropriate in view of the nature and size of IMCD.

### Supervisory Board meetings in 2015

The Supervisory Board met five times with both members of the Management Board present, and independently held regular consultations by telephone and email. On one occasion one Supervisory Board member was excused due to other commitments. One additional Supervisory Board meeting was held by conference call to discuss the strategy, structuring, financing and operational details regarding the intended acquisition of MF Cachat.

New Supervisory Board members followed an induction programme to get familiar with IMCD's business, people and governance. In 2015 a visit to IMCD Germany and the pharmaceutical laboratory in Cologne took place which included working sessions with the German management team and staff. As part of the continuous Supervisory Board training programme, detailed presentations on IMCD's risk management framework, compliance programme and financing and treasury structures were given by the Company's responsible staff members. One Supervisory Board meeting was attended by three members of the Executive Board, who gave presentations on the market circumstances and specifics of their respective IMCD product business lines operations.

Regular items on the Supervisory Board agenda were the development of results, the balance sheet, market developments, acquisition projects and evaluations thereof and reports on any matters related to material risks, claims and/or compliance issues. The Management Board reported to the Supervisory Board on the Company's strategy and the risks associated with it, as well as on the functioning of the Company's risk management and control systems. Budget 2016, management development and succession, investor relations and IMCD's CSR profile and activities were also discussed. In their absence the Supervisory Board discussed and decided on the performance appraisal and related remuneration of the individual Management Board members. A self-assessment of the composition and functioning of the Supervisory Board and its committees was carried out and was evaluated and discussed during a closed meeting of the Supervisory Board.

In the course of 2015 the Supervisory Board started the selection procedure for one or more Supervisory Board members to fill the positions that will become vacant at the next Annual General Meeting as a result of the IMCD share sell downs executed by Bain Capital in 2015. An executive search bureau was engaged to propose and pre-screen suitable candidates fitting the IMCD Supervisory Board Profile. Interviews with selected candidates were held by the full Supervisory Board or by a delegated committee.

With knowledge and experience remaining the decisive factors for the final selections, the Supervisory Board actively sought, and succeeded, to find a female candidate. At the Annual General Meeting of 12 May 2016 the Supervisory Board will nominate Mrs Julia van Nauta Lemke - Pears and Mr Janus Smalbraak for appointment to the Supervisory Board. Further particulars of these nominations will be included in the documentation for the Annual General Meeting, to be published on IMCD's website in March 2016.

In 2015 the Supervisory Board gave extensive consideration to and approved the acquisitions of Kushalchand in India, MF Cachat in the US and Selectchemie in Brazil. In connection with an indirect conflict of interest relating to the joint book building offering that was organised for both IMCD's share issue and a sale of IMCD shares by Bain Capital, the non-independent Supervisory Board members did not participate in the Supervisory Board's discussions and voting on the equity financing of the acquisition of MF Cachat. The Supervisory Board made sure that the transactions related to IMCD's share issue were agreed on customary market terms and that the best practice provisions III.6.1 to III.6.4 inclusive of the Code were complied with. Details of the transactions were disclosed in press releases issued on 11 and 12 May 2015. In July 2015 the Supervisory Board approved the amended terms and extension of IMCD's existing loan facilities that improve IMCD's flexibility to finance further growth.

The Audit Committee held four meetings, with both its members and the CFO attending. On one occasion one Audit Committee member was excused due to other engagements. Minutes of all meetings were submitted to the Supervisory Board. As preparation for the regular Supervisory Board meetings, the Audit Committee meetings discussed IMCD's accounting policies and valuation methods as used in its quarterly, semi-annual and annual financial reporting. Particular attention was also given to IMCD's financial strategy, its ICT structures and its tax position. A one-on-one meeting was held with the external auditor to discuss the audit findings for 2014 and the audit plan for 2015. The developments regarding the statutory requirements on the rotation of the Company's

external audit firm were closely monitored and the Audit Committee supervised the audit tender process that was initiated early in 2015. Both members of the Audit Committee participated in the audit tender meetings. Based on the offered audit scope, approach, team composition and fee levels, the Audit Committee, together with the Management Board, recommended the Supervisory Board to propose the appointment of Deloitte Accountants B.V. as IMCD's external auditor for the financial year 2016.

One additional Audit Committee meeting was fully dedicated to an in depth survey and assessment of the scope and effectiveness of IMCD's risk management and control systems and related internal review and monitoring activities. This meeting was attended by both Audit Committee members, the chairman of the Supervisory Board, the CFO and IMCD's Director Corporate Control, responsible for, inter alia, the review and monitoring of IMCD's control systems. As a result of this assessment some minor adjustments were made to the reporting procedures for the evaluation and follow up of internal review findings. On the basis of the assessment of the Audit Committee and taking into account the Management Board's evaluation and the external auditor's assessment, within the scope of its audit, the Supervisory Board concluded that all required and desirable internal control elements are effectively assumed within the agenda, programme and tasks of the central holding team. The Director Corporate Control, in his internal audit function, reports to the Audit Committee, in respect of internal control and review matters.

The Remuneration Committee convened two times in 2015 and held regular consultations to discuss and formulate proposals for the remuneration of the individual members of the Management Board and the related performance targets in 2015 and 2016. The remuneration policy and its implementation, taking into account possible outcomes of the variable remuneration components and the internal relativity, were evaluated to establish that the current Management Board remuneration structures and levels provide for balanced and competitive remuneration packages that focus on sustainable results and are aligned with IMCD's long term growth

strategy. The Remuneration Committee presented its findings and proposals to the Supervisory Board and prepared the Supervisory Board's remuneration report for 2015.

The division of tasks and responsibilities and the working method of the Supervisory Board and its committees are described in more detail on page 65. In all its activities the Supervisory Board pays close attention to an efficient implementation of IMCD's corporate governance structure, ensuring that the needs of all IMCD's stakeholders are met in a manner that is transparent, effective and suitable for IMCD's operations. On the basis of these principles, the Supervisory Board reviewed and discussed the annual report and the financial statements 2015 with all parties involved in the preparations thereof. These discussions allow the Supervisory Board to conclude that the annual report provides a solid basis for the Supervisory Board's accountability for its supervision in 2015.

#### **Management Board appointment and remuneration**

At IMCD's IPO in 2014 both Management Board members were re-appointed by the General Meeting for four year terms. The individual remuneration of each of the Management Board members was determined by the Supervisory Board with due observance of the remuneration policy as adopted by the General Meeting in 2014. IMCD's remuneration policy provides for Management Board remuneration packages set around the median of remuneration levels payable within a peer group of comparable companies and consists of fixed and variable salary components, including an annual short term incentive cash bonus and a long term incentive plan for the annual award of conditional performance shares.

In 2015 the remuneration policy was executed by the Supervisory Board in accordance with the provisions of the remuneration policy. Upon the proposal of the Remuneration Committee, the Supervisory Board determined the 2014 performance appraisal and the related variable Management Board remuneration. The remuneration of the individual Management Board members and the performance conditions and metrics for the short term and long term incentive

plans for 2015 was also determined. The Supervisory Board's remuneration report on 2015 as published at the Company's website, contains further details on the implementation of the remuneration policy in 2015 and the intended implementation in 2016 and subsequent years. Detailed information on the costs for the actual remuneration of the Management Board and Supervisory Board in 2015 is set forth in note 48 to the financial statements.

### **Financial statements 2015 and profit appropriation**

The financial statements for the financial year 2015 have been prepared by the Management Board and were audited by KPMG Accountants N.V. The financial statements and the outcome of the audit performed by the external auditor were discussed by the Supervisory Board in the presence of the external auditor. The financial statements 2015 were endorsed by all Management Board and Supervisory Board members and are, together with KPMG's auditor's report, included in this annual report on pages 68 up to 143. The Management Board will present the financial statements 2015 and its report at the Annual General Meeting. The Supervisory Board recommends the Annual General Meeting to adopt the financial statements 2015, including a proposed dividend of EUR 0.44 in cash per share. In addition, it recommends that the members of the Management Board and Supervisory Board be discharged from liability in respect of their respective management and supervisory activities performed in 2015.

### **External auditor**

KPMG was re-appointed as IMCD's external auditor for the financial year 2015 at the Annual General Meeting on 29 April 2015. In the course of 2015 KPMG's lead audit partner announced his resignation from KPMG. He was succeeded by KPMG partner Rick van Veen. The Audit Committee and the Management Board reported to the Supervisory Board on KPMG's functioning as external auditor and its fees, as well as on its other audit and non-audit services provided to IMCD. KPMG confirmed its independence from IMCD in accordance with the professional standards applicable to KPMG.

As required by Dutch law provisions regarding a mandatory audit firm rotation ultimately as per 2016, IMCD initiated an audit tender process early in 2015 to replace IMCD's long term external auditor KPMG. In October 2015 the Dutch law audit firm rotation requirements were withdrawn by the Dutch government. With the audit tender process well on its way, it was decided to continue the tender process even though a mandatory audit firm change from KPMG was not required any more. Based on the outcome of the audit tender process and upon the proposal of IMCD's Audit Committee and Management Board, the Supervisory Board will nominate Deloitte Accountants B.V. for appointment by the General Meeting as the Company's external auditor for the financial year 2016.

### **Gratitude**

The Supervisory Board extends its gratitude and appreciation to the members of the Management Board and all employees of IMCD for their great efforts and dedication shown in 2015.

Rotterdam, 15 March 2016

Supervisory Board:  
Jean-Charles Pauze  
Arjan Kaaks  
Michel Plantevin  
Ivano Sessa  
Michael Siefke



# REPORT OF THE MANAGEMENT BOARD





## General

The year 2015 was characterised by challenging macroeconomic developments. European economies continued to struggle with their competitiveness and barely grew despite interventions of the European Central Bank. There was a growth slow down or even negative growth in several emerging and former high growth economies. Increasing geopolitical tension and volatility in some of the world's most important currencies had an impact on market conditions.

In view of these demanding circumstances IMCD realised another good year. IMCD's multi market and geographical coverage combined with a diversified

supplier and product portfolio provided financial resilience and enabled IMCD to financially outperform its end markets in 2015. In line with the Company's strategy there was a continuous focus on business development, achieving organic growth and selective acquisitions. Expanding existing and adding new supplier relations further strengthened the product offering.

In 2015 IMCD achieved 13% revenue growth and 16% gross profit growth. Operating EBITA increased 17% to EUR 128 million. Operating EBITA margin further improved to 8.4% and cash generation was strong resulting in a cash conversion margin of more than 90%.

EUR million	2015	2014	Change	Change	Fx adj. change
Revenue	1,529.8	1,358.3	171.5	13%	11%
Gross profit	332.8	287.5	45.3	16%	14%
Gross profit in % of revenue	21.8%	21.2%	0.6%		
Operating EBITA	128.3	110.0	18.3	17%	15%
Operating EBITA in % of revenue	8.4%	8.1%	0.3%		
Conversion margin	38.5%	38.2%			

## Acquisitions

In 2015 IMCD acquired 3 businesses. In April IMCD acquired Kushalchand, a company based in Mumbai, India and a distributor of food speciality ingredients to the fast growing processed food industry in India. This add-on acquisition provides a platform for the further strengthening and expansion of the activities of IMCD in the food market in India.

In June IMCD acquired 80% of The M.F. Cachat Company, including 100% of MJS Sales, Inc. ("MF Cachat"). MF Cachat is a leading speciality chemicals distributor in the US with a focus on coatings, construction, plastics, advanced materials and food. With its head office near Cleveland, Ohio, MF Cachat is active in the Midwest, Central, Eastern and Southern regions of the US and represents leading global chemical suppliers in more than 30 states.

MF Cachat provides a significant platform for further growth in the United States, which is a growing speciality chemicals region. The remaining 20% of MF Cachat share capital will be acquired at the latest in 2017. The acquisition supports the strategy of IMCD to become a leading global speciality chemicals distributor.

In December IMCD acquired Selectchemie, a leading distributor of pharmaceutical ingredients in Brazil, representing world leading producers from the US, Europe and Asia. The portfolio of Selectchemie includes a wide range of excipients and active pharmaceutical ingredients, which complements IMCD's existing position in Brazil.

## Income statement

### Revenue

	EUR million				Growth			Total
	2015	in % total	2014	in % total	Organic	Aquisition	Foreign exchange	
Europe	968.9	63.3%	957.8	70.5%	(0.6%)	0.0%	1.8%	<b>1.2%</b>
Asia Pacific	310.5	20.3%	283.9	20.9%	1.8%	4.9%	2.7%	<b>9.4%</b>
Other Emerging markets	118.8	7.8%	116.6	8.6%	8.7%	-	(6.8%)	<b>1.8%</b>
USA	131.6	8.6%	-	-	-	100.0%	-	<b>100.0%</b>
<b>Total</b>	<b>1,529.8</b>	<b>100.0%</b>	<b>1,358.3</b>	<b>100.0%</b>	<b>0.7%</b>	<b>10.7%</b>	<b>1.2%</b>	<b>12.6%</b>

Revenue increased from EUR 1,358 million to EUR 1,530 million, an increase of 13% compared to 2014. This increase was the balance of organic growth (1%), the first time inclusion of acquired companies (11%) and a positive contribution of foreign exchange differences (1%).

Organic revenue growth was the outcome of modest macroeconomic circumstances, rationalisations in the product portfolio that more or less offset the positive impact of adding new supplier relations, expanding relations with existing suppliers and an increase of

customer penetration by adding new customers and selling more products to existing customers.

Acquisitions completed in 2014 and acquisitions made in 2015 had a positive impact on revenue of 11%. The acquisition of MF Cachat contributed 8.6% to this revenue growth and the remainder was the full year impact of the acquisition of Danasia (Philippines) completed in 2014 and Kushalchands (India) made in 2015. Selectchemie was acquired in the second half of December 2015 and as a consequence did not contribute to revenue and operating EBITA in 2015.

### Gross profit

	EUR million				Growth			Total
	2015	in % Revenue	2014	in % Revenue	Organic	Aquisition	Foreign exchange	
Europe	222.9	23.0%	212.8	22.2%	2.6%	0.1%	2.1%	<b>4.7%</b>
Asia Pacific	58.1	18.7%	49.5	17.4%	9.9%	5.2%	2.4%	<b>17.4%</b>
Other Emerging markets	28.2	23.8%	25.2	21.6%	17.9%	-	(6.0%)	<b>11.8%</b>
USA	23.6	17.9%	-	-	-	100.0%	-	<b>100.0%</b>
<b>Total</b>	<b>332.8</b>	<b>21.8%</b>	<b>287.5</b>	<b>21.2%</b>	<b>5.2%</b>	<b>9.1%</b>	<b>1.4%</b>	<b>15.7%</b>

Gross profit, defined as revenue less cost of materials and inbound logistics, increased from EUR 287.5 million in 2014 to EUR 332.8 million in 2015, an increase of 16% which is 3% above total revenue growth. This increase was the balance of organic growth (5.2%), the first time inclusion of acquired companies (9.1%) and a positive contribution of foreign exchange differences (1.4%).

Gross profit in % of revenue increased from 21.2% in 2014 to 21.8% in 2015. This increase is the result of further optimisation of the product portfolio, the first

time inclusion of acquired companies, local market circumstances, currency changes and the usual fluctuations in the product mix.

The gross profit in % of revenue improved in all regions whereby gross profit margins showed the normal level of differences in margins per region, margins per product and margins per product market combinations. Differences in the regions are caused by local market circumstances, product mix and availability and the impact of newly acquired businesses.

### Operating EBITA

EUR million	2015	2014
<b>Result from operating activities</b>	91.2	82.4
Amortisation of intangible assets	34.8	20.5
Non-recurring items	2.3	7.1
<b>Operating EBITA</b>	<b>128.3</b>	<b>110.0</b>

Operating EBITA, representing the result from operating activities before amortisation of intangible assets and non-recurring items, increased by 17% to EUR 128.3 million compared to EUR 110.0 million in 2014 (+15% on a constant currency basis).

In 2014 operating EBITA included the outcome of changes in Dutch pension legislation. Under IAS19 past service obligations in the Netherlands were reduced by EUR 2.7 million. This non-cash release of EUR 2.7 million was included in the 2014 operational EBITA (0.5 million in Europe and EUR 2.2 million in the 2014 operating EBITA of Holding Companies).

Excluding this 2014 one off item, the operating EBITA growth in 2015 was EUR 21 million (20%).

Amortisation of intangible assets of EUR 34.8 million includes EUR 8.4 million additional amortisation related to the acquisition of Makeni in Brazil in 2013. This impairment loss is mainly the result of worsening macroeconomic circumstances in Brazil having a negative impact on the parameters used to assess the value of future Brazilian cash flows.

Non-recurring items of EUR 2.3 million, include realised and non-realised acquisitions costs of EUR 1.6 million and costs related to one off adjustments to the organisation of EUR 0.7 million.

Operating EBITA by operating segment

	EUR million			
	2015	in % Revenue	2014	in % Revenue
Europe	87.3	9.0%	83.5	8.7%
Asia Pacific	27.9	9.0%	23.5	8.3%
Other Emerging markets	10.4	8.7%	9.6	8.2%
USA	13.4	10.2%	-	-
Holding companies	(10.7)	0.0%	(6.6)	
<b>Total</b>	<b>128.3</b>	<b>8.4%</b>	<b>110.0</b>	<b>8.1%</b>

The growth in operating EBITA of EUR 21 million was a combination of organic growth, the first time inclusion of acquired companies and positive impact of exchange differences (EUR 1.8 million).

Because of the integration of acquisitions in existing IMCD organisations it is impractical to make a precise split between organic and acquisition EBITA growth. However, it is fair to assume that most of the growth was the result of acquisitions made.

The operating EBITA in % of revenue increased from 8.1% in 2014 (7.9% excluding the IAS 19 pension adjustment) to 8.4% in 2015. All operating segments increased their EBITA margin in 2015 compared to 2014.

Furthermore, the conversion margin, operating EBITA as a percentage of gross profit, improved by 0.3% from 38.2% in 2014 to 38.5% in 2015. Excluding the 2014 IAS 19 pension adjustment the conversion margin improved 1.2% (from 37.3% to 38.5%).



**Lubricants**

Business Group Lubricants offers a range of speciality chemicals that are used to enhance both the performance and longevity of lubricants and greases.

The main function of lubricants is reducing friction between surfaces but also are used for transmitting forces or heating, cooling and protecting surfaces.

Lubricants and greases are commonly used in the automotive (e.g. engine oils, transmission and hydraulic fluids) and industrial (e.g. marine lubricants, metal working oils and process oils) market sectors.

## Segment overview

### Europe

EUR million	2015	2014	Change	Change	Fx adj. change
Revenue	968.9	957.8	11.1	1%	(1%)
Gross profit	222.9	212.8	10.1	5%	3%
Gross profit in % of revenue	23.0%	22.2%	0.8%		
Operating EBITA	87.3	83.5	3.8	5%	2%
Operating EBITA in % of revenue	9.0%	8.7%	0.3%		
Conversion margin	39.2%	39.2%			

The European activities performed reasonably well given modest macroeconomic market growth and industry specific challenges. Relationships with our suppliers remained strong. IMCD was able to add interesting new supplier relations and to further expand the relations with existing suppliers in new territories and with additional business lines.

Revenue in 2015 was more or less equal to 2014. Gross profit increased by 5% (+3% on a constant currency basis). This increase was the balance of changes in the product mix and adding new suppliers or expanding the relationships with existing suppliers. Various initiatives were taken to further strengthen the market position such as adding a new lubricants lab to better support the lubricants business, a further optimisation of the CRM system used in the group and activities to further streamline and optimise the logistic set up in various business cases.

Gross profit increased from EUR 212.8 million in 2014 to EUR 222.9 million in 2015, an increase of 5%. This increase was the balance of organic growth (2.6%), the first time inclusion of acquired companies (0.1%) and a positive contribution of foreign exchange differences (2.1%). Gross profit margin improved from 22.2% in 2014 to 23.0% in 2015, primarily as a result of changes in the product mix.

The growth of operating EBITA of 5% from EUR 83.5 million in 2014 to EUR 87.3 million in 2015 was a combination of organic growth of 2% and a positive impact of exchange rate differences of 3%. More or less all growth was organic as the impact of the small acquisition of Jucker Pharma in Sweden in 2014 was negligible. There were no acquisitions in Europe in 2015.

The organic growth, realised in a weak European economic environment, is a reflection of the strong position of IMCD in the various countries and markets and the ability to expand the product portfolio and supplier base. The operating EBITA margin improved from 8.7% in 2014 to 9.0% in 2015. Gross profit margin improvement was the main driver of this increase.

The conversion margin, operating EBITA as a percentage of gross profit, remained stable at 39.2%.

The number of employees in Europe increased by 4%; at 2015 year end IMCD employed 883 FTEs in Europe compared to 845 at the end of 2014. The additional staff were hired to fill vacancies, strengthen the technical expertise and to cater for future growth.

**Asia Pacific**

EUR million	2015	2014	Change	Change	Fx adj. change
Revenue	310.5	283.9	26.6	9%	6%
Gross profit	58.1	49.5	8.6	17%	15%
Gross profit in % of revenue	18.7%	17.4%	1.3%		
Operating EBITA	27.9	23.5	4.4	19%	17%
Operating EBITA in % of revenue	9.0%	8.3%	0.7%		
Conversion margin	48.0%	47.5%			

In Asia Pacific, market circumstances were characterised by volatile macroeconomic developments. In 2015 fluctuations of local currencies versus the US \$ and the EURO were substantial and negatively influenced competitive positions in certain areas. The focus on organisational and margin improvement, in particular of the acquired businesses in Asia, impacted results positively. Although market conditions in Australia remain difficult, the business performed well. In September IMCD opened an office in Ho Chi Minh City, Vietnam. This opening marks the latest of a succession of steps that IMCD has taken to build up presence in Asia Pacific.

Notwithstanding these difficult market circumstances revenue increased by 9%, which was a combination of organic growth (2%), acquisition growth (5%) and the positive impact of exchange rate differences (2%).

The 5% acquisition growth (EUR 13.9 million) was the full year impact of Danasia, completed in 2014 and the acquisition of Kushalchand in April 2015. In the full year 2014 Kushalchand generated sales of approximately EUR 9 million.

Gross profit increased 17% to EUR 58.1 million in 2015. This increase was the balance of organic growth (9.9%), the first time inclusion of acquired companies (5.2%) and a positive contribution of foreign exchange differences (2.4%).

Gross profit margin increased from 17.4% in 2014 to 18.7% in 2015. This increase was primarily due to a strong focus on margin improvement and adding new supplier relations.

The operating EBITA increased by 19% to EUR 27.9 million and operating EBITA in % of revenue rose from 8.3 % in 2014 to 9.0% in 2015. Gross profit margin improvement, combined with strict cost control were the main drivers of this increase. The conversion margin further improved from 47.5% in 2014 to 48.0% in 2015.

At year end there were 480 FTEs in the Asia Pacific region compared to 418 at year end 2014. The increase was the result of the acquisition of Kushalchand and additional staff hired to strengthen the organisations of acquired businesses and to position the organisation to capture future growth.

### Other Emerging Markets

EUR million	2015	2014	Change	Change	Fx adj. change
Revenue	118.8	116.6	2.1	2%	9%
Gross profit	28.2	25.2	3.0	12%	19%
Gross profit in % of revenue	23.8%	21.6%	2.1%		
Operating EBITA	10.4	9.6	0.8	9%	14%
Operating EBITA in % of revenue	8.7%	8.2%	0.5%		
Conversion margin	36.8%	37.9%			

Other Emerging Markets, that represents operations in Turkey, South Africa and Brazil, realised organic revenue growth of approximately 9% compared to 2014. In the first half of this year the segment Other Emerging Markets reported a positive currency impact of 4%. However, substantial weakening of local currencies in the second half of the year, whereby Brazilian Real and Turkish Lira both lost about 20% of their value versus the EURO, resulted in a negative full year currency impact of 7% on revenues.

