ANNUAL REPORT // 2015

deceuninck

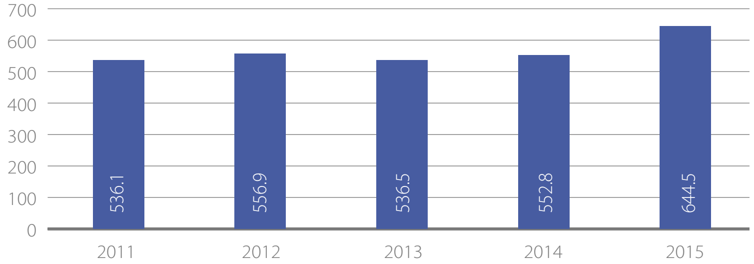
KEY FIGURES

Key figures (in € million)	2014	2015	Variance %
Consolidated income statement			
Sales	552.8	644.5	16.6%
Gross profit	150.8	182.0	20.7%
EBITDA	35.3	54.4	53.9%
EBIT	14.3	26.9	87.7%
Net profit	10.5	13.3	27.6%
Consolidated statement of financial position			
Equity	264.5	269.3	1.8%
Net debt	71.0	92.1	29.7%
Total assets	503.7	562.6	11.7%
Capital expenditure	31.3	38.7	23.7%
Working capital	124.6	142.9	14.7%
Ratios			
EBIT on sales	2.6%	4.2%	
Gearing (net debt on equity)	26.8%	34.2%	
ROCE	3.4%	6.9%	
Headcount			
Total Full Time Equivalents (FTE)	3,434	3,593	

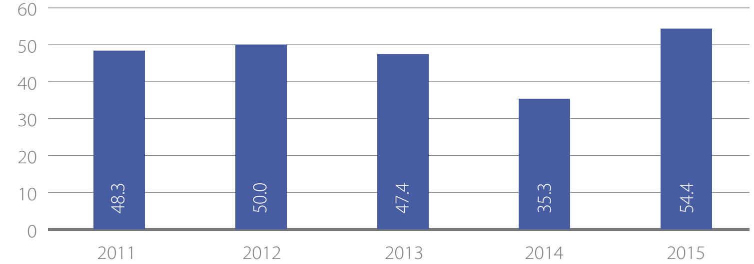
KEY FIGURES PER SHARE

Key figures per share	2014	2015
Number of shares as at 31 December	134,163,287	**135,039,121**
Market capitalisation as at 31 December (in € million)	234.8	**328.1**
Earnings per share as at 31 December (in €)	0.08	**0.10**
Book value per share (in €)	1.97	**1.99**
Gross dividend per share (in €)	0.02	**0.02**
Share price at 31 December (in €)	1.75	**2.43**

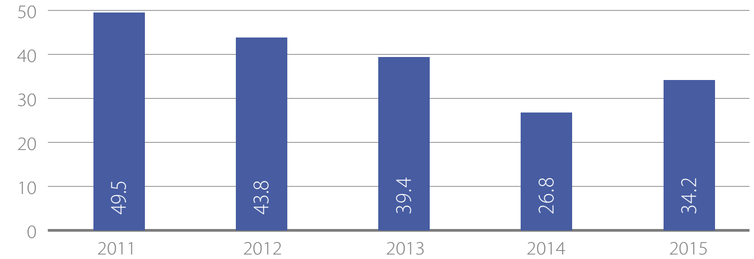
Sales (in € million)



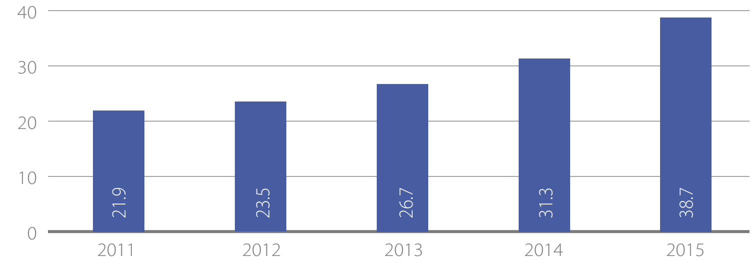
EBITDA (in € million)



Gearing (net debt on equity) (in %)



Capital expenditure (in € million)



COMPANY PROFILE

At Deceuninck, our commitment towards innovation, ecology and design provides us with a clear focus: building a sustainable home. A home that is more energy-efficient to live in and more attractive to look at. Deceuninck works with state-of-the-art materials worldwide, resulting in low maintenance, top insulating and long lasting products that can be fully recycled at end of life. Moreover, our values of Candor, Top performance and Entrepreneurship help us build a better world for our Partners and end users. Deceuninck has strong ambitions. We want to build a work environment in which people are proud to contribute, and strengthen our position within the top three market players. Alongside our ecological sustainability, Deceuninck also pursues financial sustainability.

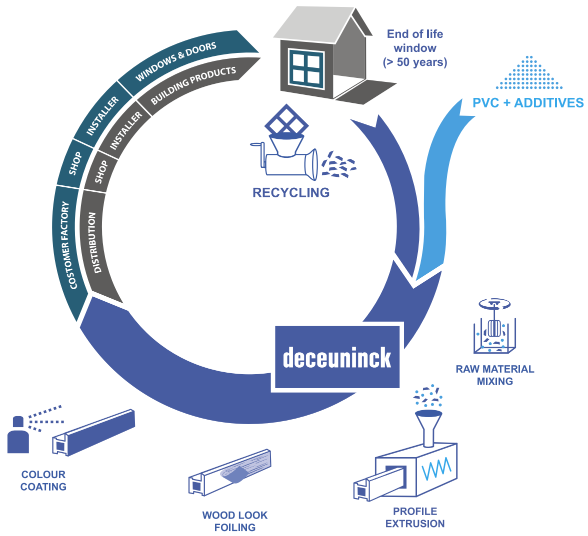
Deceuninck serves >4,000 Customers in 91 countries from 14 factories and 22 warehouses located in 19 countries in North & South America, Europe (incl. Russia & Turkey) and Asia.

Deceuninck employs 3,593 people.

The Deceuninck Group achieved sales of € 644.5 million in 2015.

The headquarters of the Group are located in Belgium.

Our value chain: Deceuninck closes the loop



Our route to market

14 factories
22 distribution centres
> 4,000 customers
in 91 countries

DECEUNINCK 2015

Top 3 designer and manufacturer of PVC window systems and building products

14 production sites and 22 warehouses located in 19 countries in North & South America, Europe (incl. Russia & Turkey) and Asia.

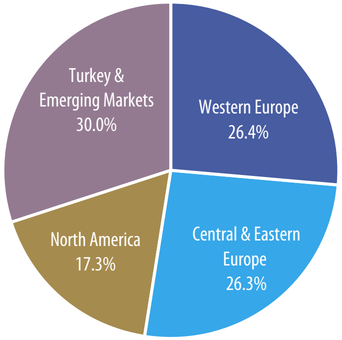
Deceuninck serves >4,000 Customers in 91 countries

Deceuninck employs 3,593 FTEs

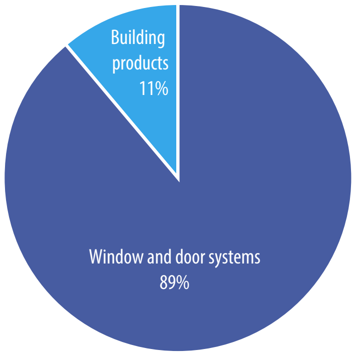
Sales 2015: € 644.5 million

Strong focus on Building a sustainable home. Innovation – Ecology - Design

Headquarters are in Hooglede-Gits (Belgium)



Sales 2015 per region



Sales 2015 per product group

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OUR CORE PURPOSE

At Deceuninck, we believe in "building a sustainable home":

Innovation

We are here to develop engineered materials in PVC and wood composites through our science and decades of know-how. With these materials, we create innovative solutions for windows and doors, outdoor living, roofline, cladding and interior. Our systems are easy to manufacture, easy to install and easy to maintain.

Ecology

We are here to help you build a home that is more energy-efficient to live in. We create long lasting, low maintenance building products with top insulating properties. Our products are created with the lowest ecological footprint and can be fully recycled at end of life.

Design

We are here to help you to express your own style, in the architecture and the beauty of your home. We are here to help you protect your home and your family from the elements. We offer a unique range of colours and surface finishes. Next to its long lasting properties, our products have a timeless design, resulting in a life cycle of more than 50 years.

A home for our people & Customers

We are here to build a sustainable 'home' for our people and our Customers. We build long lasting relationships and intimacy based on our core values.

OUR CORE VALUES

Candor

- We tell the whole truth, we are open and frank.
- We tell it like it is.
- We give straight-between-the-eyes feedback, while respecting our counterpart.
- We act as one team.
- We honestly admit mistakes or bring bad news, whilst taking corrective and preventive measures.
- We say what we mean and we mean what we say: that is our authenticity.

Top Performance

- Performance is measured by our community, our people, our Customers and our shareholders.
- We preserve our core purpose and values whilst striving for continuous improvement.
- We say what we do and we do what we say: that is our accountability and discipline.
- Top Performance means:
  - When confronted with a choice, we choose in the following order: People (Health and Safety), Planet (Environment and Ecological footprint), Quality, Service, Profit (Cost) – PPQSP
  - Profit is essential to build a sustainable business.
  - Performance 'happens in every work place' every day: in design, manufacturing, delivery, in front of the Customer; also after installation of the product in the home.

Entrepreneurship

- We are open to the world, open to other ideas. We strive for innovation.
- Trust is given, we embrace taking calculated risks and initiatives.
- We think like an owner. We respect and reward our people for making decisions and taking ownership.

OUR AMBITION

Our Culture

Our reputation is the result of our culture: people are proud to work at Deceuninck and live the values of Candor, Top Performance and Entrepreneurship.

Top 3 market position

Deceuninck has a voice in the market resulting in substantial market share (above 10 % of uPVC windows) and a top 3 market position. Deceuninck offers Top Performance in Quality and Service through trusted Customer partnerships.

Sustainable building products

Deceuninck creates sustainable building products. PVC and Twinson are low maintenance materials, which save energy throughout a lifecycle of more than 50 years and will be recycled at end of life.

Financial sustainability

The Company is financially sustainable. We translate our actions into financial goals (we say what we do), and we reach them (we do what we say).

MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

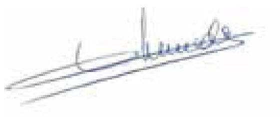
"2015 was a good year for Deceuninck. We realized strong organic volume growth in Western Europe, North America and Turkey & Emerging Markets, and successfully integrated the Pimaş acquisition in Turkey. On top of volume growth EBITDA margin also benefited from further manufacturing efficiencies and strict cost control.

The successful placement of the retail bond in December provided us with extra € 40 million liquidity which will be used to finance further growth, among which the new facilities in Turkey and on the US West Coast.

I would like to thank all our Customers for their trust and all our people worldwide for their passionate dedication.

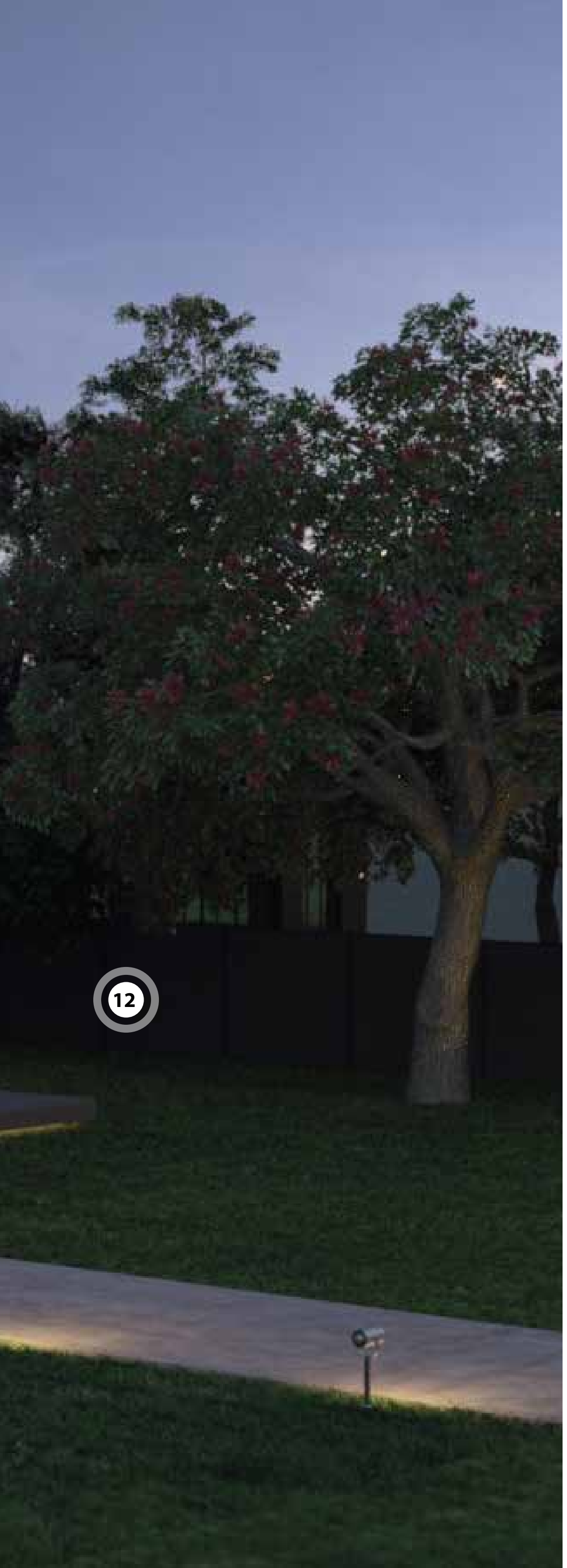
Tom Debusschere, who started as a CEO of the Group in February 2009, has decided to take up a new challenge as of 1 March 2016. In a very short period of time he succeeded in turning Deceuninck into a financially healthy company and in regaining the confidence of the shareholder. Meanwhile with the support of the Board he has been instrumental in creating the growth strategy which is now being implemented and which will be continued.
We are grateful to Tom for his commitment as CEO of the Group over the past years. Meanwhile, Francis Van Eeckhout, Vice Chairman of the Board, has taken over as CEO a.i. of the Group .

In 2016 we expect further growth on the back of innovative product launches and superior service to our Customers. This will be enabled by the additional capacity in Turkey and in the US, and supported by further investments in manufacturing efficiency. We, however, closely monitor the increased macro-economic uncertainty in our end markets. EBITDA evolution will be influenced by currencies and commodity prices, as well as by the start-up costs of our planned efficiency and growth initiatives."



Pierre Alain Baron De Smedt
Chairman

DECEUNINCK FINAL PRODUCT OVERVIEW



1 CLADDING

2 CLADDING

3 ROLLER SHUTTERS

4 DOORS

5 LOUVRE SHUTTERS

6 WINDOWS

7 ROOFLINE

8 INTERIOR

9 INTERNAL CLADDING

10 SLIDING DOORS

11 TERRACES

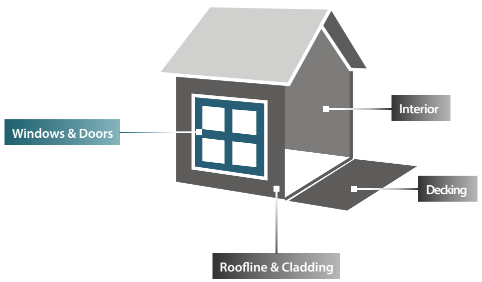
12 FENCING

Product overview

Deceuninck is designer of uPVC building solutions and producer of PVC and composite profiles for applications in residential and light commercial buildings.

>90% of the final products end up in residential single or multifamily buildings. Deceuninck estimates that 75% of its final products are used in the renovation segment.

Our products: the building envelope



For uPVC windows and doors Deceuninck's Customers are window and door manufacturers who assemble the PVC and composite components to final products. The window manufacturers either install the windows and doors themselves or sell the windows to authorized window installers.

Outdoor living, roofline & wall cladding and interior applications are supplied to professional building material distributors or to DIY shops.

Besides residential building products Deceuninck also sells other building products such as sound barriers. Sound barriers are predominantly sold to main- and subcontractors of public infrastructure works.

1. Windows & Doors

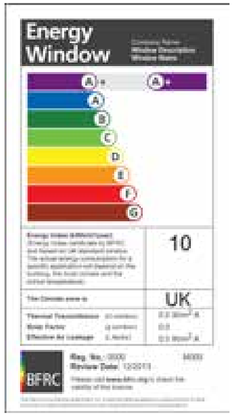
Deceuninck's window & door systems are subdivided into 4 platforms to meet the demand and local building traditions of each of the regions in which Deceuninck is active.

- Zendow platform for Western Europe
- Inoutic platform for Central & Eastern Europe (incl. Enwin in Russia)
- Egepen Deceuninck, Winsa & Pimapen platform for Turkey and Emerging Markets
- Deceuninck North America platform for the North American market

1.1. Windows

Innovation, ecology & design are the main drivers for new product development for windows and doors. Deceuninck's ambition is to offer the highest possible insulation at the lowest possible material consumption.

Deceuninck's window systems are designed to meet the highest energy savings requirements. Deceuninck PVC windows and doors provide a perfect balance between energy efficiency and comfortable living. The high-quality energy-efficient PVC window and door solutions improve the quality of life in many ways. uPVC windows and doors offer excellent thermal and acoustic insulation, high security and an original colour palette.



The nicely designed window framing material can be equipped with the most commonly used glazing ranging from high performance double glazing up to 56mm triple glazing. Passive house insulation values (Uw ≤ 0.8 W/m2K) can be met by means of standard triple glazing. Eforte, the high end window line on the Inoutic platform in Central and Eastern Europe is certified as a passive house suitable system by the internationally renowned ift testing institute in Rosenheim (Germany).

In Western Europe Zendow#neo with Linktrusion technology offers superb insulation values for windows and doors that meet the nearly zero energy building requirements Europe is imposing for new public and private buildings respectively as of 2018 & 2020.

Colour finishing

Colour technologies are applied in function of regional market requirements. All regions offer window systems with single sided or double sided, laminated decorative films (predominantly wood structures). For high end markets in Turkey and Central & Eastern Europe clip on aluminium profiles have been developed. In Western Europe Deceuninck offers Decoroc finishing, a powder coated look on one, two or each of the four sides of the profile, for high end residential and commercial markets.

1.2. Doors

Deceuninck's high quality PVC front doors boast excellent thermal insulation values as well as exceptionally high strength. The distortion-free and very stable frame design can be further enhanced using corner keys. Our Zendow#neo doors, with Linktrusion technology inside, offer a higher stability and strength which makes the need of steel reinforcements redundant. They have a slimline design and have been developed to make larger door panels. The front doors can also be fitted with multi point locks and special fittings to attain a very high burglary protection. Deceuninck doors provide protection against adverse weather conditions and offer a high level of security.

Deceuninck front doors can be fitted with all commercially available PVC, glass and aluminium panels and elegantly accentuate the architectural style of new buildings. They can also be easily integrated in the façade of old buildings using different installation and mounting methods.

Deceuninck doors are available in a wide range of foils and colour coated finishes in line with regional market requirements.

1.3. Sliding windows & doors

In addition to the main window systems, Deceuninck offers a vast range of sliding systems. From the standard in-line sliding systems, the more robust but elegant Monorail system, to the heavy duty Lift & Slide system, Deceuninck's sliding doors extend the living room into the garden, terrace or balcony to create a generous space for living.

The unique Deceuninck Linktrusion technology has been introduced in the new sliding door system iSlide#neo that was launched for the Southern European market at the end of 2015. Integrating endless glass fibre reinforcing in the sash profiles has allowed the reduction of the profile sections to an absolute minimum. Furthermore, the mechanical assembly makes it possible to join different profile sizes, whereby the central section is now only 35mm wide. Avoiding the use of steel reinforcements has at the same time improved the thermal insulation by 30%, and reduced the material usage by 40%. Having maximised the glazing surface and light intake, without compromising the system's performance, makes the iSlide#neo excel in both design and performance.
The UK product offering has been completed with the Slider 24.

1.4. Roller Shutters

In Continental Europe Deceuninck completes its window platforms with roller systems that are specifically designed to meet local market requirements.

The very good thermal and acoustic insulation values of Deceuninck roller shutters contribute towards an energy-efficient building design, and help save heating costs. They guarantee privacy, help protecting against burglars and bad weather conditions and are a highly efficient and aesthetically appealing shading solution.

Deceuninck roller shutters are easily and securely installed on the window frame using a clip-on adapter. It is possible to optionally fit the roller shutter with a fly screen and fully integrate the roller shutter box into the building envelope.

Deceuninck roller shutters are designed to fit any kind of window (wood, PVC or aluminium) and are available in a wide range of colours.

1.5. Louvre Shutters

Deceuninck louvre shutters are designed to meet country specific requirements. They combine high quality with a wide range of designs, panel options and colours. Deceuninck louvre shutters are designed to meet all individual end consumer needs for an aesthetically nice shading solution. Deceuninck louvre shutters are available in a wide range of foils and colour coated finishes.

2. Outdoor living: terrace and fencing

2.1. Terrace

Deceuninck decking combines the benefits of wood with the unique properties of PVC. By combining the natural look of wood and the low maintenance of PVC into a single new base material, our Twinson outdoor flooring solutions meet all comfort demands with regard to your patio planks. This eco decking will transform both the appearance and performance of your terrace.

Terrace is ideal for residential applications such as patios and garden paths, whilst Terrace+ is more appropriate for applications demanding a more architectural touch. Terrace Massiv has been developed to further increase the performance of Twinson decking. It is an ideal product for commercial or public applications.

2.2. Fencing

In Europe Deceuninck offers excellent, low maintenance and long lasting fencing solutions.

Fences are either made of woodcomposite Twinson panels or designed with uPVC profiles (Grandparc).

The Twinson fencing kit combines a standard decking solution in a robust and designful fence in harmony with a Twinson decking.

3. Roofline and cladding

The finishing of your home must be both aesthetic and durable, and Deceuninck's wall cladding and roofline systems fulfil these two requirements.

Deceuninck cladding systems are available in multichamber uPVC, cellular foam or Twinson wood composite material. All of them are 100% recyclable.

3.1. Roofline

Deceuninck offers a wide range of roofline, soffit and fascia products. They offer durable protection of your newbuild or refurbished home. Deceuninck roofline products are easy to install, require low maintenance during a 50+ life time and are available in a wide range of colours and textures.

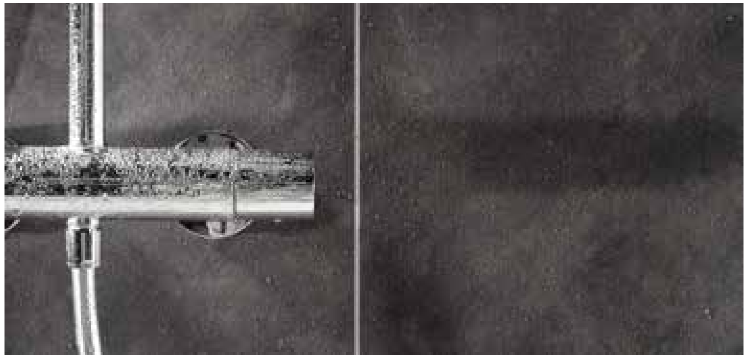
3.2. Cladding

The premium Twinson cladding system heralds a new generation of external wall and façade cladding. By combining good insulation with the Twinson cladding system, you can optimise the external thermal insulation of your façade. Result? Lower energy bills and less CO_2 emissions.
Twinson wall cladding is available in open and closed versions.

Deceuninck's uPVC cladding offers an excellent quality/price performance. It is available in a variety of shapes and colours. The cladding programme includes coextruded uPVC external cladding using Cyclefoam technology, which can be finished with an embossed texture.
A mass coloured uPVC top layer guarantees the durability and low maintenance.

4. Interior

4.1. Wall and ceiling covering products



Deceuninck's uPVC ceiling and uPVC wall boards enable endless interior decoration possibilities, from the most traditional to the most modern. They are available in both contemporary and more traditional style, as well as in a variety of colours.

4.2. Window boards

Deceuninck uPVC internal window boards are durable and robust. The Deceuninck internal window boards are produced from 100% recycled PVC. They are finished with an extremely durable decorative finishing which makes them scratch resistant and resistant against cigarette glow. Deceuninck's uPVC internal window boards are water and UV resistant, easy to install and are 100% recyclable.

Deceuninck's internal window boards are available in a wide range of colours and 5 different widths ranging from 180mm up to 400mm, each with the adhering end caps and finishing accessories.

In 2015 Deceuninck launched Stonosil window boards. Stonosil window boards have an elegant design and combines recycled rigid PVC with the looks of natural stone.

4.3. Skirting & finishing trims

The Deceuninck skirting and finishing trims ensure a real finishing touch of your interior. Deceuninck skirting and finishing trims offer a seamless transition between your interior walls and flooring. They are available in various designs and dimensions in a wide variety of colours (wood imitations or plain colours). They are easy to install and water and impact resistant.

5. Sound barriers

Cyclefoam technology is used to manufacture sound barriers. As such they are easy to handle and install. Deceuninck's ability to coat profiles and/or coextrude with a coloured outer skin, allows the company to offer sound barrier solutions that meet the aesthetic requirements of infrastructure architects.

With its Cyclefoam sound barriers, Deceuninck addresses two environmental issues simultaneously. It offers a solution for recycling and processing postconsumer rigid PVC into new high-quality applications and tackles the problem of noise nuisance.

Cyclefoam sound barriers for infrastructure works are installed along motorways, airports and railways throughout Europe.

As a private application Cyclefoam sound barriers are an ideal product to reduce noise created by sporting events, play areas, schools.

In industrial applications Cyclefoam sound barriers are used to reduce noise from air-conditioning, industrial sites, high tension transformer houses, etc

Innovation – Ecology – Design create new technologies and materials

Some of the technologies used in manufacturing have been developed by Deceuninck itself and are therefore unique in its sector. Most of those unique technologies are protected by a number of patents.

1. Linktrusion

Linktrusion refers to Deceuninck's unique approach in the development of new technologies & materials. It is the platform that can combine different materials & technologies into 1 single multi-component extrusion.
Zendow#neo is the first application of the platform. In Zendow#neo, Linktrusion is the combination of continuous glass fibre reinforced PVC profiles and an extruded reinforcement profile with embedded steel wires combined with a low density PVC foam core resulting in a 30% improved insulation performance.

2. Twinson

Deceuninck's 100% recyclable wood composite material combines the best of both worlds: it looks and feels like wood, combined with the low maintenance and longevity of PVC. This makes it the perfect material for outdoor decking solutions.

Twinson offers unlimited possibilities. On-going development of Twinson has created numerous appropriate installation options. Calculation software, downloadable from www.twinson.com, allows flawless installation.

In the meantime, Twinson has been awarded a number of certifications, including PEFC (Programme for the Endorsement of Forest Certification) and the quality labels VHI (Verband der Deutschen Holzwerkstoffindustrie e. V.) (Germany) and LNE (Laboratoire national de métrologie et d'essais) (France). These awards underline Deceuninck's environmental approach to sustainable product design.

3. Cyclefoam

Deceuninck's closed loop philosophy, combined with its commitment to innovation, has resulted in Cyclefoam, a foam process in which recycled rigid PVC is extruded using innovative technology in order to produce high quality profiles. Cyclefoam is mainly used for the production of sound barriers. It is also applied for roofline and cladding products and as a core for the thermal reinforcement with embedded steel wires.

4. Rovex

Rovex is an advanced polyurethane pultrusion technology. It has been designed to serve as an alternative to conventional materials like metal, polyester fibre glass composites and concrete.

As a first step Deceuninck North America uses the Rovex technology for Innergy thermal reinforcements. Innergy thermal reinforcements are advanced fibre glass reinforced resin inserts, designed to slide easily into window and door frame chambers for greater support and insulation.

It is an up to 20-percent bio-based resin in its proprietary formulation. Incorporating soy and other renewable sources, the composite offers strength, stability and flexibility without using styrene or peroxide. Innergy thermal reinforcements are energy efficient reinforcements with all the strength and structural reinforcement of aluminium, but with superior thermal performance.


DECEUNINCK WORLDWIDE SITES
US
WEST
under construction
US
EAST
UK
BE
DE
FR
PL
CZ
RU
HR
RO
BG
BA
IT
ES
TR
RS
IN
TH
BR
CL

1 | Production, distribution, sales

Benelux
Deceuninck NV
Hooglede - Gits
Deceuninck NV – Division Compound & Recycling
Diksmuide

Chile
Deceuninck Chile
Santiago

Germany
Inoutic / Deceuninck GmbH
Bogen

France
Deceuninck SAS
Roye

Croatia
Inoutic / Deceuninck d.o.o.
Zagreb

Poland
Inoutic / Deceuninck Sp. z o.o.
Swarzedz

Russia
Deceuninck RUS
Protvino (Moscow region)
Enwin RUS
Protvino (Moscow region)

Thailand
Deceuninck (Thailand) Co. Ltd.
Samutprakarn

Turkey
Egepen Deceuninck
Izmir
Winsa
Kartepe
Pimapen
Kartepe

United Kingdom
Deceuninck Ltd.
Calne

United States (USA East)
Deceuninck North America LLC
Monroe, OH

United States (USA West)
Deceuninck North America LLC
Fernley, NV (as of 08/2016)

2 | Distribution & sales

Czech Republic
Inoutic/Deceuninck Spol s.r.o.
Popuvky

Spain
Deceuninck NV
Borox

Bosnia and Herzegovina
Inoutic/Deceuninck d.o.o.
Zivinice

Brazil
Deceuninck do Brazil
Cotia

Australia
Deceuninck Pty Ltd.
Somerton, Victoria

India
Ege Profil Tic. Ve San. A.S.
Chennai

Romania
Deceuninck Romania SRL
Bucharest

Serbia
Inoutic / Deceuninck d.o.o.
Belgrade-Lestane

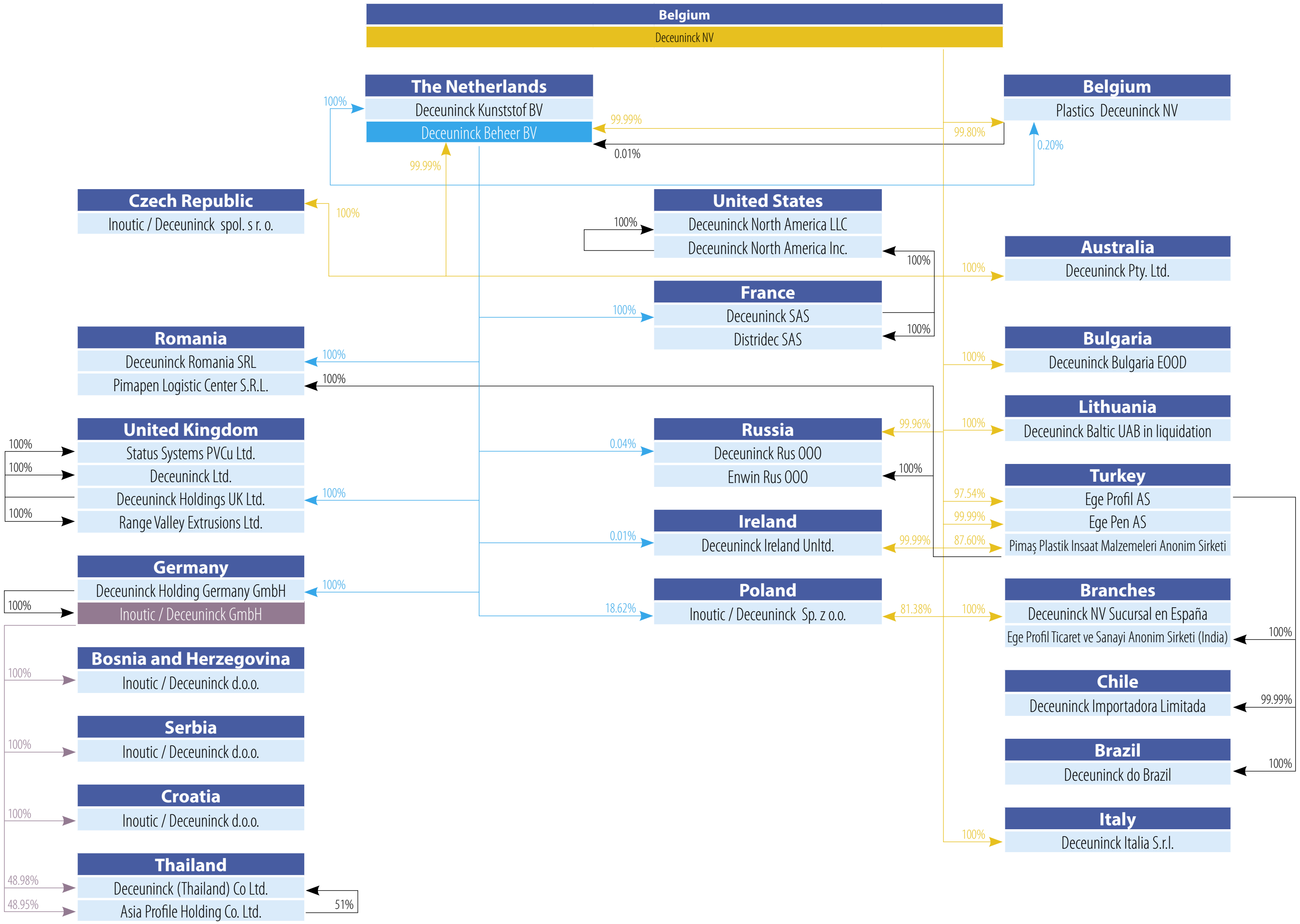
2 | Sales

Bulgaria
Deceuninck Bulgaria EOOD
Plovdiv

Italy
Deceuninck Italia S.r.l.
Pontedera

DECEUNINCK GROUP STRUCTURE

(AS PER 29 FEBRUARY 2016)



HIGHLIGHTS 2015

(UP TO 29 FEBRUARY 2016)

January

February

Artur Pazdzior,
Director Central & Eastern Europe

March

start of profile foiling in Zagreb, Croatia

April

May

June

July

August

September

Announcement construction plans new extrusion factory in Fernley, Nevada in the West of the USA

October

21 October:
Evelyn Deceuninck replaces Arnold Deceuninck who retires from the Board. Arnold Deceuninck named Honorary Member of the Board

November

20 November:
€ 100 million retail bond closing

December

December:
start changing manufacturing footprint in Turkey. Pimapen foiling activities moved to Kartepe.
8 December:
Listing of retail bond on Euronext Brussels
18 December:
Decertification of shares held by Desco STAK (family Deceuninck)
20 December:
Consolidation of Russian operations. Rostov-on-Don (Enwin) site closed. Activities moved to Protvino near Moscow.

January 2016

1 January:
Wim Van Acker, CFO, Finance en IT

February 2016

February:
New distribution centres in Kartepe (TR) to serve Winsa & Pimapen Customers, and in Menemen (TR) near Izmir for Egepen Deceuninck Customers are operational
29 February:
CEO Tom Debusschere steps down on 1 March to take up a new challenge
Francis Van Eeckhout is named CEO a.i. Strategy for Growth continues unabated.

MANAGEMENT
(AS PER 29 FEBRUARY 2016)

Executive Team

Tom Debusschere (until 29 February 2016)
Representative of Tom Debusschere Comm.V.
CEO
Francis Van Eeckhout (as from 1 March 2016)
Representative of Beneconsult BVBA
CEO a.i.
Philippe Maeckelberghe (until 31 December 2015)
CFO
Finance & IT
Wim Van Acker (as from 1 January 2016)
Representative of Fienes BVBA
CFO
Finance & IT
Ann Bataillie
Director HR & Legal
Wim Clappaert
COO, Operations & Technology
Ergün Cicekci
Director Turkey & Emerging Markets
Yves Dubois
Director Southwest Europe
General Manager France
Filip Geeraert
Director United States
Artur Pazdzior
Director Central & Eastern Europe
General Manager Poland
Bernard Vanderper
Director Northwest Europe
General Manager Benelux

Internal Auditor

Philippe Maeckelberghe
Representative of SophiDelphi BVBA

Statutory Auditor

Ernst & Young Bedrijfsrevisoren BCBVA,
Represented by Marnix Van Dooren

Country Managers

Edgar Freund
Deceuninck / Inoutic GmbH
Mirko Anesi
Deceuninck Italy S.r.l.
Inoutic Deceuninck d.o.o.
Volker Guth
Deceuninck Rus OOO
Radek Slabak
Inoutic / Deceuninck Spol. s r.o
Roy Frost
Deceuninck Ltd.
Giorgio Grillo
Deceuninck NV Sucursal en España

Introduction

For many years, Deceuninck has been applying high standards related to integrity, corporate governance, and a fair balance of interests, independence, transparency and Corporate Social Responsibility.

For the decision making the Group attaches utmost importance to respecting the autonomous nature of the Company and its bodies. To this end the economic environment, the unique characteristics, the size and the structure of the Group are taken into account.

The Board of Directors endorses the principles of corporate governance and transparency in accordance to the Belgian Corporate Governance Code of 12 March 2009 (the "Code", which serves as the reference code for corporate governance.

The Board of Directors commits to comply with the principles formulated in the Code:

(I) The Company applies a clear governance structure.
(II) The Company has an effective and efficient Board of Directors, which decides in the interest of the Company.
(III) All directors demonstrate integrity and commitment.
(IV) The Company has a rigorous and transparent procedure for the nomination and evaluation of the Board and its Members.
(V) The Board of Directors establishes specialised committees.
(VI) The Company establishes a clear structure for its executive management.
(VII) The Company remunerates the Board Members and the executive managers in a fair and responsible way.
(VIII) The Company engages in dialogue with its shareholders and potential shareholders based on mutual understanding of each other's objectives and expectations.
(IX) The Company ensures an adequate public disclosure of its corporate governance.

The Company's Corporate Governance Charter (the "Charter") has been drawn up in accordance with the recommendations stated in the Code. The Code is based on an "apply or explain" system: Belgian listed companies are to respect the Code, but can deviate from its provisions and instructions (not from its principles though) under the condition that the justification of any such departure is published. The Company's Corporate Governance Charter was last updated on 17 December 2013 and can be consulted on the Company's website (www.deceuninck.com).

The Board of Directors complies with the Code with the exception of the articles 5.2./4 and 8.10, but holds the opinion that a departure from these articles is justified considering the Issuer's specific situation.

- To ensure efficient decision making, the Audit Committee is limited to 4 members. The composition of the Audit Committee reflects the composition of the Board. Only 50% of the Audit Committee members are independent, whereas article 5.2./4 requires a majority number. Since the Audit Committee is composed solely of non-executive members in accordance with statutory rules, it is sufficiently assured that its monitoring function can be exercised in full independence.
- The Company derogates from article 8.10 of the Code related to Annual General Meetings and the publication of the minutes of Annual General Meeting. In conformity with article 546 of the Belgian Code on Companies, the Issuer publishes the results of the votes of the Annual General Meeting as soon as possible following the meeting on the Company website. As the shareholder is informed properly of the content of the decisions and results of the vote, the Company chooses not to publish the minutes in full.

The Board of Directors

Composition of the Board of Directors

The articles of association determine that the Company is run by a Board of Directors composed of at least 3 Directors. At least half of the members of the Board of Directors should be Non-Executive Directors. At least three Directors should be independent.

The current Board is composed of 8 Directors. One member is Executive Director ("CEO") and 3 members are "Independent Directors" in accordance to the stipulations of, inter alia, article 526ter of the Belgian Code on Companies. Four Directors were appointed on the recommendation of important shareholders.

The members are appointed by the Annual General Meeting of Shareholders. Their initial term of office lasts maximum 4 years (based on the Company's Corporate Governance Charter) but can be renewed. The Remuneration and Nomination Committee presents one or more candidates, considering the needs of the Company and in compliance with the nomination and selection criteria established by the Board of Directors. In the composition of the Board of Directors an appropriate balance is taken into account on gender, skills, experience and knowledge. For each (re)appointment the Board of Directors respects the law on gender diversity. As such in 2015 a male Board member had resigned from the Board and was replaced by a female Board member. The age limit for Directors is set at 70 years at the time of the (re)appointment. In principle, a Director's term ends at the closure of the Annual General Meeting, at which moment his or her mandate can be considered ended.

The Independent Directors meet the independence criteria specified in article 526ter of the Belgian Code on Companies and the Charter. An Independent Director who ceases to comply with the independence requirements must immediately inform the Board of Directors thereof.

The Board of Directors meets at least four times a year or as often as considered necessary or desirable in the Company's interest. Each Director receives the documents before the meeting so that the Directors can sufficiently prepare for the meeting. All meetings of the Board are attended by the Company Secretary. The Chief Financial Officer attends the meetings whenever requested by the Board.

Board of Directors fltr: Paul Thiers, François Gillet, Benedikte Boone, Pierre Alain Baron De Smedt, Evelyn Deceuninck, Tom Debusschere, Francis Van Eeckhout, Marcel Klepfisch

Functions and membership of the Directors within the Board of Directors and its Committees per 29 February 2016:

Function	Name	Membership Committees	Latest renewal mandate	Mandate expiry
Chairman	Pierre Alain Baron De Smedt*	Chairman of the Remuneration and Nomination Committee	14/05/2013	09/05/2017
CEO	Tom Debusschere Comm. V with permanent representative Tom Debusschere	/	14/05/2013	09/05/2017
Vice Chairman	François Gillet**	Member of the Audit Committee and member of the Remuneration and Nomination Committee	13/05/2014	08/05/2018
Vice Chairman	Holve NV**(*) with permanent representative Francis Van Eeckhout**	Member of the Audit Committee	12/05/2015	14/05/2019
Director	RAM Comm. VA with permanent representative Arnold Deceuninck	Member of the Remuneration and Nomination Committee	10/05/2011	12/05/2015
Director	Marcel Klepfisch SARL * with permanent representative Marcel Klepfisch	Chairman of the Audit Committee and member of the Remuneration and Nomination Committee	13/05/2014	08/05/2018
Director	Pentacon BVBA * with permanent representative Paul Thiers	Member of the Audit Committee and member of the Remuneration and Nomination Committee	12/05/2015	14/05/2019
Director	Bene Invest BVBA** With permanent representative Benedikte Boone	Member of the Remuneration and Nomination Committee***	12/05/2015	14/05/2019
Director	Mardec Invest BVBA** with permanent representative Evelyn Deceuninck		16/12/2015	14/05/2019

* Independent Director

** Nominated on a proposal from an important shareholder

*** Replaced by Beneconsult BVBA as from 1 March 2016

Honorary directors

- Willy Deceuninck, permanent representative of T.R.D. Comm VA
- Arnold Deceuninck, permanent representative of R.A.M. Comm VA, was nominated honorary director following his resignation of the Board on 20 October 2015. Arnold Deceuninck served Deceuninck for more than 40 years. The Chairman and all Directors wish to thank him for his commitment and valuable contribution to the development of the Company for so many years.

The secretary of the Board of Directors is Ann Bataillie, Director HR & Legal

The curricula vitae of the members of the Board of Directors:

Pierre Alain Baron De Smedt (1944), Chairman
Pierre Alain Baron De Smedt obtained a Master in Business and Administration at the Solvay Business School (ULB), a Commercial Engineer Diploma and a Master in Economic and Financial Sciences at the ULB. Pierre Alain De Smedt was Chairman of Febiac, the Belgian Automobile Federation and of Avis Europe Plc. He was Chairman of VBO/FEB. He was Director of Proximus NV, Recticel NV and Alcopa NV.

Tom Debusschere Comm. V with permanent representative Tom Debusschere (1967), CEO
Tom Debusschere is Civil Engineer with a postgraduate degree 'Industrial Engineering'. He began his career in 1992 as Logistics Manager at Deceuninck. Starting in 1995, he worked for 9 years at the American division, Dayton Technologies, where he became Vice President Operations. In 2004, he moved to the Belgian Unilin Group as president of the division Unilin Decor, a supplier of furniture components part of the American Mohawk Group. He came back to Deceuninck as VP Marketing & Sales on 1 December 2008. He was appointed CEO of Deceuninck by the Board of Directors on 6 February 2009. In June 2015 he was elected chairman of EPPA ivzw (The European PVC Profiles and related Building Products Association). He is a member of the Belgian commission for Corporate Governance, and holds board positions at EuPC (European Plastics Converters) and Essenscia (Belgian association of chemistry and life sciences).

François Gillet (1960), Vice-Chairman
François Gillet obtained a Master in Business and Administration at the Leuven Management School (LSM). François Gillet is currently member of the Executive Committee and is Chief Investment Officer of Sofina NV, a financial holding company. As representative of Sofina NV, François Gillet also holds functions as Non-Executive Director in various participations of Sofina NV and in Emakina Group NV.

Holve NV with permanent representative Francis Van Eeckhout (1968)
Francis Van Eeckhout obtained a Master of Commercial Engineering at the Catholic University of Leuven in 1990. In 1991 he obtained a licentiate in Applied Marketing in Aix en Provence. In 1992 het obtained a licentiate in Accountancy at the WHU in Koblenz. From 1992 till 1993 he worked at the marketing department of Bahlsen Keksfabrik in Hannover. From 1994 till 2011 he was managing director of Van Eeckhout NV (concrete), VVM NV (cement), Diamur NV (mortar) and Nivelles Beton NV (concrete). Since 2012 he is managing director of Gramo BVBA (holding).

Marcel Klepfisch SARL with permanent representative of Marcel Klepfisch (1951),
Marcel Klepfisch obtained a Diploma Commercial Engineer at the University of Antwerp. He has extensive experience in crisis management and was Chief Restructuring Officer at Deceuninck NV from February till October 2009. He was a member of the Board of Directors of Nybron Flooring International Switzerland, Chief Executive Officer at Ilford Imaging, member of the Executive Committee at Vickers Plc, CFO of BTR Power Drive and Chairman of the Board of Directors of Pack2Pack and Chairman of the Board of Volution in the UK. He is currently a member of the Management Advisory Board of Tower Brook in London and Chairman of the Board of Directors of Volution in the UK and Chairman of GSE Group in France.

Pentacon BVBA with permanent representative Paul Thiers (1957)
Paul Thiers is an alumnus of the Catholic University of Leuven, where he holds degrees in Master of Law (1980) and in Master in Notaryship (1981), as well as of the Vlerick Management School, where he participated to PUB in 1982-1983. From 1982 till 2005 he was co-CEO and member of the Board of Directors of the Belgian Unilin Group. He is among others member of the Board of Directors of Pentahold NV, Altior CVBA, Accent NV, Hecta, Vergokan and Origis NV.

Bene Invest BVBA with permanent representative Benedikte Boone (1971)
Benedikte Boone obtained a Master of Applied Economic Sciences at the Catholic University of Leuven in 1994. Benedikte Boone acquired management experience in Lotus Bakeries and in several family companies such as Bene Invest BVBA, Holve NV and Harpis NV.

Mardec Invest BVBA, with permanent representative Evelyn Deceuninck (1979)
Evelyn Deceuninck obtained a Bachelor Physiotherapy at the Catholic College of Ghent in 2001.
She also studied Osteopathy for horses in Roosendaal (NL). She holds a certificate of Competence in International Passenger Transport and a certificate of Public Coach Company. (OBO) Since 2003 she is Managing Director of Deceuninck Auto's NV, a coach company operated by "De Lijn" (Belgium). Since 2012 she is also managing director of the tyre service centre Bandeman in Roeselare (BE).

Role of the Board of Directors

The Board of Directors determines the Company's strategic objectives and may perform all activities necessary or useful to achieve the Company's corporate objective, with the exception of those activities that are expressly reserved by law or by the Company's articles of association for decision by the General Meeting of Shareholders. In carrying out its tasks, the Board of Directors acts in accordance with the interests of the Group. In conformity with article 524bis of the Belgian Code on Companies and in accordance with article 16bis of the articles of association, the Board of Directors has by decision of 27 March 2013 devolved powers with regard to daily and operational management to the Executive Team. The Board of Directors recorded the devolved powers of the Executive Team in the Corporate Governance Charter. The Board of Directors is to monitor this Executive Team.

The meetings of the Board of Directors are convened by the Chairman of the Board or by at least 2 Directors whenever the interests of the Company so require.