In December 2015 IMCD acquired Selectchemie to further strengthen the position in Brazil. Selectchemie, based in Sao Paulo, is a leading distributor of pharmaceutical ingredients in Brazil, representing world leading producers from the US, Europe and Asia. The portfolio includes an extensive range of excipients and active pharmaceutical ingredients, which complements IMCD's existing position in Brazil. In 2015, Selectchemie generated revenues of BRL 82 million with 46 staff. As this transaction was closed in the second half of December 2015 Selectchemie did not contribute to the result of IMCD of 2015. Only year end balance sheet positions are included in the 2015 accounts.

Despite the significant negative impact of exchange rate differences, gross profit increased 12% to EUR 28.2 million in 2015. This increase was the balance of organic growth (17.9%) and a negative contribution of foreign exchange differences (6.0%).

Gross profit margin increased from 21.6% in 2014 to 23.8% in 2015. This increase was the result of a strong focus on margin improvement and adding new supplier relations.

Operating EBITA increased by 9% to EUR 10.4 million compared to EUR 9.6 million in 2014. This increase is the balance of gross profit growth and further investments to strengthen local organisations. The operating EBITA margin improved to 8.7% (8.2% in 2014). The conversion margin slightly reduced from 37.9% in 2014 to 36.8% in 2015.

The number of employees in Other Emerging Markets increased to 265 FTEs including 46 employees of Selectchemie (217 at the end of 2014).

USA

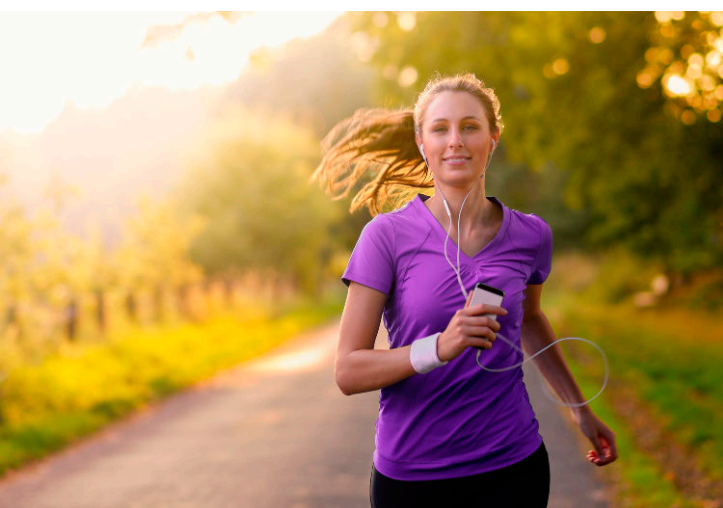
EUR million	2015
Revenue	131.6
Gross profit	23.6
Gross profit in % of revenue	17.9%
Operating EBITA	13.4
Operating EBITA in % of revenue	10.2%
Conversion margin	56.9%

At the end of June 2015 IMCD acquired 80% of MF Cachat, including 100% of MJS Sales. MF Cachat is an excellent fit with the IMCD business model and strategy and provides a significant platform for further growth in the United States. Initially IMCD acquired 80% of the total share capital from the existing MF Cachat management who will continue to lead the company. The remaining 20%, which is also owned by management, will be acquired at the latest in 2017.

MF Cachat is a leading speciality chemicals distributor in the US with a focus on coatings, construction, plastics, advanced materials and food. With its head office near Cleveland, Ohio, MF Cachat is active in the Midwest, Central, Eastern and Southern regions of the US and represents leading global chemical suppliers in more than 30 states. Since the acquisition, MF Cachat generated revenue of EUR 131.6 million with a gross profit of EUR 23.6 million (17.9% gross profit in % of revenue). Operating EBITA realised in this period was EUR 13.4 million resulting in an operating EBITA in % of revenue of 10.2% and a conversion margin of 56.9%. In the full year 2014 MF Cachat generated revenue of about USD 300 million.

MF Cachat has, like IMCD, an asset light business model and long term relationships with leading global chemical suppliers. This acquisition supports the strategy of IMCD to become a leading global speciality chemicals distributor. MF Cachat and IMCD explore opportunities for synergies by offering both companies' suppliers the possibilities to benefit from each other's network. In addition, it will offer further growth opportunities in the North American market, both organically and through acquisitions.

At year end IMCD employed 85 FTEs in the USA.

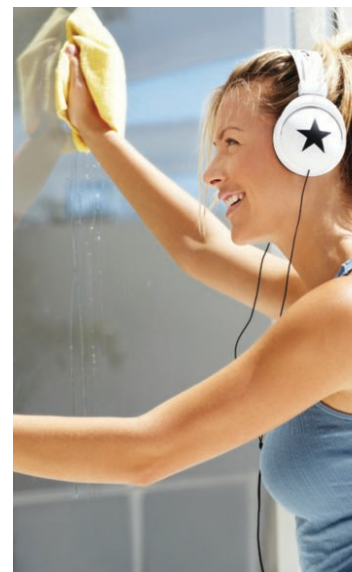




## Detergents

Business Group Detergents offers a range of speciality chemicals used in the manufacture of products used to clean, amongst other things, clothes, dishes, cars and floors.

End products come in the form of the powder, liquid, tablets, capsules and wipes and can be used around the home in washing machines and dishwashers or in industrial sites such as hospitals or factories. Detergent chemicals perform a variety of functions from digesting dirt and removing stains, killing bacteria, softening and perfuming fabrics, brightening colours in clothes and producing sparkling shiny finishes to surfaces.



## Holding Companies

EUR million	2015	2014	Change	Change	Fx adj. change
Operating EBITA	(10.7)	(6.6)	(4.1)	(62%)	(56%)

Operating EBITA of Holding Companies represents the head office in Rotterdam and the regional office in Singapore. Operating EBITA in 2014, normalised for the IAS 19 pension adjustment in the Netherlands, amounted to minus EUR 8.8 million. Operating costs increased in 2015 by EUR 1.9 million to EUR 10.7 million. This increase reflects the growth of IMCD and as a consequence the need to strengthen the support functions both in Rotterdam and Singapore. Further, the costs include the full year impact of additional costs related to the listing on Euronext and costs related to the long term incentive plan of EUR 0.7 million.

On 1 January 2016 IMCD opened a regional support office in New Jersey, USA managed by a member of IMCD's Executive Committee. Its purpose is to strengthen corporate infrastructure in the US and to affirm IMCD's focus on the Americas region and its commitment to expanding the business there.

At year end 2015, 37 FTEs were employed at the Holding Companies, compared to 31 at year end 2014.

### Consolidated net financing costs

The bridge between result from operating activities and result for the year is as follows:

EUR million	2015	2014
<b>Result from operating activities</b>	<b>91.2</b>	<b>82.4</b>
Net finance cost	(13.3)	(57.6)
Share of profit of equity-accounted investees, net of tax	0.0	0.0
<b>Result before income tax</b>	<b>77.9</b>	<b>24.8</b>
Income tax expenses	(16.0)	(4.9)
<b>Result for the year</b>	<b>61.8</b>	<b>19.9</b>

The net finance costs comprise of the following items:

EUR million	2015	2014
<b>Net finance costs</b>	<b>(13.3)</b>	<b>(57.6)</b>
Interest costs pre IPO financing structure	-	(27.7)
Non-recurring items	-	(21.2)
Changes in deferred considerations	2.4	2.0
Value changes in interest hedge contracts	(1.1)	(0.4)
Amortisation of finance costs	(1.5)	(3.7)
Interest costs re employee benefits	(0.2)	(0.2)
Currency exchange results	(4.1)	(3.3)
<b>Interest costs post IPO financing structure</b>	<b>(8.9)</b>	<b>(3.1)</b>

Net financing costs in 2015 of EUR 13.3 million are substantially lower than the EUR 57.6 million costs in 2014. Net financing costs in 2015 are a combination of interest costs related to the post IPO financing structure (EUR 8.9 million) and currency exchange results (EUR 4.1 million). Further, it includes non-cash items like changes in the fair value of deferred and contingent considerations (+EUR 2.4 million), changes in the value of interest hedge contracts (EUR 1.1 million) and the amortisation of finance costs related to post IPO refinancings (EUR 1.5 million).

#### Income tax

In 2015 the consolidated income tax expenses were EUR 16.0 million compared to EUR 4.9 million in

2014, resulting in an effective tax rate of 20.6% (19.7% in 2014). This 2015 effective tax rate of 20.6% was, amongst others, influenced by various non tax deductible amounts and recognition of previously unrecognised tax losses. Previously unrecognised tax losses in the Netherlands had a positive impact of EUR 7.8 million in 2015 (EUR 9.7 million in 2014). Further details of the tax calculation can be found in the notes to the accounts.

#### Result for the year

Result for the year increased from EUR 19.9 million in 2014 to EUR 61.8 million in 2015. Weighted earnings per share increased from EUR 0.79 in 2014 to EUR 1.20 in 2015 (+52%).

Net result before amortisation and non-recurring items increased from EUR 54.3 million in 2014 to EUR 87.2 million in 2015. Drivers of this increase were the growth of operating EBITA and reduction of

post IPO financing costs. Weighted cash earnings per share, calculated as net result before amortisation (net of tax), increased from EUR 1.42 in 2014 to EUR 1.79 in 2015 (+26%).

EUR million	2015	2014
<b>Result for the year</b>	<b>61.8</b>	<b>19.9</b>
Amortisation of intangible assets	34.8	20.5
Tax credits related to amortisation	(4.0)	(4.7)
Non-recurring items Operational	2.3	7.1
Non-recurring items Finance (transaction costs)	-	21.2
Tax losses unrecognised (tax amount)	(7.8)	(9.7)
<b>Net result before amortisation / non recurring items</b>	<b>87.2</b>	<b>54.3</b>

### Results appropriation

The Company has a dividend policy with a target future annual dividend in the range of 25% to 35% of adjusted net income to be paid out either in cash or in shares. Adjusted net income is defined as the reported result for the year plus non-cash amortisation charges (net of tax). The outcome could be adjusted for material non-recurring items.

For 2015, a dividend of EUR 0.44 per share in cash will be proposed to the Annual General Meeting. Approval at the Annual General Meeting would result in IMCD paying EUR 23 million or 25% of the net 2015 result adjusted for non-cash amortisation charges (net of tax).

### Cash flow

EUR million	2015	2014
Operating EBITA	128.3	110.0
Depreciation	3.5	2.8
<b>Operating EBITDA</b>	<b>131.8</b>	<b>112.7</b>
Share based payments	0.7	0.0
Inventories	(8.6)	(8.5)
Trade and other receivables	2.7	(7.5)
Trade and other payables	(4.2)	1.0
<b>Change working capital</b>	<b>(10.0)</b>	<b>(15.0)</b>
Capital expenditure	(3.2)	(3.1)
<b>Free cash flow</b>	<b>119.3</b>	<b>94.6</b>
Cash conversion margin	90.5%	83.9%

Free cash flow increased 26% compared to 2014 from EUR 94.6 million to EUR 119.3 million. The cash conversion margin, defined as free cash flow as a percentage of operating EBITDA, improved with 6.6% to 90.5% in 2015, with further growth of operating EBITA combined with less working capital investments as main drivers. The change in working capital in 2015 of EUR 10 million excludes EUR 39.8 million new working capital related to the acquisitions done in 2015 and includes EUR 3.9 million working capital divestments due to exchange rates differences.

IMCD's asset light business model resulted in relatively low capital expenditure compared to the size of the overall operations and amounted to EUR 3.2 million in 2015 compared to EUR 3.1 million in 2014. Capital expenditure was mainly related to investments in the IT infrastructure and office furniture and equipment.

### Balance sheet

EUR 1,000	31 December 2015	31 December 2014
Property, plant and equipment	18.3	17.5
Intangible assets	907.2	665.1
Financial assets	26.1	18.2
<b>Non-current assets</b>	<b>951.6</b>	<b>700.8</b>
<b>Net working capital</b>	<b>227.8</b>	<b>179.7</b>
<b>Provisions and deferred tax liabilities</b>	<b>(88.1)</b>	<b>(83.1)</b>
<b>Total capital employed</b>	<b>1,091.3</b>	<b>797.5</b>
Equity	653.8	530.8
Net debt	437.5	266.6
<b>Total financing</b>	<b>1,091.3</b>	<b>797.5</b>

#### Working capital

Working capital is defined as inventories, trade and other receivables less trade payables and other payables. At the end of 2015 the absolute amount of working capital was EUR 227.8 million compared to EUR 179.7 at year end 2014. The increase of EUR 48.1 million is a combination of increased business activity leading to higher working capital levels (+

EUR 13.9 million), impact of exchange rate differences on year end balance sheet positions (- EUR 3.9 million), acquisitions (+ EUR 39.8 million) and other working capital movements (- EUR 1.7 million). Monitoring working capital positions is a permanent focus of management attention and there are various processes and tools in place to optimise working capital requirements.

## Synthesis

Business Group Synthesis offers a range of process chemicals, intermediates and speciality solvents that are used in chemical reactions.

The resultant building blocks are then further reacted or formulated within both the regulated (pharmaceuticals, agrochemicals, cosmetics) and industrial (coatings, plastics, textiles) downstream markets.

The Synthesis Business Group is a differentiator of IMCD, with a special focus on the reaction step of the chemical industry.



## Financing

To maintain a high degree of flexibility and independence the aim is to maintain a capital structure that enables the Company to cover its potential financial requirements and to enable IMCD to execute its growth and acquisition strategy. A central team at the head office in Rotterdam largely manages liquidity and interest risks. Financial instruments are used to hedge the majority of the interest risks.

Net debt amounted to 437.5 EUR million at year end 2015, compared to EUR 266.6 million at year end 2014. The increase in net debt is predominantly the balance of positive and healthy cash flows from operating activities and the net proceeds from the issuance of new shares, set off by cash outflows as a result of acquisition purchase prices paid and a dividend payment of EUR 10 million. Furthermore, net debt increased with approximately EUR 51 million due to the increase of deferred contingent considerations related to acquisitions made. The acquisitions made in 2015 were financed by available cash, existing credit lines, the net proceeds of the issuance of new shares of EUR 84.4 million (2.6 million new shares at a price of EUR 32.79) and a new term loan of EUR 50 million.

In July IMCD agreed with its banking syndicate to amend and extend the existing loan facilities. The term loans were increased from EUR 330 million to EUR 350 million and the revolving credit facility lines from EUR 100 million to EUR 150 million, while overall interest margins were reduced. Furthermore, the maturity of these loans was extended one year until 2020 and flexibility was improved to finance further growth, in particular with regard to the financing of future acquisitions.

The term loans are fully drawn. About 77% was raised in EUROs and the remainder in US Dollars, Australian Dollars and British Pounds. The interest rate surcharge on top of EURIBOR or LIBOR depends on overall leverage and varies between 1.25 and 2.75 (actual surcharge end of 2015: 1.40%; end of 2014: 1.75%). At the end of 2015 approximately 70% of the syndicated long term financial indebtedness of the group was hedged against the risk of interest rate increases.

In addition to the above mentioned syndicated term loans, IMCD's loan facilities also contain a revolving credit facility of EUR 150 million, which can be drawn in various currencies. At the end of 2015 about 60% of this revolving credit facility was undrawn. On top of the revolving credit facility the loan documentation caters for some additional facilities to make use of local financing possibilities.



The loan documentation related to these syndicated loans includes interest cover and maximum leverage conditions. The leverage covenant requires a maximum leverage ratio of 3.75 at the end of 2015. This ratio reduces to 3.50 at the end of June 2016 followed by 3.25 at the end of June 2017 and thereafter. The interest covenant testing started at the end of June 2015 at a level of 3.75 and will move up to 4.25 for December 2018 and the years thereafter.

The reported leverage ratio at the end of 2015, including the last full year result of MF Cachat and Selectchemie, was 2.9 times EBITDA (2.4 times at the end of 2014).

The actual leverage at the end of 2015, calculated on the basis of the definitions used in the IMCD loan documentation, was 2.5 times EBITDA (2.2 times EBITDA end of 2014), which is well below the required maximum of 3.75 times EBITDA. The interest cover, calculated based on the definitions used in the loan documentation, is 16.5 times EBITDA which is well above the required minimum of 3.75 times EBITDA.

In September IMCD purchased 100,000 own shares (€3.1 million) to fund its long term incentive plan.

At the end of 2015, total equity amounted to EUR 653.8 million (end of 2014: EUR 530.8 million). The positive impact of 2015 earnings and issue of shares resulted in a ratio at year end whereby net equity covers 45.6% of the balance sheet total (end of 2014: 47.4%).

### Human resources

At year end 2015 IMCD employed a total of 1,746 employees (calculated on a full time equivalent basis) compared to 1,512 at year end 2014. Of this increase a number of 153 FTEs was the direct result of acquisitions executed in 2015. Excluding acquisitions, the numbers of new hires was 81.

IMCD's central HR policy is primarily aimed at attracting and developing talent for senior local and international management positions. Programmes have been set up centrally for training and development of international product managers and locally for other roles.

The Company believes in 'strength in diversity'. The global nature of the chemical industry and the international spread of the activities requires men and women in leadership positions with different national and cultural backgrounds who possess strong intercultural skills. With offices across 6 continents, IMCD encourages cross border activities and offers equal opportunities, regardless of gender, religion or ethnicity, to all its employees all over the world.

Employment conditions and incentive schemes are locally decided within the IMCD guidelines. Offering market level remuneration structures, including performance based incentive schemes, IMCD aims for quality performance and long term careers.

IMCD considers its open and entrepreneurial business culture, with opportunities for personal development and career development, as the key components for employee satisfaction.

## Risk management

In achieving its objectives, IMCD faces risks and uncertainties, including those due to macroeconomic conditions, regional and local market developments and internal factors. IMCD strives to identify and control those risks and uncertainties as early as possible. Risk management is an essential element of IMCD's corporate governance and embedded in the group's business processes.

Although the Group recognises the risks and uncertainties associated with its business activities, IMCD believes that the broad diversity of its business in term of product portfolio, geographies, suppliers, end market sectors and customers can lessen the impact of local and regional economic changes. However, if adverse circumstances are pronounced and/or long-lasting, they can have a significant impact on the Company's business and results of operations. IMCD is affected by demand fluctuations and other developments in the broader economy and weak economic conditions may have a material adverse effect on the Company.

The IMCD risk management policy is aimed at optimisation of the balance between maximisation of business opportunities within the framework of the Group's strategy, while managing the risks involved.

### Risk management framework

Although IMCD benefits from its geographical, market, client and product portfolio spread, IMCD's well structured risk management process is designed to manage the residual risks in a transparent and controlled manner. IMCD's comprehensive controlling and risk management systems, including supporting tools, are continuously monitored by the Supervisory Board, Management Board and by regional and local management, improved when required and adjusted to changes in internal and external conditions.

### Risk management tasks and responsibilities

IMCD's risk management and control systems are established to identify and analyse the risks faced by the Company at various levels, to set appropriate risk controls, and to monitor risks and the way the risks are controlled.

Key activities within IMCD's risk management and control systems are:

- identification of key business risks, based on likelihood of occurrence and their potential impact
- setting and maintaining key controls for managing the key risks

The Management Board, under supervision of the Supervisory Board, has overall responsibility for the IMCD risk management and control systems. Management of regional holding and operating companies are responsible for operational performance and for managing the associated local risks.

### Risk management elements

The elements of IMCD's risk management system are the following:

1. Control environment, including:
  - organisational culture based on ethical conduct and compliance, clear responsibilities and short and open communication lines
  - IMCD Group policies including business principles, management instructions and manuals
  - continuous compliance training of employees
  - risk management embedded in the business processes on all organisational levels
2. Risk assessment and control procedures, including:
  - identification of risks via risk self-assessments, coordinated by corporate Controlling and corporate Health Safety and Quality (HSEQ)
  - implementation and optimisation of effective and efficient control procedures on various levels of the organisation
3. Information, communication and monitoring, including:
  - harmonised reporting on operations, financial results, financial positions and key risks
  - periodical reviews of financial results and risk management by corporate management
  - periodical reviews on HSEQ management by group HSEQ
  - regular review meetings between corporate and local management

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are developed to manage risks, but cannot provide absolute certainty that human errors, losses, fraud and infringements of laws and regulations will be prevented. Management has assessed whether IMCD's risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. Based on the approach outlined above, the Management Board is of the opinion that, to the best of its knowledge, the internal risk management and control systems are adequately designed and operated effectively in the year under review and hence provide reasonable assurance that the financial statements are free of material misstatements.

### Significant risks and uncertainties

In the following section, the main risks and the way IMCD manages these risks are described.

#### Decline in customer demand

IMCD's business depends on its customers' demand for chemicals used in the manufacture of a wide array of products, which in turn is driven by the demand of consumers and other end users for the products made by IMCD's customers. To a large extent, demand levels depend on macroeconomic conditions on a global level and in those regional economies supplied by its customers. An improvement or

deterioration in levels of economic activity and consumer demand tends to be reflected in the overall level of production and consumption of chemicals.

The broad diversity of IMCD's business in terms of product portfolio, geographies, suppliers, end market sectors and customers can lessen the impact of local and regional economic changes. However, if these changes are pronounced and/or long lasting, they can have a significant impact on the group's business and results of operations.

#### Supplier dependency

IMCD is dependent on its suppliers to develop and supply the product portfolio that it markets, sells and distributes. Shortages in supply of certain products or non-competitiveness of product lines could negatively affect operating results. The termination of a major supplier relationship could have a material adverse effect on the Company's product portfolio, sales volumes, revenues and profit margins. Through its dedicated team of technical and commercial experts working in close partnerships with its suppliers, IMCD proves to be able to maintain long standing relationships with most of its key suppliers.

#### Risks related to acquisitions and integrations

Execution of IMCD's strategy will require the continued pursuit of acquisitions and investments and will depend on the Group's ability to identify suitable acquisition candidates and investment opportunities.



### Plastics

Business Group Plastics offers speciality additives and compounds for the production of plastic, rubber, composite and polyurethane end-products. The speciality chemical additives promoted by IMCD enhance the performance of basic plastic materials to improve properties such as colour stability, flame retardance, scratch resistance or to add specific colour properties including matt or gloss effect.

In addition, IMCD offers end-compounds which are used to directly manufacture high quality finished or semi-finished items ranging from chairs, computers, phones, car interiors, medical equipment, electrical cabling, household appliances and packaging.



Acquisitions and investments involve risks, including assumptions about revenues and costs being inaccurate, unknown liabilities and customer or key employee losses at the acquired businesses.

IMCD tries to limit these risks by means of diligent identification of targets, strict selection criteria, followed by a structured execution, including determining the structure of the transaction and the contract, and integration process. Acquisition activities are driven centrally by an experienced management team supported by external consultants.

### Personnel risks

IMCD relies significantly on the skills and experience of its managerial staff and technical and sales personnel. A loss of these individuals or the failure to recruit suitable managers and other key personnel, both for expanding the Company's operations and for replacing people who leave IMCD, could have a material adverse effect on the performance of the Company.

IMCD limits these risks by providing an inspiring and entrepreneurial working environment, offering international career opportunities, performance based incentive schemes and long term succession planning. In addition, in order to secure the valuable relationships with key suppliers and key customers, these relationships are maintained by commercial teams rather than by individual commercial staff members.

### HSEQ risks

Marketing, sales and distribution of speciality chemicals and food and pharmaceutical ingredients entails exposures to health, safety and environmental risks. In order to mitigate these risks, IMCD has developed requirements and guidelines for health, safety and environment, which include the following:

- commitment to providing high-quality products and services while ensuring that the operations are safe and reliable
- conducting business with respect and care for the environment

- complying with applicable health, safety and environmental laws, regulations and quality standards
- applying practical means to conserve resources and to prevent pollution, reduce waste, and minimise the risk involved in the operations
- continually improving performance and implementing effective development programs to enhance the competence and awareness levels of IMCD's employees

Most of IMCD's subsidiaries have implemented certified quality systems and make use of monitoring systems for recording and analysing any non-conformities in order to further optimise its business processes.

IMCD has outsourced the majority of its logistic operations. It only outsources to reputable third party logistic service providers, which are carefully selected and continually monitored by the supply chain team to ensure that both quality standards and performance are optimised.