The Board of Directors can solely deliberate and decide in case at least half of its members in office are present or represented. The decisions are taken by majority of votes, save exceptions stated in the articles of association.

Activity Report of the Board of Directors

During the past financial year the Board of Directors has dealt mainly with following topics: long-term strategy, refinancing, issuance of a retail obligation, monitoring innovation projects and the technology strategy, approval of investment files, monitoring of the business plans of the various regions, financial reporting, continuous monitoring of the debt and liquidity situation of the Group, the monitoring and decisions related to the management structure, preparation of the statutory and consolidated financial statements and annual report, monitoring of KPIs, preparation of the General Meeting, integration of the Turkish PVC window profile manufacturer Pimaş. Furthermore, the Board also took note of the reports and proposed resolutions of the Audit Committee and the Remuneration and Nomination Committee and where necessary took decisions based on the recommendations of these committees.

Committees of the Board

In order to efficiently cope with its tasks and responsibilities, the Board of Directors has founded specialised committees to analyse specific matters and to give advice to the Board of Directors. The Board of Directors can rely on an Audit Committee and a Remuneration and Nomination Committee.

The role of these Committees is purely advisory. The responsibility for ultimate decision making lies with the Board of Directors.

The Board of Directors will see to it that the members of each Committee dispose of the specific knowledge and skills to enable proper functioning of the Committees.

The Board of Directors determines the duties of each Committee concerning organization, procedures, management and activities. The role, duties and composition of these Committees are set out in the Company's articles of association and in the Corporate Governance Charter.

Audit Committee

In conformity with article 17 of the articles of association and article 526bis of the Belgian Code on Companies, the Company has founded an Audit Committee, whose member are appointed or dismissed by the Board of Directors. In principle, the Audit Committee consists of minimum three Directors. All members of the Audit Committee are Non-Executive Directors. The Chairman of the Board of Directors does not preside the Audit Committee.

The current Audit Committee consists of four members in total, who are all Non-Executive Directors. Two members of the Audit Committee are independent as defined in article 526ter of the Belgian Code on Companies.

The Audit Committee assists the Board of Directors in the execution of its supervisory assignment and is the most important link between the Board of Directors and the internal and statutory auditor.

The Audit Committee is composed as follows:

- Marcel Klepfisch SARL, with permanent representative, Marcel Klepfisch, Chairman;
- François Gillet;
- Holve NV, with permanent representative Francis Van Eeckhout (since 01/10/2014); and
- Pentacon BVBA, with permanent representative, Paul Thiers.

In 2015, the Audit Committee has assisted the Board of Directors in the execution of its responsibilities in the broadest sense and has among others executed the following tasks:

- advice at the nomination of the internal auditor;
- monitoring of audit activities, along with the systematic verification of signed missions by the auditor;
- assessing the reliability of financial information;
- supervising the internal audit system; and
- controlling of the accounts and monitoring the budget.

The Committee has assessed the internal control systems and the risk management, established by the Executive Team as proposed by the Risk Manager. The Committee ensures that the most important risks (including the risks relating to compliance with existing legislation and regulations) are correctly identified and that risk control systems are being implemented in the Group. The Committee further ensures that the Company's Board of Directors is kept informed on these matters.

Furthermore, the Audit Committee makes recommendations to the Board of Directors relating to the selection, appointment and reappointment of the statutory auditor and the terms of his or her appointment.

The Audit Committee meets as often as necessary to assure proper functioning, but assembles at least four times a year. In principle, Audit Committee meetings are convened by the chairman of the Audit Committee. Each member can convene the Audit Committee. At least two members have to be physically (or by telephone conference) present during the meeting. Decisions are taken by majority vote. The Chairman of the Board of Directors is invited to attend each Audit Committee meeting. Furthermore, the CEO, the CFO, the internal or statutory auditor are invited.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of at least three Directors. In principle, all members of the Remuneration and Nomination Committee are Non-Executive Directors. However, the CEO can attend the Remuneration and Nomination Committee meetings when the remuneration of the other Executive Team members is discussed. The Chairman of the Board of Directors or another Non-Executive Director presides the Remuneration and Nomination Committee. The current Remuneration and Nomination Committee is composed as follows:

- Pierre Alain Baron De Smedt, chairman;
- François Gillet;
- Marcel Klepfisch SARL, with permanent representative Marcel Klepfisch;
- Pentacon BVBA, with permanent representative Paul Thiers; and
- Bene Invest BVBA, with permanent representative Benedikte Boone

All members of the current Remuneration and Nomination Committee are Non-Executive Directors and the majority is independent. This Committee presents proposals to the Board of Directors with regard to:

- the remuneration policy and the remuneration of the Directors and the Executive Team; and
- the policy with regard to the appointment of Directors and members of the Executive Team.

Taking into account their education and professional experience, the members have the necessary expertise in the field of remuneration policy.

The Remuneration and Nomination Committee meets as often as necessary to assure proper functioning, but assembles at least twice a year. The meetings are normally convened by the Chairman of the Remuneration and Nomination Committee, but they can also be convened by another member. At least two members have to be physically (or by telephone conference) present during the meeting. Decisions are taken by majority vote. The CEO attends every meeting of the Remuneration and Nomination Committee during which the remuneration and appointment of the members of the Executive Team is discussed.

The Executive Team

The Executive Team is a Management Committee in the sense of article 524bis of the Belgian Code on Companies.
The Board of Directors has founded the Management Committee according to article 16bis of the articles of association. This modification of the articles of association was approved by the Extraordinary General Meeting of 15 March 2013. By decision of 27 March 2013, the Board of Directors has devolved powers with regard to daily and operational management to the Management Committee in conformity with article 524bis of the Belgian Code on Companies. As of 2013, the Belgian members of the Executive Team are remunerated as self-employed managers. The powers of the Executive Team are listed in the Charter. The Management Committee maintains the name Executive Team.

The Executive Team supports the CEO in the day-to-day operational management of the Group and the execution of its responsibilities in accordance with the values, strategies, policies, plans and budgets that are established by the Board of Directors.

The Executive Team meets as often as is needed for its proper functioning, but in any case at least every second week. The meetings are usually convened by the CEO, but also each member of the Executive Team may convene a meeting. The Chairman of the Board may attend each meeting of the Executive Team.

A report is sent to the Chairman of the Board of Directors after each meeting.

The Executive Team currently consists of the following persons:

- Tom Debusschere Comm. V, with representative Tom Debusschere, CEO, chairman of the Executive Team (until 29 February 2016)
- Francis Van Eeckhout, representative of Beneconsult BVBA, CEO a.i. , Chairman of the Executive Team (as from 1 March 2016)
- Philippe Maeckelberghe, CFO, Finance & IT (until 31 December 2015)
- Fienes BVBA, with permanent representative Wim Van Acker CFO, Finance & IT (as of 1 January 2016)
- Ann Bataillie, Director HR & Legal, secretary of the Board of Directors and the Executive Team
- Wim Clappaert, COO, Operations & Technology
- Ergün Cicekci, Director Turkey & Emerging Markets
- Bruno Deboutte, Director Central & Eastern Europe (until 31 January 2015)
- Artur Pazdzior, Director Central & Eastern Europe (as of 1 February 2015)
- Yves Dubois, Director Southwest Europe & General Manager France
- Filip Geeraert, Director United States of America
- Bernard Vanderper, Director Northwest Europe, General Manager Benelux

Tom Debusschere Comm. V with permanent representative Tom Debusschere (1967), CEO, chairman Executive Team (until 29 February 2016)

Tom Debusschere is Civil Engineer with a postgraduate degree 'Industrial Engineering'. He began his career in 1992 as Logistics Manager at Deceuninck. Starting in 1995, he worked for 9 years at the American division, Dayton Technologies, where he became Vice President Operations. In 2004, he moved to the Belgian Unilin Group as president of the division Unilin Decor, a supplier of furniture components, part of the American Mohawk group. He came back to Deceuninck as VP Marketing and Sales on 1 December 2008. He was appointed CEO of Deceuninck by the Board of Directors on 6 February 2009.
Until 29 February 2016 he was chairman of EPPA ivzw (The European PVC Profiles and related Building Products Association) and he was a member of the Belgian commission for Corporate Governance, and held Board positions at EuPC (European Plastics Converters) and Essenscia (Belgian association of chemistry, plastics and life sciences).

Philippe Maeckelberghe (1960), CFO, Finance & IT (until 31 December 2015)

Philippe Maeckelberghe was CFO of Deceuninck since June 2008 and responsible for IT since 2013. Previously he held various financial positions at Cisco, Scientific Atlanta, BarcoNet and Barco. Philippe Maeckelberghe obtained a Master in Applied Economic Sciences at the University of Antwerp (1982), a Master of Business Administration at the Catholic University of Leuven (1983) and a Master in Controllership – Chartered Controller BIMAC at the Vlerick Leuven-Gent Management School (1999)

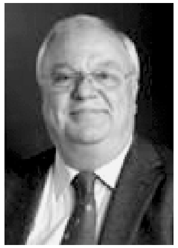
Fienes BVBA, with permanent representative Wim Van Acker (1973)
CFO, Finance & IT (as from 1 January 2016)

Wim Van Acker graduated as a commercial engineer from the Catholic University of Leuven (1996) and obtained a Master of Business Administration at the Cornell University in New York (1997). He started his career in 1997 at AT Kearny, a management consultancy and joined SWIFT in 2000, where he held various financial functions. In 2008 he moved to Vitalo Group as manager of Finance, Legal and IT until 2013. He then joined Balta as Group Controller.

Ann Bataillie (1959) – Director HR & Legal, secretary of the Board of Directors

Ann Bataillie joined Deceuninck in February 2002. Before she joined Deceuninck, she worked as senior legal counsel at Barco for 15 years. Ann Bataillie obtained a Master of Law at the Catholic University of Leuven (1981) and completed her education with a Master in European Law at the University of Nancy II, France (1982). She completed her studies in European Law by following an internship at the European Commission (DG Internal Market). Moreover, she acts as HR Director on Group level since April 2013.

Ergün Cicekci (1954) – Director Turkey & Emerging Markets



Ergün Cicekci joined Deceuninck as General Manager Turkey in 2000 with the acquisition of Ege Profil by Deceuninck. He started his career in the plastics industry in 1981 with ETAP, where he was responsible for operations. In 1987 he moved to the Mazhar Zorlu Group where he took up the function of Export Manager. He continued his career by adding responsibilities for all the capital expenditures of the group and becoming General Manager of Ege Profil. Ergün Cicekci has a degree in Mechanical Engineering from Istanbul Technical University (1975) and obtained a Master of Science in Systems Design from Aston University (Birmingham, 1979).

Wim Clappaert (1967), COO, Operations & Technology

He started his career at Deceuninck in 1992. In 1996 he became Production Manager at the extrusion site Acro Extrusion in Wilmington, DE (US). In 1997 he was appointed Director Operations at Deceuninck North America in Monroe, OH. In 2000 he returned to Belgium and became General Manager of the extrusion site in Hooglede-Gits. He left Deceuninck in 2007 and was Director Operations of the insulation unit at Unilin. On 1 December 2014 Wim Clappaert started at Deceuninck as Director Operations & Technology. Wim Clappaert obtained a Master of Mechanical Engineering (1990) and a postgraduate degree in Business Management (1992) at the Catholic University of Leuven.

Yves Dubois (1961) - Director Southwest Europe & General Manager France

Yves Dubois joined Deceuninck as Director Southwest Europe & General Manager France and Spain in September 2011. He started his career with Atochem in 1987, where he held several positions of Business Manager in basic chemicals & polymers and Managing Director of subsidiaries in Asia (Hong Kong and South Korea). Until August 2011, he was Director of the Alphacan (Arkema Group) Profile Business Unit. Yves Dubois obtained a Master of Economics and International Affairs (1986) at Paris Dauphine University.

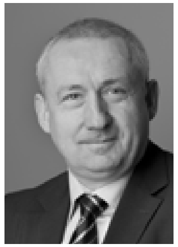
Artur Pazdzior (1970) – Director Central & Eastern Europe

Artur holds a Master Degree (Civil Engineer) from the Technical University in Poznań , a post-graduate degree in Plastics and Rubber Processing (1989 – 1994) and an MBA from Nottingham Trent University/Wielkopolska Business School in Poznań (1996 – 1999). He started his career in 1994 with Wavin, where he led an extrusion and injection moulding factory for PVC, PP and PE pipe and fittings, which employed 250 people. In 2008, he became Sales & Marketing Director in Wavin Metalplast. Since 2009, he was CEO of the biggest division of Unipetrol, a listed petrochemical group in Prague; responsible for 1600 people and € 3 billion sales.
He joined Deceuninck as managing Director of Inoutic/Deceuninck Polska in 2014. In February 2015 he was named member of the Executive Team.

Filip Geeraert (1959) – Director United States of America

Filip Geeraert joined Deceuninck in December 1997 as Corporate Controller. He moved to the American division, Dayton Technologies, in 2000 as Vice President Finance. As of April 2011 he holds the position of Director of Deceuninck North America. Before Deceuninck, he worked in several finance positions in Belgium, Italy and the US for Bekaert. Filip Geeraert obtained a Master Applied Economic Sciences at the University of Antwerp (1981) and a Master in Information Technology at the University of Leuven (1982).

Bernard Vanderper (1962) - Director Northwest Europe, General Manager Benelux



Bernard Vanderper joined Deceuninck in 1989. Until 1997, he was sales manager of Benelux. As from 1998 he has been General Manager Benelux. In October 2009 he also became Director Northwest Europe. Bernard Vanderper holds a Master Applied Economic Sciences at the University of Antwerp (1984).

Remuneration Report

Remuneration policy and specification of the level of remuneration for Non-Executive Directors

The General Meeting of the Company fixes the remuneration of Directors following the proposal of the Board of Directors which is based on the recommendations of the Remuneration and Nomination Committee. Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate and a fixed amount for each Board meeting attended, limited to a maximum amount. Performance-based remuneration such as bonuses, stock-related incentive programs and fringe benefits are excluded. The amount of remuneration is different for the Chairman, the Vice-Chairman and the other Non-Executive Directors.

If the Non-Executive Directors are also members of a Committee, their remuneration will be increased by a fixed amount per meeting of the particular Committee.

These amounts remained unchanged in 2015.

The Group shall not issue any personal loans, guarantees, etc. to the members of the Board of Directors or the Executive Team.

If Directors are assigned special tasks and projects, they may receive an appropriate remuneration for this. No termination compensation is provided for Non-Executive Directors.

In line with the overall remuneration strategy of the Company, the Remuneration and Nomination Committee regularly establishes a benchmark for the remuneration of Non-Executive Directors with comparable Belgian listed companies. This is done in order to ensure that the remuneration is still appropriate, and in conformity with market practices, taking into account the size of the Company, its financial situation, its position within the Belgian economic environment, and the responsibilities that the Directors bear.

Remuneration of the Board of Directors in 2015

The total remuneration (gross) paid to the non-executive members of the Board of Directors in the financial year 2015 amounted to € 326,500 (€ 311,000 in 2014). The amount includes an additional remuneration for the attendance at Committee meetings, of which a Director is a member. This remuneration is awarded by the Annual General Meeting of Shareholders and is registered as a general cost. In 2015, the Company or any affiliated Company of the Group did not grant any loans to any of the Directors, nor are there any outstanding repayments owed by the Directors to the Company or any affiliated Company of the Group.

The gross remuneration for 2015, as recommended by the Remuneration and Nomination Committee, is composed of:

In €	Min/year (fix)	Allowance per Board of Directors	Allowance per Committee	Max/year
Chairman	40,000	3,000	1,000	80,000
Vice-Chairman	30,000	1,500	1,000	60,000
Director	20,000	1,500	1,000	40,000

Remuneration Non-Executive Directors

The non-executive members of the Company received the allowances below for the calendar year 2015:

Name	Attendances of the Board of Directors	Attendances of the Remuneration and Nomination Committee	Attendances of the Audit Committee	Total gross remunerations (in €)
Pierre Alain Baron De Smedt	8/8	3/3	/	67,000
François Gillet	8/8	3/3	7/7	49,000
R.A.M. Comm. VA with permanent representative Arnold Deceuninck	7/8	3/3	/	43,500
Holve NV with permanent representative Francis Van Eeckhout	8/8	/	7/7	49,000
Bene Invest BVBA with permanent representative Benedikte Boone	8/8	3/3	/	35,000
Marcel Klepfisch SARL with permanent representative Marcel Klepfisch	8/8	3/3	7/7	40,000
Pentacon BVBA with permanent representative Paul Thiers	8/8	3/3	7/7	40,000
Mardec Invest BVBA with permanent representative Evelyn Deceuninck	1/8			1,500

Remuneration policy and specification of the remuneration level for the CEO and the members of the Executive Team

The remuneration of the members of the Executive Team, including the CEO, shall be determined by the Board of Directors based on the recommendations of the Remuneration and Nomination Committee. The aim of the general remuneration policy of the Group is to attract, retain and motivate competent and professional employees. For this reason, the amount of the remuneration shall be determined in proportion to the individual tasks and responsibilities. The Remuneration and Nomination Committee annually reviews and fixes the total compensation based on the strategic positioning of each of the functions versus the benchmark in the market and the expected market trends.
Every two year a thorough benchmark shall be conducted with comparable international companies of similar size and structure. The contribution made by members of the Executive Team to the development of the activities and the results of the Group constitutes an important part of the remuneration policy. The total remuneration of the Executive Team members comprises the following elements: the fixed remuneration, the short term variable remuneration, options and/or warrants.

The fixed remuneration of the members of the Executive Team shall be determined according to their individual responsibilities and skills. It shall be awarded independently of any result.
Additional to the fixed remuneration, the Company assigns a sum amounting to 8% of this fixed remuneration to each member of the Executive Team. This amount may be used, at the discretion of the Executive Team member for pension and insurance contributions like:

- the payment of a life endowment in favour of the insured person on the date of his retirement;

- the payment of a death benefit in case of death of the member prior to retirement, for the benefit of its beneficiaries (plus an additional benefit in case of accidental death);
- the payment of a disability annuity in case of accident or sickness (other than occupational), and;
- the exemption from insurance premiums in case of illness or accident;
- health insurance.

Short-term variable remuneration: In order to align the interests of the Company and its shareholders with the interests of Executive Team members, part of the remuneration package shall be linked to Company performance and another part to individual performance. By weighing both factors against each other in a responsible manner (85% corporate results/15% individual results) a balance can be achieved between a result-oriented approach (Top Performance) and the manner in which these results are obtained (taking into account the core values, i.e. Candor, Top Performance and Entrepreneurship). If the manner in which results were obtained is not totally in line with the core values, the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus. Since 2013, the variable remuneration philosophy applied for the CEO is the same as the one that was already being applied for other members of the Executive Team.

- For the members of the Executive Team, the performance of the Company (85%) is based on the ROCE and the EBITDA of the past financial year. The Board of Directors reviews these criteria annually on the proposal of the Remuneration and Nomination Committee, and may revise them if necessary. For 2015, the evaluation criteria for the performance of the CEO and the other members of the Executive Team were: ROCE (15%) and EBITDA (70%). For members of the Executive Team who bear an ultimate responsibility at a regional level, the ROCE of the Group (15%) and the EBITDA of the region (70%) are taken into account to consider the Company performance.
- The individual performance (15%) is based on a clearly defined evaluation system that is built around the achievement of specific measurable individual targets, the realization of important key figures and compliance with core values which are important to the Company. All the targets must always be in line with the Group strategy, the business plan, the core values and the guidelines. The individual targets are set annually during individual interviews at the start of the financial year. The Remuneration and Nomination Committee evaluated the achievement of the 2015 objectives for the members of the Executive Team and proposed to the Board of Directors to pay a short-term variable remuneration based on the 2015 performance criteria.

The short-term variable remuneration is in principle 30% of the fixed annual remuneration for the members of the Executive Team and 75% of the annual fixed remuneration of the CEO. This percentage may be exceeded as far as the Company results are concerned, but should never exceed 37.65% (for the members of the Executive Team) or 97.5% (for the CEO). The variable remuneration related to the Company objectives is only granted if 90% or more of the pre-established financial targets have been achieved.

The variable remuneration is not spread over time. The Extraordinary General Meeting of the Company of 16 December 2011 decided that the Company is not bound by the limitations of the rules of article 520ter paragraph 2 of the Belgian Code on Companies concerning the spreading over time of the variable remuneration of the Directors, the CEO and members of the Executive Team.

The Company also offers options and/or warrants on shares of the Company. The purpose of this kind of remuneration is to motivate and retain employees who (can) have a significant impact on the Company results in the medium-term. When granting options and/or warrants, due account is taken of the strategic impact of the function that the employee performs and his/her future (growth) potential. The underlying philosophy of this form of remuneration is to raise Deceuninck's value to the maximum extent in the long term, by linking the interests of the management to those of shareholders, and to strengthen the long-term vision of the management.

In this context, the exercise period of an option and warrant is 10 years. The stock options and warrants can only be exercised the 3rd year following the year in which the options and warrants were offered. If they are not exercised at the end of the exercise period, they lose all value.

One third of the warrants/options are each time released for exercise in the fourth, in the fifth and in the sixth calendar year after the year in which the offer has been made up to the end of the term.

In the event of voluntary or involuntary dismissal (except in case of termination of contract for cause), the accepted and acquired stock options/warrants can only be exercised during the first exercise period following the date of the termination of contract. The options/warrants that are not acquired shall be cancelled. In the event of involuntary dismissal for cause, the unexercised, accepted stock options and warrants are cancelled, whether or not they were acquired. These terms and conditions relating to the acquisition and exercise of options and warrants in the event of voluntary or involuntary dismissal can be applied without prejudice to the competence of the Board of Directors to make changes to these stipulations to the advantage of the beneficiary, based on objective and relevant criteria. If the employment agreement ends due to legal retirement or end of career, the warrants/options shall remain exercisable. The shares that may be acquired in connection with the exercise of the options/warrants are listed on Euronext Brussels; they are of the same type and have the same rights as the existing ordinary Deceuninck shares. The members of the Executive Team have no other remuneration linked to shares.

Remuneration of the CEO and the members of the Executive Team

In the report on the remuneration of the CEO and the members of the Executive Team, the basis for the variable remuneration is the remuneration earned during the financial year. The payment takes place end of February or beginning of March of the following year. In 2015, the total remuneration of the members of the Executive Team (including the CEO) amounted to € 3,477,133 including a variable remuneration earned for 2015. The variable remuneration for the 2015 performance (paid in 2016) amounted for this Team to € 1,073,268. In 2014 the total remuneration amounted to € 2,214,519 incl. a variable remuneration earned for 2014 for the Team members responsible for Deceuninck North America and Turkey & Emerging Markets.

CEO

The CEO received a fixed remuneration in the amount of € 490,000 in 2015. (2014: € 490,000) The variable remuneration, acquired in 2015 and paid in 2016 amounted to € 426,268. The pension allocation (fixed amount) amounts to € 39,200.
Since December 2014, the CEO's car is leased by the CEO himself. The leasing costs are reimbursed to the CEO.

Members of the Executive Team

Members of the Executive Team (including 1 member that left the Company early February 2015 and excluding the CEO) received last year a remuneration of € 2,560,865 including a variable remuneration of € 646,955 based on the performance criteria for 2015. This variable remuneration was paid in March 2016. The total remuneration in 2014 amounted to €1,924,519 including a variable remuneration of € 143,026 (for the members responsible for Deceuninck North America and Turkey & Emerging Markets)
The retirement allowance amounted to € 75,693 and consists of approved contributions to an external insurance company. The amounts for 2015 are gross remunerations to which withholding taxes were levied by the Company in accordance with the self-employed status and for which the members themselves assume responsibility for the payment of the social contributions applicable to their self-employed status.

In the course of February and at the end of 2015 each time one member left the Executive Team.

Options and/or warrants on shares of the Company are granted to the members of the Executive Team. The Extraordinary General Meeting of October 2006 approved an option plan on existing stock under which the Board of Directors is granted the authority to allocate 75,000 options on existing shares each year. The Extraordinary General Assembly held on 16 December 2015 has approved a warrant plan for 2015 for the issue of 3,000,000 warrants (warrant plan 2015), of which 965,000 warrants were offered in December 2015. The members of the Executive Team were offered 570,000 warrants of this Warrant Plan 2015, which were granted as follows: each member of the Executive Team was offered 27,500 warrants; the CEO was offered 350,000 warrants.