Employees, customers and third party logistics service providers are provided with adequate safety instructions for handling chemical products.

### Financial risks

IMCD's business is exposed to currency, liquidity, credit and interest rate risk.

#### Currency risk

IMCD is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company. IMCD uses forward exchange contracts to hedge currency risks, most of these contracts with a maturity of less than one year.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations, providing an economic hedge without derivatives being entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

### *Liquidity risk*

The Company'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 IMCD's reputation. Typically the Company ensures that it generally has sufficient cash on demand to meet expected operational expenses for the next few months, including the servicing of financial obligations.

### *Credit risk*

IMCD's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, IMCD also considers the demographics of the customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. There is no significant geographical concentration of credit risk nor at individual customer level.

IMCD has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. IMCD's review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. These limits are reviewed periodically.

Customers that fail to meet the Company's benchmark creditworthiness may transact with IMCD only on a prepayment basis.

### *Interest rate risk*

The Group adopts a policy of ensuring that at least a large extent of its exposure to changes in interest rates on long term secured senior bank loans is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. This is achieved by entering into interest rate swap contracts.

### **ICT risks**

IMCD relies upon its information technology infrastructure and upon certain critical information and communication technology systems for operating and managing its business. IMCD's ICT infrastructure and systems are subject to damage and interruption from different sources, including natural disasters, software viruses, malware and power failures. IMCD continuously invests in hardware and software in order to cope with the needs and requirements of its business. Coordinated and monitored by its central ICT team, IMCD maintains and continuously enhances a wide range of security measures including access and authorisation controls, data back-up and system recovery mechanisms.

## Outlook 2016

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries. Furthermore, results can be influenced from period to period by, amongst others, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relations and the timing, scope and impact of acquisitions.



IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions.

IMCD sees interesting opportunities to increase its global footprint and expand the product portfolio organically and by acquisitions.

### Management Board declaration

The Management Board of IMCD N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

1. the financial statements, which have been prepared in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and included in the annual report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2015 as well as the profit or loss of IMCD N.V. and all the business undertakings included in the consolidation

2. the annual report provides a true and fair view of the condition, the business performance during the financial year of IMCD N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2015

3. the annual report provides a description of the material risks faced by the Company

Rotterdam, 15 March 2016

Management Board:  
Piet van der Slikke  
Hans Kooijmans

# Corporate social responsibility

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IMCD believes that corporate social responsibility goes beyond compliance with laws and regulations and beyond current profitability and success. A sustainable global economy should combine long-term profitability with social justice and environmental care.

The chemical industry is important to virtually every other industry as it produces products that are used in daily life. This makes the chemical industry one of the key influencing forces on sustainability.

In its role as an international chemical distributor and with a responsibility for delivering its suppliers' products to the market, IMCD seeks to optimise its processes for the benefit of the environment, people and business. IMCD therefore implements and encourages the following practices:

## **Product stewardship and formulation support**

IMCD ensures compliance with applicable laws and regulations in the markets it serves. IMCD supports sustainable products to be adequately represented in its overall product offering. In doing so, IMCD strives to offer new formulation and application solutions to its customers that will meet green, healthy and other sustainable demands on the modern markets.

## **Optimisation of supply chain processes**

IMCD supports the reduction of product lifecycle greenhouse gas emissions and continuously explores further ways to reduce the carbon footprint with its logistic partners. An example of how IMCD directly contributes to such initiatives is its involvement in the Sustainable Logistics program by Connekt; an independent network of companies and authorities collaborating to achieve a sustainable improvement in mobility.

So far, IMCD is the only chemical distributor that has been presented the Lean & Green and Lean & Green Star awards under this programme for demonstrating 20% CO<sub>2</sub> reduction in a 5-year period.

## **Commitment to external initiatives**

IMCD encourages its local subsidiaries to take an active role in carefully selected sustainability initiatives where it is believed it can make the most

effective contribution in its role as a chemical distributor. An example of such participation is IMCD France's involvement in ACDV (Association Chimie du Végétal - Association for plant-based chemistry). As the only chemical distribution member, IMCD France promotes the development of bio-based chemistry as a complementary alternative to traditional chemistry.

## **Energy and waste management**

IMCD supports the use of green energy in its offices. IMCD also encourages the recycling of used office materials and is committed to minimising paper consumption. In addition, IMCD's laboratories have modern liquid and fume waste management in place and local offices are developing incentive programmes to promote more efficient ways of travelling.

## **Community relations**

IMCD cares about the communities in which it is located. As a diversified international business that is present in more than 40 countries on 6 continents, IMCD cannot offer its support to just one chosen cause. Instead, IMCD opts to support a number of local initiatives to make a difference to its immediate communities.

## **Health, Safety, Environment and Quality**

Health, Safety, Environment and Quality (HSEQ) are of key importance to IMCD. The Company's HSEQ strategy has been implemented in most of the countries where IMCD operates and is currently being implemented worldwide. It is based on the following policies:

### *Health and safety policy*

IMCD is committed to providing working conditions for its employees such that their health, safety and welfare at work are protected, and has established emergency response procedures to minimise the potential impact of emergencies and incidents on employees and the public.

### *Environmental policy*

IMCD is committed to meeting relevant legislative requirements, as well as requirements agreed to with customers and suppliers, for environment, waste treatment and disposal. The Company has

established a waste disposal policy to promote the recycling of waste materials that is intended to ensure that all waste generated by the operations are properly identified and sent for licensed disposal, in accordance with relevant legislative requirements. The policy applies to supply chain related materials and company office related waste.

*Compliance policy*

IMCD endeavours to comply with health, safety and environmental legal requirements, including import and export regulations and marketing and use restrictions in all its operations and sales organisations.

*Quality policy*

IMCD aims to be a valued partner to all its suppliers and customers by providing continuous training to all employees to ensure competence and ability to deliver quality service. The Company uses its ISO 9001:2015 and ISO 14001 accreditation as the framework for fulfilling the expectations of its suppliers and customers.

Most of IMCD's operating companies take part through local associations in the 'Responsible Care' or 'Responsible Distribution' of the organisation of the International Council of Chemical Associations (ICCA). These operating companies have stated that they are committed to the sustained development and observance of the guidelines laid down in the global programme covering the following eight guiding principles:

- legal requirements
- management of risk
- policies and documentation
- provision of information
- training
- emergency response
- ongoing improvements
- community interaction

The commitment to these guidelines and policies is assessed by independent third party experts applying the relevant regional assessment systems. Independent experts also review and document the



relevant operating company's environmental performance and safe handling of chemicals.

IMCD has implemented standard operating procedures on the collection of information about and the sale of new products, including regulatory compliance, the creation and dissemination of safety-related data, guidance on safe handling, customer-use screening in the context of sensitive products and supplier evaluation. The Company uses software to screen counter-parties against various sanctions related lists and has established a 24-hour emergency service line for the reporting of any incidents.

IMCD's regional HSEQ coordinators meet at least annually, but also in smaller groups throughout the year when needed. At these meetings, they discuss goals for the following year and regulatory developments, share best practices, information and data and establish standard procedures for implementing new practices. IMCD's HSEQ Director also visits subsidiaries periodically to discuss more specific issues on a local level with regional HSEQ coordinators.

The basis for quality management within IMCD is the internationally applicable ISO 9001 standard, which is implemented at the local level. The operating companies also implement other quality management systems if relevant to the products they distribute, such as ISO 14001, ISO 22000 (food safety management), OHSAS 18001 (occupational health and safety), GDP (good distribution practices for pharmaceutical products) and ECO (for organic products).

IMCD requires third party service providers to comply with its health and safety policy. In order to evaluate compliance, IMCD visits its third party service providers at least once prior to engagement and reviews their performance through site visits and questionnaires on a periodic basis, the frequency of which is based on the types and quantities of products stored or transported by that third party service provider. IMCD requests quality management certifications (ISO 9001, ISO 14001, Responsible Care, among others) from its third party service

providers. In addition, the Company has instituted procedures in order to confirm with third party service providers that they comply with applicable health, safety and environmental legal requirements.

### **Tax strategy and transparency**

IMCD pursues a principled and transparent tax strategy that aims to support IMCD's overall business strategy and objectives. IMCD's tax strategy is based on the key values and principles of its Code of Conduct that provides a framework for a business culture that stimulates honesty, transparency, sustainability, compliance, expertise and cultural diversity. The principles of IMCD's Code of Conduct are further embodied in IMCD's Management Instructions.

IMCD's tax principles require compliance with applicable tax rules and regulations in the jurisdictions in which IMCD operates. Transfer pricing related issues are dealt with on an at arm's length basis in accordance with IMCD's Transfer Pricing Policy, which is consistent with the internationally accepted standards of the OECD guidelines for multinational companies. The Company's genuine commercial activities lead the setting up of international structures and profits are declared and taxes are paid where the economic activity occurs. IMCD does not make use of tax havens for the avoidance of tax. Where tax laws do not give clear guidance, prudence and transparency are the guiding principles while adhering to IMCD's Code of Conduct.

IMCD seeks to maintain an open, honest and constructive dialogue with tax authorities based on transparency, respect and trust. Tax compliance and reporting is managed locally with support and guidance from the corporate tax department and external tax counsel and is periodically monitored through IMCD's internal control department. Potential tax related risks are assessed by IMCD's Management Board and discussed with the Supervisory Board to ensure a sustainable and viable tax strategy that is compliant with IMCD's business principles and enhances long term profitability.



# Corporate governance

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IMCD N.V. is a public company with limited liability (naamloze vennootschap) under Dutch law with a two-tier board structure. IMCD is managed by a Management Board under the supervision of a Supervisory Board. The Management Board and the Supervisory Board are accountable to the General Meeting of IMCD's shareholders (General Meeting). IMCD's governance structure is subject to Dutch law and regulated by the Company's Articles of Association (available on the Company's website). The provisions of the Dutch Civil Code (DCC) that are commonly referred to as the 'large company regime' (structuurregime) do not apply to the Company.

IMCD's corporate governance structure is designed in accordance with the Dutch Corporate Governance Code (the Code) and has been approved by the General Meeting on 26 June 2014. IMCD fully endorses the objective of the Code to foster good governance by encouraging fair and transparent dealings on the part of management and Supervisory Board members and shareholders. In addition, IMCD is committed to a governance structure that best and effectively supports its business, that meets the needs of its stakeholders and that complies with all relevant rules and regulations.

IMCD's key commitment and core principle is to provide an environment that promotes trust, confidence and respect of its employees, suppliers, customers, local and international stakeholders, media, governmental authorities and industry and society organisations. In the IMCD Code of Conduct, available at the Company's website, IMCD's business principles, core values and ethics, to which all IMCD companies worldwide are equally and fully committed, are described.

To facilitate compliance with its values and ethics, IMCD provides an Internal Alert Procedure, available on the Company's website. This procedure enables IMCD employees worldwide to report any irregularities regarding the implementation of applicable IMCD Business Principles, or any of its legal, operational or other issues that concern IMCD as a whole, a respective local subsidiary or any employee.

## Shares

The authorised capital of the Company comprises a single class of registered shares. All shares are traded via the giro-based securities transfer system and are registered under the name and address of Euroclear. All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting. Shares held by IMCD are non-voting shares and do not count when calculating the amount to be distributed on shares or the attendance at a General Meeting. IMCD purchases shares to hedge its obligations arising from conditionally awarded performance shares under IMCD's long term incentive plan.

## General Meeting

Shareholders of IMCD may exercise their rights through annual and extraordinary General Meetings of shareholders. The Annual General Meeting of shareholders (AGM) is held each year before July.

Extraordinary General Meetings of shareholders (EGM) are held as often as the Management Board and/or the Supervisory Board deem desirable. In addition, one or more shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting is convened. Notice of General Meetings is given no later than 42 days before the day of the meeting through publication of a convocation notice on the website of IMCD. Shareholders representing, either solely or jointly with other shareholders, at least 3% of the issued share capital of IMCD, may request the Company to put an item on the agenda provided that the Company has received the request no later than on the sixtieth day prior to the day of the General Meeting.

Each shareholder may attend General Meetings, address the General Meeting and exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights if they are the holders of shares on the record date, which is the twenty eighth day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General



Meeting. Subject to certain exceptions set forth by law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

The powers of the General Meeting are specified in the Articles of Association and include, among other things, adoption of IMCD's financial statements, appointment and dismissal of Supervisory Board and Management Board members and the allocation of profit, insofar as this is at the disposal of the General Meeting. Resolutions to amend the Articles of Association or to dissolve the Company may only be taken by the General Meeting upon a proposal of the Management Board with the approval of the Supervisory Board.

## Supervisory Board

The Supervisory Board monitors and supervises the activities of the Management Board and the general course of business within IMCD. The Supervisory Board also advises the Management Board. In performing their duties, the members of the Supervisory Board are guided by the interests of the Company and the enterprise connected therewith taking into account the relevant interests of all stakeholders. The Supervisory Board bears collective responsibility and assesses its own performance. The Supervisory Board must consist of at least five members. The composition of the Supervisory Board is such that the combined experience, expertise and independence of its members enables the Supervisory Board to best carry out the variety of the Supervisory Board's responsibilities. The Supervisory Board members are appointed by the General Meeting pursuant to a binding nomination by the Supervisory Board. The General Meeting may overrule the binding character of the nomination by an absolute majority of the votes cast, representing at least one third of the issued share capital. Members of the Supervisory Board are appointed for a term of four years, and may be re-appointed up to a maximum period of 12 years.

The Supervisory Board is supported by two committees:

- the Audit Committee, responsible for supervising the quality and integrity of the IMCD's financial reporting and internal risk management and control systems, including legal and ethical compliance, and advising the Supervisory Board and Management Board in relation to these matters
- the Remuneration Committee, responsible for advising the Supervisory Board on the remuneration of the Management Board

The Supervisory Board acts in accordance with the Articles of Association and the Supervisory Board Rules, which include the Supervisory Board Profile, the Resignation Rota and the Rules governing the Supervisory Board Committees. The Supervisory Board Rules are available on the Company's website.

## Management Board

The Management Board manages the day-to-day operations of IMCD and is responsible for setting out and realising the Company's objectives and strategy. The Management Board has two members bearing collective responsibility and is supported by a four-member entrepreneurial Executive Committee that is responsible, among other things, for regional operations and certain general group level management activities. The Management Board members are appointed (and may be re-appointed) for a term of four years by the General Meeting pursuant to a binding nomination by the Supervisory Board. The General Meeting can overrule the binding character of the nomination by an absolute majority of the votes cast, representing at least one third of the issued share capital.

The Management Board represents the Company and acts in accordance with the Articles of Association and the Management Board Rules (available on the Company's website), which provide for a detailed description of the Management Board's responsibilities and functioning. Certain important resolutions of the Management Board identified in the Articles of Association require the approval of the Supervisory Board and/or the General Meeting. The Management Board has been designated as the corporate body authorised to issue shares, 10% of the issued shares plus an additional 10% relating to

acquisitions, grant rights to acquire shares and to limit or exclude pre-emptive rights pertaining to the issue of shares, subject to the prior approval of the Supervisory Board. By virtue of its authorisation by the General Meeting the Management Board is also authorised to purchase shares in the Company, up to a maximum of 10% of the issued shares and subject to the prior approval of the Supervisory Board. These designations and authorisations are given for a period of eighteen months and renewal is requested annually at the AGM. No authorisation from the General Meeting is required for the acquisition of fully paid up shares for the purpose of transferring these shares to employees of the Company or of an IMCD group company pursuant to any employee share plan.

### Executive Committee

IMCD's Executive Committee has six members: the two members of the Management Board and four managing directors. The (non-Management Board) members of the Executive Committee take on certain management activities at group level in addition to their specific managing director roles.

The responsibilities of the Executive Committee include general strategy, group performance, realisation of operational and financial objectives, people strategy and identification and management of risks connected to the business activities. The Management Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the Company's external reporting and reporting to the Company's shareholders.

### Remuneration

The Management Board remuneration policy was adopted by the General Meeting upon the proposal of the Supervisory Board in 2014. The remuneration policy is aimed at attracting, motivating and retaining highly qualified members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with the long term strategy of the Company. Pursuant to the remuneration policy the remuneration packages of the Management Board members

consist of fixed and variable components, including a long term incentive plan (for the annual award of conditional performance shares) approved by the General Meeting. The remuneration policy is available on the Company's website. The remuneration of the individual members of the Management Board (including the awarding of shares) is determined by the Supervisory Board, with due observance of the remuneration policy.

In compliance with the Code the service agreements with the Management Board members contain provisions related to severance arrangements, claw back and public offering consequences. Annually the Supervisory Board reports on the implementation of the remuneration policy in its Remuneration Report, which is published at the Company's website.

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the chairman, the vice chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board may not be made dependent on the Company's results. None of the members of the Supervisory Board may receive shares, options for shares or similar rights to acquire shares as part of their remuneration.

### Conflicts of interest

All legal acts in which there are conflicts of interest with members of the Management Board must be agreed on at arm's length terms and must be approved by the Supervisory Board. Each Management Board member or Supervisory Board member is required to immediately report any potential direct or indirect personal conflict of interest to the chairman of the Supervisory Board, providing all relevant information. If the chairman of the Supervisory Board determines that there is a conflict of interest, a member of the Management Board or the Supervisory Board is not permitted to take part in any discussion or decision making that involves a subject or transaction relating to the conflict of interest.

## Rules regarding inside information

Pursuant to the provisions of the Financial Markets Supervision Act intended to prevent market abuse, such as insider trading, tipping and market manipulation, the Company has adopted rules regarding the reporting and regulation of transactions in IMCD shares or other IMCD financial instruments. These IMCD Insider Trading Rules are applicable to members of the Management Board, the Executive Committee, the Supervisory Board and other designated IMCD insiders. The IMCD Insider Trading Rules are available on the Company's website.

## Accountability Corporate Governance Code

In 2015 IMCD complied with the principles and best practices of the Code with the exception of the following deviations:

The Company does not comply with best practice provision III.2.1 which requires all members of the Supervisory Board, with the exception of no more than one person, to be independent during the year under review. In 2015 two out of the five members of the Supervisory Board were independent. In connection with IMCD's listing in 2014, IMCD entered into a Relationship Agreement with Emma (BC) Holdings S.C.A. (Bain Capital, the Company's major shareholder), which among other things, contains provisions on the membership of Emma (BC) Holdings nominated persons in the Supervisory Board. As a result Michel Plantevin, Ivano Sessa and Michael Siefke are non-independent members of the Supervisory Board within the meaning of best practice provision III.2.1. Following a number of sell downs by Bain Capital in 2015, two out of three of the non-independent Supervisory Board members will resign at IMCD's AGM of 12 May 2016. The Supervisory Board has nominated Julia van Nauta Lemke-Pears and Janus Smalbraak for appointment by the AGM. Upon their appointments the Supervisory Board will consist of four independent members and one non-independent member.

In the Supervisory Board's resignation rota, available on the Company's website, the term for each of the

Supervisory Board members is four years from 2014 resulting in the same re-appointment or retirement dates. In deviation of the best practice provision III.3.6 of the Code, this retirement schedule does not avoid a situation in which multiple Supervisory Board members retire at the same time. The Relationship Agreement with Emma (BC) Holdings S.C.A., provides for an obligation for members of the Supervisory Board nominated by the Company's major shareholder to resign in the event of sell downs and subsequent lower ownership percentages. Following appointment of two new Supervisory Board members at the AGM of 12 May 2016, the adjusted resignation rota will avoid the retirement of a majority of the Supervisory Board members at the same time.

The Supervisory Board strives for a diverse composition in terms of, amongst others, gender and age in achieving a desired balance in its composition but does not strictly follow the recommendation of best practice provision III.3.1 to formulate an explicit target on diversity in terms of gender or age. The overriding principle for the Company remains that the Supervisory Board should have a diverse composition of members with a valuable contribution in terms of experience and knowledge of the speciality chemicals distribution industry in the regions in which the Company is active or other relevant business knowledge. Although the Company pays close consideration to gender diversity in the profiles of new Management Board and Supervisory Board members in accordance with article 2:166 section 2 of the Dutch Civil Code, IMCD does not strictly follow the recommendation for an explicit target on gender diversity and has not established concrete targets in this respect.

In deviation of best practice provision III.5 of the Code and as agreed by the General Meeting the Company does not have a Selection and Appointment Committee. The Supervisory Board as a whole carries out the activities of a Selection and Appointment Committee and refers specific tasks to the most appropriate delegation of Supervisory Board members.

The Corporate Governance Declaration is available at [www.imcdgroup.com/investor-relations](http://www.imcdgroup.com/investor-relations).

# FINANCIAL STATEMENTS



# Financial statements

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## Consolidated financial statements

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# Consolidated statement of financial position as at 31 December 2015, before profit appropriation

EUR 1,000	Note	31 December 2015	31 December 2014
<b>Assets</b>			
Property, plant and equipment	16	18,254	17,541
Intangible assets	17	907,219	665,077
Equity-accounted investees	19	3	5
Other financial assets	20	977	773
Deferred tax assets	21	25,154	17,399
<b>Non-current assets</b>		<b>951,607</b>	<b>700,795</b>
Inventories	22	184,238	152,661
Trade and other receivables	23	241,076	204,495
Cash and cash equivalents	24	56,550	59,974
<b>Current assets</b>		<b>481,864</b>	<b>417,130</b>
<b>Total assets</b>		<b>1,433,471</b>	<b>1,117,925</b>

The notes are an integral part of these consolidated financial statements

**Consolidated statement of financial position as at 31 December 2015, before profit appropriation**

EUR 1,000	Note	31 December 2015	31 December 2014
<b>Equity</b>	25		
Share capital		8,415	8,000
Share premium		657,514	573,566
Reserves		(30,396)	(17,211)
Accumulated deficit		(43,550)	(53,459)
Unappropriated result		61,848	19,909
<b>Equity attributable to owners of the Company</b>		<b>653,831</b>	<b>530,805</b>
<b>Total equity</b>		<b>653,831</b>	<b>530,805</b>
<b>Liabilities</b>			
Loans and borrowings	26	408,471	302,284
Employee benefits	27	10,284	10,011
Provisions	28	1,351	603
Deferred tax liabilities	21	76,441	72,439
<b>Total non-current liabilities</b>		<b>496,547</b>	<b>385,337</b>
Loans and borrowings	26	241	160
Other short term financial liabilities	26	85,355	24,178
Trade payables	29	147,239	134,694
Other payables	29	50,258	42,751
<b>Total current liabilities</b>		<b>283,093</b>	<b>201,783</b>
<b>Total liabilities</b>		<b>779,640</b>	<b>587,120</b>
<b>Total equity and liabilities</b>		<b>1,433,471</b>	<b>1,117,925</b>

The notes are an integral part of these consolidated financial statements

# Consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2015

EUR 1,000	Note	2015	2014
Revenue	8	1,529,819	1,358,319
Other income	9	7,673	7,738
<b>Operating income</b>		<b>1,537,492</b>	<b>1,366,057</b>
Cost of materials and inbound logistics	22	(1,197,017)	(1,070,763)
Cost of warehousing, outbound logistics and other services		(48,723)	(46,348)
Wages and salaries	10,11	(89,340)	(76,650)
Social security and other charges	10	(25,089)	(19,846)
Depreciation of property, plant and equipment	16	(3,494)	(2,782)
Amortisation of intangible assets	17	(34,755)	(20,518)
Other operating expenses	12	(47,866)	(46,797)
<b>Operating expenses</b>		<b>(1,446,284)</b>	<b>(1,283,704)</b>
<b>Result from operating activities</b>		<b>91,208</b>	<b>82,353</b>
Finance income	13	2,818	2,506
Finance costs	13	(16,159)	(60,073)
<b>Net finance costs</b>		<b>(13,341)</b>	<b>(57,567)</b>
Share of profit of equity-accounted investees, net of tax	19	(2)	(2)
<b>Result before income tax</b>		<b>77,865</b>	<b>24,784</b>
Income tax expense	14	(16,017)	(4,875)
<b>Result for the year</b>		<b>61,848</b>	<b>19,909</b>
Gross profit <sup>1</sup>		332,802	287,556
Gross profit in % of revenue		21.8%	21.2%
Operating EBITA <sup>2</sup>	6	128,292	109,965
Operating EBITA in % of revenue		8.4%	8.1%

<sup>1</sup> Revenue minus cost of materials and inbound logistics

<sup>2</sup> Result from operating activities before amortisation of intangibles and non-recurring items

The notes are an integral part of these consolidated statements.



**Consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2015**

EUR 1,000	Note	2015	2014
<b>Result for the year</b>		<b>61,848</b>	<b>19,909</b>
Defined benefit plan actuarial gains/(losses)	27	(655)	(3,885)
Related tax	14	96	618
<b>Items that will never be reclassified to profit or loss</b>		<b>(559)</b>	<b>(3,267)</b>
Foreign currency translation differences re foreign operations		(10,315)	4,502
Effective portion of changes in fair value of cash flow hedges		286	204
Related tax	14	(149)	(21)
<b>Items that are or may be reclassified to profit or loss</b>	13	<b>(10,178)</b>	<b>4,685</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(10,737)</b>	<b>1,418</b>
<b>Total comprehensive income for the period</b>		<b>51,111</b>	<b>21,327</b>
<b>Result attributable to:</b>			
Owners of the Company		61,848	19,909
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		51,111	21,327
Weighted average number of shares	15	51,612,228	25,118,356
Basic earnings per share	15	1.20	0.79
Diluted earnings per share	15	1.21	0.79

The notes are an integral part of these consolidated statements.

# Consolidated statement of changes in equity for the year ended 31 December 2015

EUR 1,000	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve own shares	Other reserves	Accumulated deficit	Unappropriated result	Total equity
<b>Balance as at 1 January 2015</b>	25	<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>	-	<b>(7,763)</b>	<b>(53,459)</b>	<b>19,909</b>	<b>530,805</b>
Appropriation of prior year's result		-	-	-	-	-	-	9,909	(9,909)	-
		<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>	-	<b>(7,763)</b>	<b>(43,550)</b>	<b>10,000</b>	<b>530,805</b>
Result for the year		-	-	-	-	-	-	-	61,848	<b>61,848</b>
Total other comprehensive income		-	-	(10,315)	137	-	(559)	-	-	<b>(10,737)</b>
<b>Total comprehensive income for the year</b>		-	-	<b>(10,315)</b>	<b>137</b>	-	<b>(559)</b>	-	<b>61,848</b>	<b>51,111</b>
Cash dividend	25	-	-	-	-	-	-	-	(10,000)	<b>(10,000)</b>
Issue of shares minus related costs	25	415	83,948	-	-	-	-	-	-	<b>84,363</b>
Share based payments	25	-	-	-	-	-	670	-	-	<b>670</b>
Purchase own shares	25	-	-	-	-	(3,118)	-	-	-	<b>(3,118)</b>
<b>Total contributions by and distributions to owners of the Company</b>		<b>415</b>	<b>83,948</b>	-	-	<b>(3,118)</b>	<b>670</b>	-	<b>(10,000)</b>	<b>71,915</b>
<b>Balance as at 31 December 2015</b>		<b>8,415</b>	<b>657,514</b>	<b>(19,891)</b>	<b>265</b>	<b>(3,118)</b>	<b>(7,652)</b>	<b>(43,550)</b>	<b>61,848</b>	<b>653,831</b>

The notes are an integral part of these consolidated statements.

## Consolidated statement of changes in equity for the year ended 31 December 2015

EUR 1,000	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve own shares	Other reserves	Accumulated deficit	Unappropriated result	Total equity
<b>Balance as at</b>										
<b>1 January 2014</b>	25	<b>100</b>	<b>4,938</b>	<b>(14,057)</b>	<b>(76)</b>	-	<b>(4,496)</b>	<b>(48,069)</b>	<b>(5,390)</b>	<b>(67,050)</b>
Appropriation of prior year's result										
		-	-	-	-	-	-	(5,390)	5,390	-
		<b>100</b>	<b>4,938</b>	<b>(14,057)</b>	<b>(76)</b>	-	<b>(4,496)</b>	<b>(53,459)</b>	-	<b>(67,050)</b>
Result for the year										
		-	-	-	-	-	-	-	19,909	<b>19,909</b>
Total other comprehensive income										
		-	-	4,481	204	-	(3,267)	-	-	<b>1,418</b>
<b>Total comprehensive income for the year</b>										
		-	-	<b>4,481</b>	<b>204</b>	-	<b>(3,267)</b>	-	<b>19,909</b>	<b>21,327</b>
Conversion shareholders' loan										
	25	621	313,733	-	-	-	-	-	-	<b>314,354</b>
Adjustment nominal value										
	25	5,221	(5,221)	-	-	-	-	-	-	-
Issue of shares minus related costs										
	25	2,058	260,116	-	-	-	-	-	-	<b>262,174</b>
<b>Total contributions by and distributions to owners of the Company</b>										
		<b>7,900</b>	<b>568,628</b>	-	-	-	-	-	-	<b>576,528</b>
<b>Balance as at 31 December 2014</b>										
		<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>	-	<b>(7,763)</b>	<b>(53,459)</b>	<b>19,909</b>	<b>530,805</b>

The notes are an integral part of these consolidated statements.

# Consolidated statement of cash flows for the year ended 31 December 2015

EUR 1,000	Note	2015	2014
<b>Cash flows from operating activities</b>			
Result for the period		61,848	19,909
Adjustments for:			
• Depreciation of property, plant and equipment	16	3,494	2,782
• Amortisation of intangible assets	17	34,755	20,518
• Net finance costs excluding currency exchange results	13	9,245	54,315
• Currency exchange results	13	4,096	3,252
• Cost of share based payments	11	670	-
• Share of profit of equity-accounted investees, net of tax	19	2	(2)
• Income tax expense	14	16,017	4,875
		<b>130,127</b>	<b>105,649</b>
Change in:			
• Inventories	22	(8,568)	(8,513)
• Trade and other receivables	23	2,717	(7,522)
• Trade and other payables	29	(4,157)	1,016
• Provisions and employee benefits	27,28	(216)	(3,807)
		<b>119,903</b>	<b>86,823</b>
<b>Cash generated from operating activities</b>		<b>119,903</b>	<b>86,823</b>
Interest paid		(9,139)	(29,881)
Income tax paid		(24,413)	(20,064)
<b>Net cash from operating activities</b>		<b>86,351</b>	<b>36,878</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	7	(237,073)	(11,281)
Acquisition of intangible assets	17	(6,654)	(1,059)
Acquisition of property, plant and equipment	16	(3,551)	(3,523)
Proceeds from disposals of (in) tangible assets	16,17	387	435
Acquisition of other financial assets		(205)	(171)
<b>Net cash used in investing activities</b>		<b>(247,096)</b>	<b>(15,599)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital net of related costs	25	84,150	259,539
Dividends paid	25	(10,000)	-
Purchase of own shares	25	(3,118)	-
Payment of transaction costs related to loans and borrowings	26	(2,438)	(6,763)
Movements in bank loans and other short term financial liabilities	26	59,255	(551)
Proceeds from issue of current and non-current loans and borrowings	26	49,817	300,745
Repayment of loans and borrowings		(9,196)	(555,473)
<b>Net cash from financing activities</b>		<b>168,470</b>	<b>(2,503)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,725</b>	<b>18,776</b>
Cash and cash equivalents as at 1 January	24	59,974	38,095
Effect of exchange rate fluctuations		(11,149)	3,103
<b>Cash and cash equivalents as at 31 December</b>	24	<b>56,550</b>	<b>59,974</b>

The notes are an integral part of these consolidated statements.

# Notes to the Consolidated financial statements for the year ended 31 December 2015

## 1 Reporting entity

IMCD N.V. (the 'Company'), previously Emma Topco B.V., is a company domiciled in the Netherlands. The address of the Company's registered office is Wilhelminaplein 32, Rotterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Company is acting as the parent company of the IMCD Group, a group of leading companies in sales, marketing and distribution of speciality chemicals and pharmaceutical and food ingredients. The Group has offices and warehouses in Europe, Asia Pacific, Africa, the USA and Brazil.

## 2 Basis of preparation

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 15 March 2016.

### (b) Basis of measurement

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

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit or loss are measured at fair value and held to maturity loans at amortised cost, using the effective interest method
- contingent considerations assumed in a business combination are measured at fair value
- the defined benefit asset/liability is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation

### (c) 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, unless stated otherwise.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs 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.

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.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note 7 and 32: whether the Group has de facto control over an investee.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial year are included in the following notes:

- Note 7 – acquisition of subsidiaries – fair value measured on a provisional basis
- Note 17 – impairment test: key assumptions underlying recoverable amounts
- Note 21 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used
- Note 27 – measurement of defined benefit obligations: key actuarial assumptions
- Note 30 – recognition and measurement of deferred considerations: key assumptions about the forecast EBITDA of acquired businesses

### Measurement of fair values

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

The Group has a structured control framework with respect to the measurement of fair values. This includes a

dedicated team that has responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 30: financial instruments
- Note 7: acquisition of subsidiaries

#### **(e) Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015:

#### **(i) Annual improvements to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle**

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### **(ii) Defined benefit plans: employee contributions – amendments to IAS 19**

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2e, which addresses changes in accounting policies.

#### **(a) Basis of consolidation**

##### **(i) Business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss as finance income or costs.

Written put options to acquire a non-controlling interest are accounted for by the anticipated-acquisition method. The fair value of the consideration payable is included in financial liabilities; future changes in the carrying value of the put option are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred
- plus the recognised amount of any non-controlling interest in the acquiree
- plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree
- less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

#### **(ii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **(iii) Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

#### **(iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **(b) Foreign currency**

#### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the

exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of financial liabilities designated as qualifying cash flow hedges, which are recognised in other comprehensive income.

#### **(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EURO at exchange rates at the reporting date. The income and expenses of foreign operations are translated into EURO at an average rate for the month in which the transactions occurred. However, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate and exchange rates at the dates of transactions are used.

Foreign currency differences on the translation of foreign operation to the functional currency of the group are recognised in other comprehensive income, and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

### (c) Financial instruments

#### (i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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.

The Group has the following non-derivative financial assets:

- loans and receivables
- cash and cash equivalents

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets 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 method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### (ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade

date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, other short term financial liabilities, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

#### (iii) Share capital

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

#### (iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an



ongoing basis, whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value at trading date; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

#### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

#### *Other non-trading derivatives*

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

### **(d) Property, plant and equipment**

#### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately.

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 in profit or loss.

#### **(i) Subsequent expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### **(ii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings	: 20 - 40 years
Reconstructions and improvements	: 5 - 12 years
Hard- and software	: 3 - 5 years
Other non-current tangible assets	: 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### (e) Intangible assets

#### (i) Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses.

#### (ii) Other intangible assets

Other intangible assets include supplier relationships and similar rights, order books, IMCD brand name, intellectual property rights, distribution rights and non-compete rights. Other intangible assets acquired as part of business combinations are measured on initial recognition at their fair value on the date of acquisition. Intangible assets acquired separately are measured at cost. Subsequently, intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### (iv) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

IMCD brand name	: indefinite
Intellectual property rights	: 7 years
Supplier relations acquired through business combinations	: 10 - 20 years
Other distribution, non-compete rights and order books	: (initial) contract term

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (g) Impairment

#### (i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

#### *Loans and receivables*

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Equity accounted investees*

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount.

An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

#### **(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite useful lives or that are not

yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## (h) Employee benefits

### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The obligation arising from these defined benefit plans are determined on the basis of projected unit credit method. The calculation of the defined benefit obligations is performed by qualified actuaries on an annual basis.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### (iii) Other long term employee benefits

The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The calculation of the other long term employee benefits is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

### (iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then these benefits are discounted.

### (v) Share based payment transactions

The grant date fair value of equity-settled share based payment awards granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is generally equal to the share price at grant date, adjusted for:

1. expected dividends
2. marketability discounts for restriction periods (using the Finnerty model)
3. market conditions (using Monte Carlo simulations)

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

### (vi) Short term employee benefits

Short term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(i) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

**(j) Revenue**

**(i) Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Usually transfer occurs when the product is received at the customer's location.

**(ii) Commissions**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

**(k) Finance income and expenses**

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Finance income and expenses includes results of changes of the fair value of contingent considerations classified as financial liabilities.

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**(l) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

**(i) Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (m) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities and are presented in a separate reporting unit 'Holding companies'.

Reporting segment USA represents the results of MF Cachat and MJS Sales acquired in 2015. During 2016 the reporting segments will be reconsidered and aligned with amendments of the organisation and management structure of the Group.

The reporting segments used are defined as follows:

- Europe: all operating companies in Europe, whereby Iberia also includes the operating activities in the Maghreb region
- Asia Pacific: all operating companies in Australia, New Zealand, India, China, Malaysia, Indonesia, Philippines, Thailand, Singapore and Vietnam

- Other Emerging Markets: all operating companies in Turkey, South Africa and Brazil
- USA: all operating companies in the United States of America
- Holding companies: all non-operating companies, including the head office in Rotterdam and the regional office in Singapore

#### (n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

The Group does not plan to adopt these standards early.

#### IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Although this new standard, effective date probably 1 January 2018, is considered to be a significant change on reporting in general, the impact on the Group's consolidated financial statements is expected not to be material due to the type of business. Further analysis will be performed by the Group.

#### IFRS 9 Financial Instruments

IFRS 9 Financial instruments, effective date probably 1 January 2018, supersedes IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group is currently in the process of determining the impact of this new standard on the consolidated financial statements.

#### IFRS 16 Leases

IFRS 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019.

The Group is currently in the process of determining the impact of this new standard on the consolidated financial statements.

The Group believes that all other new and amended IFRSs not yet adopted by the EU will have no material impact on the consolidated financial statements.

#### (o) Non-recurring income and expenses

The non-recurring items in 2015 mainly consist of costs incurred for acquiring businesses and income as a result of the recognition of deferred tax assets in the Dutch fiscal entity. In

May 2015 the Company issued 2.6 million ordinary shares. The bookrunners fees (net of tax) related to the share issue were deducted directly from the equity.

During 2014, the Group reported non-recurring income and expenses mainly related to the initial public offering of shares and the subsequent refinancing.

The non-recurring income and expenses were recognised in profit or loss and directly in equity and are summarised as follows:

EUR 1,000	Note	2015	2014
Personnel expenses and other operating expenses	10,12	2,329	7,474
Other income		-	(379)
<b>Impact on result from operating activities</b>		<b>(2,329)</b>	<b>(7,095)</b>
Cost related to unwinding former finance structure	13	-	21,238
<b>Impact on result before income tax</b>		<b>(2,329)</b>	<b>(28,333)</b>
Recognition of deferred tax assets	14,21	7,804	9,741
<b>Impact on result for the year</b>		<b>5,475</b>	<b>(18,592)</b>

EUR 1,000	Note	2015	2014
Transaction cost issuance of shares net of tax	21,25	638	7,905
<b>Impact on share premium</b>		<b>638</b>	<b>7,905</b>

## 4 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. Fair values have been determined for measurement and/or disclosure purposes based the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability and in note 30 Financial Instruments.

### (i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an at arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant,

equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

### (ii) Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

### (iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of

completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**(iv) Forward exchange contracts and interest rate swaps**

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness 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 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.

**(v) Other 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.

**(vi) Contingent consideration**

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). Contingent considerations with a term longer than one year are discounted to present value.

## 5 Financial risk management

### (a) Risk management framework

**(i) Risk management tasks and responsibilities**

The IMCD risk management policy is aimed at optimising the balance between maximisation of business opportunities within the framework of the Group's strategy, while managing the risks involved.

Although the Group benefits from geographical, market, client and product portfolio spread, the Group's well structured risk management process should manage its residual risks in a transparent and controlled manner.

The Group's risk management and control systems are established to identify and analyse the risks faced by the Group at various levels, to set appropriate risk controls, and to monitor risks and the way the risks are controlled.

Key activities within the Group's risk management and control systems are:

- identification of key business risks, based on likelihood of occurrence and their potential impact
- setting controls for managing these key risks

**(ii) Risk management elements**

The elements of IMCD's risk management system are the following.

**Control environment, including:**

- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open communication lines
- IMCD's policies including business principles, management instructions and manuals;
- continuous compliance training of employees
- risk management embedded in the business processes on all organisational levels
- internal financial reviews and risk assessments performed by the Group

**Risk assessment and control procedures, including:**

- identification of risks via risk self-assessments coordinated by corporate Controlling and corporate HSEQ
- implementing and optimisation of effective and efficient control procedures on various levels of the organisation

**Information, communication and monitoring, including:**

- harmonised reporting on operations, financial results and positions and risks
- periodical reviews of financial results and risk management by the Management Board and Corporate Controlling
- periodical reviews on HSEQ management by Corporate HSEQ
- regular review meetings between Group and local management

The Management Board, under supervision of the Supervisory Board, has overall responsibility for the IMCD risk management and control systems. Management of regional and operating companies are responsible for local operational performance and for managing the associated local risks.



### (b) Overview financial risks

The Group has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk
- operational 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.

### (c) 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.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. There is no geographical concentration of credit risk nor significant credit risk on individual customer level.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. These limits are reviewed periodically.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group 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 collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

To mitigate the counter party risk with financial institutions the Group has the policy to make use of financial institutions which are investment grade. The Group's main financial institutions are systemically important and are under close supervision by their respective financial regulatory bodies.

### (d) Liquidity risks

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 cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it generally has sufficient cash on demand to meet expected operational expenses for the next few months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

In addition, the Group maintains the following lines of credit:

- EUR 150 million revolving facility. Interest would be payable at the rate of EURIBOR plus the currently applicable 140 base points for amounts drawn in EURO, LIBOR plus currently applicable 140 base points for amounts drawn in other currencies
- Several credit facilities available to the subsidiaries in mainly Spain, Italy, Indonesia, India and Brazil

## Notes to the Consolidated financial statements for the year ended 31 December 2015

The following are the contractual maturities of non-current financial liabilities, including estimated interest payments:

EUR 1,000		Carrying amount	Contractual cash flows	6 months or less	6-12 months	1 - 2 years	2 - 5 years	>5 years
<b>Non-derivative financial liabilities</b>								
	AUD	32,845	39,006	628	634	1,259	36,485	-
	EUR	264,499	287,831	1,915	1,936	3,840	280,140	-
	GBP	27,894	30,805	281	284	563	29,677	-
	USD	19,780	21,792	203	205	406	20,978	-
	IDR	1,837	1,837	-	-	-	1,837	-
	USD	53,975	58,842	-	-	58,842	-	-
	USD	6,336	6,484	-	-	6,484	-	-
	EUR	1,187	1,220	-	-	291	929	-
	PLN	98	126	-	-	126	-	-
	BRL	20	20	-	-	13	7	-
		<b>408,471</b>	<b>447,963</b>	<b>3,027</b>	<b>3,059</b>	<b>71,824</b>	<b>370,053</b>	<b>-</b>

Estimated interest payments are based on the EURIBOR, BBSW and LIBOR rates and margins prevailing at 31 December 2015.

During the financial year, the Group's finance structure has changed as a result of an amend and extend of the syndicated bank facilities. The Group extended its loan facilities by EUR 50 million term loans and EUR 50 million revolver loans. In addition the existing conditions of the senior credit facilities were amended and the maturity of the credit facilities was extended one year to 2020. Further details can be found in note 26.

### (e) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. Group management focuses on managing and controlling market risk exposures within acceptable parameters, while optimising the operating result.

The Group buys derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group Management. Generally the Group seeks to use hedging instruments to manage volatility in profit or loss.

### (i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EURO), United States of America Dollar (USD), Pound Sterling (GBP), Australian Dollar (AUD), South African Rand (ZAR), Brazilian Real (BRL), Malaysian Ringgit (MYR), Indian Rupee (INR) and Indonesian Rupiah (IDR).

The currencies in which these transactions primarily are denominated are EUR, USD, GBP, AUD, ZAR, BRL, MYR, INR and IDR.

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily EUR, but also GBP, AUD and USD. This provides an economic hedge without derivatives being entered into. No hedge accounting is applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its

## Notes to the Consolidated financial statements for the year ended 31 December 2015

net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

### Exposure to currency risk

The Group's net exposure to foreign currency risk based on notional and hedged amounts as at 31 December 2015 was as follows:

EUR 1,000	USD	GBP	AUD	ZAR	BRL	MYR	INR	IDR	Other	Total
Non current assets	-	-	-	32	-	38	-	25	466	<b>561</b>
Current assets	48,350	23,958	24,595	8,193	9,746	4,887	7,483	5,787	34,034	<b>167,033</b>
Non current liabilities	(136,122)	(27,881)	(32,770)	-	(3,277)	-	-	(1,837)	65,461	<b>(136,426)</b>
Current liabilities	(42,611)	(14,505)	(10,535)	(5,249)	(2,711)	(808)	(3,616)	(1,338)	(80,428)	<b>(161,801)</b>
<b>Net statement of currency risk exposure</b>	<b>(130,383)</b>	<b>(18,428)</b>	<b>(18,710)</b>	<b>2,976</b>	<b>3,758</b>	<b>4,117</b>	<b>3,867</b>	<b>2,637</b>	<b>19,533</b>	<b>(130,633)</b>

The risk exposure above includes the mitigating effects of hedged net liability positions in USD to the amount of EUR 7.9 million and in GBP to the amount of EUR 0.1 million.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
USD	0.9017	0.7544	0.9185	0.8237
GBP	1.3780	1.2423	1.3625	1.2839
AUD	0.6752	0.6787	0.6713	0.6744
ZAR	0.0710	0.0697	0.0590	0.0712
BRL	0.2745	0.3220	0.2319	0.3100
MYR	0.2324	0.2304	0.2130	0.2354
INR	0.0141	0.0124	0.0139	0.0130
IDR	0.0001	0.0001	0.0001	0.0001

**Sensitivity analysis**

A 10% strengthening of the EUR, as indicated below, against the USD, GBP, AUD, ZAR, BRL, MYR, INR and IDR at 31 December 2015 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is

based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Equity	Profit or loss	Equity	Profit or loss
	2015	2015	2014	2014
USD	(12,332)	1,441	-	831
GBP	149	(710)	(130)	4
AUD	(3,049)	(25)	(2,580)	(436)
ZAR	(2,610)	(5)	(3,276)	(148)
BRL	(6,771)	-	(3,610)	-
MYR	(1,043)	-	(1,085)	-
INR	(2,341)	-	(986)	-
IDR	(2,164)	-	(1,986)	-

A 10% weakening of the EUR against the above currencies at 31 December 2015 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

syndicated senior bank loans is on a fixed rate basis, taking into account assets with exposure to changes in interest rates. This is achieved by entering into interest rate swap contracts.

**(ii) Interest rate risk**

The Group adopts a policy of ensuring that a substantial part of its exposure to changes in interest rates on long term

**Interest rate profile**

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

	Carrying amount	
EUR 1,000	2015	2014
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Variable rate instruments</b>		
Financial assets	56,550	59,974
Financial liabilities	(494,067)	(326,622)
	<b>(437,517)</b>	<b>(266,648)</b>

**Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial asset and liability at fair value through profit and loss.

**Fair value sensitivity analysis for variable rate instruments**

Note 26 details the variable interest rates applicable for the non-current loans. The Group uses interest rate swap contracts for interest rate hedging purposes with a notional amount of EUR 250 million. The interest rate swap contracts mature in 2017 and 2019. A change of 100 base points in interest rates

at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes

that all other variables, in particular foreign currency rates, remain constant.

EUR 1,000	Profit or loss		Profit or loss	
	100 base points increase 2015	100 base points decrease 2015	100 base points increase 2014	100 base points decrease 2014
Variable rate instruments	7,568	(7,553)	6,943	(6,926)

#### (f) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

#### (g) Capital management

The primary objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Company does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. Capital is considered by the Company to be equity as shown in the statement of financial position.