The warrants offered in 2015 have an exercise price of € 2.395 (for the members of the Executive Team and the CEO). 585,841 warrants have been exercised in 2015.

Deceuninck provides a company car to the members of the Executive Team except for those members that are represented by a management company. Deceuninck tries to achieve a maximum balance between the representative attributes of the car and the personal needs of the members of the Executive Team. Under the Environments charter, the environmental impact, including consumption and CO_2 emissions, plays a substantial role during the selection of these types of cars.

Right of recovery
The stipulations of the agreements between the Company and the CEO and the members of the Executive Team do not contain recovery clauses.

Severance Pay
For the members of the Executive Team and the CEO, special severance pay conditions of 12 months base salary have been agreed in the management agreements. Two members left Executive Team during the financial year 2015. The severance payment of none of the members exceeded the 12 month base salary. No special agreements that could deviate from the applicable current employment laws and practice were made with the regional managers in France, North America and Turkey.

Statutory auditor

The statutory auditor, Ernst & Young Bedrijfsrevisoren BCVBA, represented by Marnix Van Dooren was appointed for a period of 3 years at the Annual General Shareholders' Meeting of 13 May 2014, which means until the closing of the Annual General Meeting of 2017. The overall fee paid to Ernst & Young for the consolidated accounts of Deceuninck amount to € 588,300 (2014: € 586,320)

Transactions Between Related Parties

General

Each Director and each member of the Executive Team is encouraged to arrange their personal and business interests so that there is no direct or indirect conflict of interest with the Company. Deceuninck has no knowledge of any potential conflict of interest affecting the members of the Board of Directors and the Executive Team between any of their duties to the Company and their private and/or other duties. The Charter provides that every transaction between the Company (or any of its subsidiaries) with any Director or executive manager must be approved in advance by the Board of Directors, whether or not such a transaction is subject to applicable legal rules. Such a transaction can only take place based on terms in accordance with market practices.

Directors' conflicts of interest

In accordance with article 523 of the Belgian Code on Companies, the Board should respect a special procedure in case one or more Directors potentially have a conflict of interest with one or more decisions or transactions that are within the authority of the Board of Directors. The conflict of interest settlement of article 523 of the Belgian Code on Companies was not applied in 2015.

Transactions with affiliated companies

The conflict of interest settlement of article 524 of the Belgian Code on Companies was not applied in 2015.

Authorization purchase treasury shares

Following is stated in article 39 of the Company's articles of association:

At the Extraordinary General Meeting of 18 December 2012, it was decided to grant the Board of Directors the authority to acquire treasury shares, by purchase or exchange, directly or by intervention of a person who acts in his own name but at the expense of the Company at a minimum price of € 0.40 and at a maximum price of € 6.00, provided that by doing so, not for a moment the Company possesses treasury shares whose nominal value is higher than 20% of the Company's subscribed capital. No preceding decision by the General Meeting is necessary in case the acquisition of stocks occurs in order to offer them to the Company's staff.

Furthermore, the Board of Directors is authorized to sell these shares without being bound to above-mentioned price and time limitations.

This authorization is valid for a period of five (5) years starting on 18 December 2012 and can be renewed in accordance with article 620 of the Belgian Code on Companies.

During the financial year 2015, no treasury shares were purchased.

At the Extraordinary General Meeting of 18 December 2012, it was decided to grant the Board of Directors the authority to acquire or sell treasury shares, profit-sharing bonds or certificates which relate to these bonds, according to articles 620 and the following of the Code on Companies, when the acquisition or alienation is necessary to avoid threatening serious damages to the Company.

This authorization is valid for a period of three years as from its publication in the Annexed to the Belgian Official Gazette and can be renewed in accordance with article 620 of the Code on Companies.

Authorised capital

In accordance with article 38 of the Company's articles of association, the Board of Directors is authorized, for a period of 5 years as from the date of publication of the deed concerning the modification of the articles of association dated 18 December 2012 (i.e. 4 February 2013), to increase the Company's issued capital on one or several occasions to a maximum amount of € 42,495,000.00.

This capital increase can take place in conformity with the conditions determined by the Board of Directors by a cash contribution, a contribution in kind, an incorporation of the reserves or share premiums, with or without the issuance of new shares, as well as by issuing debt securities that can be converted to shares on one or several occasions, debt securities with warrants or warrants that whether or not are linked to other stocks. However, the capital increase as decided by the Board of Directors cannot be reimbursed by shares without indication of nominal value issued below accountable par value of the old hares.

The Extraordinary General Meeting of 18 December 2012 authorized the Board of Directors, for a period of 3 years, under the conditions and within the limitations of article 607 of the Belgian Code on Companies, to use the authorised capital in case of notification by the Financial Services and Markets Authority (FSMA) of a public takeover bid on the Company's shares. The Board of Directors determines the data and conditions of the instructed capital increases in application of the foregoing, including the possible payment of issue premiums.

If the foregoing occurs (including for the issuance of convertible debt securities or warrants), the Board of Directors determines, in accordance with articles 592 and following of the Belgian Code on Companies, the term and other conditions concerning the exercise of the shareholder's preferential rights as assigned by the law.
Furthermore, it can, in accordance with articles 592 and following, in the Company's interest and under the conditions determined by law, limit or cancel the shareholder's preferential rights in favour of one person or several people that are selected, no matter whether or not these people are part of the Company's or its subsidiaries' staff.

If an issue premium is paid as a consequence of a capital increase, than it is transferred by right to an unavailable account named "issue premiums" which can only be used under the conditions required for the capital decrease. It can, however, always be added to the capital; this decision can be taken by the Board of Directors as stated above. Furthermore, said extraordinary shareholder meeting of the Company authorized the Board of Directors, considering the coordination of the articles of association, as soon as the authorized capital or a part of it is converted into instructed capital, to amend the relevant article of the articles of association.

The Board of Directors partially made use of this authorization on 17 December 2013 by issuing warrants within the framework of the 2013 warrant plan. In order to issue this plan, the Board of Directors used € 1,183,155.30 of the authorized capital. For the capital increase at the end of August 2014, another € 10,378,556.92 of the authorized capital was used.

Issuance Bond

In November 2015 Deceuninck NV has issued a retail bond. On 17 November the market was informed about the possibility to subscribe to a retail bond with seven year duration and a gross coupon of 3.75% for a minimum amount of € 40,000,000 and a maximum amount of € 100,000,000. On 20 November 2015 Deceuninck NV announced that the issuance of its retail bond was a success. The subscription period has been closed November 20th. On the first day of the subscription, the maximum amount of € 100,000,000 has been reached. In consultation with the Global Coordinator (KBC) and the Joint Lead Managers (KBC and ING) it has been decided to close the subscription period the same day.
The obligation was issued with a coupon of 3.75%, which means a net return of 2.517% for the Belgian investor. The net result includes an allowance for the deduction of the Belgian withholding tax at a rate of 25%. If the government confirms its intention to increase the withholding tax rate to 27%, then the bond will show a net return of 2.444%.
The net result of this issuance will be used for working capital requirements, capital expenditure, general business objectives of the of Deceuninck NV including, but not restricted to, further organic growth and growth by means of takeovers and the repayment of and further reduction of the credit agreement as described in the issue prospectus. The bonds are listed and traded on Euronext Brussels. ISIN: BE0002238070

Modification of the articles of association

The modification of the articles of association has been executed in accordance with the stipulations of the Belgian Code on Companies. The Extraordinary General Meeting of 16 December 2015 approved the modification of the articles of association. This modification and the coordination of the articles of association can be viewed on www.deceuninck.com.

Shareholder structure

Every shareholder holding a minimum of 3% of the voting rights needs to comply with the law of 2 May 2007 in respect of the notification of significant investments, the Royal Decree of 14 February 2008 and the Belgian Code on Companies.

The involved parties need to submit a notification to the Financials Services and Markets Authority (FSMA) and to the Company.

Shareholder structure

In application of the Law of 2 May 2007, the latest report of participations that has been received shows the following breakdown of shareholders on 29 February 2016:

Gramo BVBA1[1]	30,674,854	22.72%
Sofina NV	23,461,513	17.37%
Fidec NV[2]	6,881,869	5.10%
Lazard Frères Gestion S.A.S.	6,695,000	4.96%
Allacha[3]	5,379,317	3.98%
Evalli[4]	4,258,171	3.15%
Others (institutional investors, staff, stock exchange,…)	57,688,397	42.72%
Total	**135,039,121**	**100.00%**

[1] *Holding controlled by Francis Van Eeckhout*

[2] *Holding controlled by Frank Deceuninck. Number based on transparency declaration which Deceuninck received on 8 December 2014.*

[3] *Civil company represented by its statutory manager Willy Deceuninck and partners Alain, Laurenz and Charlotte Deceuninck*

[4] *Civil company represented by its statutory manager Arnold Deceuninck and partners Evelyn, Alexander and Lieselot Deceuninck.*

Internal control and risk management systems

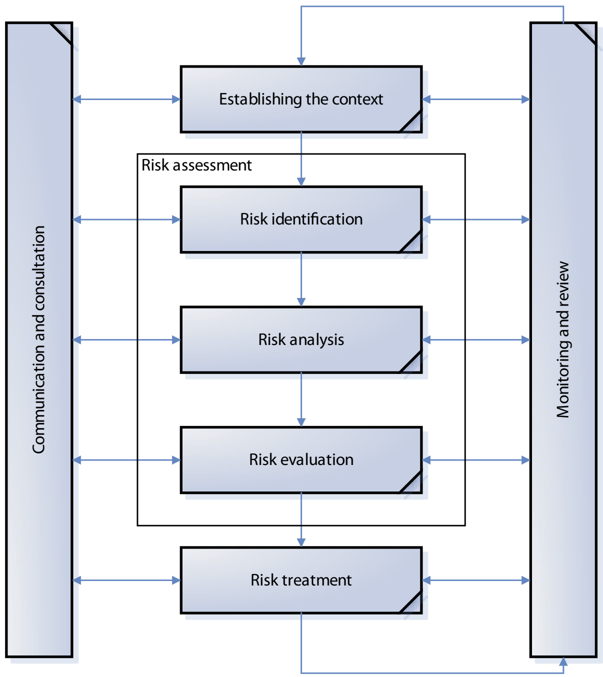
The most important features and elements of the internal control and risk management systems, including the financial reporting, implemented by management, can be summarised as follows:

- distributing and updating an accounting manual and developing further specific elements as required;
- defining targets for permanent follow-up on the activities, the operational results, the use of working capital and the financial position of the Group and the individual companies;
- constant evaluation of the past and forecasting the most important future targets;
- following up on exchange rate risks with actions to manage the risks;
- defining the company's policies and procedures for compliance with applicable laws and regulations;
- clear procedures on authorisation, reviewed for compliance by the internal audit department;
- managing information technology systems;
- discussion of internal audit reports with the internal auditor and, if required, further consultation for additional information and clarification as well as taking measures in order to implement and be compliant with the recommendations;
- constant monitoring of raw material prices and any changes in prices;
- requesting statements and confirmation from the local general managers to ensure that they comply with the applicable laws and regulations and internal procedures of the company;
- monitoring and regular discussion with the legal department of litigation that could be of material significance.

Deceuninck's 3 core values are Candor, Top Performance and Entrepreneurship. Taking calculated risks is an integral part of operational management. The purpose of risk management is to identify and manage the risks.

Risk framework

The ISO 31000 standard has been selected as a framework for the risk management system. Deceuninck is very familiar with ISO standards (ISO 9001, ISO 14000, etc.). This new standard, issued in November 2009, primarily describes the implementation process. The following steps can be distinguished within this process:



Establishing the context

In order to detect the risks, it is important to have a clear understanding of the context in which Deceuninck operates. On the one hand, there is the external context in which the social, cultural, political, legal, legislative, financial, technological, economical, natural and competitive environment plays an important role. It is also necessary to look at the main drivers and trends that could affect the objectives to be achieved. Finally, the relationship with external stakeholders (Customers, suppliers, authorities, shareholders, etc.) also has an important role. On the other hand, there is the internal context in which the objectives of Deceuninck as a Group, as well as the objectives of each individual entity, need to be defined. This requires a good understanding of the resources, knowledge, company culture, organisation, internal standards, strategy, the values, objectives and of relationships with internal stakeholders.

Risk identification

Risk identification is the first step within the risk assessment process. The risks that might have an impact on the achievement of targets are identified in separate brainstorming sessions. These risks can be summarised in a risk register.

Risk analysis

Risk analysis is the process that seeks to identify the possibility that the risk will occur and what the possible impact will be on achieving the objectives. For this, we take into account the impact on the core objectives i.e. people, planet, quality, service and cost.

Risk evaluation

Risks are evaluated and ranked on the basis of the scores given for the probability that they will occur and the impact they will have. From this analysis, risks are assessed as to whether they can be tolerated or to which acceptable level these risks could be reduced. These risks can be evaluated by means of a risk matrix.

Risk treatment

The risk evaluation is used to select the risks that require further action. There are 4 possibilities for this:

- completely avoid the risk by changing or stopping the activity;
- transfer the risk by insurance or third party contract;
- accept the risk without further action;
- take action by reducing the probability (prevention) or by lowering the impact (protection).

The risk process is continuous and the different phases continuously have to be reviewed and monitored. Every manager of each department has the responsibility to maintain this process. The Risk & Credit Manager Group will fulfil a supporting, facilitating and consolidating role in this process. The Risk & Credit Manager Group reports to both the CFO and the Audit Committee. The internal audit department focuses on risk management (RBIA: risk based internal audit).

After the risk identification through workshops in different subsidiaries, during which all risks were compiled in a risk register, the processes of risk analysis and risk evaluation were continued. The risk tolerance was determined for each risk and possible necessary actions were defined in order to reduce or completely avoid the risks.

A central risk management information system assures that the local organizations can adjust the risk registers at any moment. Furthermore, all actions that could lead to improvements and the progress of these actions are represented. These actions are studied and adjusted in consultation with the Group Risk & Credit Manager two or three times a year.

The risk management process was introduced in all producing subsidiaries. Also the smaller sales offices are involved in this process but then in a more light version. In each important subsidiary a local risk manager is appointed who makes sure that the risk management process is continued locally. He has a supportive and facilitating role. Furthermore, this person is responsible for entering data in the central risk management information system. He reports directly to the Group Risk & Credit Manager.

Risk structure

The risks that Deceuninck faces can be classified in nine categories:

- strategic risks: macro-economic and financial circumstances, company image, political developments, image of PVC, legislative developments;
- financial risks: exchange rate risk, liquidity risk, credit risk, interest risk;
- operational risks: going concern risks, supply and prices of raw materials, incidents, safety, quality risks, volume, seasonality, energy;
- social risks: the retention of employees, the search for employees, safety of people, motivation, work-life balance;
- technological risks: introduction of new technologies, monitoring new technologies, available resources and knowledge;
- ICT risks: infrastructure, hardware, software, loss of data, cyber risk;
- business risks: evolution of the building activity, government grants, insulation requirements, market demand, trends, competition, quality requirements, standards, distribution channels, Customer expectations, branding, communication, media;
- environmental risks: pollution, waste legislation, environmental standards, communication regarding PVC, sustainability;
- legal and regulatory risks such as product liability, intellectual property, warranty, legislation, contract management.

The most relevant risks are highlighted below:

Financial risks

The exchange rate risks, interest risks, credit risks and liquidity risks are further discussed in this report under Note 23.

Commercial risks

As most companies, Deceuninck is exposed to the risks of an economic recession, the volatility on the credit and capital market and the economic and financial situation in general. These factors have a negative influence on product demand.
Deceuninck primarily manufactures window profiles destined for the residential construction sector and related products. Consequently, Deceuninck's future results will mainly depend on the evolution of these markets. Against this background the current financial and economic situation has a considerable impact on the economy in general and influences all markets in which Deceuninck operates.

Deceuninck cannot predict how the markets will evolve in the short term. Although the authorities of some geographical markets in which Deceuninck operates have taken policy measures to stimulate economic growth, Deceuninck cannot guarantee that these measures will suffice in order to achieve this effect. Furthermore, the measures that were taken can be withdrawn or adjusted. Deceuninck does not anticipate significant short-term market recovery. The markets in which Deceuninck operates are subject to strong competition. Deceuninck competes with other companies based on different factors, such as (i) knowledge of and access to new technologies and new production processes, (ii) the ability to launch new products that offer improved functionality or that are less expensive than the existing range, (iii) completeness of the solutions that are offered, (iv) reputation and vision, (v) geographical presence, (vi) distribution network and (vii) prices. Furthermore, competition can increase by consolidation or by new competitors offering similar products that enter the market. Strong competition can cause market overcapacity and price pressure.
In addition, contracting parties, Customers or other parties that operate in Deceuninck's market can change their operational model in a matter that influences Deceuninck's activities.
In other words, Deceuninck's success depends on its capacity to maintain competitiveness as the market structure changes. Although Deceuninck was able to do so by adjusting to the market structure changes, future changes could have a considerable impact on its activities, operating profit or financial position.

The activities, operating profit and financial position of Deceuninck fluctuate according to the general economic climate. The decision whether or not to buy capital goods, which would enable Deceuninck's Customers to integrate its products, concerns relatively high amounts of money.
Such a decision on investment can among other things be associated with the general economic climate. The decision by end users of Deceuninck products to invest in real estate can also be associated with the general

economic climate and credit access. The renovation market is less sensitive to economic fluctuations than new construction. The residential construction market (including new construction and renovation projects) is subject to pressure and will be further influenced in a negative manner if the housing crisis in Western and Eastern Europe continues. The launch or withdrawal of government measures (e.g. incentives in favour of energy efficiency) can influence the timing of purchase decisions by end users as well, consequently affecting the cyclical nature of the Company's results.

Operational risks

Future profitability of Deceuninck is partly determined by changes regarding the purchase prices of raw materials (especially PVC resins and additives), components, capital goods, salaries and other corporate services, as well as by sales prices Deceuninck can charge for its products and services. For most of these components there are no hedging possibilities. Some time elapses between the moment PVC prices change and the moment the Company's sales prices increase as a result. This time difference is not a specific characteristic of Deceuninck, but of the PVC converting market in general. Raw material prices are constantly monitored in order to react faster with sales price adjustments.
If the increase of raw material prices is substantial and long-lasting, and if market conditions allow it, experience shows that charging higher raw material prices to the market takes about 6 to 9 months' time.

Although Deceuninck succeeded in charging increasing raw material prices for the greater part to its Customers, considerable fluctuations of market prices for raw materials can substantially influence Deceuninck's activities, operating profit and financial position. Comparatively speaking, the production processes used by Deceuninck consume a lot of energy (mainly electricity). Fluctuations of energy prices consequently influence profitability. Particularly fluctuations of ethylene costs (derived from oil or natural gas/ shale gas) considerably affect the Company's profitability, because of the influence they have on PVC resin prices. PVC resins are manufactured by means of ethylene (43%) and chlorine (57%). Consequently, fluctuations of PVC resin prices are partially determined by prices of ethylene (oil or gas derivative). In addition to the connection between crude oil or natural gas (shale gas) prices and PVC resin prices, fuel prices indirectly influence profitability as well, as a consequence of their impact on transport costs. Furthermore, an increase of transport costs limits the geographical region that can be served by a production entity. Although Deceuninck will generally try to create the contractual possibility to charge fuel and electricity cost increases fully or partially to its Customers, it cannot guarantee success in this matter. Charging higher costs to Customers can also be subject to delay and limitations. Substantial fluctuations of market energy prices can significantly influence Deceuninck's corporate activities, its financial situation and/or operating profit.
In addition, a disruption of energy supplies or a general electricity shortage hinder Deceuninck's ability to trade and to satisfy the needs of its Customers, which could have a considerable negative influence on its operating profit. As the number of energy suppliers is relatively limited, Deceuninck is not able to negotiate on better terms when its energy supply agreements have to be renewed, in which case Deceuninck will possibly have to deal with a substantial energy cost increase.

Deceuninck's compound factories that deliver compound to several of the Group's extrusion factories are situated in a limited number of countries (Germany, Belgium, the United States, Russia and Turkey). Although no considerable problems arose in the past, an activity interruption at one of the compound factories could substantially interrupt the production process of the extrusion facilities, as it is difficult to ship dryblend from a different compounding unit under commercially attractive conditions. Such unavailability could substantially influence Deceuninck's activities, operating profit and financial position.

Deceuninck wants to continue to grow, through organic growth on the one hand, and through the acquisition of companies on the other hand There is a possible risk of non-corresponding corporate cultures in the acquired companies, of synergies that are not fully realized as expected, of reorganizations that turn out to be more expensive than initially expected or of acquired companies that are more difficult to integrate than expected. The preceding factors can substantially influence the Group's activities, operating profit and financial position.

Legal and compliance risks

Deceuninck relies on a combination of trademarks, trade names, trade secrets, patents and knowhow to define and protect its intellectual property rights of its products and operational processes. So it is utmost important for Deceuninck to continue to use its intellectual properties and to sufficiently protect all valuable intellectual properties by acting against violations of its intellectual property rights, by maintaining trade secrets and by using the available legal means such as trademarks, patents and design registrations. Although there are no important disputes, the Company cannot exclude judicial procedures in order protect its rights.
In case the above-mentioned methods cannot sufficiently protect Deceuninck's intellectual property rights in its most important markets or in case the protection is no longer valid, third parties (competitors included) could commercialize its innovations or products or use its knowhow, which could have a substantial negative impact on Deceuninck's activities and/or operating results.
Deceuninck cannot guarantee that all trademarks and patents that are applied for will be approved in the future. Deceuninck cannot exclude the risk that certain trademark and patent registrations of Deceuninck will expire should Deceuninck not succeed in extending such trademark and patent registrations. In certain geographical markets it might be more difficult for Deceuninck to obtain property rights.

Deceuninck's success will partially depend on its ability to exercise its activities without infringing on third parties' property rights, or without unlawfully appropriating those rights. Although there are currently no important claims against Deceuninck regarding the violation of intellectual property rights, Deceuninck cannot guarantee that it will not (unintentionally) infringe on third parties' patents from time to time. Deceuninck might be obliged to spend a lot of time and efforts or might incur judicial costs should the Company have to deal with legal claims on intellectual property rights, irrespective of their justifiability.
If Deceuninck indeed infringes or has infringed on patents or other intellectual property rights of third parties, it can be subject to substantial insurance claims that could impact the Group's cash flow, activities, financial situation or operating results. The Group might also be required to put a halt to the development, use or sales of the product or process concerned. It might also need to obtain a licence in order to be able to use the disputed rights, which is not available at commercially reasonable conditions or not available at all. To reduce the probability of such a violation, the management has implemented a process to continuously examine possible infringements of patents and intellectual property rights.

Deceuninck's activities are subject to possible product liability risks that are characteristic to the production and distribution of its products.
For instance Deceuninck was involved in a request for class action procedure in the United States which was denied by the Court. In the meantime Plaintiff's filed appeal. Deceuninck remains confident that it has meritorious legal positions against the appeal and that they will be accepted.
Product liability can also apply to new products that will be manufactured or distributed in the future. A possible insufficiency of the product liability insurance to cover product liability claims could substantially influence the Company's activities, financial situation and operating results. Furthermore, defence against such claims can exert considerable pressure on the management, considerable damages can be claimed or Deceuninck's reputation can be influenced negatively, even if the Company's defence against such claims regarding the products they put on the market is successful.

Building a sustainable home

At Deceuninck we believe in Building a sustainable home, based on 3 pillars: Innovation – Ecology – Design

Our core values, Candor, Top Performance and Entrepreneurship help us to achieve our mission.

Top Performance means:

- When confronted with a choice, we choose in the following order: People (Health and Safety), Planet (Environment and Ecological footprint), Quality, Service, Profit (Cost) – PPQSP.
- Profit is essential to build a sustainable business.
- Performance 'at every work place' every day: during design, manufacturing, delivery, at the Customer, and after product installation.

People

"We are here to build a sustainable 'home' for our people and our Customers. We build long lasting relationships and intimacy, based on our core values."