The Group's net debt and adjusted equity at the reporting date are as follows:

EUR 1,000	2015	2014
Total liabilities	779,640	587,120
Less: Cash and cash equivalents	(56,550)	(59,974)
<b>Net debt</b>	<b>723,090</b>	<b>527,146</b>
Total equity	653,831	530,805
Less: Amounts accumulated in equity relating to cash flow hedges	(265)	(128)
<b>Adjusted equity</b>	<b>653,566</b>	<b>530,677</b>

## 6 Operating segments

In presenting information on the basis of operating segments, segment revenue is based on the geographical location of the Group's operations. Segment assets are based on the geographical location of the assets with the exception of assets related to holding companies, which are presented in a separate reporting unit.

Transactions between companies within an operating segment have been eliminated; transactions between operating segments are based on arm's length principle.

A key performance indicator for controlling the results of the operating segments is Operating EBITA.

Operating EBITA is defined as the sum of the result from operating activities, amortisation of intangible assets, and non-recurring items. Non-recurring items include:

- cost of corporate restructurings and reorganisations
- cost related to realised and non-realised acquisitions
- non-recurring income and expenses related to the initial public offering of shares and subsequent refinancing

While the amounts included in Operating EBITA are derived from the Group's financial information, it is not a financial measure determined in accordance with adopted IFRS and should not be considered as an alternative to operating income or result from operating activities as a sole indication of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Company currently uses Operating EBITA in its business operations to, among others, develop budgets, measure its performance against those budgets and evaluate the performance of its operations.

The bridge from Result from operating activities to Operating EBITA is as follows:

EUR 1,000	2015	2014
<b>Result from operating activities</b>	91,208	82,353
Amortisation of intangible assets	34,755	20,518
Non-recurring items	2,329	7,094
<b>Operating EBITA</b>	<b>128,292</b>	<b>109,965</b>

The non-recurring income and expenses 2015 mainly relate to costs of acquisitions of businesses and one-off adjustments to the organisation. The non-recurring items of 2014 mainly

consist of expenses related to the initial public offering of shares and the subsequent refinancing.

Operating expenses of non-operating companies are reported in the segment Holding companies. Inter-segmented amounts receivable and amounts payable are not considered in the value of the total assets and total liabilities of each segment.

### Europe

EUR 1,000	2015	2014
Revenue	968,930	957,806
Gross profit	222,891	212,828
Operating EBITA	87,349	83,524
Result from operating activities	72,670	68,604
Total Assets	653,690	662,676
Total Liabilities	240,565	243,388

### Asia Pacific

EUR 1,000	2015	2014
Revenue	310,496	283,877
Gross profit	58,112	49,496
Operating EBITA	27,890	23,523
Result from operating activities	22,771	19,627
Total Assets	264,143	240,937
Total Liabilities	63,648	54,234

### Other Emerging Markets

EUR 1,000	2015	2014
Revenue	118,774	116,636
Gross profit	28,219	25,232
Operating EBITA	10,375	9,560
Result from operating activities	8,402	7,336
Total Assets	117,621	100,287
Total Liabilities	41,202	32,242

**USA**

EUR 1,000	2015	2014
Revenue	131,619	-
Gross profit	23,580	-
Operating EBITA	13,409	-
Result from operating activities	8,741	-
Total Assets	162,723	-
Total Liabilities	15,766	-

**Holding companies**

EUR 1,000	2015	2014
Operating EBITA	(10,731)	(6,642)
Result from operating activities	(21,376)	(13,214)
Total Assets	235,294	114,025
Total Liabilities	418,459	257,256

The Company and its operating segments have a diverse customer base of about 32,000 customers in many countries and of various sizes. The Company and its segments do not rely on a single customer or a single group of customers for its operations. With a supplier base of almost 1,800 suppliers and product portfolio of about 27,000 products, the same applies with regard to the reliance on a single supplier or a single group of suppliers and a single product or range of products.

**7 Acquisition of subsidiaries**

The group completed three acquisitions during the financial year.

On 2 April 2015 the group acquired the business of M/S Kushalchand Sons, M/S Rashmi Enterprises and M/S Aman International (Kushalchand) in India. Kushalchand, based in Mumbai, was a distributor of food speciality ingredients to the fast growing processed food industry of India. With the acquisition of Kushalchand IMCD extended its presence in India and strengthened its activities in the food market.

On 23 June 2015 the Group acquired 80% of the shares in MF Cachat Company LLC, including 100% of the shares in MJS Sales Inc. (MF Cachat). MF Cachat is a speciality chemicals distributor in the USA with a focus on coatings, construction, plastics, advanced materials and food. MF Cachat has its head office in Cleveland, Ohio and represents leading global chemicals suppliers in more than 30 states in the USA. MF Cachat provides the Group a significant platform for further growth in the United States, supporting IMCD's strategy to become a leading global speciality chemicals distributor. The share purchase agreement contains a mandatory purchase option of the remaining 20% of the shares in MF Cachat. This remainder is accounted for as deferred contingent liability and not as non-controlling interest. The remaining shares will be acquired in 2017.

On 16 December 2015 IMCD acquired 100% of the shares in Selectchemie importação exportação e representações LTDA. in Sao Paulo (Selectchemie). Selectchemie is a leading distributor of pharmaceutical ingredients in Brazil, representing world leading producers from the USA, Europe and Asia. The portfolio includes an extensive range of excipients and active pharmaceutical ingredients which complements IMCD's product range in Brazil.

The three aforementioned transactions further strengthened the expansion in India and South America and created a platform for further growth in the USA. The acquisitions added EUR 140.0 million of revenue and EUR 8.0 million of net profit to the Group's results in 2015.

If all acquisitions had occurred on 1 January 2015, management estimates that consolidated revenue would have been EUR 1,690.4 million and consolidated result for the year would have been EUR 72.8 million. In determining these amounts, management has assumed that the fair value

## Notes to the Consolidated financial statements for the year ended 31 December 2015

adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

The total consideration transferred in cash amounts to EUR 240.3 million, the deferred and contingent considerations payable at year end are EUR 0.7 million and EUR 60.6 million respectively. The calculation of the contingent consideration is

based on the results of the acquired business in the years following the closing of the acquisition. Further details are included in note 30.

### Identifiable assets recognised and liabilities assumed

The recognised amounts of assets acquired and liabilities assumed on the basis of provisional purchase price allocation at the acquisition dates, are as follows:

EUR 1,000	Note	MF Cachat	Other acquisitions	Total
Property, plant and equipment	16	761	1,140	<b>1,901</b>
Intangible assets	17	114,398	27,795	<b>142,193</b>
Deferred tax assets	21	-	127	<b>127</b>
Other financial assets		-	-	-
Inventories		16,477	6,532	<b>23,009</b>
Trade and other receivables		35,711	2,751	<b>38,462</b>
Cash and cash equivalents		2,728	412	<b>3,140</b>
Loans and borrowings		(6,342)	(19)	<b>(6,361)</b>
Other short term financial liabilities		(838)	(13)	<b>(851)</b>
Employee benefits and other provisions	27	(447)	(135)	<b>(582)</b>
Deferred tax liabilities	21	(217)	(7,806)	<b>(8,023)</b>
Trade and other payables		(16,425)	(5,276)	<b>(21,701)</b>
<b>Total net identifiable assets</b>		<b>145,806</b>	<b>25,508</b>	<b>171,314</b>

The intangible assets recognised relate to supplier relationships and order books acquired.

The gross contractual value of the trade and other receivables acquired amounts to EUR 38.8 million.

### Goodwill

Goodwill recognised as a result of the acquisitions in the financial year is as follows:

EUR 1,000	Note	MF Cachat	Other acquisitions	Total
Total consideration, including deferred and contingent considerations		253,107	49,163	<b>302,270</b>
Less: Fair value of identifiable net assets		145,806	25,508	<b>171,314</b>
<b>Goodwill</b>	17	<b>107,301</b>	<b>23,655</b>	<b>130,956</b>

Goodwill recognised as a result of the acquisitions in the financial year relate to Kushalchand, MF Cachat and

Selectchemie. The goodwill is attributable mainly to the skills and technical talent of the workforce, the commercial



relationships, the international network and the synergies expected to be achieved from integrating the acquired companies into the Group's existing distribution business.

### Acquisition related costs

The Group incurred acquisition related costs of EUR 1,602 thousand (2014: EUR 382 thousand) predominantly related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

## 8 Revenue

EUR 1,000	2015	2014
Sales of goods	1,523,954	1,353,596
Commissions	5,865	4,723
	<b>1,529,819</b>	<b>1,358,319</b>

Management considered the following factors in distinguishing between sales of goods and commissions. In the case of commissions:

- the Group does not take title of the goods and has no responsibility in respect of the goods sold
- all customer related credit risk is borne by the supplier of the goods

The breakdown of revenue by geographical market is as follows:

EUR 1,000	2015	2014
Netherlands	51,968	52,655
Rest of Europe	916,962	905,151
Europe	<b>968,930</b>	<b>957,806</b>
Asia Pacific	310,496	283,877
Other Emerging markets	118,774	116,636
USA	131,619	-
	<b>1,529,819</b>	<b>1,358,319</b>

## 9 Other income

EUR 1,000	2015	2014
Other income	7,673	7,738
	<b>7,673</b>	<b>7,738</b>

Other income mainly refers to logistic costs recharged to and other services charged separately to customers.

## 10 Personnel expenses

EUR 1,000	Note	2015	2014
Wages and salaries	11	89,340	76,650
Social security contributions		16,621	14,893
Contributions to defined contribution plans		2,617	1,851
Expenses related to defined benefit plans	27	1,105	(1,622)
Expenses related to termination and other long term employee benefit plans	27	787	771
Other personnel expenses		3,959	3,953
		<b>114,429</b>	<b>96,496</b>

The wages and salaries 2015 include non-recurring severance payments of EUR 0.4 million (2014: EUR 0.7 million).

The average number of employees in the financial year by region and by function, measured in full time equivalents, is as follows:

FTE	2015	2014
The Netherlands (excluding Dutch Holding companies)	68	68
Rest of Europe	795	773
<b>Europe</b>	<b>863</b>	<b>841</b>
Asia Pacific	448	398
Other Emerging Markets	241	214
USA	43	-
Holding companies	34	29
	<b>1,629</b>	<b>1,482</b>
FTE	2015	2014
Management and administration	249	232
Sales	1,063	965
IT/HSEQ/Warehouse/Other	317	285
	<b>1,629</b>	<b>1,482</b>

## 11 Share based payment arrangements

### Description of the share based payment arrangement

As from 1 January 2015 the Group established a long term incentive plan (LTIP) for the Management Board, the Executive Committee and senior management. Under this LTIP performance shares are awarded based on certain performance conditions. Aims of the LTIP are long term value creation, motivation and sharing of success and retention of key employees.

The performance conditions for the Management Board include the relative Total Shareholder Return performance compared with a selected group of peer companies (market related condition) and the cash earnings per share (internal performance condition). The performance period starts yearly on 1 January and lasts three financial years. After vesting, the unconditional shares are subject to a holding period of two years and become unrestricted five years after grant date.

The performance conditions for the Executive Committee and for senior management are solely internal performance conditions and include operating EBITA, growth in cash earnings per share (only for the Executive Committee) and discretionary assessment by the Management Board. The performance period starts yearly on 1 January and lasts one year. The shares become unconditional after a service period of three years.

### Reconciliation of outstanding performance shares

The number of performance shares granted in 2015 was as follows:

	Number of shares	Based on share price
Shares granted to the Management Board	26,432	25.11
Shares granted to Executive Committee and senior management	57,036	25.11

The number of performance shares granted in 2015 is based on at target performance (100 per cent) with an upward potential for Management Board and Executive Committee. The expected number of performance shares is 80,616 with vesting date in 2018.

The weighted average share price and the number of performance shares were as follows:

	2015		2014	
	Weighted average share price	Number of shares	Weighted average share price	Number of shares
<b>Outstanding as at 1 January</b>	-	-	-	-
Forfeit during the year	-	-	-	-
Exercised during the year	-	-	-	-
Granted during the year	29.34	83,468	-	-
Performance adjustment	-	(2,852)	-	-
<b>Outstanding as at 31 December</b>		<b>80,616</b>		-

The weighted average share price for granted shares is equal to the share price at grant date, adjusted for market related performance conditions, expected dividend during the vesting period and impact of the restriction period.

### Expenses recognised in profit or loss

EUR 1,000	2015	2014
Shares granted	670	-

## 12 Other operating expenses

The other operating expenses are as follows:

EUR 1,000	2015	2014
Accommodation and other rental costs	11,632	10,359
Other office expenses	8,414	6,946
Car expenses	6,646	6,281
Other personnel related expenses	9,474	7,472
Professional service fees	5,698	9,823
Credit sales expenses	885	810
Insurance costs	1,429	1,277
<b>Other operating expenses</b>	<b>3,688</b>	<b>3,829</b>
	<b>47,866</b>	<b>46,797</b>

The other operating expenses include an amount of EUR 1.9 million (2014: EUR 6.7 million) related to non-recurring items. The non-recurring items included in the professional service fees amount to EUR 1.4 million (2014: EUR 6.5 million). Other non-recurring items are included in Accommodation and other rental costs: EUR 0.1 million, Other personnel related expenses: EUR 0.1 million and Other operating expenses: EUR 0.2 million (2014: 0.2 million).

### 13 Net finance costs

The following finance income and finance costs are recognised in profit or loss:

EUR 1,000	2015	2014
Interest income on loans and receivables	452	460
Change in fair value of contingent considerations	2,366	2,046
Currency exchange results	-	-
<b>Finance income</b>	<b>2,818</b>	<b>2,506</b>
Interest expenses on financial liabilities measured at amortised cost	(10,789)	(55,044)
Interest expenses on provisions for pensions and similar obligations	(160)	(167)
Currency exchange results	(4,096)	(3,252)
Change in fair value of derivative financial instruments	(1,114)	(1,610)
<b>Finance costs</b>	<b>(16,159)</b>	<b>(60,073)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(13,341)</b>	<b>(57,567)</b>

Interest expenses on financial liabilities for the financial year 2014 include a non-recurring cost of EUR 18.2 million related to writing off capitalised transaction costs related to shareholders' loans and syndicated loans repaid during 2014 and EUR 3.0 million related to cost of unwinding interest swap contracts.

Finance income and expenses recognised in other comprehensive income are as follows:

EUR 1,000	2015	2014
Foreign currency translation differences of foreign operations	(10,315)	4,502
Effective portion of changes in fair value of cash flow hedges	286	204
Tax on foreign currency translation differences and changes in fair value of cash flow hedges recognised in other comprehensive income	(149)	(21)
<b>Finance income recognised in other comprehensive income, net of tax</b>	<b>(10,178)</b>	<b>4,685</b>

## 14 Income tax expense

## Income tax expenses recognised in profit or loss

EUR 1,000	2015	2014
<b>Current tax expense</b>		
Current year	27,663	20,309
Adjustment for prior years	374	293
	<b>28,037</b>	<b>20,602</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(3,049)	(6,633)
Recognition of previously unrecognised tax losses	(8,055)	(5,400)
Recognition of current year tax losses	(916)	(4,916)
Derecognition of previously recognised tax losses	-	1,222
	<b>(12,020)</b>	<b>(15,727)</b>
<b>Total income tax expense</b>	<b>16,017</b>	<b>4,875</b>

The income tax expenses 2015 include a non-recurring benefit of EUR 7.8 million (2014: EUR 9.7 million) resulting from the recognition of deferred tax assets related to the Dutch fiscal unity. The recognition of deferred tax assets is the

consequence of an expected change in the profitability and a revised estimation of the expected duration of the Dutch tax entity.

## Income tax recognised in the other comprehensive income and expenses

EUR 1,000	2015			2014		
	Before tax	Tax benefit/ (expense)	Net of tax	Before tax	Tax benefit/ (expense)	Net of tax
Foreign currency translation differences for foreign operations	(10,315)	(2)	<b>(10,317)</b>	4,502	(21)	<b>4,481</b>
Cash flow hedges	286	(147)	<b>139</b>	204	-	<b>204</b>
Defined benefit plan actuarial gains/(losses)	(655)	96	<b>(559)</b>	(3,885)	618	<b>(3,267)</b>
	<b>(10,684)</b>	<b>(53)</b>	<b>(10,737)</b>	<b>821</b>	<b>597</b>	<b>1,418</b>

## Reconciliation effective tax rate

EUR 1,000	2015		2014	
	%	EUR 1,000	%	EUR 1,000
Profit for the year		61,848		19,909
Total income tax expense	20.6	16,017	19.7	4,875
Profit before income tax		<b>77,865</b>		<b>24,784</b>
Income tax using the Company's domestic tax rate	25.0	19,466	25.0	6,196
Effect of tax rates in foreign jurisdictions	2.8	2,166	6.9	1,717
<b>Tax effect of:</b>				
Non-deductible expenses	3.1	2,445	11.7	2,906
Tax incentives	(0.6)	(434)	(0.4)	(97)
Utilisation of tax losses	(0.2)	(141)	(2.0)	(505)
Recognition of previously unrecognised tax losses	(10.3)	(8,055)	(21.8)	(5,400)
Derecognition of previously recognised tax losses	-	-	4.9	1,222
Current year losses for which no deferred tax asset was recognised	1.3	1,007	1.4	350
(De)recognition of previously (un)recognised temporary differences	(1.0)	(811)	(7.3)	(1,807)
Under provided in prior years	0.5	374	1.2	293
	<b>20.6</b>	<b>16,017</b>	<b>19.7</b>	<b>4,875</b>

## 15 Earnings per share

### Basic earnings per share

The basic earnings per share of EUR 1.20 (2014: EUR 0.79) is determined by dividing the result for the year due to the owners of the company of EUR 61.8 million (2014: EUR 19.9

million) by the weighted average number of shares in circulation amounting to 51.6 million (2014: 25.1 million). As at 31 December 2015, the number of ordinary shares outstanding was 52.5 million (31 December 2014: 50 million).

### Profit attributable to ordinary shareholders

EUR 1,000		2015	2014
Profit/(loss) for the year, attributable to the owners of the Company (basic)	(A)	61,848	19,909

### Weighted average number of ordinary shares

in thousand shares	Note	2015	2014
Issued ordinary shares as at 1 January	25	50,000	100
Increase from change in nominal value	25	-	263
Conversion from shareholders' loans	25	-	18,307
Effect of shares issued	25	1,641	6,448
Effect of purchase of own shares	25	(28)	-
Weighted average number of ordinary shares as at 31 December	(B)	<b>51,612</b>	<b>25,118</b>
Earnings per share (A/B)		1.20	0.79

### Diluted earnings per share

The calculation of the diluted earnings per share of EUR 1.21 (2014: EUR 0.79) has been based on the profit attributable to

ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

### Profit attributable to ordinary shareholders (diluted)

EUR 1,000		2015	2014
Profit/(loss) for the year, attributable to the owners of the Company (basic)		61,848	19,909
Share based payments, net of tax		670	-
Profit/(loss) for the year, attributable to the owners of the Company (diluted)	(C)	<b>62,518</b>	<b>19,909</b>

**Weighted average number of ordinary shares (diluted)**

in thousand shares	Note	2015	2014
Weighted average number of ordinary shares (basic) as at 31 December	25	51,612	25,118
Effect of share based payments		27	-
Weighted average number of ordinary shares (diluted) at 31 December	<b>(D)</b>	<b>51,639</b>	<b>25,118</b>
Diluted earnings per share (C/D)		1.21	0.79

## 16 Property, plant and equipment

The movements for the financial year are as follows:

EUR 1,000	Note	Land and buildings	Machinery and equipment	Hardware & Software	Other assets	Total
<b>Cost</b>						
<b>Balance as at 1 January 2015</b>		<b>10,522</b>	<b>5,729</b>	<b>13,638</b>	<b>11,943</b>	<b>41,832</b>
Acquisitions through business combinations	7	828	124	776	173	<b>1,901</b>
Additions for the year		140	346	2,072	993	<b>3,551</b>
Disposals		(272)	(371)	(496)	39	<b>(1,100)</b>
Effect of movements in exchange rates		(854)	(173)	107	95	<b>(825)</b>
<b>Balance as at 31 December 2015</b>		<b>10,364</b>	<b>5,655</b>	<b>16,097</b>	<b>13,243</b>	<b>45,359</b>
<b>Depreciation and impairment losses</b>						
<b>Balance as at 1 January 2015</b>		<b>1,002</b>	<b>3,283</b>	<b>11,223</b>	<b>8,783</b>	<b>24,291</b>
Depreciation for the year		639	421	1,421	1,013	<b>3,494</b>
Disposals		10	(303)	(495)	75	<b>(713)</b>
Effect of movements in exchange rates		(81)	(35)	75	74	<b>33</b>
<b>Balance as at 31 December 2015</b>		<b>1,570</b>	<b>3,366</b>	<b>12,224</b>	<b>9,945</b>	<b>27,105</b>
<b>Carrying amounts</b>						
As at 1 January 2015		<b>9,520</b>	<b>2,446</b>	<b>2,415</b>	<b>3,160</b>	<b>17,541</b>
As at 31 December 2015		<b>8,794</b>	<b>2,289</b>	<b>3,873</b>	<b>3,298</b>	<b>18,254</b>



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EUR 1,000	Note	Land and buildings	Machinery and equipment	Hardware & Software	Other assets	Total
<b>Cost</b>						
<b>Balance as at 1 January 2014</b>		<b>9,620</b>	<b>4,933</b>	<b>12,233</b>	<b>11,143</b>	<b>37,929</b>
Acquisitions through business combinations		-	-	3	37	<b>40</b>
Additions for the year		889	758	1,251	625	<b>3,523</b>
Disposals		(409)	(41)	(33)	(69)	<b>(552)</b>
Effect of movements in exchange rates		422	79	184	207	<b>892</b>
<b>Balance as at 31 December 2014</b>		<b>10,522</b>	<b>5,729</b>	<b>13,638</b>	<b>11,943</b>	<b>41,832</b>
<b>Depreciation and impairment losses</b>						
<b>Balance as at 1 January 2014</b>		<b>416</b>	<b>2,840</b>	<b>10,212</b>	<b>7,848</b>	<b>21,316</b>
Depreciation for the year		616	440	894	832	<b>2,782</b>
Disposals		(40)	(33)	(30)	(38)	<b>(141)</b>
Effect of movements in exchange rates		10	36	147	141	<b>334</b>
<b>Balance as at 31 December 2014</b>		<b>1,002</b>	<b>3,283</b>	<b>11,223</b>	<b>8,783</b>	<b>24,291</b>
<b>Carrying amounts</b>						
As at 1 January 2014		<b>9,204</b>	<b>2,093</b>	<b>2,021</b>	<b>3,295</b>	<b>16,613</b>
As at 31 December 2014		<b>9,520</b>	<b>2,446</b>	<b>2,415</b>	<b>3,160</b>	<b>17,541</b>

## 17 Intangible assets

The movements for the financial period are as follows:

EUR 1,000	Note	Goodwill	Intellectual property rights	Distribution rights	Brand names	Supplier relations	Other intangibles	Total
<b>Cost</b>								
<b>Balance as at 1 January 2015</b>		<b>376,332</b>	<b>64</b>	<b>5,700</b>	<b>25,000</b>	<b>330,061</b>	<b>10,675</b>	<b>747,832</b>
Acquisitions through business combinations	7	130,956	-	-	-	139,740	2,453	<b>273,149</b>
Additions for the year		-	5	6,037	-	617	-	<b>6,659</b>
Disposals		-	-	(53)	-	-	-	<b>(53)</b>
Effect of movements in exchange rates		(2,081)	(3)	46	-	(1,682)	36	<b>(3,684)</b>
<b>Balance as at 31 December 2015</b>		<b>505,207</b>	<b>66</b>	<b>11,730</b>	<b>25,000</b>	<b>468,736</b>	<b>13,164</b>	<b>1,023,903</b>
<b>Amortisation and impairment losses</b>								
<b>Balance as at 1 January 2015</b>		<b>6,314</b>	<b>40</b>	<b>3,454</b>	<b>-</b>	<b>66,324</b>	<b>6,623</b>	<b>82,755</b>
Amortisation for the year		-	5	1,028	-	22,386	2,977	<b>26,396</b>
Impairment loss		8,359	-	-	-	-	-	<b>8,359</b>
Disposals		-	-	(53)	-	-	-	<b>(53)</b>
Effect of movements in exchange rates		(242)	(1)	25	-	(570)	15	<b>(773)</b>
<b>Balance as at 31 December 2015</b>		<b>14,431</b>	<b>44</b>	<b>4,454</b>	<b>-</b>	<b>88,140</b>	<b>9,615</b>	<b>116,684</b>
<b>Carrying amounts</b>								
As at 1 January 2015		<b>370,018</b>	<b>24</b>	<b>2,246</b>	<b>25,000</b>	<b>263,737</b>	<b>4,052</b>	<b>665,077</b>
As at 31 December 2015		<b>490,776</b>	<b>22</b>	<b>7,276</b>	<b>25,000</b>	<b>380,596</b>	<b>3,549</b>	<b>907,219</b>