Deceuninck Group believes in an organisation with a culture where people are proud to work for and pays a lot of attention to living its values of Candor, Top Performance and Entrepreneurship. Deceuninck aims to enable its people to do this to the best of their ability. Various initiatives have been taken in this respect.
In addition to the exchange of best practices by all HR managers within the group, strategic actions were defined. Functions of all group staff members have been classified based on the Global Grading System of Towers Watson. During the past year an international training programme for talented young graduates was relaunched. By means of an education programme young graduates are being prepared for a diversity of positions within the Deceuninck Group.

During the yearly performance and development review the career expectations of the employees are discussed. It is also essential to Deceuninck that the continuity of critical competences for key functions is assured.

Deceuninck has a clear commitment to act with respect for people, society and environment as well as to create a safe, healthy and learning workplace for its employees. Deceuninck considers it an ethical responsibility that each individual employee worldwide leaves his or her workplace without injury.

In 2015 Deceuninck's Group performance on health and safety at work was once again worse than in 2014. The number of work-related accidents resulting in lost working days increased by more than 20%. The number of work-related accidents resulting in lost working days rose dramatically notably in Russia, Germany and Turkey
However, at some production facilities such as in the US, France and Belgium a positive evolution was seen.
For the second year in a row there were no accidents at our extrusion site in Calne (UK).
Also our distribution centres in Romania and Spain performed once again well with no working days lost.

Deceuninck realizes that the 2015 safety performance is not in line with its 'top performance' commitment as part of the vision "Building a Sustainable Home". "Deceuninck believes that EVERY worker starting his or her shift will be able to leave the workplace without any injury, in the widest sense, caused".
Based on a thorough analysis of the accidents, Deceuninck worked out clearer safety instructions for new production lines. Safety training courses were organized focusing especially on safe handling of profile stillages and behaviour based safety of employees and the hierarchical superiors.

Corporate Social Responsibility

For Deceuninck 'People' reaches beyond our Customers and our own staff and their families. Deceuninck feels it has a role to play in society and therefore supports charity projects in the markets in which it is active.
In 2015 Deceuninck donated toys to the orphanage House St. Joseph in Odorheiu Secuiesc (Romania) and to the 'Vereniging Ons Tehuis' (Association Our Home) in Ypres (B). The 'Vereniging Ons Tehuis' is a subsidized organization for special youth rehabilitation treatment.
In Chile Deceuninck South America worked closely together with Engineers and Architects of the Frederico Santa Maria University, to develop adapted windows for 2,500 emergency houses to be given to poor citizens of the city of Valparaiso. On 12 April 2014 a major forest fire destroyed 2,500 homes at Valparaiso, leaving 11,000 inhabitants homeless.
Deceuninck North America partnered with Habitat for Humanity, a non-profit Christian organisation that works to address and combat poverty housing.

Salary costs and net salary in Belgium

The total annual payroll costs in Belgium for Deceuninck amount to € 33.6 million, consisting of € 7.9 million in employer's contributions for NOSS and other statutory insurance and € 25.8 million in gross wages and salaries. Of the € 25.8 million gross wages an amount of € 4.0 million is paid to social security and € 6.3 million is paid in withholding tax. The employees ultimately receive a net amount of € 15.3 million or 45.5% of the total employer's payroll costs.

Total salary costs (in € million)		
Employer's contribution and insurance	7.9	23.4%
Gross wages or salaries	25.8	76.6%
Employees' contributions	*4.0*	*15.4%*
Withholding tax on salaries	*6.3*	*24.4%*
Net wages or salaries	*15.3*	*59.5%*
Other	*0.2*	*0.7%*
Total	**33.6**	**100.0%**

Planet

"We are here to help you build a home that is more energy-efficient to live in. We create long lasting, low maintenance building products with top insulating properties. Our products are created with the lowest ecological footprint and can be fully recycled at end of life."

Product and process innovation goes beyond energy efficiency

The greenest raw material is the one that you do not consume.

National building codes are gradually introducing stricter insulation and ventilation targets in order to meet European insulation legislation (EPBD - Energy Performance of Buildings) The EPBD is the main legislative instrument at EU level to achieve energy performance in buildings. The Directive requires Member States to set performance standards for buildings; apply energy performance certificates (EPCs) to buildings; and ensure that from the end of the decade only "nearly zero energy buildings" (NZEBs) are built. The Commission in its Energy Efficiency Communication of 23 July 2014 indicated that, with a 2030 perspective, additional measures should be considered to tackle the energy efficiency of buildings.

To manufacture PVC (polyvinyl chloride) two main feedstocks are needed, chlorine and ethylene. The ethylene is mainly derived from non-renewable fossil fuels, either crude oil or natural gas (or also shale gas). PVC uses less than 1%of non renewable fossil fuels. 40% of fossil fuels is used for heating

buildings. Deceuninck's vision is to use this 1% to significantly reduce the 40% for heating or cooling buildings.
Plastic building products are lightweight, require low maintenance and provide superior insulation. Plastic products save energy and reduce CO_2 emissions. In order to preserve natural resources Deceuninck is continuously developing PVC and composite products that drastically help reduce the energy that escapes from buildings through windows and walls. PVC and PVC composite products are the most economical solution for insulation.

At Deceuninck we believe that true sustainability goes beyond energy efficiency

Deceuninck's latest window designs provide an improved energy performance at an ever lower weight. Deceuninck's latest product developments assure the best insulation at the lowest material consumption.

Zendow#neo uses Linktrusion technology. Linktrusion has been developed to substitute badly insulating steel reinforcements in traditional PVC windows.
Linktrusion links continuous glass fibre strips within the main profile extrusion. The Linktrusion approach also led to the development of the Zendow thermal reinforcement, a reinforcement profile with steel wire, embedded in PVC foam extrusion.

Recycling

At the end of 2012 Deceuninck started recycling postindustrial waste and end of life rigid PVC windows and shutters in Diksmuide (Belgium). The factory has a capacity of 16,000 tonnes. PVC is a valuable material and should not end-up in a landfill or incinerator.
Old dismantled windows can be returned to Deceuninck for recycling. For the collection and transport Deceuninck cooperates with public and private waste management companies, builders, window fabricators and installers within a radius of 500km including Northern France and Western Germany.
50 years ago Deceuninck started designing 100% recyclable products. This investment guarantees a closed loop for all the products Deceuninck puts on the market: PVC as well as glass fibre reinforced PVC.

In 2015 Deceuninck Recycling focused its efforts on an improved separation at source on the building site and on improving its recycling processes.

Overall Deceuninck recycled 5,663 tonnes of postindustrial and postconsumer rigid PVC waste in 2015. A major part of it is reused by Deceuninck for the transformation into high added value products, such as new window profiles and thermal reinforcements. Interior wall cladding and internal sills made from recycled PVC are finished with a decorative film. Sound barriers made from recycled PVC are either laminated or coated. Deceuninck Recycling is EuCertplast certified.

In 2015, Deceuninck continued its support for VinylPlus (www.vinylplus.eu). VinylPlus is the voluntary commitment of the PVC industry in Europe. Among its most significant achievements was the establishment of an infrastructure for the annual collection and recycling of PVC, which prior to 2000 had been regarded by some NGOs as an unrecyclable material destined for landfill or incineration.

vinyl plus
COMMITTED TO
SUSTAINABLE DEVELOPMENT

The VinylPlus commitment includes an ambitious set of sustainable development targets centred on five commitments:

- Controlled Loop Management. Achieving a quantum leap in recycling rates of PVC (target 800,000 tonnes/year by 2020) and the development of innovative recycling technologies;
- Addressing concerns about organochlorine emissions;
- Ensuring the sustainable use of additives;
- Enhancing energy efficiency and the use of renewable energy and raw materials in PVC production;
- Promoting sustainability throughout the whole PVC value chain.

As a founding member of EPPA (www.eppa-profiles.org), through its contribution to the Vinyl Foundation, and by the active involvement, Deceuninck endorses the VinylPlus commitment.

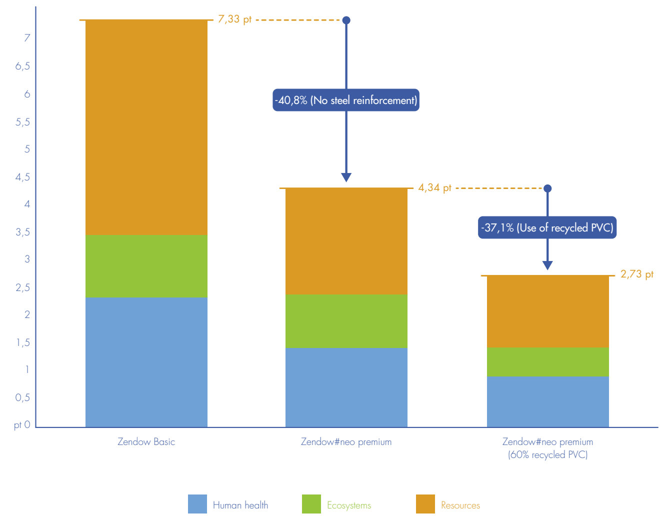
Reducing the ecological footprint:

1. Window systems

A LCA (Life Cycle Assessment) or ecological footprint calculation made by Futureproofed (www.futureproofed.com) shows that the latest Zendow#neo premium window frame has a 40.8% lower impact as compared with the traditional Zendow window frame. Lower heat loss of the Zendow#neo window frame during the 50 years use phase accounts for 90% of the improved ecological impact.

As a result major environment gain comes from further improvement of the insulation degree of the framing material. In Zendow#neo premium pultruded glassfibre reinforcements in the PVC window sash and embedded steel wires in cellular foam reinforcement for the outer frame replace the badly insulating steel reinforcements. Zendow#neo premium offers 30% better insulation.

Replacing 60% of the virgin PVC by recycled PVC could result in a further ecological footprint gain of 37%.



2. Production sites and distribution centres

In 2015 Deceuninck adapted its operational footprint to the changed economic environment in each of the continents in which Deceuninck is active. Deceuninck decided to consolidate the operational activities in Russia. At the end of December 2015 Deceuninck closed the Enwin site in Rostov-on-Don and all operational activities were transferred to Protvino in Russia. The lamination activity in Czech Republic was moved to Poland and a new lamination line was set up in Croatia to serve the nearby Italian Customer base. Turkey started the transfer of the operational activities of Pimapen to Winsa in Kartepe. From end of February 2016 onwards Winsa & Pimapen Customers are served from a new logistic centre in Kartepe, Egepen Deceuninck Customers are served from the new logistic centre in Menemen, near Izmir.

In the US Deceuninck broke ground in Fernley, near Reno in Nevada in the Western part of the USA

As a result, at the end of February 2016 Deceuninck has production and distribution activities in Australia (Victoria), Benelux (Gits and Diksmuide), Bosnia and Herzegovina, Brazil (Cotia), Chile (Sao Paulo), Croatia (Zagreb), Czech Republic (Popůvky), France (Roye), Germany (Bogen), India (Chennai), Poland (Poznan), Romania (Bucharest), Russia (Protvino), Spain (Borox), Thailand (Bangkok), Serbia (Belgrade-Lestane), Turkey (Izmir, Kartepe), United Kingdom (Calne) and United States (Monroe, OH).

Production sites in Belgium (Gits and Diksmuide), Turkey (Izmir & Kartepe) and the United Kingdom (Calne) are ISO 14001 certified.

ISO 14001 certification takes into account a number of prevention principles to limit or prevent the impact for people, the environment and the neighbourhood. The Plan-Do-Check-Act approach of ISO 14001 results in continuous improvements of the environment performance based on procedures and instructions. All 5 production sites concluded their ISO 14000 environmental audit successfully in 2015.

The Belgian production site in Gits succeeded in renewing its "Charter Duurzaam Ondernemen" (Charter Sustainable Entrepreneurship). By signing the Charter Sustainable Entrepreneurship, companies and organisations commit themselves to realise a concrete and structured action plan for 10 themes: Corporate Governance, Social responsibility, Communication and dialogue, People-friendly Entrepreneurship, Risk Management, Sustainable investment, purchases and product & service development, Chain management, Climate change and energy, Quality of the direct environment and Sustainable logistics and mobility.

The Charter Sustainable Entrepreneurship is based on the "to measure is to know" principle and the implementation of concrete actions.The results of this action plan are assessed by a team of independent experts who constructively come up with points of interest and options to do better in these fields. Companies that signed the Charter Sustainable Entrepreneurship and that are evaluated positively, receive a certificate that is valid for a year.

Deceuninck signed the then called Environment Charter in 1999. It was one of the first companies to support the Charter Sustainable Entrepreneurship in 2007.

Inoutic in Bogen is ISO 50001 certified. The energy management system ISO 50001 specifies the requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy security and energy use. The standard aims to help organizations continually reduce their energy use, and therefore their energy costs and their greenhouse gas emissions.

A systematic energy management system is based on detection of all energy flows in the company and the evaluation of the state of energy efficiency, especially important for the energy consuming equipment such as: extrusion lines, injection moulding machines, laminating machines, compounding, heating, cooling, water and compressed air supply. The preparation for the

ISO 50001 certification helped operations in Bogen to critically review and improve its efforts and processes that enable it to control and reduce its energy consumption process per kg.

All worldwide production sites further focussed on scrap reduction as well as reduced energy & water consumption.

Quality

High quality products and services are Deceuninck´s commitment to its Customer and to the final consumer. Window and door systems and other building products have been certified and audited by most of the renowned quality certification bodies such as AENOR, ATG, BBA, BSI, CSTB, ITB, ITC, KOMO, LNE, PEFC, RAL, SEPRO, STROITELSVO, TSE and VHI.

Deceuninck continuously evaluates the quality improvement of products and services of the Customer in order to further reduce quality issues.

Service

The Group strives to either grow or build strong market positions in all markets where it is active.

Sales support and branding

Deceuninck has a clear branding and platform strategy: Deceuninck as a brand and Zendow as a platform for Northwestern and Southwestern Europe; Inoutic as a brand and platform for Central Europe. With this strategic step, Deceuninck makes use of a "German brand" to serve the Central European markets. Consolidating to one product platform provides synergies, cost benefits and the basis to increase the market share in this region.
Further investments were made in corporate branding across the sales channels. By supporting its franchising partners Menuisiers Pévécistes Deceuninck (France), and Egepen Deceuninck, Pimapen and Winsa (Turkey) with sales materials, showroom displays, brochures, website templates (including dealer locator), media campaigns, etc., Deceuninck offers high impact and high visibility for its outstanding products, while extending end consumers the Deceuninck guarantee.
In addition, the "Deceuninck Online" service offers significant added value to the fabricators and distributors. This application allows Deceuninck Customers to enter their orders and view product availability. Moreover, extra services are being added to increase the value to the Customer, such as technical data consultation, after sales service and the ordering of samples. Furthermore, Deceuninck supports its Customer base with consumer leads and helps them grow their business.

The Company aims at working in a real partnership with an outstanding service level.

Co-creation as a basis for product development

The Deceuninck Group considers innovation as one of the main pillars leading to sustainable success. During the product development process, Deceuninck focuses on continuous collaboration with its Customer base. This 'co-creation' contributes to an optimal result. Customers are an enormous source of product knowledge and expertise; therefore, their input and ideas have a significant added value.

Energy saving calculator & colour simulator

On its commercial websites Deceuninck offers an energy saving calculator to homeowners with renovation plans. This tool easily, quickly and authoritatively helps show homeowners how to save money with Deceuninck's latest energy efficient products. In 3 simple steps it shows both energy cost and CO_2 emission savings.
Moreover, on most commercial websites, there is a colour simulator that allows consumers to upload a picture of their home and have their windows and doors rendered in the right colour.

Profit

Profit is essential to build a sustainable business. Every year since the restructuring in 2009 Deceuninck has shown a net profit and strengthened its balance sheet. Net profit for the year 2015 increased 27.6% to € 13.3 million.

Deceuninck Group regional sales divisions

Deceuninck sales activities are subdivided into 4 regions, namely Western Europe, Central and Eastern Europe, Turkey & Emerging Markets and North America. In all markets, energy-efficient construction and renovation continued to be the main driver of the industry. PVC windows continued to offer "best value" for money.
Energy-efficient renovations are mainly supported by stricter building regulations combined with a limited number of government fiscal measures. Incentives vary from country to country and are subject to government's limited public spending margins.
Deceuninck estimates that 75% of consolidated sales originate from the residential renovation market segment. As the replacement of windows is not subject to building permits, activity in the sector is not always in line with official residential renovation statistics. Energy-efficiency and consumer confidence are the main drivers of the residential renovation market.

Western Europe

Deceuninck's major markets in Western Europe are Belgium and France, where Deceuninck is market leader for PVC windows. Deceuninck is further active in the Netherlands, Italy, Spain and the United Kingdom. Deceuninck has production activities in Gits (B), Roye (F) and Calne (UK). Compounding & recycling for the region is done in Diksmuide (B).

Full year 2015 sales in Western Europe increased 8.2% from € 157.5 million in 2014 to € 170.5 million. Western Europe represents 26 % of consolidated 2015 sales (2014: 28%).

The Group benefited from an economic recovery in Spain and Italy, and continued growth in the UK and Benelux. Volumes in France picked up during the 4th quarter supported by mild weather conditions and government incentives.

In Belgium the residential newbuild market remained weak all year as a result of the weak economic environment, combined with uncertainty about new government incentives for energy efficient residential newbuild and renovation. Economic indicators, among others unemployment figures and consumer confidence improved during the second half. As a result demand from the renovation market segment slightly improved. The launching of a new reveal lining system, a review of the Preferred Partners charter and tools as well as the consolidation of PVC window system suppliers in Belgium resulted in competitive wins and strengthening of Deceuninck's position on the market.
In the Netherlands a clear improvement of the residential renovation market was seen in 2015 as a result of government incentives to promote more energy efficient housing. An increasing trend towards larger window manufacturers is characterising the window market. Deceuninck strengthened its market position as a result of profile market consolidation and the launching of the new reveal liners and Stonosil internal window boards.
In France management estimates that the window market has further contracted to just below 9 million window units. PVC remains the dominant material for windows, although it lost some market share to aluminium as a result of an aggressive communication campaign of the aluminium industry. The market in France is bottoming out since the second half of the year supported by the CITE incentive (Crédit d'impôt pour la transition énergétique – tax credit for the transition towards energy efficient buildings).
Contrary to France PVC as a material for windows is taking market share in Italy and Spain due to better insulation performance and improved colour offering. In both markets Deceuninck rebuilt its brand position through offensive communication actions focussing on Deceuninck as an innovator and leader of coloured PVC windows. The campaign paid off and resulted in high double digit growth. In order to further improve the delivery service Italian Customers are now served from a newly established warehouse in Croatia, which also includes window profile lamination.

The 2015 UK residential renovation and construction market was challenging compared with 2014. National elections and Scotland's referendum created uncertainty, knocking consumer confidence. Rising house prices reached record highs in December, but house building was only slightly up and renovation was down.
Against this trend, Deceuninck achieved double digit sales growth and strengthened its position in the UK market.
The launch of innovative new products such as the Slider24 sliding door system and a fully reversible window attracted new Customers. Deceuninck's market leading colour offer is creating new opportunities and growth. With 26 colours delivered from stock, retail installers can sell colour as easily as they sell white. Deceuninck added extra warehousing space at its newly opened Beaverbrook logistics centre to meet its "on time and in full" delivery promise.

A strong 'Why Deceuninck?' marketing campaign, that includes smart marketing tools to help Customers build their brand and smart use of social media, is helping Customers grow and Deceuninck differentiate itself as a leader.

To stand out in this challenging and competitive market, Deceuninck uses innovation as a market differentiator. Deceuninck's mission is to offer the best insulation at the lowest material consumption.
The Zendow#neo offering using Linktrusion technology – combining continuous glass fibres and PVC during the extrusion process for better insulation - was expanded. Zendow#neo offering was enlarged with further profiles in which steel is eliminated by using the Linktrusion technology or a composite thermal reinforcement.

At the Batimat trade show in Paris (France) in early November 2015 Deceuninck France launched iSlide#neo, a slimline glass fibre reinforced sliding door, which was highly welcomed by architects and housebuilders. The number of window manufacturers that have adapted their window manufacturing equipment to process highly energy efficient window frames with Linktrusion technology continues to increase steadily.

To support the sales of building products, Deceuninck added Decoramic PVC wall tiles, a new series of internal sills, Stonosil, and a massive decking plank. Sales of building products are impacted by weak demand in residential newbuild, especially in France.

The trend of imported finished windows from Eastern Europe, especially in France and Italy, has stagnated and is estimated to no longer take market share.

Central and Eastern Europe

Central & Eastern Europe includes the activities of the Deceuninck Group in both the D-A-CH countries and all countries situated east and south of Germany up to Russia and former Yugoslavia. Deceuninck is active in nearly all countries with a local sales organisation and local logistics under the brand name Inoutic. In Russia the Group is operating under the brand names Deceuninck and Enwin. Most important countries are Germany, Russia and Poland as well as the cluster Czech Republic, Slovak Republic and Hungary. Deceuninck is serving the region through operational activities in Germany Poland, Russia and Croatia.

Full year 2015 sales in the region decreased by 2.7% to € 169.7 million (2014: € 174.4 million) to represent 26% of consolidated 2015 sales (2014: 32%). At constant exchange rates sales increased 2.8%. The Group recorded growth in Central Europe but this was partially offset by the contraction of the Russian market and by the devaluation of the Russian ruble.
2015 volumes in the region give a mixed picture: volumes developed favourably in Poland and the cluster of Hungary, Czech and Slovak Republic. The negative impact of taking window boards out of the product offering was offset by higher volumes sold to window manufacturers supported by a year-on-year more favourable economic environment and the contribution of new window manufacturers that changed suppliers in 2014.

Volumes sold into the domestic German market decreased, especially in the second half of the year. The light growth of the domestic German window market (1%) continues to be absorbed by imports from Eastern European cheap labour countries. The extrusion site of Inoutic/Deceuninck in Bogen offset the volume loss on the domestic German market by a volume increase in its export markets.
The cluster of the countries Czech Republic, Slovak Republic and Hungary, also continued to be impacted by imported windows, mainly from Poland. As a result a clear consolidation trend in window manufacturing has been noticed. The number of window manufacturers in the region has been

reduced by one third since 2010. Mainly small local window manufacturers have stopped manufacturing and started buying windows from either local or foreign larger window producers.
In Russia geopolitical tension and worldwide economic sanctions against Russia are taking their toll on business. The decline of demand for PVC window profiles in 2015 is according to management estimates at 25-30%. Reaction of the consumers was to limit their expenditures for renovation including windows and shift from premium to economy brands. Deceuninck premium brand sales dropped in line with the market, partly offset by increased sales for the economy brand Enwin.
The Analytical Centre for National Rating Agency (NRA) launched a new quality rating for PVC window profiles. Deceuninck Rus was the first company to obtain the highest rating (A+) for all its premium PVC window systems: "Forward", "Bautec", "Favorit Space", "Favorit" and "Eforte".
As a result of the challenging economic climate in Russia Deceuninck decided to consolidate the operational and logistics activities of the brands Deceuninck and Enwin in Russia in 2015 on the site in Protvino. The former Enwin site in Rostov-on-Don was closed at the end of December 2015. In Ukraine Deceuninck closed the bonded warehouse.

Turkey & Emerging Markets

The region 'Turkey & Emerging Markets' serves Customers in Turkey and acts as Deceuninck's hub for new export markets. Export markets represent ±10% of sales of the region.
The designers and producers of PVC window systems in Turkey are subdivided in suppliers to the low and the premium segment of the market. Deceuninck owns 3 top brands in the premium segment: Egepen Deceuninck, Pimapen & Winsa. Deceuninck is market leader for PVC window systems in the domestic market of Turkey. Turkey is the second largest PVC window market worldwide in 2015.

Full year 2015 sales expressed in euro increased by 40.2% to € 193.1 million (at constant exchange rates: +46.6%). The year on year 25% weaker TRY partly offset the volume growth. The increase is primarily driven by the successful integration of Pimaş, and by organic growth realized across all 3 premium brands (Egepen Deceuninck, Winsa and Pimapen). This growth was mainly driven by superior product quality and service, and the strong commercial network (>3000 points of sale). Turkey and Emerging Markets represents 30% of 2015 consolidated Group sales compared to 25% in 2014.

For the first time Pimaş, which Deceuninck acquired in October 2014, was fully consolidated. The changed scope favourably impacted consolidated sales by 9.3%.

The market environment in Turkey in 2015 was challenging. Low consumer confidence as a result of a 25% weaker TRY against USD, political uncertainty due to 2 parliamentary elections, terror attacks related to the war in Syria, the disrupted relations between Turkey and Russia and rising interest rates impacted newbuild and renovation activity.
To support sales Winsa as well as Egepen Deceuninck launched a new 6 chamber window system: respectively Revotech and Legend. New designs in aluminium window system offering and foldable glass balcony systems impacted sales favourably.

Input costs for raw materials increased substantially due to the weak Turkish lira. PVC resin and most additives are not available in Turkey and have to be imported in USD and EUR. Passing on the increased material cost within the usually shorter delay to the market was successfully implemented.

In 2015 Deceuninck focused on the commercial integration of Pimapen. Pimapen is the most recognized brand in the window market in Turkey but was in need of a technical and marketing remake .The soft franchising concept of the Pimapen shop was refreshed and a new communication campaign initiated.

Ege Profil started the movement of the operational activities of Pimapen in Gebze mainly to the Winsa site in Kartepe. By the end of February 2016 Customers from both Winsa and Pimapen were being served from a new logistics centre in Kartepe.
Further steps in the construction of the new factory & offices in Menemen, near Izmir, were taken. The existing Izmir site has been sold, but the sales agreement allows for renting the building until all activities of Egepen Deceuninck in Izmir have all been moved to the new Menemen site, at the latest in early 2017. By the end of February logistics activities started from the newly constructed Menemen site, near Izmir to serve Egepen Deceuninck Customers.

Business development in Emerging Markets was slower than anticipated especially in Brazil and India, which is mainly explained by the challenging market conditions. Business development in Chile is on track and the Group started foiling of window profiles in Santiago de Chile in order to meet increasing demand for coloured windows in the region.

North America

Full year 2015 sales of Deceuninck North America (DNA) increased by 33.7% to € 111.2 million (at constant exchange rates, sales increased 11.6%), primarily driven by new Customer development on the back of DNA's superior service levels. In addition the Group benefited from a positive climate for both renovation and new housing. Most relevant housing market indicators suggest continued market confidence.
DNA represents 17% of 2015 consolidated sales compared to 15% in 2014.

Activity in both renovation and new housing market segments continued to strengthen throughout 2015. The inventory of new homes on the market continues to decrease, and is less than half of what it was at the height of the housing boom. This decrease in inventory is fuelling the increase in new home construction. In 2015 starts of single family homes reached levels

not seen since the 2007 recession, with total annual housing starts for 2015 (single and multi family combined) exceeding 1.1 million, up from 1 million in 2014. Stronger growth was seen in the multi-family sector than single family units.
The NAHB (National Association of Home Builders) Housing Market Indicator (HMI) was above 50 for the full year, (and above 60 for the 2nd half) showing continued confidence in the market. A rating of 50 or above indicates a positive outlook for the next 6 months for new construction single-family home sales. The NAHB Remodelling Market Index (RMI) also remained above 50 for the year.

Deceuninck North America finished 2015 with solid increases, significantly outperforming the market. For the 4th year in a row, DNA reports double digit growth. In all segments, consistent delivery on "Zero Back orders" opened many doors to new prospects. Within windows and doors sales successes can be attributed to DNA's strategy of acquiring new Customers, relationship building and expanding business with existing Customers and strategic new product launches. The benefits of new Customers signed at the end of 2014 were realized in 2015, as new Customers became fully operational a ramp up in new business was seen. DNA expanded sales to both existing and new Customers of the recently introduced eos (Energy Optimized System) window series, which meets both the energy performance labels Energy Star and Most Efficient. Both labels allow home owners to obtain EPA (Environmental Protection Agency) recognition for superior energy performance.

DNA also introduced 3 new products at the Glassbuild trade show in September. The eos sliding patio door, designed to compliment the eos window and create a complete package platform. The eos patio door has won the Door and Window Market magazine readers' choice award in the Patio Door category. The eos patio door is a multi-track sliding door designed to perform in colder climates and meet the new 2016 Northern Zone Energy Star standards.

In December DNA broke ground on its new Western U.S. production facility that is located in Fernley, NV, near Reno, The construction of a new 50,000m² building, designed for up to 24 extrusion lines, will allow DNA to efficiently serve new Customers on the US West Coast.

Number of shares

The Company capital (€ 53,257,439.0) is represented by 135,039,121 shares. Deceuninck holds 217,121 treasury shares, as at 29 February 2016.

Types of shares

In total 116,180,829 dematerialised shares and 18,858,292 registered shares have been issued.

Stock market information

The closing price of Deceuninck shares on 31 December 2015 was € 2.43. Deceuninck adheres strictly to the Belgian regulation relating to financial information, which must be provided to Euronext and the Financials Services and Markets Authority (FSMA).

Quotation on the stock exchange – stock exchange index

Deceuninck shares are listed under the code DECB and are traded on the continuous segment of Euronext Brussels. ISIN: BE0003789063
DECB is part of the BELSMALL index.
ICB sectorial classification: 2353 Building materials & fixtures.

Evolution of the Deceuninck share price

The price of the Deceuninck share increased from € 1.75 on 31 December 2014 to € 2.43 on 31 December 2015. The Volume Weighted Average Price (VWAP) for 2015 was € 2.18. The lowest closing price was € 1.73 on 7 January 2015 and the highest closing price was € 2.48 on 24 November 2015.

Dividends

At the Annual General Shareholders Meeting scheduled on 10 May 2016, the Board of Directors will propose to pay a gross dividend of € 0.025 per share for the financial year 2015.

Financial calendar 2016

25	February	2016	2015 annual results
10	May	2016	1Q 2016 trading update
10	May	2016	Annual Shareholders Meeting at 11 am
20	July	2016	1H 2016 results
21	October	2016	3Q 2016 trading update

Institutional investors and financial analysts

Deceuninck has continuously and consistently informed the financial community about the evolution of the Company. Press releases with the annual results, half year results, interim statements and notable corporate events were issued at scheduled intervals before stock exchange opening and published on the Investors page of the website (www.deceuninck.com).

Institutional investors at home and abroad were informed by Deceuninck during one-to-one meetings, as well as in group meetings during roadshows and investor events. Opportunities were offered to institutional investors to meet or set up conference calls with the CEO and CFO at the head offices in Hooglede-Gits. Deceuninck participated in investor conferences and/or roadshows in Brussels, Paris, London, Amsterdam and Lyon. Retail investors had the opportunity to inform themselves during a visit for Bolero members at Deceuninck headquarters in Gits on 27 October and 10 November and during the retail investor events of the VFB (Flemish Federation of Investment Clubs and Investors), which took place in April and October.

Investor relations contact

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On the investors page of the Deceuninck corporate website (http://www.deceuninck.com/investors) you can register to receive financial news and financial press releases per e-mail.

Introduction

This annual report needs to be read in conjunction with the audited consolidated financial statements of Deceuninck Group, referred to as the Group, and the notes to the financial statements. These audited consolidated financial statements were determined by the Board of Directors on 19 February 2016.

2015 Results

Sales

Sales growth of 16.6% to € 644.5 million (2014: € 552.8 million)
At comparable scope sales increased 7.3% to € 593.2 million.

- *Volume: +4.4%, explained by strong organic growth in Western Europe, North America and Turkey and Emerging Markets, which is partially offset by the contraction of the Russian market.*
- *Exchange rates: 1.9%, explained by the strengthening of the USD and GBP versus the EUR, which was partially offset by a weakening TRY and RUB.*
- *Mix effect: +1.0%.*

Scope change as a result of the acquisition of Pimaş in Turkey and Russia resulted in a favourable impact of sales of € 51.3 million (+9.3%).

Gross profit

Gross-margin improved to 28.2% (2014: 27.3%), which is mainly explained by further manufacturing efficiencies. There was a limited favourable impact of raw material cost, but this was largely offset by unfavourable currencies.

EBITDA

EBITDA increased to € 54.4 million or 8.4% of sales (2014: € 35.3 million or 6.4% of sales) as a result of higher volumes, improved gross margin and strict control over operating expenses. Operating expenses grow 9.6% to € 152.9 million, mainly driven by the Pimaş acquisition and further organic growth, and include start-up costs of our ongoing efficiency and growth initiatives. EBITDA also includes a € 2.4 million gain on the sale of the Izmir site.

REBITDA was € 56.5 million or 8.8% of sales (2014: € 36.6 million). Restructuring costs mainly relate to the integration of the Pimaş acquisition in Turkey and Russia and amounted to € 2.3 million.

EBIT

Operating result (EBIT) was € 26.9 million (2014: € 14.3 million) resulting in an EBIT-margin of 4.2% compared to 2.6% in 2014.
Non cash costs amount to € 27.5 million against € 21.0 million in 2014. Non cash costs are € 6.5 million higher mainly as a result of € 5.3 million higher depreciations and amortisations, explained by the Pimaş acquisition and higher capital investments, and one-off non cash income recorded in 2014.

Financial result & Income taxes

Financial result was € -10.0 million (2014: € -7.5 million). The increase is primarily explained by the IFRS accounting treatment of euro denominated loans in Turkey. This results in a € 1.7 million non cash cost in financial result, which is offset by the same amount recorded in equity, and the one time write-down of historical financing fees following the 2015 refinancing.

In December 2015 Deceuninck successfully issued a € 100 million retail bond, which provided € 40 million additional liquidity. This will be used to finance further efficiency and growth investments, among which the new facilities in Turkey and on the US West Coast.

Net profit

The net profit in 2015 was € 13.3 million against € 10.5 million in 2014.

Working capital

Working capital increased from € 124.6 million (22.5% on 2014 sales) on 31 December 2014 to € 142.9 million (22.2% on 2015 sales) on 31 December 2015.

Trade receivables increased by € 5.7 million compared to 31 December 2014 as a result of higher sales in the 4th quarter. Days sales outstanding (DSO) decreased year-on-year as a result of strict receivables management. Total factoring remained more or less stable and amounted to € 16.3 million at 31 December 2015 (31 December 2014: € 16.0 million).
Inventories increased by € 2.0 million while trade payables decreased year-on-year by € 10.6 million.

Capital expenditures

Capital expenditures (capex) in 2015 were € 38.7 million against € 31.3 million in 2014, including part of the cost of the new extrusion factory in Menemen as well as investments related to the integration of Pimaş.

Maintenance capex including new extrusion tools amounts to € 19.2 million.

Net financial debt

The net financial debt at 31 December 2015 amounted to € 92.1 million against € 71.0 million at 31 December 2014. This increase is mainly due to the decision to increase working capital and to further invest in manufacturing efficiency and growth.

Equity

Equity increased by € 4.8 million to € 269.3 million from € 264.5 million at 31 December 2014, as net profit of € 13.3 million was largely offset by unfavourable currency translation adjustments in equity (€ 8.7 million) and the € 2.7million dividend payment.

The gearing was 34.2% at 31 December 2015 against 26.8 % at 31 December 2014.

Headcount

On 31 December 2015 Deceuninck employed worldwide 3,593 full time equivalents (FTEs) (including temporary workers and external staff) (31 December 2014: 3,434).

Risk management

For an analysis of the Group risk management, see Note 24 of the consolidated financial statements.

Research & Development (R&D)

Group wide R&D activities are managed by Operations & Technology. Technology is one of the essential drivers for Deceuninck´s successful translation of the vision "Building a sustainable home. Innovation – Ecology – Design".

Technology links product innovation and product requirements in the organization. It develops appropriate and cost efficient manufacturing processes, materials and tools and promotes their standardisation in the production plants.

Operations & Technology activity in 2015 firstly focussed on a further optimization and widening of product applications using the Linktrusion technology. Linktrusion was launched as a new technology platform in 2011 and refers to Deceuninck's unique approach in the development of new technologies and materials. It is the platform where different materials and technologies can be combined into 1 single multi-component extrusion.

In Zendow#neo Linktrusion is the combination of glass fibre reinforced PVC profiles and a reinforcement profile with steel wire, embedded in PVC foam extrusion with a top insulation performance and a slimline design that can compete with aluminium systems. In 2015 the glass fibre reinforced Zendow#neo premium window system was extended with a door frame profile and an extremely slimline horizontal slider for the South European market, iSlide#neo. Secondly Operations & Technology concentrated on the further development of new water based coating technology. This cutting edge technology offers a fully automated unique, patented, fully automated coating process that applies water based coating on all 4 sides of a PVC window profile.

Thirdly Innovation & Technology focused on material formulation improvement aimed at cost optimization and performance enhancement of rigid PVC as well as Twinson woodcomposite material. Coextrusion technology was improved and further rolled out to enable the consumption of a higher recycled PVC volume. To this end the recycling technology was further refined and optimized.

Fourthly Deceuninck North America continued to develop its Rovex technology to improve the process knowledge and to widen the design freedom for future shapes. Rovex is an advanced pultruded polyurethane fibre glass reinforced composite designed to serve as an alternative to conventional materials like metal, polyester fibre glass composites and concrete. It is an up to 20-percent bio-based resin in its proprietary formulation. Incorporating soy and other renewable sources, the composite offers strength, stability and flexibility without using styrene or peroxide.

Events after the balance sheet date

Please refer to Note 25 of the consolidated financial statements.

Other circumstances

Besides the circumstances included in the paragraph on the risk management, no other circumstances should be disclosed that had a significant influence on the Group's situation.

Deceuninck Group: key figures[1]

Consolidated Income Statement (in € million)	2011	2012	2013	2014	2015
Sales	536.1	556.9	536.5	552.8	**644.5**
EBITDA	48.3	50.0	47.4	35.3	**54.4**
EBITDA-margin (%)	9.0%	9.0%	8.8%	6.4%	**8.4%**
REBITDA	49.4	51.1	47.7	36.6	**56.5**
REBITDA-margin (%)	9.2%	9.2%	8.9%	6.6%	**8.8%**
EBITA	22.3	20.7	23.6	12.4	**26.9**
EBITA-margin (%)	4.2%	3.7%	4.4%	2.3%	**4.2%**
EBIT	22.3	20.7	23.6	14.3	**26.9**
EBIT-margin (%)	4.2%	3.7%	4.4%	2.6%	**4.2%**
EBT	8.3	8.0	15.2	6.9	**16.9**
EBT-margin (%)	1.5%	1.4%	2.8%	1.2%	**2.6%**
Net profit (+) / loss (-)	6.3	4.2	8.4	10.5	**13.3**
Net profit (+) / loss (-)-margin (%)	1.2%	0.8%	1.6%	1.9%	**2.1%**
Earnings per share (in €)	0.06	0.04	0.08	0.09	**0.10**

Consolidated Statement of Financial Position (in € million)	2011	2012	2013	2014	2015
Non-current assets	226.0	224.6	215.6	254.7	**255.1**
Current assets	217.3	210.5	202.8	249.0	**307.6**
Equity	205.8	211.4	204.3	264.5	**269.3**
Long-term provisions	20.9	24.2	21.1	25.0	**25.1**
Deferred tax liabilities	3.5	2.6	5.0	5.8	**4.5**
Long-term interest-bearing loans	93.4	37.3	35.4	14.6	**143.5**
Current liabilities	119.8	159.6	152.7	193.8	**120.2**
Balance sheet total	443.3	435.1	418.5	503.7	**562.6**
Working capital	119.2	116.4	102.5	124.6	**142.9**
Capital expenditure (capex)	21.9	23.5	26.7	31.3	**38.7**
Net debt	101.8	92.6	80.6	71.0	**92.1**
Equity/Balance sheet total (%)	46.4%	48.6%	48.8%	52.5%	**47.9%**
Net profit/Equity (%)	3.1%	2.0%	4.1%	4.0%	**5.0%**
Gearing (%)	49.5%	43.8%	39.4%	26.8%	**34.2%**

Headcount (FTE)	2011	2012	2013	2014	2015
Total Full Time Equivalents (FTE)	2, 735	2, 665	2, 746	3, 434	**3, 593**

(1) Definitions: see Glossary p.143

Deceuninck consolidated income statement

For the 12 month period ended 31 December (in € thousand)	Notes	2014	2015
Sales	**3**	**552,814**	**644,524**
Cost of goods sold	4	-402,020	-462,522
Gross profit		**150,794**	**182,002**
Marketing, sales and distribution expenses		-95,233	-104,465
Research and development expenses		-6,707	-7,643
Administrative and general expenses		-37,592	-40,818
Other net operating result	4	1,182	-2,127
Operating profit before gain from bargain purchase	**4**	**12,445**	**26,949**
Gain from bargain purchase		1,862	0
Impairment on goodwill		0	-96
Operating profit (EBIT)		**14,307**	**26,853**
Financial charges	4	-17,207	-17,473
Financial income	4	9,755	7,483
Profit before taxes (EBT)		**6,856**	**16,864**
Income taxes	5	3,603	-3,522
Net profit		**10,458**	**13,341**

The net profit is attributable to:			
Shareholders of the parent company		10,586	13,582
Non-controlling interests		-128	-241

Earnings per share distributable to the shareholders of the parent company (in €):			
Normal earnings per share	6	0.09	0.10
Diluted earnings per share	6	0.09	0.10

Deceuninck consolidated statement of comprehensive income

For the 12 month period ended 31 December (in € thousand)	**2014**	**2015**
Net profit	**10.458**	**13.341**
Currency translation adjustments	-52	-8,449
Income (+) / loss (-) on cash flow hedges	-233	0
Income tax impact	79	0
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	**-205**	**-8,449**
Actuarial gains (+) / losses (-) on defined benefit plans	-2,883	1,419
Income tax impact	905	-190
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-1,979**	1,230
Other comprehensive income (+) / loss (-) after tax impact	**-2,184**	**-7,219**
Total comprehensive income (+) / loss (-)	**8,274**	**6,122**

The total comprehensive income (+) / loss (-) is attributable as follows:		
Shareholders of the parent company	8,402	6,363
Non-controlling interests	-128	-241

Deceuninck consolidated statement of financial position

(in € thousand)	Notes	31 December 2014	31 December 2015
Assets			
Intangible fixed assets	7	5,922	5,392
Goodwill	8	10,871	10,741
Tangible fixed assets	9	215,649	218,802
Financial fixed assets		66	65
Deferred tax assets	5	21,080	18,962
Long-term receivables	10	1,068	1,105
Non-current assets		**254,657**	**255,066**
Inventories	11	93,417	95,454
Trade receivables	12	115,826	121,484
Other receivables	12	8,677	16,424
Cash and cash equivalents	13	29,046	70,720
Fixed assets held for sale	14	2,060	3,473
Current assets		**249,026**	**307,553**
Total assets		**503,684**	**562,620**
Equity and liabilities			
Issued capital	15	52,912	53,257
Share premiums	15	85,927	86,777
Consolidated reserves		169,423	180,968
Cash flow hedge reserve		-91	-91
Actuarial gains / losses		-3,864	-2,634
Treasury shares	15	-261	-261
Currency translation adjustments	15	-44,316	-52,765
Equity excluding non-controlling interest		**259,731**	**265,253**
Non-controlling interest		4,758	3,999
Equity including non-controlling interest		**264,489**	**269,252**
Interest-bearing loans	18	14,635	143,486
Long-term provisions	16,17	24,962	25,119
Deferred tax liabilities	5	5,771	4,529
Non-current liabilities		**45,368**	**173,134**
Interest-bearing loans	18	85,396	19,324
Trade payables	19	84,670	74,070
Tax liabilities		6,224	6,933
Employee related liabilities		9,702	12,434
Short term provisions	16,17	777	1,127
Other liabilities	19	7,058	6,345
Current liabilities		**193,826**	**120,233**
Total equity and liabilities		**503,684**	**562,620**

Deceuninck consolidated statement of changes in equity

(in € thousand)	Issued capital	Share premiums	Consoli-dated reserves	Cash flow hedge reserve	Actuarial gains / losses	Treasury shares	Currency translation adjustents	Total equity attributable to shareholders of the parent company	Non-controling interest	Total
As per 31 December 2013	**42,495**	**46,355**	**160,407**	**63**	**-1,885**	**-261**	**-44,264**	**202,910**	**1,413**	**204,323**
Net profit			10,586					10,586	-128	10,458
Other comprehensive income (+) / loss (-)				-154	-1,979		-52	-2,184	162	-2,022
Total comprehensive income (+) / loss (-)	**0**	**0**	**10,586**	**-154**	**-1,979**	**0**	**-52**	**8,402**	**34**	**8,436**
Capital increase	10,417	39,572	53					50,042		50,042
Non-controlling interest due to business combinations								0	3,311	3,311
Share based payments			528					528		528
Dividends paid			-2,151					-2,151		-2,151
As per 31 December 2014	**52,912**	**85,927**	**169,423**	**-91**	**-3,864**	**-261**	**-44,316**	**259,731**	**4,758**	**264,489**

As per 31 December 2014	**52,912**	**85,927**	**169,423**	**-91**	**-3,864**	**-261**	**-44,316**	**259,731**	**4,758**	**264,489**
Net income (loss) for the current period			13,582					13,582	-241	13,341
Other comprehensive income (+) / loss (-)					1,230		-8,449	-7,219		-7,219
Total comprehensive income (+) / loss (-)	**0**	**0**	**13,582**	**0**	**1,230**	**0**	**-8,449**	**6,363**	**-241**	**6,122**
Capital increase	345	850						1,195		1,195
Non-controlling interest due to business combinations								0	-518	-518
Share based payments			642					**642**		**642**
Dividends paid			-2,679					**-2,679**		**-2,679**
As per 31 December 2015	**53,257**	**86,777**	**180,968**	**-91**	**-2,634**	**-261**	**-52,765**	**265,253**	**3,999**	**269,252**

Deceuninck consolidated statement of cash flows

For the 12 month period ended 31 December (in € thousand)	Notes	2014	2015
Operating activities			
Net profit		10,458	13,341
Depreciations of (in)tangible fixed assets	7,9,14	22,147	25,260
Impairments on (in)tangible fixed assets	7,9,14	919	1,276
Gain from bargain purchase		-1,862	0
Provisions for pensions and other risks & charges		-2,991	1,930
Impairments on current assets		2,810	-932
Net financial charges	4	7,451	9,989
Profit on sale of tangible fixed assets	4	-120	-1,533
Loss on sale of tangible fixed assets	4	84	100
Income taxes	5	-3,603	3,522
Share-based payment transactions settled in equity		528	642
Cash flow from operating activities before movements in working capital and provisions		**35,822**	**53,596**
Decrease / (increase) in trade and other receivables		-12,780	-17,971
Decrease / (increase) in inventories		-6,736	-2,277
Increase / (decrease) in trade payables		12,308	-7,552
Decrease / (increase) in other non-current assets		238	12
Decrease / (increase) in other current assets		362	-5,894
Increase / (decrease) in other non-current liabilities		0	-364
Increase / (decrease) in other current liabilities		-108	4,572
Cash flow generated from operating activities		**29,106**	**24,123**
Interest received		1,058	1,735
Income taxes paid (-) / received (+)		-1,239	-3,545
Cash flow from operating activities		**28,925**	**22,313**

Investing activities			
Cash receipts on sale of tangible fixed assets		763	5,297
Purchases of tangible fixed assets	9,14	-31,018	-37,839
Purchases of intangible fixed assets	7	-315	-906
Acquisition of subsidiaries		-15,256	0
Other transactions		301	0
Cash flow from investing activities		**-45,524**	**-33,448**
Financing activities			
Capital increase		49,939	1,195
New (+) / repayments (-) of long-term debts	18	-7,019	108,791
New (+) / repayments (-) of short-term debts	18	-9,709	-40,583
Interests paid		-5,120	-7,664
Dividends paid		-2,151	-2,679
Net financial result, excl interests		-1,102	-4,375
Cash flow from financing activities		**24,839**	**54,685**
Net increase (+) / decrease (-) in cash and cash equivalents		**8,240**	**43,551**
Cash and cash equivalents as per beginning of period	**13**	**21,715**	**29,046**
Impact of exchange rate fluctuations		-908	-1,877
Cash and cash equivalents as per end of period	**13**	**29,046**	**70,720**

Notes

1. Significant accounting principles

The consolidated financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS), as endorsed by the European Union. The consolidated financial statements were determined by the Board of Directors on 19 February 2016. They can still be modified until the General Meeting of Deceuninck NV takes place, which is scheduled to be held on 10 May 2016.