Notes to the Consolidated financial statements for the year ended 31 December 2015

EUR 1,000	Note	Goodwill	Intellectual property rights	Distribution rights	Brand names	Supplier relations	Other intangibles	Total
<b>Cost</b>								
<b>Balance as at 1 January 2014</b>		<b>369,070</b>	<b>71</b>	<b>4,863</b>	<b>25,000</b>	<b>323,611</b>	<b>10,675</b>	<b>733,290</b>
Acquisitions through business combinations		5,233	-	-	-	5,266	-	<b>10,499</b>
Additions for the year		-	-	801	-	258	-	<b>1,059</b>
Disposals		-	(7)	-	-	(17)	-	<b>(24)</b>
Effect of movements in exchange rates		2,029	-	36	-	943	-	<b>3,008</b>
<b>Balance as at 31 December 2014</b>		<b>376,332</b>	<b>64</b>	<b>5,700</b>	<b>25,000</b>	<b>330,061</b>	<b>10,675</b>	<b>747,832</b>
<b>Amortisation and impairment losses</b>								
<b>Balance as at 1 January 2014</b>		<b>6,314</b>	<b>22</b>	<b>2,897</b>	<b>-</b>	<b>47,752</b>	<b>5,376</b>	<b>62,361</b>
Amortisation for the year		-	18	532	-	18,721	1,247	<b>20,518</b>
Disposals		-	-	-	-	-	-	-
Effect of movements in exchange rates		-	-	25	-	(149)	-	<b>(124)</b>
<b>Balance as at 31 December 2014</b>		<b>6,314</b>	<b>40</b>	<b>3,454</b>	<b>-</b>	<b>66,324</b>	<b>6,623</b>	<b>82,755</b>
<b>Carrying amounts</b>								
As at 1 January 2014		<b>362,756</b>	<b>49</b>	<b>1,966</b>	<b>25,000</b>	<b>275,859</b>	<b>5,299</b>	<b>670,929</b>
As at 31 December 2014		<b>370,018</b>	<b>24</b>	<b>2,246</b>	<b>25,000</b>	<b>263,737</b>	<b>4,052</b>	<b>665,077</b>

### Amortisation and impairment charge

For the purpose of impairment testing, goodwill is allocated to the following cash generating units:

EUR 1,000		2015	2014
Cash generating unit	Operating segment		
Europe	Europe	255,263	254,356
Asia Pacific excluding IMCD Indonesia, IMCD Singapore and IMCD Philippines	Asia Pacific	76,303	72,479
IMCD Indonesia	Asia Pacific	2,478	2,467
IMCD Singapore	Asia Pacific	1,665	1,599
IMCD Philippines	Asia Pacific	4,846	4,846
Other Emerging Markets excluding Brazil	Other Emerging Markets	14,417	15,793
MF Cachat	USA	110,277	-
IMCD Brazil	Other Emerging Markets	5,707	18,478
Selectchemie	Other Emerging Markets	19,820	-
		<b>490,776</b>	<b>370,018</b>

A cash generating unit (CGU) represents the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill can be monitored at a lower level than the operating segments for acquired businesses not integrated into businesses already existing before the acquisition date.

The recoverable amount per CGU is based on its value in use and is determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The calculation of future cash flows is based on a bottom-up built budget 2016 and estimations for 2017 to 2020 and an assumed terminal growth rate.

The revenue growth assumptions have resulted in a consolidated CGU value in the impairment test that is higher than the carrying value. With the exception of the CGU IMCD Brazil, all CGUs have recoverable amounts exceeding the carrying values.

Despite favourable business growth expectations of IMCD Brazil, the development of the macroeconomic parameters in Brazil had a considerable adverse impact on the long term growth figures as well as on the discount rate used for calculating the recoverable amount of IMCD Brazil. As a consequence an impairment loss of EUR 8.4 million has been recognised as amortisation of intangible assets in profit or loss

of the financial year. Management estimated the recoverable amount of the CGU IMCD Brazil of EUR 19.5 million, based on a pre-tax discount rate of 19.2% corresponding with a post-tax rate of 12.7% (2014: 13.0% respectively 9.7%).

### Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of recoverable amounts are EBITDA growth rates, pre-tax discount rates and terminal value growth rates. The EBITDA growth rates are based on management projections for the years 2016 to 2020. For impairment testing purposes, the terminal value growth rate varies per CGU. The pre-tax weighted average cost of capital (WACC) is estimated per CGU and varies mainly due to differences in risk free rates. Pre-tax WACC varies between 10.0% and 19.2% and post-tax WACC between 8.4% and 12.7%. For the Group, the blended WACC for 2015 is 13.2% (2014: 13.1%). This corresponds with a post-tax WACC of 9.5% (2014: 9.7%).

Key assumptions 2015 for each CGU are as follows:

	WACC	Terminal growth rate
<b>Cash generating unit</b>		
Europe	11.9%	1.6%
Asia Pacific excluding IMCD Indonesia, IMCD Singapore and IMCD Philippines	14.6%	2.9%
IMCD Indonesia	15.9%	4.6%
IMCD Singapore	10.0%	4.0%
IMCD Philippines	11.9%	4.3%
Other Emerging Markets excluding Brazil	16.7%	3.4%
MF Cachat	12.9%	2.2%
IMCD Brazil	19.2%	3.1%
Selectchemie	18.7%	3.1%

#### Sensitivity to changes in assumptions

The estimated recoverable amounts of each of the CGUs and the total recoverable amount of all CGUs exceeded the relevant carrying amounts. Management has identified two key parameters for which a reasonably possible change could have a material impact on the difference between the carrying amount and the recoverable amount. Those parameters are the pre-tax discount rate and the terminal value growth rate. Except for CGU Asia Pacific excluding IMCD Indonesia, IMCD Singapore and IMCD Philippines (Asia Pacific) and CGU IMCD Brazil, an increase in the pre-tax discount rate by 1% or a decrease in terminal growth rate by 1% do not give rise to an impairment.

As at the end of 2015, CGU Asia Pacific showed a recoverable amount which exceeded the carrying value by EUR 4.6 million based on a WACC of 14.6%. When applying a WACC of 15.6% to the existing cash flow projections, a goodwill impairment of EUR 8.6 million would be required. Assuming a terminal growth rate of 1.9% would result in a goodwill impairment of EUR 0.5 million.

During the financial year an impairment loss of EUR 8.4 million was recorded in CGU IMCD Brazil, adjusting its carrying value to its recoverable amount. In case, at year end 2015, a pre-tax discount rate of 20.2% would have applied, or in case the terminal growth rate would have been 2.1%, goodwill impairments to the amount of EUR 1.4 million respectively EUR 1.0 million would be required.

#### Impairment testing for cash-generating units containing intangible assets with indefinite useful lives other than goodwill

Brand names relate to the IMCD brand. As no assumption can be made about the durability of its economic use, the brand name has an indefinite useful life. The IMCD brand is considered as corporate assets and hence allocated to the individual CGUs for goodwill impairment testing purposes.

#### 18 Non-current assets by geographical market

The non-current assets other than financial instruments, deferred tax assets and post employment benefit assets, comprise property, plant and equipment, intangible assets including goodwill and equity accounted investees. The aforementioned non-current assets by geographical location are as follows:

	Property, plant and equipment	Intangible assets	Equity accounted investees
EUR 1,000			
Netherlands	2,999	394,991	-
Rest of Europe	4,761	59,345	3
<b>Europe</b>	<b>7,760</b>	<b>454,336</b>	<b>3</b>
Asia Pacific	5,024	143,453	-
Other Emerging Markets	4,642	86,306	-
USA	828	223,124	-
<b>Total</b>	<b>18,254</b>	<b>907,219</b>	<b>3</b>

#### 19 Equity-accounted investees

On 27 September 2014 the Group acquired an equity interest in the newly incorporated SARL IMCD Group Algeria of 49% for an amount of EUR 7 thousand.

The following table analyses the carrying amount and share of profit and OCI of the equity interest:

EUR 1,000	2015	2014
<b>Balance as at 1 January</b>	<b>5</b>	-
Capital contributions	-	7
Result for the year	(2)	(2)
<b>Balance as at 31 December</b>	<b>3</b>	<b>5</b>

The net assets of SARL IMCD Group Algeria consist of current assets amounting to EUR 214 thousand and current liabilities

of EUR 207 thousand. The loss from continuing operations in the financial year amounted to EUR 4 thousand.

## 20 Other financial assets

The other financial assets mainly relate to rent deposits.

## 21 Deferred tax assets and liabilities

### Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets of EUR 7.8 million (2014: 5.1 million), consisting of: unrecognised deferred tax asset of the Dutch fiscal entity EUR 4.7 million (2014: EUR 3.5 million), entities in Europe EUR 0.3 million (2014: EUR 0.5 million), entities in Asia Pacific EUR 2.5 million (2014: EUR 1.1 million) and entities in Brazil EUR 0.4 million (2014: nil). In the financial year the Group has adjusted the value of the unrecognised deferred tax assets with EUR 7.5 million due to gaining more assurance on the amount of the tax losses available for future tax loss utilisation.

In 2015 the Group has recognised previously unrecognised deferred tax assets related to tax losses carried forward to the amount of EUR 8.1 million, of which EUR 7.8 million (2014:

EUR 9.7 million) relates to tax losses recognised as a consequence of gaining more assurance on the historical tax losses and expected change in future profitability and duration of the Dutch fiscal entity. Deferred tax assets have been recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The unrecognised deferred tax assets will expire in the years 2016 to 2023.

### Unrecognised deferred tax liabilities

As per 31 December 2015, the Company has unrecognised deferred tax liabilities to the amount of EUR 2.6 million (2014: EUR 2.2 million) for potential withholding tax liabilities related to investments in subsidiaries. The liabilities are not recognised because the Company controls the dividend policy of the subsidiaries and does not foresee reversal of the temporary differences in the foreseeable future.

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

EUR 1,000	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	86	38	882	796	<b>(796)</b>	(758)
Intangible assets	288	323	74,343	71,165	<b>(74,055)</b>	(70,842)
Financial fixed assets	28	82	-	-	<b>28</b>	82
Trade debtors and other receivables	594	402	2	30	<b>592</b>	372
Inventories	962	671	79	78	<b>883</b>	593
Share based payment reserve	7	-	-	-	<b>7</b>	-
Loans and borrowings	7	11	-	-	<b>7</b>	11
Employee benefits and other provisions	2,342	2,988	953	46	<b>1,389</b>	2,942
Trade and other payables	1,591	411	643	10	<b>948</b>	401
Other items	1	250	503	947	<b>(502)</b>	(697)
Tax loss carry-forwards	20,212	12,856	-	-	<b>20,212</b>	12,856
Tax assets/(liabilities)	<b>26,118</b>	<b>18,032</b>	<b>77,405</b>	<b>73,072</b>	<b>(51,287)</b>	<b>(55,040)</b>
Set off of tax	(964)	(633)	(964)	(633)	-	-
<b>Net tax assets/(liabilities)</b>	<b>25,154</b>	<b>17,399</b>	<b>76,441</b>	<b>72,439</b>	<b>(51,287)</b>	<b>(55,040)</b>

## Movement in temporary differences during the year

EUR 1,000	Balance as at 1 January 2015	Recognised in profit or loss	Recognised directly in equity	Recognised in other comprehensive income	Acquired in business combinations (note 7)	Other	Balance as at 31 December 2015
Property, plant and equipment	<b>(758)</b>	44	-	-	(275)	193	<b>(796)</b>
Intangible assets	<b>(70,842)</b>	3,312	-	-	(7,993)	1,468	<b>(74,055)</b>
Financial fixed assets	<b>82</b>	(54)	-	-	-	-	<b>28</b>
Trade debtors and other receivables	<b>372</b>	243	-	-	-	(23)	<b>592</b>
Inventories	<b>593</b>	76	-	-	217	(3)	<b>883</b>
Share based payment reserve	-	7	-	-	-	-	<b>7</b>
Loans and borrowings	<b>188</b>	(178)	-	-	-	(3)	<b>7</b>
Employee benefits and other provisions	<b>2,942</b>	(1,736)	-	11	155	17	<b>1,389</b>
Trade and other payables	<b>293</b>	576	-	-	-	79	<b>948</b>
Other items	<b>(697)</b>	687	-	(470)	-	(22)	<b>(502)</b>
Tax losses carried forward	<b>12,787</b>	9,043	213	-	-	(1,831)	<b>20,212</b>
<b>Net tax assets/ (liabilities)</b>	<b>(55,040)</b>	<b>12,020</b>	<b>213</b>	<b>(459)</b>	<b>(7,896)</b>	<b>(125)</b>	<b>(51,287)</b>

**Movement in temporary differences during the year (continued)**

EUR 1,000	Balance as at 1 January 2014	Recognised in profit or loss	Recognised directly in equity	Recognised in other comprehensive income	Acquired in business combinations	Other	Balance as at 31 December 2014
Property, plant and equipment	<b>(601)</b>	33	-	-	-	(190)	<b>(758)</b>
Intangible assets	<b>(75,104)</b>	5,963	-	-	(1,420)	(281)	<b>(70,842)</b>
Financial fixed assets	<b>15</b>	66	-	-	-	1	<b>82</b>
Trade debtors and other receivables	<b>467</b>	(110)	-	-	-	15	<b>372</b>
Inventories	<b>472</b>	106	-	-	-	15	<b>593</b>
Loans and borrowings	<b>(2)</b>	180	-	-	-	10	<b>188</b>
Employee benefits and other provisions	<b>993</b>	1,294	-	618	-	37	<b>2,942</b>
Trade and other payables	<b>1,242</b>	(951)	-	-	-	2	<b>293</b>
Other items	<b>(596)</b>	155	-	(21)	-	(235)	<b>(697)</b>
Tax losses carried forward	<b>1,183</b>	9,094	2,635	-	-	(125)	<b>12,787</b>
<b>Net tax assets/ (liabilities)</b>	<b>(71,931)</b>	<b>15,830</b>	<b>2,635</b>	<b>597</b>	<b>(1,420)</b>	<b>(751)</b>	<b>(55,040)</b>

**22 Inventories**

EUR 1,000	2015	2014
Trade goods	184,238	152,661

Cost of materials and inbound logistics in 2015 amounted to EUR 1,197.0 million (2014: EUR 1,070.8 million). Within this cost are write-downs of inventories to net realisable value of EUR 1.6 million (2014: EUR 1.3 million). The reversal of write-downs amounted to EUR 0.3 million (2014: EUR 0.3 million). The write-down of inventories is mainly due to inventories past their expiration dates or inventories which are not marketable. The write-down and reversal are included in cost of materials and inbound logistics.



## 23 Trade and other receivables

EUR 1,000	2015	2014
Trade receivables	228,543	195,848
Other receivables	12,533	8,647
<b>Trade and other receivables</b>	<b>241,076</b>	<b>204,495</b>

All trade and other receivables are current. An amount of EUR 1.0 million (2014: EUR 0.3 million) relates to the fair value of

EUR 1,000	2015		2014	
	Gross	Impairment	Gross	Impairment
Current 0 - 30 days past due	231,957	234	196,747	357
Past due 30 - 60 days	7,287	713	6,528	746
Past due 60 - 90 days	1,984	337	1,459	62
More than 90 days	6,176	5,044	5,601	4,675
	<b>247,404</b>	<b>6,328</b>	<b>210,335</b>	<b>5,840</b>

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

EUR 1,000	2015	2014
Balance at 1 January	<b>5,840</b>	<b>5,235</b>
Acquisitions through business combinations	365	34
Impairment loss recognised	1,363	1,725
Impairment loss reversed	(793)	(270)
Trade receivables written-off	(319)	(987)
Currency exchange result	(128)	103
	<b>6,328</b>	<b>5,840</b>

At 31 December 2015 the total impairment includes an amount EUR 2,083 thousand (2014: EUR 1,716 thousand) related to customers declared insolvent. The remainder of the impairment loss at 31 December 2015 relates to several customers who are expected to be unable to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

forward exchange rate contracts. The Group's exposure to currency risks related to trade and other receivables is disclosed in note 5.

### Impairment losses

The aging of trade and other receivables at the reporting date was as follows:

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

EUR 1,000	2015	2014
<b>Carrying amount</b>		
Europe	140,163	137,609
Asia Pacific	53,185	46,088
Other emerging markets	21,091	20,798
USA	26,637	-
	<b>241,076</b>	<b>204,495</b>

## 24 Cash and cash equivalents

The cash and cash equivalents are as follows:

EUR 1,000	2015	2014
Cash and cash equivalents	56,550	59,974
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>56,550</b>	<b>59,974</b>

The cash and cash equivalent balances are available for use by the Group.

## 25 Capital and reserves

### Share capital and share premium

The movements in the number of issued shares are as follows:

In thousand shares	2015	2014
<b>Ordinary shares</b>		
<b>On issue as at 1 January</b>	<b>50,000</b>	<b>100</b>
Increase from change in nominal value per share	-	525
Conversion from shareholders' loans	-	3,884
Converted from share premium	-	32,630
Issued for cash	2,592	12,861
<b>On issue as at 31 December - fully paid</b>	<b>52,592</b>	<b>50,000</b>

In May 2015 the Company issued 2,592,254 new shares at an offer price of EUR 32.79 per share resulting in an increase in share capital of EUR 414.8 thousand and after deduction of the net of tax costs of the issuance of EUR 0.6 million, an increase in share premium of EUR 83.9 million.

The shares have a nominal value of EUR 0.16 each and all shares rank equally with regard to the Company's residual assets.

The shareholders are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. Following the decision of the Annual General Meeting, the Company distributed a dividend in cash of EUR 10 million in 2015.

EUR 1,000	2015	2014
<b>Share premium</b>		
<b>Balance as at 1 January</b>	<b>573,566</b>	<b>4,938</b>
Increase from change in nominal value per share	-	-
Conversion from shareholders' loans	-	313,733
Converted to share capital	-	(5,221)
Issued for cash net of related cost	83,948	260,116
<b>Balance as at 31 December</b>	<b>657,514</b>	<b>573,566</b>

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group. At 31 December 2015, the Group held 100,000 of the Company's shares. At 31 December 2014 the Group held no shares of the Company.

### Other reserve

Other reserves relate to the accumulated actuarial gains and losses recognised in the other comprehensive income.

**Other comprehensive income**

	Attributable to owners of the Company			
	Translation reserve	Hedging reserve	Other reserves	Total other comprehensive income
EUR 1,000				
<b>2015</b>				
Foreign currency translation differences for foreign operations, net of tax	(10,315)	-	-	<b>(10,315)</b>
Effective portion of changes in fair value of cash flow hedges, net of tax	-	137	-	<b>137</b>
Defined benefit plan actuarial gains and losses net of tax	-	-	(559)	<b>(559)</b>
<b>Total other comprehensive income</b>	<b>(10,315)</b>	<b>137</b>	<b>(559)</b>	<b>(10,737)</b>
<b>2014</b>				
Foreign currency translation differences for foreign operations, net of tax	4,481	-	-	<b>4,481</b>
Effective portion of changes in fair value of cash flow hedges, net of tax	-	204	-	<b>204</b>
Defined benefit plan actuarial gains and losses net of tax	-	-	(3,267)	<b>(3,267)</b>
<b>Total other comprehensive income</b>	<b>4,481</b>	<b>204</b>	<b>(3,267)</b>	<b>1,418</b>

**26 Loans and borrowings**

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 5.

**Terms and debt repayment schedule**

The terms and conditions of outstanding non-current loans were as follows:

**Non-current liabilities**

EUR 1,000	2015	2014
Secured bank loans	345,018	294,550
Other liabilities	63,453	7,734
	<b>408,471</b>	<b>302,284</b>

## Notes to the Consolidated financial statements for the year ended 31 December 2015

EUR 1,000	Curr	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				2015	2015	2014	2014
Senior bank loans	AUD	3.78%	2020	33,338	32,845	33,475	32,944
Senior bank loans	EUR	1.40%	2020	270,544	264,499	240,544	235,355
Senior bank loans	GBP	1.99%	2020	28,271	27,894	26,642	26,251
Senior bank loans	USD	2.01%	2020	19,963	19,780	-	-
Profit sharing arrangements	EUR	0.96%	2020	1,187	1,187	1,126	1,126
<b>Total interest-bearing liabilities</b>				<b>353,303</b>	<b>346,205</b>	<b>301,787</b>	<b>295,676</b>
Total non-interest-bearing liabilities				62,266	62,266	6,608	6,608
<b>Total non-current liabilities</b>				<b>415,569</b>	<b>408,471</b>	<b>308,395</b>	<b>302,284</b>

The increase in non-interest bearing liabilities during 2015 primarily relates to contingent considerations resulting from the acquisitions of MF Cachat (EUR 51.7 million) and Selectchemie (EUR 2.2 million).

The Group is obliged to meet requirements from the covenants in connection with the senior bank loan facilities. These requirements relate to ratios for interest cover and maximum leverage. The actual interest cover covenant for the financial year, based on the definitions used in the loan documentation, was 16.5 times EBITDA and well above the required minimum of 3.75. The actual leverage covenant at 31 December 2015 of 2.5 times EBITDA, calculated on the basis of the definitions used in the loan documentation, was well below the maximum of 3.75.

For details of the contractual maturities of financial liabilities, reference is made to note 5.

### Proceeds from issue of loans and borrowings

EUR 1,000	
Proceeds from issue of senior bank loans	50,000
Transaction costs	(2,438)
Effect of movement in exchange rates	(183)
<b>Net proceeds</b>	<b>47,379</b>

The proceeds from issue of loans and borrowings relates to proceeds of syndicated senior bank loans. Transaction costs mainly consist of bank fees paid for arranging the facilities and other financing related costs. These costs are taken into account for amortised cost calculations.

### Current liabilities

EUR 1,000	2015	2014
<b>Loans and borrowings</b>	<b>241</b>	<b>160</b>
Deferred and contingent considerations	10,405	8,843
Other short term financial liabilities	74,950	15,335
<b>Other short term financial liabilities</b>	<b>85,355</b>	<b>24,178</b>

Other short term financial liabilities include a revolving credit facility, bank overdrafts and other short credit facilities, including discounted bills and discounted notes. As at the end of 2015 an amount of EUR 58.2 million was drawn under the revolving credit facility, which forms part of the Group's syndicated bank loan facility. The deferred and contingent considerations as at 31 December 2015 includes considerations related to acquisitions in the USA (EUR 2.5 million), Brazil (EUR 4.1 million), India (EUR 1.8 million) and Indonesia (EUR 1.6 million).

For comparison purpose, the short term deferred and contingent considerations included in the Other payables in the consolidated statement of financial position as at 31 December 2014 have been reclassified to the Other short term financial liabilities.

### 27 Employee benefits

The liabilities associated with employee benefits consist of net defined benefit liabilities (pension schemes), termination benefits and other long term employee benefits.

EUR 1,000	2015	2014
Net defined benefit liability	3,444	3,390
Termination benefits and other long term employee benefits	6,840	6,621
<b>Total employee benefit liabilities</b>	<b>10,284</b>	<b>10,011</b>

The Group supports defined benefit plans in The Netherlands, The United Kingdom, Germany, Switzerland and Austria.

#### Movement in net defined benefit liability/(asset)

EUR 1,000	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2015	2014	2015	2014	2015	2014
<b>Balance as at 1 January</b>	<b>44,704</b>	<b>34,707</b>	<b>41,314</b>	<b>30,344</b>	<b>3,390</b>	<b>4,363</b>
<b>Included in profit or loss</b>						
Current service cost	1,328	1,094	-	-	1,328	1,094
Past service credit	(86)	(2,716)	-	-	(86)	(2,716)
Settlements	(159)	-	(22)	-	(137)	-
Interest cost/(income)	1,307	1,380	1,251	1,280	56	100
	<b>2,390</b>	<b>(242)</b>	<b>1,229</b>	<b>1,280</b>	<b>1,161</b>	<b>(1,522)</b>
<b>Included in OCI</b>						
Remeasurement; loss/(gain):						
Actuarial loss/(gain)	(2,159)	9,346	-	-	(2,159)	9,346
Return on plan assets excluding interest income	-	-	(2,294)	6,687	2,294	(6,687)
Asset ceiling	-	-	(790)	-	790	-
Effect of movements in exchange rates	1,479	1,312	1,420	1,276	59	36
	<b>(680)</b>	<b>10,658</b>	<b>(1,664)</b>	<b>7,963</b>	<b>984</b>	<b>2,695</b>
<b>Other</b>						
Contributions paid by the employer	-	-	2,091	2,146	(2,091)	(2,146)
Contributions paid by the plan members	104	438	104	438	-	-
Benefits paid	(931)	(857)	(931)	(857)	-	-
	<b>(827)</b>	<b>(419)</b>	<b>1,264</b>	<b>1,727</b>	<b>(2,091)</b>	<b>(2,146)</b>
<b>Balance as at 31 December</b>	<b>45,587</b>	<b>44,704</b>	<b>42,143</b>	<b>41,314</b>	<b>3,444</b>	<b>3,390</b>

### Plan assets

EUR 1,000	2015	2014
Equity securities	11,841	11,228
Government bonds	11,715	10,526
Qualifying insurance policies	19,246	19,420
Other plan assets	131	140
<b>Total plan assets</b>	<b>42,933</b>	<b>41,314</b>

Due to the asset ceiling applicable to the UK pension plan, the actual fair value of the plan assets exceed the recognised plan assets by EUR 0.8 million.

### Expense recognised in profit or loss

EUR 1,000	2015	2014
Current service costs	1,328	1,094
Past service costs	(86)	(2,716)
Settlements	(137)	-
<b>Expense recognised in the line item 'Social security and other charges'</b>	<b>1,105</b>	<b>(1,622)</b>
Interest cost	56	100
<b>Expense recognised in the line item 'Finance costs'</b>	<b>56</b>	<b>100</b>
<b>Total expense recognised in profit or loss</b>	<b>1,161</b>	<b>(1,522)</b>

The past service costs recognised in 2015 are the result of an adjustment on premiums paid in Switzerland. The past service costs in 2014 were the result of a change in the pension plan in The Netherlands. The accrual rate had been decreased and the pensionable earnings have been capped.

### Actuarial assumptions

Principal actuarial assumptions at the reporting date, expressed as weighted average:

	2015	2014
Discount rate as at 31 December	3.02%	2.83%
Future salary increases	2.98%	2.98%
Future pension increases	1.55%	1.53%
Price inflation	2.30%	2.52%

Assumptions regarding future mortality are based on published statistics and mortality tables. The following tables have been used:

- The Netherlands: Prognosetafel AG2014 based on income class high-medium
- The United Kingdom: before retirement - as per post retirement, after retirement - males: 90% S2PXA\_L / - females: 90% S2PXA\_L, CMI 2014 model [1.25%]
- Germany: Richttafel 2005G Klaus Heubeck
- Switzerland: BVG 2010 Generationen
- Austria: AVÖ 2008-P "Angestellte" -Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler

The Group expects EUR 1,480 thousand in contributions to be paid to its defined benefit plans in 2016.

### Sensitivity analysis

The defined benefit plans in Austria, Germany and Switzerland relate to a limited number of (retired) employees. For that reason, sensitivity analyses for these plans are not provided. The two most significant defined benefit plans are the scheme in the Netherlands and in the United Kingdom.

The plan in The Netherlands has 77 members and is an average salary defined benefit plan. The plan is financed through an insurance policy. There are no specific entity risks to which the plan is exposed and the plan assets are not invested in a single class of investments.

The plan in The United Kingdom has 30 members and is a final salary defined benefit plan. The plan is financed through a pension fund. There are no specific entity risks to which the plan is exposed and the plan assets are not invested in a single class of investments.

The obligations arising from the defined benefit plans mentioned above are determined using the projected unit credit method. The projected unit credit method determines the expected benefits to be paid after retirement, taking dynamic measurement parameters into account and spreading them over the entire length of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary growth rate, pension trend, life expectancy and cost increases for medical care which are used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances.

The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in a net liability or a net asset to be recognised.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations of the two most significant defined benefit plans by the amounts shown below.

EUR 1,000	Increase	Decrease
<b>Defined benefit plan The Netherlands</b>		
Discount rate (1% movement)	(3,987)	5,307
Future salary growth (1% movement)	290	(389)
Future pension growth (1% movement)	3,200	-
Future inflation (1% movement)	65	(104)
Future mortality (1 year)	418	(423)
<b>Defined benefit plan The United Kingdom</b>		
Discount rate (1% movement)	(3,624)	4,777
Future salary growth (1% movement)	815	(762)
Future pension growth (1% movement)	3,195	(2,572)
Future inflation (1% movement)	3,792	(3,529)
Future mortality (1 year)	512	(514)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Termination benefits and other long term employee benefits

The movements in the termination benefits and other long term employee benefits are as follows:

EUR 1,000	Note	2015	2014
<b>Liabilities as at 1 January</b>		<b>6,621</b>	<b>4,736</b>
Assumed in business combinations	7	19	80
Additions (excluding interest cost)		787	771
Interest cost		104	67
Withdrawals		(408)	(336)
Releases		-	-
Actuarial results		(270)	1,226
Effect of movement in exchange rates		(13)	77
<b>Liabilities as at 31 December</b>		<b>6,840</b>	<b>6,621</b>

### 28 Provisions

The movements in provisions are as follows:

EUR 1,000	Note	2015	2014
<b>Balance as at 1 January</b>		<b>603</b>	<b>1,358</b>
Assumed in business combinations	7	563	-
Provisions made during the year		242	-
Provisions used during the year		(20)	(793)
Effect of movement in exchange rates		(37)	38
<b>Balance as at 31 December</b>		<b>1,351</b>	<b>603</b>

## 29 Trade and other payables

The trade and other payables are as follows:

EUR 1,000	2015	2014
Trade payables	147,239	134,694
	<b>147,239</b>	<b>134,694</b>

EUR 1,000	2015	2014
Derivatives used for hedging	1,690	1,984
Taxes and social securities	13,720	12,764
Pension premiums	822	96
Current tax liability	7,253	5,424
Other creditors	2,502	1,270
Accrued interest expenses	216	297
Liabilities to personnel	14,154	12,701
Other accrued expenses	9,901	8,215
	<b>50,258</b>	<b>42,751</b>

At 31 December 2015, with the exception of some derivatives used for hedging, all trade and other payables have a term of less than one year. Interest swap contracts with a negative fair value of EUR 1.5 million (31 December 2014: EUR (0.4) million) expire in the year 2017 and 2019.

The Group's exposure to currency risk related to trade and other payables is disclosed in note 5 .



### 30 Financial Instruments

#### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels

in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2015		Carrying amount							Fair value				
EUR 1,000	Note	Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>													
Forward exchange contracts used for hedging	23	-	-	1,000	-	-	-	-	1,000	-	1,000	-	1,000
		-	-	<b>1,000</b>	-	-	-	-	<b>1,000</b>	-	<b>1,000</b>	-	<b>1,000</b>
<b>Financial assets not measured at fair value</b>													
Trade and other receivables	23	-	-	-	-	240,076	-	-	240,076				
Cash and cash equivalents	24	-	-	-	-	56,550	-	-	56,550				
		-	-	-	-	<b>296,626</b>	-	-	<b>296,626</b>				
<b>Financial liabilities measured at fair value</b>													
Interest rate swaps used for hedging	29	-	-	1,468	-	-	-	-	1,468	-	1,468	-	1,468
Forward exchange contracts used for hedging	29	-	-	222	-	-	-	-	222	-	222	-	222
Contingent consideration	7,29,26	-	66,217	-	-	-	-	-	66,217	-	-	66,217	66,217
		-	<b>66,217</b>	<b>1,690</b>	-	-	-	-	<b>67,907</b>	-	<b>1,690</b>	<b>66,217</b>	<b>67,907</b>
<b>Financial liabilities not measured at fair value</b>													
Other short term financial liabilities	26	-	-	-	-	74,950	-	-	74,950				
Secured bank loans	26	-	-	-	-	345,018	-	-	345,018				
Other loans and borrowings	26	-	-	-	-	7,882	-	-	7,882				
Trade payables	29	-	-	-	-	-	-	147,239	147,239				
Other payables	29	-	-	-	-	-	-	48,568	48,568				
		-	-	-	-	<b>427,850</b>	-	<b>195,807</b>	<b>623,657</b>				

## Notes to the Consolidated financial statements for the year ended 31 December 2015

31 December 2014		Carrying amount							Fair value				
EUR 1,000	Note	Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>													
<b>measured at fair value</b>													
Forward exchange													
contracts used for hedging	23	-	-	268	-	-	-	-	268	-	268	-	<b>268</b>
		-	-	<b>268</b>	-	-	-	-	<b>268</b>	-	<b>268</b>	-	<b>268</b>
<b>Financial assets not measured at fair value</b>													
Trade and other receivables	23	-	-	-	-	204,227	-	-	204,227				
Cash and cash equivalents	24	-	-	-	-	59,974	-	-	59,974				
		-	-	-	-	<b>264,201</b>	-	-	<b>264,201</b>				
<b>Financial liabilities</b>													
<b>measured at fair value</b>													
Interest rate swaps used for hedging	29	-	-	354	-	-	-	-	354	-	354	-	<b>354</b>
Forward exchange contracts used for hedging	29	-	-	1,630	-	-	-	-	1,630	-	1,630	-	<b>1,630</b>
Contingent consideration	7,29,26	-	15,451	-	-	-	-	-	15,451	-	-	15,451	<b>15,451</b>
		-	<b>15,451</b>	<b>1,984</b>	-	-	-	-	<b>17,435</b>	-	<b>1,984</b>	<b>15,451</b>	<b>17,435</b>
<b>Financial liabilities not measured at fair value</b>													
Other short term financial liabilities	26	-	-	-	-	15,335	-	-	15,335				
Secured bank loans	26	-	-	-	-	294,550	-	-	294,550				
Other loans and borrowings	26	-	-	-	-	1,286	-	-	1,286				
Trade payables	29	-	-	-	-	-	-	134,694	134,694				
Other payables	29	-	-	-	-	-	-	40,767	40,767				
		-	-	-	-	<b>311,171</b>	-	<b>175,461</b>	<b>486,632</b>				

### Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	<ul style="list-style-type: none"> <li>• Forecast EBITDA margin</li> <li>• Risk-adjusted discount rate</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• the EBITDA margins were higher/(lower); or</li> <li>• the risk-adjusted discount rates were lower/(higher).</li> </ul>
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

**Financial instruments not measured at fair value**

Type	Valuation technique	Significant unobservable inputs
Financial assets <sup>1</sup>	Discounted cash flows	Not applicable
Financial liabilities <sup>2</sup>	Discounted cash flows	Not applicable

<sup>1</sup> Financial assets include trade and other receivables and cash and cash equivalents.

<sup>2</sup> Financial liabilities include syndicated senior bank loans, loans from shareholders, other loans and borrowings, other short term financial liabilities, trade payables and other payables.

**Level 3 fair values****Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

## Notes to the Consolidated financial statements for the year ended 31 December 2015

EUR 1,000	Contingent consideration
<b>Balance as at 1 January 2015</b>	<b>15,451</b>
Assumed in a business combination	62,884
Paid contingent consideration	(9,196)
Gain included in profit or loss	(2,366)
Effect of movement in exchange rates	(556)
<b>Balance as at 31 December 2015</b>	<b>66,217</b>
<b>Balance as at 1 January 2014</b>	<b>21,769</b>
Assumed in a business combination	320
Paid contingent consideration	(5,199)
Gain included in profit or loss	(2,046)
Effect of movement in exchange rates	607
<b>31 December 2014</b>	<b>15,451</b>

The net gain included in profit and loss of EUR 2.4 million (2014: EUR 2.0 million) is the result of remeasuring contingent considerations.

### Sensitivity analysis

The fair value of contingent consideration is subject to two principle assumptions. The effects of reasonable changes to these assumptions, holding other assumptions constant, are set out below.

31 December 2015 EUR 1,000	Profit or loss	
	Increase	Decrease
EBITDA margin (10% movement)	(4,011)	5,994
Risk-adjusted discount rate (1% movement)	547	(556)

### Offsetting financial assets and liabilities

Gross amounts of financial assets and liabilities are offset on the basis of offsetting arrangements or are subject to

enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet.

EUR 1,000	Gross amount of financial assets and liabilities	Offsetting	Gross carrying amounts in the balance sheet	Enforceable master netting arrangements or similar arrangements	31 December 2015 Net amount
Trade and other receivables	246,155	(5,079)	241,076	-	241,076
Cash and cash equivalents	56,665	(115)	56,550	(62)	56,488
Other financial assets	977	-	977	-	977
Trade payables	147,784	(545)	147,239	-	147,239
Other payables	54,792	(4,534)	50,258	-	50,258
Other short term financial liabilities	85,470	(115)	85,355	(62)	85,293

The amount available for offsetting in the Group's notional cash pool amounted to EUR 0.1 million at 31 December 2015 (31 December 2014: EUR 0.2 million).

minimum operating lease payments mainly relate to vehicles and other equipment, including office equipment.

These obligations, expressed in nominal amounts, are divided over the coming years as follows:

### 31 Off-balance sheet commitments

#### Operating leases

Financial commitments, contracted for a number of years under leasehold, rental and operational lease agreements, amount in total to EUR 44.5 million (2014: EUR 37.1 million).

Obligations for future minimum long lease and rent payments mainly relate to offices and warehouses; obligations for future

EUR 1,000	2016	2017 - 2020	After 2020
Long lease and rent	10,102	24,221	4,733
Operational lease	2,361	3,038	-
	<b>12,463</b>	<b>27,259</b>	<b>4,733</b>

During the year an amount of EUR 13.4 million was recognised as an expense in profit or loss in respect of operating leases (2014: EUR 11.2 million).

#### Guarantees

As at 31 December 2015, the Group has granted guarantees of EUR 0.5 million (31 December 2014: EUR 0.7 million) in total. Those guarantees relate to bank guarantees provided to customs authorities (EUR 0.4 million) and office rental guarantees (EUR 0.1 million).

## 32 Related parties

### Identity of related parties

The Group has related party relationships with its shareholders, subsidiaries, Management Board and Supervisory Board, post-employment benefit plans and until June 2014, with Portfolio Company Advisor Limited, an advisory company under the control of one of the shareholders of the Group. For an overview of the group companies, reference is made to the List of group companies as per 31 December 2015 on page 135.

### Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise financing related transactions and operational transactions in the normal course of business. Transactions within the Group are not included in these disclosures as these are eliminated in the consolidated financial statements.

### Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 48.

### Transactions with associates

The Group owns 49% of the shares in SARL IMCD Group Algeria. At 31 December 2015 the Group has no outstanding receivables from or payables to SARL IMCD Group Algeria. At 31 December 2014 the Group had an outstanding receivable from SARL IMCD Group Algeria of EUR 4 thousand.

### Transactions with post-employment benefit plan

The Group's main post-employment benefit plans are the defined benefit plans in The United Kingdom and The Netherlands.

In the financial year, the contributions to the defined benefit plan in The United Kingdom were EUR 1,020 thousand (2014: EUR 853 thousand) and in The Netherlands EUR 939 thousand (2014: EUR 1,155 thousand). The outstanding payables to the defined benefit plan in The United Kingdom at the year end 2015 were nil (2014: nil). At 31 December 2015, the Group has a receivable from the Dutch defined benefit plan of EUR 711 thousand (2014: EUR 266 thousand).

### Other related party transactions

Until 27 June 2014 a consultancy service agreement between Portfolio Company Advisor Limited and the Group was in place

for services in the field of, amongst others, business development, finance, marketing, human resources management, operations and project management. In 2014 service fees related to the agreement amounted to EUR 247 thousand. No outstanding balances with this related party existed at 31 December 2015.

## 33 Subsequent events

There were no material events after 31 December 2015 that would have changed the judgement and analysis by management of the financial condition as at 31 December 2015 or the result for the year of the Group.

# Company balance sheet as at 31 December 2015, before profit appropriation

EUR 1,000	Note	31 December 2015	31 December 2014
<b>Fixed assets</b>			
Participating interest in group company	36	635,749	523,911
Accounts receivable from subsidiary	37	-	-
Deferred tax assets	38	18,805	12,376
<b>Total fixed assets</b>		<b>654,554</b>	<b>536,287</b>
<b>Current assets</b>			
Trade and other receivables	39	395	53
Accounts receivable from subsidiary	40	509	-
Cash and cash equivalents		-	-
<b>Total current assets</b>		<b>904</b>	<b>53</b>
<b>Total assets</b>		<b>655,458</b>	<b>536,340</b>
<b>Shareholders' equity</b>			
	41		
Issued share capital		8,415	8,000
Share premium		657,514	573,566
Translation reserve		(19,891)	(9,576)
Hedging reserve		265	128
Other reserves		(10,770)	(7,763)
Accumulated deficit		(43,550)	(53,459)
Unappropriated result		61,848	19,909
<b>Total equity</b>		<b>653,831</b>	<b>530,805</b>
<b>Non-current liabilities</b>	42	-	-
<b>Current liabilities</b>	43	<b>1,627</b>	<b>5,535</b>
<b>Total equity and liabilities</b>		<b>655,458</b>	<b>536,340</b>

# Company income statement for the year ended 31 December 2015

EUR 1,000	Note	2015	2014
Share in results from participating interests, after taxation	36	56,707	18,856
Other results after taxation		5,141	1,053
<b>Net result</b>		<b>61,848</b>	<b>19,909</b>



# Notes to the Company financial statements for the year ended 31 December 2015

## 34 General

The company financial statements are part of the 2015 financial statements of IMCD N.V. (the 'Company'), previously Emma Topco B.V.

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of The Netherlands Civil Code.

## 35 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of The Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements.

Participating interests are valued on the basis of the equity method.

The share in results from participating interests, after taxation consists of the share of the Company in the results of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

## 36 Participating interest in group companies

The movements of the participating interest in group companies can be shown as follows:

EUR 1,000	2015	2014
<b>Balance as at 1 January</b>	<b>523,911</b>	<b>76,479</b>
Changes:		
Investments in participating interests	68,500	431,658
Share in results from participating interest after taxation	56,707	18,856
Dividends declared	-	(4,500)
Movement hedging reserve	137	204
Exchange rate differences	(10,315)	4,481
Movement other reserves	(3,191)	(3,267)
<b>Balance as at 31 December</b>	<b>635,749</b>	<b>523,911</b>
Accumulated impairments at 31 December	-	-

The Company, statutorily seated in Rotterdam, owns the Group through a 100% share in the issued capital of IMCD Finance B.V., statutorily seated in Rotterdam. During 2014 the Company made capital contributions of EUR 431.7 million to IMCD Finance B.V. In 2015 the Company contributed EUR 68.5 million in the share capital and share premium of IMCD Finance B.V.

## 37 Accounts receivable from subsidiary (non-current)

The movements of the accounts receivable from subsidiary are as follows:

EUR 1,000	2015	2014
<b>Balance as at 1 January</b>	<b>-</b>	<b>182,464</b>
Changes:		
Loans provided	-	-
Loans redeemed	-	(182,464)
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>

The receivable from subsidiaries as at 1 January 2014 mainly related to a receivable from Emma Holdings B.V. which was merged with IMCD N.V. on 2 July 2014.

### 38 Deferred tax assets

EUR 1,000	2015	2014
<b>Balance as at 1 January</b>	12,376	-
Changes:		
Recognition of tax losses	6,429	12,376
<b>Balance as at 31 December</b>	<b>18,805</b>	<b>12,376</b>

The deferred tax assets recognised during 2015 relate to tax losses carried forward by the Dutch fiscal entity headed by IMCD N.V.

### 39 Trade and other receivables

The trade and other receivables primarily relate to prepaid pension and insurance premiums.

### 40 Accounts receivable from subsidiary (current)

The accounts receivable from subsidiary relates to a receivable from IMCD Group B.V. regarding management service fees.

## 41 Shareholders' equity

## Reconciliation of movement in capital and reserve

EUR 1,000	Issued share capital	Share premium	Translation reserve	Hedging reserve	Reserve own shares	Other reserves	Accumu- lated deficit	Unappro- priated result	Total equity
<b>Balance as at 1 January 2015</b>	<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>	<b>-</b>	<b>(7,763)</b>	<b>(53,459)</b>	<b>19,909</b>	<b>530,805</b>
Appropriation of prior year's result	-	-	-	-	-	-	9,909	(9,909)	-
	<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>	<b>-</b>	<b>(7,763)</b>	<b>(43,550)</b>	<b>10,000</b>	<b>530,805</b>
Total recognised income and expense	-	-	-	-	-	-	-	61,848	<b>61,848</b>
Issue of ordinary shares minus related costs	415	83,948	-	-	-	-	-	-	<b>84,363</b>
Share based payments	-	-	-	-	-	670	-	-	<b>670</b>
Purchase own shares	-	-	-	-	(3,118)	-	-	-	<b>(3,118)</b>
Cash dividend	-	-	-	-	-	-	-	(10,000)	<b>(10,000)</b>
Movement in other reserves	-	-	(10,315)	137	-	(559)	-	-	<b>(10,737)</b>
Exchange rate differences	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2015</b>	<b>8,415</b>	<b>657,514</b>	<b>(19,891)</b>	<b>265</b>	<b>(3,118)</b>	<b>(7,652)</b>	<b>(43,550)</b>	<b>61,848</b>	<b>653,831</b>
<b>Balance as at 1 January 2014</b>	<b>100</b>	<b>4,938</b>	<b>(14,057)</b>	<b>(76)</b>		<b>(4,496)</b>	<b>(48,069)</b>	<b>(5,390)</b>	<b>(67,050)</b>
Total recognised income and expense	-	-	-	-	-	-	-	19,909	<b>19,909</b>
Appropriation of prior year's result	-	-	-	-	-	-	(5,390)	5,390	-
Conversion shareholders' loan	621	313,733	-	-	-	-	-	-	<b>314,354</b>
Adjustment to nominal value	5,221	(5,221)	-	-	-	-	-	-	-
Issue of ordinary shares minus related costs	2,058	260,116	-	-	-	-	-	-	<b>262,174</b>
Movement of other reserves	-	-	-	204	-	(3,267)	-	-	<b>(3,063)</b>
Exchange rate differences	-	-	4,481	-	-	-	-	-	<b>4,481</b>
<b>Balance as at 31 December 2014</b>	<b>8,000</b>	<b>573,566</b>	<b>(9,576)</b>	<b>128</b>		<b>(7,763)</b>	<b>(53,459)</b>	<b>19,909</b>	<b>530,805</b>

### Share capital and share premium

EUR 1,000	Ordinary shares	
	2015	2014
<b>In issue at 1 January</b>	<b>581,566</b>	<b>5,038</b>
Conversion from shareholders' loans	-	314,354
Issue of shares minus related cost	84,363	262,174
<b>In issue at 31 December - fully paid</b>	<b>665,929</b>	<b>581,566</b>

### Ordinary shares

At 31 December 2015, the authorised share capital comprised 150,000,000 ordinary shares of which 52,592,254 shares have been issued. All shares have a par value of EUR 0.16 each and are fully paid. During 2015 the Company issued 2,592,254 new shares.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### Translation reserve

The translation reserve (legal reserve) comprises all exchange rate differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

### Hedging reserve

The hedging reserve (legal reserve) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group. At 31 December 2015, the Group held 100,000 of the Company's shares. At 31 December 2014 the Group held no shares of the Company.