Basis of presentation

The consolidated financial statements are presented in € thousand, unless noted otherwise. These statements have been prepared on the basis of the historic cost price method, except for the valuation of the fair value of derivatives. The consolidated financial statements present the financial position on 31 December 2015. They have been prepared prior to the distribution of profits proposed by the parent company at the Annual General Meeting of Shareholders.
Please note that numbers in certain tables in the financial statements may not add up due to rounding.

Consolidation principles

The consolidated financial statements include the individual financial statements of Deceuninck NV and its subsidiaries ("the Group").
The Group controls a subsidiary if, and only if, the Group has:

- *Power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary);*
- *Exposure, or rights, to variable returns from its involvement with the subsidiary;*
- *The ability to use its power over the subsidiary to affect its returns.*

Generally, there is a presumption that a majority of voting rights result in control.

The acquisition of subsidiaries is accounted for under the acquisition method. The annual reporting date of subsidiaries is identical to that of the parent company. The same valuation principles apply to their financial statements.
Associated companies are companies in which Deceuninck NV exercises, either directly or indirectly significant influence, without controlling them. This is generally the case if the Group holds between 20% and 50% of the shares with voting rights. Associated companies are consolidated using the equity method, from the date the significant influence begins until the date it ends. If the Group's share in the losses exceeds the carrying value of the associated company, then this value is reduced to zero and the losses exceeding this amount are not recognized, except when the Group has contractual obligations relating to this company.
On 31 December 2014 and 31 December 2015, the Group does not own any associated companies. A list of the subsidiaries of Deceuninck NV is disclosed in Note 26 of these financial statements.

Use of estimates and assumptions

In order to produce the annual financial statements in accordance with the IFRS standards, management has to use a number of estimates and assumptions, that have an impact on the amounts disclosed in the financial statements. The estimates made on the reporting date reflect the existing conditions on this date, such as market prices, interest rates and foreign exchange rates.
Even though management makes these estimates based on its best possible knowledge of current business transactions, and of the transactions the Group may undertake, the actual results can vary in relation to these estimates.

Use of assumptions

In accordance with the Group's accounting principles, the following assumption has been made:

Provision for early retirement

The Company considers it has a constructive obligation, and that the existing collective labour agreement will be renewed on an ongoing basis.

Use of estimates

The most important estimates that are likely to have a significant influence on the net carrying value of assets and liabilities for the coming year relate to:

Impairment of goodwill

Goodwill relating to business combinations is assessed on an annual basis by means of an impairment test. This test requires an estimate of the value in use of cash-generating units, to which the goodwill is attributed. The estimation of the value in use requires an estimate of expected future cash flows of the cash-generating units and the choice of an appropriate discount rate in order to determine the present value of these cash flows. For more details on this subject, please see Note 8.

Employee benefits – Pension schemes

The costs of the granted pension schemes and the current value of the pension obligations are determined on the basis of an actuarial calculation. The actuarial calculation uses assumptions with regard to the discount rate, expected yield of the pension funds, future increases in compensation, mortality tables and future increases in pensions. All the assumptions are reassessed on the reporting date. Further details with regard to these assumptions are documented in Note 16.

Employee benefits - Share-based payments

The Group values the cost of the stock option plans granted to employees on the basis of the actual value of the instruments, on the date they are granted. The estimation of the fair value of compensations in shares requires an adapted valuation model, which depends on the condition under which the grant is made. The valuation model also requires adapted input data, such as the expected life of the option, the volatility of the share price and the dividend yield. The assumptions and the valuation model used for the estimation of the actual value of compensations in shares are explained in Note 20.

Deferred tax assets

Deferred tax assets related to tax losses carry forward are only recognized if it is probable that sufficient taxable profits will be generated in the future. Significant estimates are required from management in order to determine the amount of the deferred tax assets, based on the time period and the level of future taxable profits. More details on this subject are provided in Note 5.

Foreign currencies

Transactions in foreign currencies

The Group's reporting currency is the euro. Transactions in foreign currencies are accounted for using the end of month exchange rate (exchange rate fixed by the European Central Bank (ECB) on the last working day of the preceeding month). Monetary assets and liabilities in foreign currencies are converted using the exchange rate as fixed by the ECB on the balance sheet date. Profits and losses resulting from conversion of monetary assets and liabilities in foreign currencies into euro are recognized in the consolidated income statement as operating or financial exchange result, depending on the nature of the transaction. Non-monetary assets and liabilities are converted into euro using the historic exchange rate (exchange rate applicable for that month in which the transaction occurs). Assets and liabilities from subsidiaries outside the eurozone are converted to euro on balance sheet date, using the ECB exchange rates applicable on that date. The income statements of these subsidiaries are converted into euro at the annual exchange rate, which approximates the exchange rates applicable on the transaction date. The components of equity are converted at their historic exchange rate. Exchange rate differences, caused by the conversion of equity into euro at the closing rate applicable on the balance sheet date, are disclosed as "Currency translation adjustments" under the heading "Equity".

Exchange rates
The following exchange rates were used when preparing the financial statements:

1 EUR is equal to		Closing rate 2014	Closing rate 2015	Average rate 2014	Average rate 2015
Australian Dollar	AUD	1.4829	1.4897	1.4724	1.4765
Bosnian Mark	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian Lev	BGN	1.9558	1.9558	1.9558	1.9558
Brazilian Real	BRL	3.2207	4.3117	3.1228	3.6916
Chilean Peso	CLP	739.5300	771.9500	757.2798	725.9848
Czech Koruna	CZK	27.7350	27.0230	27.5358	27.2850
Pound Sterling	GBP	0.7789	0.7339	0.8064	0.7260
Croatian Kuna	HRK	7.6580	7.6380	7.6346	7.6140
Indian Rupee	INR	76.7190	72.0215	81.0689	71.1752
Lithuanian Litas	LTL	3.4528	3.4528	3.4528	3.4528
Polish Zloty	PLN	4.2732	4.2639	4.1845	4.1828
New Romanian Leu	RON	4.4828	4.5240	4.4443	4.4452
Serbian Dinar	RSD	120.9583	121.6261	117.3662	120.7636
Swedish Krona	SEK	9.3930	9.1895	9.0969	9.3545
Russian Ruble	RUB	68.3427	79.6972	51.0113	68.0068
Thai Baht	THB	39.9100	39.2480	43.1627	38.0007
Turkish Lira	TRY	2.8207	3.1776	2.9070	3.0218
Ukraine Hryvnia	UAH	19.2329	26.2231	16.0213	24.4147
US Dollar	USD	1.2141	1.0887	1.3288	1.1096

Intangible fixed assets other than goodwill

Patents and licenses
Expenditure for acquired patents and licenses are capitalized at their cost price, reduced by the cumulative amortization and impairment, and are subsequently amortized over their estimated useful life using the straight-line method, or over the term of the contract, if this should be shorter. The useful life is usually estimated at 3 years. The useful life of patents recognized in North America is estimated at 15 years.

Research and development
Research expenditure, incurred with the purpose of acquiring new scientific or technological knowledge, is included in the income statement. The cost of development activities, for which the results are applied in a plan or a design for the production of new or substantially improved products and processes, are capitalized if and only if all the criteria defined in IAS 38 are met. Such capitalized costs include directly attributable costs of creating, producing or making ready for use assets (such as raw materials, direct labour costs and a part of the overhead costs that are directly attributable), less the accumulated amortization and impairment. These costs are currently amortized on a straight-line basis over their estimated useful life of 5 years.

Subsequent expenditures
Expenditures relating to intangible fixed assets, subsequent to their purchase or completion, are only capitalized if they increase the future economic benefits specific to the asset they relate to. All other expenditures are considered as costs.

Business combinations

The Group applies the purchase method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.
The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment. Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is the positive difference between the cost of the business combination and the share of the Group in the fair value of the acquired identifiable net assets of a subsidiary or associated company at the moment of acquisition. Goodwill is not amortized, but is subject to an annual impairment test. Goodwill is expressed in the currency of the related company and is converted into euro at the closing exchange rate on the balance sheet date.

Bargain Purchase

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Tangible fixed assets

Tangible fixed assets are recognized at historic cost price, less accumulated depreciation and impairment. Historic cost is the initial purchase price plus any other directly attributable acquisition costs (such as non-recoverable taxes and transportation costs). The cost price of fixed assets produced by the company itself (such as tool sets) includes the cost price of materials, direct labour costs and a proportion of production related overhead costs. Subsequent expenditure is only capitalized, if it increases the future economic benefits of the fixed assets it relates to. Repair and maintenance costs, which do not increase future economic benefits, are expensed as incurred.
Depreciation is calculated using the straight-line method, starting from the first date of use over the entire duration of their expected useful life.

The expected economic useful life is determined as follows:

Assets	
Buildings	40 years
Building fixtures and furniture	10-20 years
External infrastructure	20-40 years
Machinery and equipment	8-20 years
Small equipment	5 years
Screws and cylinders	6 years
Dies and calibrators (tool sets)	5 years
Installations	10-25 years
Office equipment	4-10 years
Logistics equipment	8 years
Furniture	10 years
Vehicles	4-5 years

Land, which is deemed to have an infinite useful life, is not depreciated.

Fixed assets held for sale

Assets held for sale relate to assets or groups of assets that will be disposed of. These assets are valued at the lower of carrying value or fair value less costs to sell. The same valuation principle applies for business units held for sale.

Leasing

Financial lease contracts, for which the Group bears the majority of the risks and benefits inherent to the ownership of the leased property, are recognized as tangible fixed assets at the present value of their minimum lease payments, at the moment when the lease contract was entered into, or at market value if lower. Lease payments are partly considered as financial costs and partly as reimbursement of the lease debt. This results in a flat interest charge over the entire lifetime of the contract, compared to the capital to be repaid. Financial charges are offset directly against revenue. Lease contracts, for which the lessor retains the majority of the risks and benefits of the assets, are considered as operational leases. Payments made under an operational lease are expensed, on a straight-line basis over the entire term of the contract.

Financial instruments

Fair value of financial instruments

The following methods and principles are applied in estimating the fair value of financial instruments:

- *For investments in non-listed companies, for which reliable fair value cannot be defined, the carrying amount is equal to cost less any possible impairments;*
- *For investments in listed companies, the fair value is equal to their share price on an official stock exchange;*
- *For other long-term financial assets (excluding derivative products), the historic cost is deemed to approach the estimated fair value;*
- *For trade receivables, trade debts and other current assets and liabilities, the recorded book values are an approximation of their fair value, given their short life span;*
- *For cash and cash equivalents, the book values recorded are an approximation of their fair value, given their short life span;*
- *For long-term interest-bearing financial debts subject to floating interest rates, the historic cost is assumed to approach the fair value;*
- *For long-term interest-bearing financial debts subject to fixed interest rates, the fair value is defined on the basis of the present value of future cash flows;*
- *For derivative financial instruments, fair values are determined based on market valuation reports provided by the issuing financial institutions.*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities*
- *Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable*
- *Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable*

Criteria relating to the initial recognition or derecognition of financial assets and liabilities

Financial instruments are recognized initially when the Group subscribes to the related contractual provisions. Purchases and sales of financial assets are recognized on the transaction date. Financial assets (or parts thereof) are derecognized, when the Group exercises their contractual rights, when these rights mature, when the Group renounces them, or when the Group loses control of the contractual rights associated with the financial assets. Financial liabilities (or parts thereof) are derecognized, if the obligation stipulated in the contract is withdrawn, cancelled or expired.

Criteria for offsetting financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is recorded in the balance sheet, if there is a legally enforceable right to offset the recognized amounts, and if there is an intention to settle the liability and simultaneously realize the asset or to settle the liability on a net basis.

Financial fixed assets

All financial assets are initially recognized at their cost price plus the cost of acquisition of such an investment. Unrealized profits or losses, resulting from changes in the fair value of financial assets available for sale, are directly recognized in other comprehensive income within the equity until the asset is sold, cashed in or disposed of, or when the financial asset is subject to an impairment. At that time, the accumulated profits and losses previously booked in equity are recognized in the income statement of the related period. Reversals of impairments booked in relation to shares will not be recorded in the income statement.

Financial assets valued at fair value through the income statement

Financial assets valued at fair value through the income statement consist of financial assets that are held for trading purposes or financial assets that are initially recognized at fair value through the income statement. Financial assets held for trading purposes are those acquired with the objective of selling them in a short-term notice. This category also contains derivative financial instruments, which do not fulfill the criteria of IAS 39 for "hedge accounting". Unrealized profits or losses, resulting from the changes in the fair value of financial assets held for trading, are directly booked in the income statement.

Held to maturity investments

Held to maturity investments, such as bonds, are valued at their amortized cost, which is determined by the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Profits and losses are recognized in the income statement when the investments are derecognized or impaired as well as through the amortization process.

Trade receivables

Trade receivables are booked at their nominal value less possible provisions for bad debt. When recovery of the full amount becomes improbable an estimate is made of the provisions for bad debt. Provisions for bad debts are recognized in the income statement of the period during which they are identified.

Cash and cash equivalents

Cash and cash equivalents consist mainly of cash in hand, short-term deposits and short-term investments (maturing within three months after their acquisition date) which are readily convertible into cash and which are subject to a limited risk of changes in value. Within the cash flow statement, cash and cash equivalents include bank balances (current and deposit accounts). Any negative cash position is presented net of short-term debts with financial institutions ("bank overdrafts").

Interest bearing loans

Interest bearing financial debts are initially valued at the fair value of the remuneration received minus any costs related to the transaction. After the initial recognition interest-bearing financial debts are valued at their amortized cost. The difference between the amortized cost and the repayment value is expensed over the duration of the loan based on the effective interest rate method or until the debt is no longer held.

Derivative financial instruments

The Group uses derivative financial instruments (mainly interest rate swaps and FX forward contracts) in order to limit the risks associated with interest and exchange rate fluctuations. The Group's policy prohibits the use of these instruments for speculative purposes.

Derivative financial instruments are classified as either "fair value" hedges, if these instruments hedge changes in the fair value of recognized assets and liabilities, or *as "cash flow" hedges, if they cover cash flow variations associated with a specific risk in relation to a recognized asset or liability or an expected transaction. For "fair value" hedges, profits or losses resulting from the revaluation of "fair value" hedging instruments are directly recorded through profit or loss. Gains or losses on the hedged position lead to an adjustment of the book value of the hedged position and should be recorded through profit or loss. If the adjustment is associated with the book value of an interest bearing financial debt, it is amortized through profit or loss until it is entirely amortized upon maturity. For "cash flow" hedges on the Group's firm commitments, which satisfy the special requirements for recognition as hedging transaction, the proportion of the profit or loss on the hedge instrument considered as an effective hedge is recorded through other comprehensive income and the non-effective proportion is recorded through profit or loss. The Group applies this on the interest rate swaps. Financial instruments, not meeting the special requirements for recognition as a hedging transaction are valued at their fair value, and any profit or loss resulting from a change in the fair value of the instrument is directly expensed.*

Inventories

Inventories are valued at the lower of cost price or net realizable value. The net realizable value is defined as the estimated selling price under normal operating conditions net of any estimated costs for handling and selling the product. Costs incurred in bringing each product to its current location and conditions are recorded as follows:

- *Raw materials and consumables – purchase price, based on the FIFO principle;*
- *Finished goods and work in process – direct material and labour costs, plus a part of the general production costs, based on normal production capacity;*
- *Trade goods – purchase price, based on the FIFO principle.*

Treasury shares

The amount paid, including any directly attributable expenses, for treasury shares acquired by the Company is deducted from equity.

Impairments

The Group's assets, excluding inventories and deferred tax assets, are assessed for impairment indicators at each balance sheet date. If impairment indicators are present, the recoverable amount of the asset is estimated. An impairment is recognized, if the carrying value of an asset, or that of the cash-generating unit to which it belongs, is higher than its recoverable amount. Impairments are recorded in the income statement.

Financial assets

The realizable value of held-to-maturity financial assets and of receivables is calculated as the net present value of expected, future cash flows, discounted at the initial effective interest rate inherent to these assets.

Impairments on held-to-maturity investments or receivables are reversed if a subsequent increase in their realizable value can be objectively associated with an event arising after the recognition of an impairment loss.

Non-financial fixed assets

The recoverable amount of other assets is the higher of their fair value less cost to sell or its value in use of the corresponding assets. In order to determine the value in use, the net present value of expected future cash flows is calculated using a pre-tax discount rate, which reflects both current market rates and the asset's specific inherent risks. When an asset does not generate cash flows, that are largely independent of the other assets, the recoverable amount of the cash generating unit to which this asset belongs, is determined.

Impairments relating to goodwill are not reversed. Impairments of other assets are reversed, if a change takes place in the estimates used to determine the recoverable amount. An increase in the carrying value of an asset, resulting from the reversal of an impairment, cannot be higher than the carrying value (after depreciation) that would have been obtained, if no impairments had been recorded for this asset in previous years.

Provisions

Provisions are accounted for whenever the Group has to settle a legal or constructive obligation resulting from a past event, when it is probable that a cash outflow will be required to settle these obligations, and to the extent that these can be reliably estimated.

When the Group expects that all or part of the expenditure, which is required to settle legal obligations, will be reimbursed by another party, the amount to be reimbursed will only be recognized as an asset if it is practically certain that they will be effectively collected. A warranty provision is established for all products under warranty, based on historical data relating to repairs and returns of goods.

Employee benefits

Pensions

The Group participates primarily in defined contribution plans, and has defined benefit plans in Belgium and Germany. The funds of these plans consist of employer and employee contributions. The Group treats the employer and employee contributions for the defined contribution plans as expenses for the year in which they were made. For defined benefit plans, the pension obligation is estimated by using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- *the date of the plan amendment or curtailment, and*
- *the date that the Group recognises restructuring-related costs*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'other net operating result' in the consolidated income statement (by function):
- *service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements*
- *net interest expense or income*

Additional note on Belgian pension plans

The new law about occupational pension plans has been published on 18th of December 2015.

This law includes changes that may have an impact on the accounting for defined contribution and defined benefit plans under IAS 19R in Belgium.

The first change relates to the minimum guaranteed return. The new law replaces the 3.25% (employer) and 3.75% (employee) as from 1/1/2016 by 65% of 10-year OLO yield averaged on 1 June over last 24 months (possibly increased to 75% (1 January 2018) and 85% (2019) if NBB approves) with a minimum of 1.75% and a maximum of 3.75%. For insured plans the current 3.25% and 3.75% remain applicable to pre-2016 contributions. For other plans the new rates also apply to the accumulated pre-2016 contributions as from 1/1/2016 onwards.

Following IAS 19R, this implies that the (so called) Belgian defined contribution plans with a minimum funding guarantee should be accounted for as defined benefit pension plans.

The Group applied the intrinsic value method to determine any potential shortfall. There was no material shortfall which would have led to the recognition of a liability.

Due to the change in law, the Group will no longer use the intrinsic value method as from 2016 onwards. Instead the group will determine the net pension liability in accordance with an actuarial method as required by IAS 19R.

The second change to the law includes an increase of the legal retirement age to 66 year in 2025 and 67 year in 2030. The group does not anticipate a material impact on the pension liability.

Share-based payments

Various stock option and warrant programs enable the staff members, senior management members and members of the Executive Team to acquire company shares. The exercise price for options or warrants is equal to the market price of the underlying shares on the grant date. Equity is increased respectively by the amounts received or the exercise price, when such options or warrants are exercised. The cost of share-based payment transactions is valued at fair value on the grant date. The fair value is determined by an expert, using a binominal tree structure. The cost of share-based payment transactions and at the same time as the corresponding increase in equity, is recognized over the vesting period.

If the conditions of equity settled share-based payment transactions are modified, the minimal cost equals the cost as if the conditions had not been changed. An additional cost is recognized for any modification which increases the fair value of share-based payment transaction or includes a benefit for the employee as of the date of modification (IFRS 2.28).

When a share-based payment is cancelled, then this is considered as a compensation that was granted on the date of cancellation and the relating unamortized cost is immediately recognized. However, if a new share-based payment is granted as a replacement for the cancelled compensation and if this is recorded as a replacement compensation on the grant date, then the cancelled and the new compensations are treated as a modification of the original share-based payment transaction, as described in the preceding paragraph.

Bonuses

Contractual bonuses are granted based on planned key financial objectives and personal performances. The estimated amount of the bonus is recognized as a cost, based on an estimate as of the balance sheet date.

Sales

Sales (which consists primarily of the sales of goods) are considered to be earned when it is probable that the economic benefits associated with the transaction will be received by the Group, if the amount of revenue can be reliably determined, when the risks and rewards of the sale are entirely transferred to the purchaser, and when there is no longer uncertainty in terms of the collection of the consideration, the transaction costs and any possible return of the goods.

The IASB issue in May 2014 IFRS 15, the new international financial reporting standard on revenue recognition. IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Adoption of IFRS 15 is not mandatory until annual periods beginning on or after 1 January 2018. Early adoption is permitted. IFRS 15 has not yet been endorsed by the EU.

Government grants

Government grants are recognized at their fair value, when there is reasonable assurance that they will be received and that the Group will fulfil all of the conditions attached to them. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income.

Borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset.

Income taxes

Income taxes include current and deferred taxes. Taxes are recognized in the income statement, unless they are associated with items that are booked immediately to equity. In that case, the corresponding tax is recognized directly against equity. Current taxes include the expected amount payable on taxable earnings for the period, along with adjustments of fiscal liabilities for previous years. A taxable earnings calculation for the year is based on the tax rates applicable on the reporting date. Deferred taxation is calculated in accordance with the liability method, for all temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. The calculation is based on rates of taxation for which the legislative process has been (largely) completed on the reporting date. Under this method, the Group also has to calculate deferred tax on the difference between the fair value of the net assets acquired and their tax base as a result of a new acquisition. Deferred tax assets are only recognized if it is probable that sufficient taxable profits will be generated in the future in order to use the tax benefit. The carrying amount of a deferred tax asset is reduced, when it becomes unlikely that the relating tax benefit will be realized.

Financial income/charges

Interest income includes interest earned on loans granted to third parties or bank deposits, and interest charges include interest due on loans contracted by the Group. Recorded interest is based on the "effective interest" method. Financial income or charges, next to realized and unrealized exchange rate gains or losses related to interest-bearing loans and deposits, also include recorded gains or losses due to a revaluation of the fair value of financial derivatives, which are considered as "fair value" hedging instruments if the hedged risks are of a financial nature, or if financial instruments do not meet the special "hedge accounting" requirements.

Changes in accounting policies and disclosures

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2015.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- *IFRIC 21 Levies, effective 17 June 2014*
- *Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2015*

IFRIC 21 Levies
IFRIC 21 clarifies the accounting for levies when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation became effective for annual period beginning on or after 17 June 2014 and should be applied retrospectively. Early application is permitted.

Improvements to IFRSs - 2011-2013 Cycle

The IASB issued the 2011-2013 cycle improvements to its standards and interpretations. These improvement clarify:

- *IFRS 3: A scope exemption for the formation of a 'joint venture'.*
- *IFRS 13: Measurement of the fair value of a group of financial assets and financial liabilities on a net basis*
- *IAS 40: Determines whether the acquisition of an investment property in a business combination requires judgement of the specific requirements of IFRS 3*

The improvements become effective for annual periods beginning on or after 1 January 2015.

The Group has applied these changes and concluded that these changes did not result in a material impact on the IFRS financial statements.

Standards issued but not yet effective

Standards and interpretations issued but not yet effective during the reporting period are listed below.

- *IFRS 9 Financial Instruments , effective 1 January 2018*
- *Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception1, effective 1 January 2016*
- *Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016*
- *IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 151, effective 1 January 2018*
- *Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016*
- *Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016*
- *Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016*
- *Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015*
- *Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016*
- *Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015*
- *Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016*

The Group has examined these changes and is currently assessing the results. The Group anticipates that these changes will have no material effect on the financial statements.

2. Interests in other entities

For information on the composition of the Group, we refer to Note 26. List of subsidiaries.