### Other reserves

Other reserves relate to the accumulated actuarial gains and losses recognised in other comprehensive income.

### Unappropriated result

At the Annual General Meeting the following appropriation of the result for 2015 will be proposed: an amount of EUR 23,097 thousand to be paid out as dividend (EUR 0.44 per share) and EUR 38,751 thousand to be deducted from the accumulated deficit.

## 42 Non-current liabilities

This refers to the following:

EUR 1,000	2015	2014
<b>Balance as at 1 January</b>	<b>-</b>	<b>326,196</b>
Additions	-	-
Conversions and withdrawals	-	(326,196)
Exchange rate differences	-	-
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>

During 2014, shareholders' loans to the amount of EUR 314,354 thousand were converted to share capital and share premium. The remainder was repaid.

## 43 Current liabilities

The current liabilities as at 31 December 2015 includes bonus and other personnel related accrued expenses of EUR 0.6 million (31 December 2015: EUR 0.3 million), taxes payable of EUR 0.1 million (31 December 2014: nil) and accounts payable to subsidiaries to the amount of EUR 0.2 million (31 December 2014: EUR 3.8 million).

## 44 Financial instruments

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk
- operational risk

In the notes to the consolidated financial statements information is included 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.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of IMCD N.V.

## 45 Off-balance sheet commitments

The Company forms part of a tax entity for corporate income tax together with other Dutch group companies. As a consequence, the company is jointly and severally liable for the corporate income taxes due by these tax entities.

## 46 Fees of the auditor

With reference to Section 2:382a(1) and (2) of The Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. and other KPMG member firms and affiliates to the Company, its subsidiaries and other consolidated entities.

	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
EUR 1,000	2015			2014		
Statutory audits of annual accounts	334	944	1,278	249	1,004	1,253
Other assurance services	12	4	16	544	25	569
Tax advisory services	-	126	126	-	286	286
Other non-audit services	-	41	41	-	89	89
	<b>346</b>	<b>1,115</b>	<b>1,461</b>	<b>793</b>	<b>1,404</b>	<b>2,197</b>

## 47 Related parties

### Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 48.

### Other related party transactions

The Company, as service provider, maintains a management service agreement with IMCD Group B.V. for services rendered by the Management Board to the group. The total management service fees charged in 2015 amounted to EUR 1,471 thousand. All related party transactions were priced on an arm's length basis.

## 48 Compensation of the Management Board and the Supervisory Board

The Management Board and Supervisory board members' compensations, including pension obligations as intended in

Section 2:383(1) of The Netherlands Civil Code, which were charged in the financial year to the Company and group companies are as follows:

### Compensation Management Board

EUR 1,000	Year	Salary	Bonus	Share based			Total
				payment	Pension	Other	
P.C.J. van der Slikke	<b>2015</b>	<b>510</b>	<b>298</b>	<b>147</b>	<b>36</b>	<b>42</b>	<b>1,033</b>
	2014	487	303	-	210	31	1,031
H.J.J. Kooijmans	<b>2015</b>	<b>375</b>	<b>219</b>	<b>108</b>	<b>31</b>	<b>38</b>	<b>771</b>
	2014	372	229		146	32	779
<b>Total</b>	<b>2015</b>	<b>885</b>	<b>517</b>	<b>255</b>	<b>67</b>	<b>80</b>	<b>1,804</b>
	<b>2014</b>	859	532	-	356	63	1,810

The total compensation of the Management Board in 2015 amounted to EUR 1,804 thousand (2014: EUR 1,810 thousand) including pension premium contributions of EUR 67

thousand. The defined benefit costs related to the pension plan of the Management Board amounted to EUR 38 thousand.

### Compensation Supervisory Board

EUR 1,000	2015	2014
J.C. Pauze	65	33
F. Waller (until September 2014)	-	13
I. Sessa	-	-
M.G.P. Plantevin	-	-
M.F. Siefke	-	-
A.J.T. Kaaks	46	-
<b>Total</b>	<b>111</b>	<b>46</b>

In addition to the aforementioned compensation, the Management Board and Supervisory Board members receive reimbursements for out-of-pocket expenses.

Rotterdam, 15 March 2016

The Management Board:

P.C.J. van der Slikke

H.J.J. Kooijmans

The Supervisory Board:

J.C. Pauze

A.J.T. Kaaks

M.G.P. Plantevin

I. Sessa

M.F. Siefke

# List of group companies as per 31 December 2015

The list of group companies is as follows (100% owned unless mentioned otherwise):

IMCD Finance B.V.	Rotterdam	The Netherlands
IMCD Holding B.V. <sup>1</sup>	Rotterdam	The Netherlands
IMCD Group B.V.	Rotterdam	The Netherlands
IMCD Participations II B.V.	Rotterdam	The Netherlands
Internatio Special Products B.V.	Rotterdam	The Netherlands
IMCD Benelux B.V.	Rotterdam	The Netherlands
Jan Dekker B.V.	Rotterdam	The Netherlands
IMCD Benelux N.V.	Mechelen	Belgium
CBG Chemie Beteiligungsgesellschaft GmbH	Cologne	Germany
IMCD Deutschland GmbH & Co. KG	Cologne	Germany
Otto Alldag Handel GmbH	Cologne	Germany
IMCD France Investments S.A.S.	Paris	France
IMCD Holding France S.A.S.	Paris	France
IMCD France S.A.S.	Paris	France
IMCD UK Acquisitions Ltd.	Sutton	United Kingdom
IMCD Holding UK Ltd.	Sutton	United Kingdom
IMCD UK Investments Ltd.	Sutton	United Kingdom
IMCD UK Ltd.	Sutton	United Kingdom
IMCD Ireland Ltd.	Dublin	Ireland
IMCD South Africa Pty. Ltd.	Isando	South Africa
Chemimpo South Africa Pty. Ltd.	Randburg	South Africa
IMCD Switzerland AG	Zürich	Switzerland
IMCD Ticaret, Pazarlama ve Danismanlik Limited Sirketi	Istanbul	Turkey
IMCD Rus LLC <sup>2</sup>	Saint-Petersburg	Russia
IMCD Ukraine LLC	Kiev	Ukraine
IMCD Czech Republic s.r.o.	Prague	Czech Republic
IMCD Polska Sp.z.o.o.	Warsaw	Poland
Jan Dekker Polska Sp.z.o.o.	Warsaw	Poland
IMCD Slovakia s.r.o.	Bratislava	Slovak Republic
IMCD South East Europe GmbH	Vienna	Austria
IMCD d.o.o. <sup>3</sup>	Ilirska Bistrica	Slovenia
IMCD Nordic Investments AB	Malmö	Sweden
IMCD Nordic AB	Malmö	Sweden
IMCD Sweden AB	Malmö	Sweden
IMCD Finland Oy	Helsingfors	Finland
IMCD Danmark AS	Helsingør	Denmark
IMCD Norway AS	Ski	Norway
IMCD Baltics UAB	Vilnius	Lithuania
IMCD Italia S.p.A.	Milan	Italy
IMCD Españã Especialidadis Quimicas S.A.	Madrid	Spain
IMCD Portugal Produtos Quimicos Ltda	Lisbon	Portugal
IMCD Maroc S.a.r.l.	Casablanca	Morocco
IMCD Manufacturing Tunisia S.a.r.l.	Tunis	Tunisia
IMCD Tunisia S.a.r.l.	Tunis	Tunisia
IMCD Australasia Investments Pty. Ltd	Melbourne	Australia
IMCD Australasia Pty. Ltd.	Melbourne	Australia
IMCD Australia Ltd.	Melbourne	Australia

## List of group companies as per 31 December 2015

IMCD Additives Pty. Ltd.	Melbourne	Australia
Capitol Product Management Pty. Ltd.	Melbourne	Australia
Capitol Ingredients Australia Pty. Ltd.	Melbourne	Australia
Capitol Specialty Products Pty. Ltd.	Melbourne	Australia
IMCD New Zealand Ltd.	Auckland	New Zealand
IMCD Asia Pacific Sdn Bhd	Shah Alam	Malaysia
IMCD Malaysia Sdn Bhd	Shah Alam	Malaysia
IMCD Asia Pte. Ltd.	Singapore	Singapore
IMCD (Thailand) Co., Ltd.	Bangkok	Thailand
IMCD (Shanghai) Trading Co. Ltd.	Shanghai	China
IMCD International Trading (Shanghai) Co. Ltd.	Shanghai	China
Internatio Special Products (Philippines) Corporation <sup>4</sup>	Quezon City	Philippines
IMCD Singapore Pte. Ltd.	Singapore	Singapore
Paceco Industrial Supplies (M) Sdn Bhd	Klang	Malaysia
IMCD Plastics (Shanghai) Co. Ltd. <sup>5</sup>	Shanghai	China
PT IMCD Indonesia (90.01% of shares)	Jakarta	Indonesia
PT Sapta Permata (90.01% of shares)	Surabaya	Indonesia
IMCD Holding Brazil Ltda.	São Paulo	Brazil
IMCD Brasil Comércio e Indústria de Produtos Químicos Ltda. (80% of shares)	São Paulo	Brazil
IMCD Philippines Corporation <sup>6</sup>	Manila	Philippines
S.a.r.l. IMCD Group Algeria (49% of the shares)	Algiers	Algeria
IMCD Holdings US, Inc. <sup>7</sup>	Jersey City	United States of America
The M.F. Cachat Company LLC (80% of the shares) <sup>8</sup>	Cleveland	United States of America
MJS Sales Inc. <sup>8</sup>	Cleveland	United States of America
IMCD India Pte. Ltd.	Mumbai	India
IMCD Vietnam Company Ltd <sup>8</sup>	Ho Chi Minh City	Vietnam
Selectchemie importa ção exportação e representações LTDA. <sup>9</sup>	São Paulo	Brazil

<sup>1</sup> Merged with IMCD Finance B.V. April 2015

<sup>2</sup> Formerly known as Internatio Special Products LLC

<sup>3</sup> Liquidated July 2015

<sup>4</sup> Formerly known as IMCD Philippines Corporation

<sup>5</sup> Formerly known as Paceco Industrial Supplies (Shanghai) Co. Ltd.

<sup>6</sup> Formerly known as Danasia, Inc.

<sup>7</sup> Since April 2015

<sup>8</sup> Since June 2015

<sup>9</sup> Since December 2015



# Other information

## Provisions in the Articles of Association governing the appropriation of profit

Article 22 of the Company's articles of association stipulates the following with regard to the appropriation of the profit: The Management Board, with the approval of the Supervisory Board, decides how much of the freely distributable profit will be reserved. The remaining profit shall be at the free disposal of the Annual General Meeting.

## Proposal regarding the appropriation of profit

At the Annual General Meeting the following appropriation of the result 2015 will be proposed: an amount of EUR 23,097 thousand to be paid out in cash as dividend (EUR 0.44 per share) and EUR 38,751 thousand to be deducted from the accumulated deficit.

## Subsequent events

There were no material events after 31 December 2015 that would have changed the judgement and analysis by management of the financial condition at 31 December 2015 or the result for the year of the Company.

# Independent auditor's report

To: the Annual General Meeting of Shareholders and the Supervisory Board of IMCD N.V.

## Report on the audit of the annual financial statements 2015

### Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### What we have audited

We have audited the financial statements 2015 of IMCD N.V. (IMCD or the Company), based in Rotterdam, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2015;
2. the following consolidated statements for 2015: profit or loss and comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2015;
2. the company income statement for 2015; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

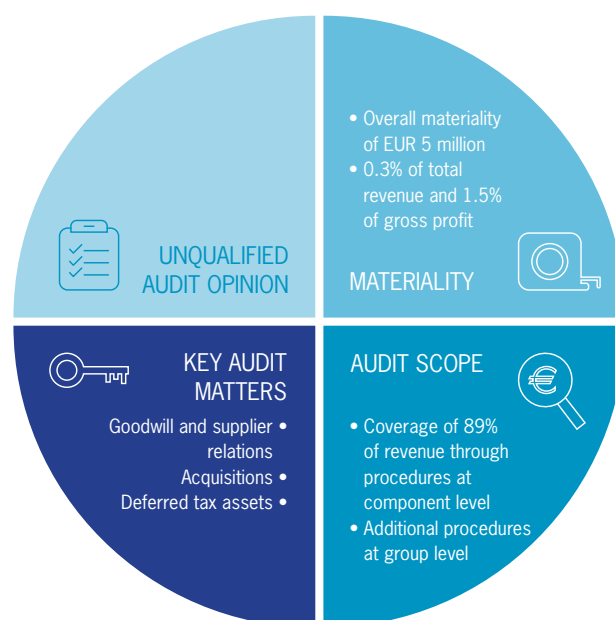
### Basis for our opinion

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

We are independent of the Company in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Audit approach Summary



### Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 5 million (2014: EUR 5 million). The materiality is determined with reference to revenue (0.3%) and gross profit (1.5%). We consider revenue and gross profit as the most appropriate

benchmarks given the nature and business of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements, such as possible misstatement in information on remuneration disclosures.

Audits of group entities (components) were performed using materiality levels determined by the judgment of the group audit team, considering materiality for the group financial statements as a whole and the reporting structure of the group. Component materiality did not exceed EUR 3 million (2014: EUR 3 million) and is often based on lower local statutory materiality levels.

We agreed with the Supervisory Board that misstatements in excess of EUR 250,000 (2014: EUR 250,000), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

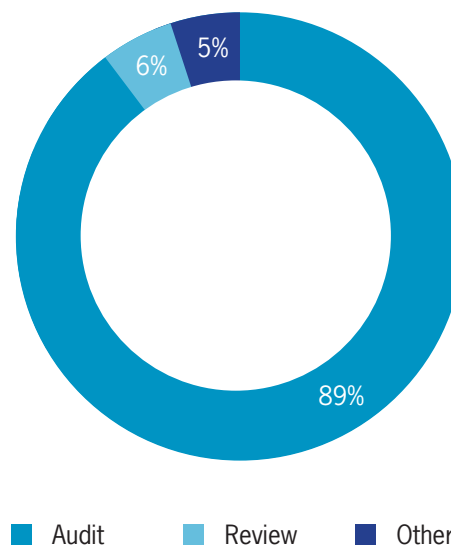
#### Scope of the group audit

The Company is the parent company of the IMCD Group (the Group). The financial information of the Group is included in the financial statements of the Company.

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

Based on these scoping criteria, we selected 27 components, covering 19 countries, of which 23 components have been subject to an audit of their complete financial information and 4 components have been subject to a review of their complete financial information. This has resulted in the coverage as presented below, which is comparable with the 2014 audit coverage.

#### Total revenue



In addition to the coverage achieved through selected components, we have performed audit procedures at group level on identified key audit matters valuation of goodwill and supplier relations, accounting for acquisitions and valuation of deferred tax assets as described in more detail below.

The remaining 5% of revenue results from a number of Group entities, none of which individually represented more than 2% of total revenue respectively. For these remaining components, where considered necessary, we performed analytical procedures, amongst others, to corroborate our assessment that there are no significant risks of material misstatement within these remaining components followed by additional audit procedures as far as we deemed necessary.

The Group audit team sent instructions to all component auditors, covering the significant areas that should be covered (which included the relevant risks of material misstatement) and set out the information required to be reported back to the Group audit team.

The Group audit team visited component locations in Germany and United States and performed file reviews in Australia, Brazil, Germany, France, Italy, South Africa, Spain and United Kingdom. Telephone calls were also held with component auditors. At these visits and calls, the planning, the risk assessment, procedures performed, findings and observations reported to the Group audit team were, where considered

## Independent auditor's report

necessary, reviewed and discussed in more detail, and any further work deemed necessary was then performed.



By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence regarding the group's financial information to provide an opinion about the financial statements.



### Our key audit matters



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial

statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and supplier relations	
<p><b>Description</b></p> <p>Goodwill represents 34% of the total assets of IMCD and capitalized supplier relations represent 27% of the total assets of IMCD. The assessment of the valuation of these assets was significant to our audit considering the financial significance of these assets to IMCD and the significant estimates involved in the assessment of the valuation of these intangibles by management.</p> <p>Goodwill is deemed to have an indefinite useful life and is therefore not amortised, however IFRS requires at least an annual impairment test, which was performed by management as per year-end 2015. The goodwill impairment tests are performed for all groups of cash generating units (CGUs) representing the lowest level within the Group at which goodwill is monitored for internal management purposes.</p> <p>Supplier relations were identified as result of previous acquisitions and are assessed by management for possible indicators for impairment.</p> <p>The Company uses assumptions in respect of future market- and economic conditions and forecasted future profitability when assessing the valuation of intangibles.</p> <p>Management has recorded an impairment loss of EUR 8.4 million in 2015 with respect to the CGU IMCD Brazil.</p>	
<p><b>Our response</b></p> <p>Our audit procedures on the valuation of goodwill included, amongst others, the involvement of a valuation expert to assist us in evaluating the assumptions and methodologies used by the Company, in particular those relating to EBITDA growth rate, pre-tax discount rates and terminal value growth rates. We also compared these key assumptions to external data such as the expected inflation rate and external market growth expectations. The cash flow projections, including those for CGU IMCD Brazil, have been assessed and challenged by us, and includes an assessment of the historical accuracy of management's estimates. We believe the assumptions used are within an acceptable range.</p> <p>Supplier relations are amortized over their useful lives. Management has performed an assessment of possible indicators for impairment of capitalized supplier relations. Furthermore, management has reviewed the remaining useful life for the assets in relation to the amortization period. No impairment indicators or changes to the remaining useful life were identified. We have performed procedures to verify and challenge managements' assertions.</p> <p>Finally, we have evaluated the adequacy of the Company's disclosures included in Note 17.</p>	

Accounting for acquisition M.F. Cachat Company	
<p><b>Description</b></p> <p>The acquisition of M.F. Cachat Company in the United States was significant to our audit due to the financial significance of the transaction to IMCD and due to significant judgments and assumptions involved in the recognition and measurement of the acquired assets and assumed liabilities for M.F. Cachat Company. As per the acquisition date of 23 June 2015, the increase in goodwill and other intangibles (mainly supplier relations) recognized amounted to EUR 221.7 million relating to the M.F. Cachat Company acquisition.</p>	
<p><b>Our response</b></p> <p>With respect to the accounting for the M.F. Cachat Company acquisition, we have, amongst others, read the purchase agreement, assessed whether the correct accounting treatment has been applied and appropriate disclosures have been made; assessed the valuation and accounting for the consideration payable and traced payments to bank statements; audited the identification and fair valuation of the assets and liabilities the Group acquired; and assessed the valuation assumptions such as discount and growth rates; evaluated and challenged assumptions used in such calculations. In doing so, we have utilized our valuation specialists to assist with the audit of the identification and valuation of assets and liabilities acquired. We have also visited the M.F. Cachat Company in the United States, where we met with local management, as part of our audit procedures. Furthermore, we have evaluated the adequacy of the Company's disclosure in Note 7.</p>	

Valuation of deferred income tax assets	
<p><b>Description</b></p> <p>IMCD recognized deferred tax assets to the extent that it is probable that future taxable profits will be available against which unused tax losses, tax credits and deductible temporary differences can be utilized. Recognized deferred tax assets for tax losses carried forward amount to EUR 20.2 million as per year-end 2015 (and EUR 5 million relates to other deferred tax assets), which leaves EUR 5.8 million of unrecognized deferred tax assets. These deferred tax positions for tax losses carried forward mainly relate to the Netherlands.</p> <p>Assessing the future taxable profit is complex and requires significant management estimates, in particular on the assumptions about the expected future market and economic conditions.</p>	
<p><b>Our response</b></p> <p>We have tested the accuracy of the amounts reported for deferred tax assets for tax losses carried forward. Our audit procedures also included evaluating managements' assumptions and estimates in relation to the likelihood of generating sufficient future taxable profits based on budgets and business plans, which included an assessment of the historical accuracy of management's estimates. We engaged our audit tax specialists to analyse and challenge the assumptions used to determine tax positions and we corroborated the assumptions used with supporting evidence such as relevant tax legislation, tax memoranda prepared by the Company's tax advisors and correspondence with the tax authorities. We believe the assumptions used are within an acceptable range. Furthermore, we assessed the adequacy of the disclosure in Note 21.</p>	

**Responsibilities of Management of the Company and Supervisory Board for the financial statements**

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Management Board Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, Management of the Company is responsible for such internal control as Management of the Company determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, Management of the Company is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, Management of the Company should prepare the financial statements using the going concern basis of accounting unless Management of the Company either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management of the Company should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

## Independent auditor's report

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### **Our responsibilities for the audit of financial statements**

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) [www.nba.nl/standardtexts-auditorsreport](http://www.nba.nl/standardtexts-auditorsreport).

### **Report on other legal and regulatory requirements**

#### **Report on the Management Board Report and the other information**

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Management Board Report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Management Board Report, to the extent we can assess, is consistent with the financial statements.

### **Engagement**

We were engaged for the first time as external auditor of IMCD N.V. in 2011 and operated as external auditor since then. We were re-engaged by the Annual General Meeting of Shareholders as external auditor of the Company on 29 April 2015, for the year 2015.

Rotterdam, 15 March 2016

KPMG Accountants N.V.

H.B. van Veen RA

# Seven year summary

EUR million	2015	2014	2013	2012	2011	2010	2009
<b>RESULTS</b>							
Revenue	1,529.8	1,358.3	1,233.4	1,116.6	1,023.4	852.0	686.6
Year on year revenue growth	13%	10%	10%	9%	20%	24%	
Gross profit	332.8	287.6	261.3	237.9	218.0	182.0	146.0
Gross profit in % of revenue	21.8%	21.2%	21.2%	21.3%	21.3%	21.4%	21.3%
Result from operating activities	91.2	82.4	73.4	69.7	48.4	50.1	34.5
Operating EBITDA	131.8	112.7	99.0	92.0	86.6	69.1	51.2
Operating EBITA <sup>1</sup>	128.3	110.0	96.6	90.2	85.3	68.0	50.1
Year on year Operating EBITA growth	17%	14%	7%	6%	25%	36%	
Operating EBITA in % of revenue	8.4%	8.1%	7.8%	8.1%	8.3%	8.0%	7.3%
Conversion margin <sup>2</sup>	38.5%	38.2%	37.0%	37.9%	39.1%	37.4%	34.4%
Net result before amortisation / non recurring items	87.2	54.3	13.1	(0.7)	6.1	36.2	19.6
<b>CASH FLOW</b>							
Free cash flow <sup>3</sup>	119.3	94.6	80.5	86.5	76.3	56.6	62.7
Cash conversion margin <sup>4</sup>	90.5%	83.9%	81.3%	94.0%	88.1%	81.9%	122.4%
<b>BALANCE SHEET</b>							
Working capital	227.8	179.7	150.7	121.0	105.9	90.4	61.2
Total equity	653.8	530.8	(67.0)	(49.7)	(27.9)	60.6	17.4
Net debt	437.5	266.6	823.5	724.6	671.6	256.5	256.6
Net debt/Operating EBITDA ratio <sup>5</sup>	2.9	2.4	8.3	7.9	7.8	3.7	5.0
<b>EMPLOYEES</b>							
Number of full time employees end of period	1,746	1,512	1,452	1,108	979	937	798
<b>SHARES</b>							
Number of shares issued at year end (x 1,000)	52,592	50,000					
Weighted average number of shares (x 1,000)	51,612	25,118					
Earnings per share (weighted)	1.20	0.79					
Cash earnings per share (weighted) <sup>6</sup>	1.79	1.42					
Proposed dividend per share	0.44	0.20					

<sup>1</sup> Result from operating activities before amortisation of intangibles and non-recurring items

<sup>2</sup> Operating EBITA in percentage of Gross profit

<sup>3</sup> Operating EBITDA plus/less changes in working capital less capital expenditure

<sup>4</sup> Free cash flow in percentage of Operating EBITDA

<sup>5</sup> Including full year impact of acquisitions 2015

<sup>6</sup> Result for the year before amortisation (net of tax)





## Colophon

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