As per 31 December 2015, the Group has 2 subsidiaries that have material non-controlling interests:

- *Ege Profil Ticaret ve Sanayi AS (Turkey) (ownership = 97.54%)*
- *Pimaş Plastik Insaat Malzemeleri A.S. (Turkey) (ownership = 87.6%)*

2.1 Ege Profil Ticaret ve Sanayi AS

Financial information of Ege Profil Ticaret ve Sanayi AS is provided below. The information is based on amounts before intercompany eliminations.

Summarized income statement

For the 12 month period ended 31 December (in € thousand)	2014	2015
Sales	**129,558**	**153,143**
Cost of goods old	-97,578	-114,062
Gross profit	**31,980**	**39,081**
Operational expenses	-19,890	-21,204
Operating profit (EBIT)	**12,089**	**17,877**
Financial result	-2,664	-2,553
Profit before taxes (EBT)	**9,426**	**14,469**
Income taxes	-1,978	-1,035
Net profit	**7,447**	**13,434**
Other comprehensive income after tax impact	2,611	-7,349
Total comprehensive income	**10,059**	**6,084**

Total comprehensive income is attributable to:	2014	2015
Shareholders of the parent company	9,811	5,935
Non-controlling interests	247	150

Summarized statement of financial position

(in € thousand)	31 december 2014	31 december 2015
Assets		
Intangible fixed assets	2,260	2,002
Goodwill	243	216
Tangible fixed assets	33,614	38,976
Financial fixed assets	240	687
Long-term receivables	107	90
Non-current assets	**36,464**	**41,971**
Inventories	13,151	13,136
Trade receivables	68,435	75,718
Other receivables	5,655	4,384
Cash and cash equivalents	5,749	28,159
Fixed assets held for sale	636	498
Current assets	**93,625**	**121,895**
Total assets	**130,089**	**163,866**

Equity	**63,332**	**69,426**
Interest-bearing loans	7,090	39,070
Long-term provisions	2,042	2,125
Deferred tax liabilities	2,427	1,810
Non-current liabilities	**11,559**	**43,006**
Interest-bearing loans	27,209	15,885
Trade payables	24,227	32,156
Other current liabilities	3,763	3,393
Current liabilities	**55,199**	**51,434**
Total equity and liabilities	**130,089**	**163,866**

Total equity is attributable to:	31 december 2014	31 december 2015
Shareholders of the parent company	61, 774	67, 718
Nn-controlling interests	1, 558	1, 708

Summarized statement of cash flows

For the 12 month period ended 31 December (in € thousand)"	2014	2015
Cash flow from operating activities	-745	14, 157
Cash flow from investing activities	-8, 433	-11, 593
Cash flow from financing activities	1, 799	21, 680
Net increase (+) / decrease (-) in cash and cash equivalents	**-7, 380**	**24, 244**

2.2 Pimaş Plastik Insaat Malzemeleri A.S.

Financial information of Pimaş Plastik Insaat Malzemeleri A.S. is provided below. The information is based on amounts before intercompany eliminations.

Summarized income statement

For the 12 month period ended 31 December (in € thousand)"	2014	2015
Sales	**11, 475**	**55, 662**
Cost of goods sold	-9, 220	-47, 051
Gross profit	**2, 255**	**8, 611**
Operational expenses	-2, 161	-11, 042
Operating profit (EBIT)	**93**	**-2, 431**
Financial result	-142	-288
Profit before taxes (EBT)	**-49**	**-2, 719**
Income taxes	-22	-714
Net profit	**-71**	**-3, 433**
Other comprehensive income after tax impact	827	-2, 931
Total comprehensive income	**756**	**-6, 364**

Total comprehensive income is attributable to:	2014	2015
Shareholders of the parent company	663	-5.575
Non-controlling interests	94	-789

Summarized statement of financial position

(in € thousand)	31 december 2014	31 december 2015
Assets		
Intangible fixed assets	2,550	2,021
Tangible fixed assets	15,013	10,834
Financial fixed assets	8,055	8,066
Long-term receivables	85	59
Non-current assets	**26,289**	**20,980**
Inventories	5,839	6,107
Trade receivables	18,748	19,781
Other receivables	707	2,121
Cash and cash equivalents	6,484	411
Fixed assets held for sale	167	142
Current assets	**31,944**	**28,562**
Total assets	**58,233**	**49,541**
Equity	**35,898**	**29,484**
Interest-bearing loans	3,545	4,721
Long-term provisions	2,407	3,537
Deferred tax liabilities	123	9
Non-current liabilities	**6,075**	**8,266**
Interest-bearing loans	6,817	0
Trade payables	8,232	10,252
Other current liabilities	1,213	1,539
Current liabilities	**16,261**	**11,791**
Total equity and liabilities	**58,233**	**49,541**

Total equity is attributable to:	31 december 2014	31 december 2015
Shareholders of the parent company	31,446	25,828
Non-controlling interests	4,451	3,656

Summarized statement of cash flows

For the 12 month period ended (in € thousand)	31 december 2014	31 december 2015
Cash flow from operating activities	-2, 558	-983
Cash flow from investing activities	-102	806
Cash flow from financing activities	3, 095	-5, 443
Net increase (+) / decrease (-) in cash and cash equivalents	435	-5, 620

3. Segment information

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Four segments have been defined based on the location of legal entities. They include the following entities:
1. Western Europe: Benelux, France, Italy, Spain and the United Kingdom;
2. Central & Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia, Serbia and Thailand;
3. North America;
4. Turkey & Emerging Markets: Australia, Brazil, Chile, India and Turkey.
There are no segments aggregated in order to establish the above segments.

Transfer prices between the operational segments are based on an "at arm's length basis" equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.
The Group identified the Executive Team as its Chief Operating Decision Maker.
The segments have been defined based on the information provided to the Executive Team.
The Executive Team monitors the performance of its operational segments based on sales and EBITDA per segment.

Segment information includes results, assets and liabilities that can be attributed directly to a segment.

For the 12 month period ended 31 December (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Intersegment Eliminations		Consolidated	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
External sales	157,529	170,462	174,375	169,723	83,189	111,221	137,720	193,118	0	0	552,814	**644,524**
Intersegment sales	12,631	18,766	3,401	11,270	150	467	4,196	5,903	-20,378	-36,406	0	**0**
Total sales	170,160	189,228	177,776	180,993	83,339	111,688	141,916	199,021	-20,378	-36,406	552,814	**644,524**
EBITDA	8,898	18,203	1,344	2,866	8,551	12,084	16,537	22,441	0	-1,208	35,330	**54,387**
Financial result	-	-	-	-	-	-	-	-			-7,451	**-9,989**
Income taxes	-	-	-	-	-	-	-	-			3,603	**-3,522**
Depreciations of (in)tangible fixed assets	-8,618	-9,339	-7,257	-6,873	-3,012	-4,571	-3,260	-4,912	0	0	-22,147	**-25,260**
Impairments on (in)tangible fixed assets	-622	-451	-297	-585	0	-1	0	-239	0	0	-919	**-1,276**
Gain on bargain purchase	0	0	0	0	0	0	1,862	0	0	0	1,862	**0**
Other non-cash costs	-1,913	880	2,347	399	763	345	-1,016	-3,425	0	0	181	**-998**
Assets	181,091	209,670	109,987	113,749	61,975	70,521	168,158	171,005	-46,574	-73,045	503,684	**562,620**
Liabilities	50,432	44,176	20,977	26,492	18,366	17,633	38,323	42,999	-19,668	-30,392	503,684	**562,620**
Capital expenditures (capex)	8,206	10,320	5,080	4,810	8,467	9,120	9,580	16,245	0	-1,751	31,332	**38,745**

Reconciliation of total segment assets and total Group assets:

For the 12 month period ended 31 December (in € thousand)	Consolidated 2014	2015
Total segment assets	**521,211**	**564,945**
Cash and cash equivalents	29,046	70,720
Intersegment eliminations	-46,574	-73,045
Total Group assets	**503,684**	**562,620**

Reconciliation of total segment liabilities and total Group liabilities:

For the 12 month period ended 31 December (in € thousand)	Consolidated 2014	2015
Total segment liabilities	**128,099**	**131,301**
Equity including non-controlling interest	264,489	269,252
Long-term interest-bearing loans	14,635	143,486
Long-term provisions	24,962	25,119
Deferred tax liabilities	5,771	4,529
Short-term interest-bearing loans	85,396	19,324
Intersegment eliminations	-19,668	-30,392
Total Group liabilities	**503,684**	**562,620**

Sales by product group is presented in the table below (in %):

For the 12 month period ended 31 December (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Window and door systems	74.9%	79.2%	91.0%	89.6%	85.2%	86.5%	98.4%	98.1%	87.1%	**89.1%**
Building products	25.1%	20.8%	9.0%	10.4%	14.8%	13.5%	1.6%	1.9%	12.9%	**10.9%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

There is no significant concentration of sales (>10%) with one or a limited number of Customers.

4. Revenues and costs

Other operating income (*) (in € thousand)	2014	2015
Grants received	1,083	**486**
Exchange rate gains	2,066	**3,296**
Decrease of provisions	2,991	**0**
Gains on disposal of tangible fixed assets	120	**1,533**
Indemnity compensations received	58	**29**
Other	2,043	**3,555**
Total	**8,362**	**8,898**

(*) Exchange rate gains and other are presented on a net basis.

The increase in other operating income compared to 2014 is primarily due to higher exchange rate gains and gains on the disposal of the building in Izmir (Turkey).

Other operating costs (*) (in € thousand)	2014	2015
Non-recurring costs	-1,246	**-2,293**
Exchange rate losses	-3,722	**-4,035**
Increase of provisions	0	**-1,930**
Impairments	-919	**-1,180**
Loss on disposal of tangible fixed assets	-84	**-100**
Other	-1,208	**-1,487**
Total	**-7,179**	**-11,024**

(*) Exchange rate losses and other are presented on a net basis

The increase in other operating costs compared to 2014 is primarily due to an increase in non-recurring costs (mainly costs relating to the restructuring in Belgium) and increase of provisions.

The impairments mainly relate to land and buildings, machinery components and tools sets. The remainder of other operating costs comprise for example contributions for non-active employees.

Financial income (in € thousand)	2014	2015
Interest income	1,044	1,739
Financial discounts - Suppliers	775	827
Exchange rate gains	7,376	4,277
Other	561	640
Total	**9,755**	**7,483**

Financial costs (in € thousand)	2014	2015
Interest costs	-6,251	-7,323
Financial discounts - Customers	-1,101	-1,254
Exchange rate losses	-7,854	-5,974
Bank costs	-588	-1,144
Other	-1,412	-1,778
Total	**-17,207**	**-17,473**

Exchange results are negatively influenced by Fx on €-denominated loans in Turkey and Russia and higher cost of hedging the Russian RUB.
Increase in bank costs is mainly related to commissions paid on the new EBRD loan in Turkey and additional bank charges in Pimas and Enwin (12 months of operations in 2015, 2 months in 2014).

Payroll costs and other social benefits (in € thousand)	2014	2015
Wages and salaries	-92,246	-105,469
Social security contributions	-26,337	-28,609
Contributions to defined contribution plans	-1,516	-1,684
Other	-3,390	-4,773
Total	**-123,489**	**-140,535**

Headcount (Total Full Time Equivalents (FTE) by category)	2014	2015
Blue collars	2,438	2,619
White collars	996	974
Total	**3,434**	**3,593**

The increase of the payroll costs can be mainly explained by higher direct labour costs, as a result of higher production volumes in North America and Turkey as well as Pimas being 12 months operational rather than 2 months in 2014.

Cost of goods sold (in € thousand)	2014	2015
Material costs	-288,403	-331,924
Payroll costs	-67,348	-76,563
Depreciations of (in)tangible fixed assets	-17,120	-19,443
Other	-29,149	-34,592
Total	**-402,020**	**-462,522**

Cost of goods sold (in € thousand)	2014	2015
Material costs	-288,403	-331,924
Payroll costs	-123,489	-140,535
Depreciations of (in)tangible fixed assets	-22,147	-25,260
Other	-107,513	-117,729
Total	**-541,551**	**-615,448**

The increase in total costs can be mainly explained by higher material and payroll costs, as a result of higher production volumes in North America and Turkey as well as Pimas being 12 months operational rather than 2 months in 2014.

5. Income taxes

The breakdown of the income tax charge for the financial year 2015 is presented as follows:

Income taxes recognized in the income statement (in € thousand)	2014	2015
Current income taxes	**-1,972**	**-1,814**
Relating to current year	-1,830	-1,613
Relating to previous years	-68	-129
Other	-73	-72
Deferred taxes	**5,574**	**-1,708**
Relating to temporary differences	-1,930	-1,544
Relating to tax losses	6,823	-77
Other	682	-87
Income taxes recognized in the income statement	**3,603**	**-3,522**

Relationship between Earnings before tax (EBT) - IFRS and Income taxes (in € thousand)	2014	2015
Earnings before tax - IFRS	**6,856**	**16,864**
Statutory tax rate of the parent company	33.99%	33.99%
Income taxes calculated at the statutory tax rate of the parent company	**-2,330**	**-5,732**
Tax effect of:		
Local tax rate	247	1,318
Non-deductible items	-574	-793
Current income taxes relating to previous years	-68	-129
Excempted Income/tax incentives	633	1,190
Use of tax losses carry forward for which no deferred tax asset has been recognized	1,182	1,063
Income taxes - other	-541	53
Non-recognition of deferred taxes	-598	-864
Recognition of deferred taxes	4,970	453
Deferred taxes - other	682	-81
Income taxes recognized in the income statement	**3,603**	**-3,522**
Effective rate rate	-	20.88%

The following table gives an overview of the deferred taxes, after net presentation by legal entity as per 31 December 2014 and 2015:

	2014	Due to acquisition	Charged / credited to PL	Charged / credited to equity	Transfers	Translation adjustments Total	2015
Deferred tax assets by type of temporary difference:							
Tax losses carry forward	26,995		-1,005			620	26,610
Tangible fixed assets	-9,882		-116		-445	-32	-10,475
Provisions	2,015		85	-96		-38	1,966
Inventories	968		91		-61	-12	986
Other assets	911		-1,009	-6	-20	-2	-126
Deferred tax assets	**21,008**	**0**	**-1,953**	**-103**	**-526**	**536**	**18,962**
Deferred tax liabilities by type of temporary difference:							
Tax losses carry forward	-2,016						-2,016
Tangible fixed assets	9,527		353	-271	740	-310	10,038
Financial fixed assets			-217				-217
Provisions	-2,514		-383	87	-1,318	144	-3,984
Inventories	-330		21		53	36	-221
Interest bearing borrowings	21		-5			0	16
Other liabilities	1,011		-14		21	-105	913
Deferred tax liabilities	**5,698**	**0**	**-246**	**-184**	**-504**	**-236**	**4,529**
Net deferred taxes	**15,310**	**0**	**-1,708**	**82**	**-22**	**772**	**14,433**

In 2015, the Group recognized deferred tax assets for tax losses carry forward, for which utilization depends on future taxable profits. The total amount of this deferred asset amounted to € 28,626 thousand at the end of 2015 (end 2014: € 29,011 thousand).
The budgets provide adequate assurance that the company will generate sufficient taxable profits in the near future in order to utilize the deferred tax assets recognized.

As per 31 December 2015, the Group has no deferred taxes recognized on a total amount of tax losses carry forward of € 46,268 thousand (2014: € 43,553 thousand), in the United Kingdom, Czech Republic, Poland,Russia, Croatia and Bosnia in current and previous financial years.

6. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year, attributable to ordinary shareholders by the weighted average number of ordinary shares, excluded ordinary shares purchased by the Group and held as treasury shares. This results in a net profit per share of € 0.10.

(in € thousand)	2014	2015
Earnings attributable to ordinary shareholders	10,586	13,582
Weighted average number of ordinary shares (in thousands)	116,590	134,077
Earnings per share (in €)	**0.09**	**0.10**

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders, adjusted for the effect on the outcome of the potential ordinary shares, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all potential shares leading to dilution. The potential dilution arises from warrants granted to staff members, senior management members and members of the Executive Team. For 2015, 887,500 shares attributable to the exercise of outstanding warrants were excluded from the calculation of diluted earnings per share as their effect was antidilutive (for 2014: 542,500). It concerns exercisable warrants that are 'out of the money'. This means that the exercise price of the warrants is higher than the share price Deceuninck at balance sheet date.

The calculation for 2015 leads to a net profit per share of € 0.10.

(in € thousand)	2014	2015
Earnings attributable to ordinary shareholders	10,586	13,582
Weighted average number of ordinary shares (in thousands)	116,590	134,079
Dilution effect of non-exercised warrants (in thousands)	2,808	3,264
Weighted average number of shares after dilution (in thousands)	119,397	137,344
Diluted earnings per share (in €)	**0.09**	**0.10**

7. Intangible fixed assets, other than goodwill

Amortization of intangible assets other than goodwill is included in cost of goods sold.
As per 31 December 2015, the intangible assets with indefinite useful lives were tested for impairment, based on the same methodology and assumptions as described in Note 8 – Goodwill. The intangible assets with indefinite useful lives mainly relate to the trade names Winsa and Pimapen. For these kind of assets there is no foreseeable end of the cash generating period. The net carrying value of these assets is € 3,570 thousand. The impairment test of this asset is included in the goodwill impairment test for Turkey (see Note 8 – Goodwill) and did not result in the recognition of an impairment on 31 December 2015.

Patents, licenses and similar rights (in € thousand)	**2014**	**2015**
COST		
At the beginning of	**18,356**	**22,720**
Due to acquisition	2,475	0
Additions	215	906
Disposals	0	-9
Transfers	505	58
Translation adjustments	1,171	332
At the end of	**22,720**	**24,007**
AMORTIZATIONS and IMPAIRMENTS		
At the beginning of	**-15,385**	**-16,799**
Additions to amortizations	-424	-986
Disposals	0	9
Translation adjustments	-989	-839
At the end of	**-16,799**	**-18,615**
INTANGIBLE FIXED ASSETS		
Cost	22,720	24,007
Accumulated amortizations and impairments	-16,799	-18,615
NET CARRYING VALUE	**5,922**	**5,392**

8. Goodwill

(in € thousand)	**2014**	**2015**
COST		
At the beginning of	**59,037**	**63,568**
Additions	100	0
Translation adjustments	4,431	4,186
At the end of	**63,568**	**67,754**
IMPAIRMENTS		
At the beginning of	**-48,278**	**-52,697**
Additions	0	-96
Translation adjustments	-4,419	-4,220
At the end of	**-52,697**	**-57,013**
GOODWILL		
Cost	63,568	67,754
Accumulated impairments	-52,697	-57,013
NET CARRYING VALUE	**10,871**	**10,741**

The application of IFRS 3 "Business combinations" stipulates that all identifiable assets and liabilities should be recognized at their fair value at the moment of acquisition. All differences between the cost of the business combination and the fair value defined at the time of the acquisition should be attributed to goodwill and any potential remaining differences in equity.

The net carrying value of goodwill is allocated as follows:

Cash-generating unit (in € thousand)	**2014**	**2015**
Turkey	9,521	9,494
Belgium	1,247	1,247
Brazil	103	0
Net carrying value	**10,871**	**10,741**

At 31 December 2015, the net carrying value of goodwill amounts to € 9.5 million for Turkey, € 1.2 million for Belgium.
In accordance with IAS 36, goodwill is not amortized but is subject to an annual impairment test. This test is always performed at year end whenever there is an indication of a possible impairment.
The test consists in comparing the recoverable amount of each cash-generating unit with its carrying amount. An impairment loss is recognized whenever the recoverable amount is lower than the net book value. The Group carried out the impairment test at 31 December 2015, consistent with previous years.

Impairment test goodwill Turkey

Cash generating unit
The cash generating unit is the region Turkey & Emerging Markets which is composed of legal entities in Turkey, India, Chile, Brazil and Australia. This is the lowest level at which EBITDA can be measured without being influenced by transfer prices. It is also the level of our segment reporting.

Discount rate
The discount rate is based on the risk free rate based on the currency region zone where the activities are deployed and current market assessment of the risks specific to the Deceuninck Group. The discount rate was estimated based on the weighted average cost of capital (WACC) and is 10.0% for 2015 (2014: 10.0%).

Assumptions for 2016 -> 2020
For EBITDA of 2016, management has worked out a target based on detailed plans and actions. For the period 2017 -> 2020 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry.

Sensitivity analysis
One scenario with reasonable growth expectations has been worked out:
- *EBITDA: a growth rate between +1% and +5% was assumed as from 2016 onwards*
- *Operating working capital: between +1% and +2% growth as from 2016 onwards*

Conclusion
Both scenarios did not result in an impairment of goodwill.

Impairment test goodwill Belgium

Cash generating unit
The cash generating unit is Western Europe, composed of legal entities Deceuninck NV (Belgium), Deceuninck Ltd (UK), Deceuninck SAS (France) and Deceuninck Sucursal en España (Spain).
This is the lowest level at which EBITDA can be measured without being influenced by transfer prices. It is also the level of our segment reporting.

Discount rate
The discount rate is based on the risk free rate based on the currency region zone where the activities are deployed and current market assessment of the risks specific to the Deceuninck Group. The discount rate was estimated based on the weighted average cost of capital (WACC) and is 6.7% for 2015 (2014: 6.7%).

Assumptions for 2016 -> 2020
For EBITDA of 2016, management has worked out a target based on detailed plans and actions. For the period 2017 -> 2020 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry.

Sensitivity analysis
One scenario with reasonable growth expectations has been worked out:
- *EBITDA: a growth rate between +1% and +3.5% was assumed as from 2016 onwards*
- *Operating working capital: +1% growth for 2016, +2% for 2017 and +3.5% for 2018-2020.*

Conclusion
No need for impairment of goodwill.

Impairment test goodwill Brasil

Cash generating unit
The cash generating unit is Deceuninck Brasil.

Conclusion
The current estimate of future cash-flows did not support the carrying value of the goodwill and was therefore fully impaired in 2015.

9. Tangible fixed assets

2014 (in € thousand)	Land and buildings	Machines and equipment	Furniture and vehicles	Leased fixed assets	Other tangible fixed assets	Assets under construction	Total
COST							
At the beginning of previous year	**151,200**	**415,568**	**15,935**	**337**	**23**	**14,089**	**597,153**
Scope changes	12,572	5,176	487	0	0	1	18,236
Additions	1,797	13,479	374	0	86	14,879	30,616
Disposals	0	-9,044	-1,815	-14	0	-89	-10,962
Transfers	8,032	11,466	1,378	0	0	-13,255	7,621
Translation adjustments	-355	7,261	-76	-49	0	741	7,523
At the end of previous year	**173,246**	**443,907**	**16,283**	**275**	**109**	**16,367**	**650,186**
DEPRECIATIONS and IMPAIRMENTS							
At the beginning of previous year	-57,062	-337,583	-14,363	-298	-11	0	-409,317
Scope changes	0	0	0	0	0	0	0
Additions to depreciations	-4,270	-17,021	-407	-22	-3	0	-21,723
Additions to impairments	-242	-648	-26	0	0	0	-915
Disposals	1,057	7,783	1,836	14	0	0	10,690
Transfers	-3,664	-77	944	0	0	0	-2,798
Translation adjustments	-1,024	-8,840	-659	49	0	0	-10,475
At the end of previous year	**-65,205**	**-356,386**	**-12,675**	**-258**	**-14**	**0**	**-434,538**
TANGIBLE FIXED ASSETS							
Cost	173,246	443,907	16,283	275	109	16,367	650,186
Accumulated depreciations and impairments	-65,205	-356,386	-12,675	-258	-14	0	-434,538
NET CARRYING VALUE	**108,041**	**87,521**	**3,608**	**17**	**95**	**16,367**	**215,648**

2015 (in € thousand)	Land and buildings	Machines and equipment	Furniture and vehicles	Leased fixed assets	Other tangible fixed assets	Assets under construction	Total
COST							
At the beginning of current year	**173,246**	**443,907**	**16,283**	**275**	**109**	**16,367**	**650,187**
Additions	3,432	12,275	567	0	27	21,498	37,799
Disposals	-5,496	-11,589	-372	-39	0	-7	-17,502
Transfers	-2,832	16,733	1,267	0	0	-9,989	5,180
Translation adjustments	529	4,598	-1,796	-14	0	-382	2,935
At the end of current year	**168,879**	**465,925**	**15,949**	**222**	**136**	**27,487**	**678,599**
DEPRECIATIONS and IMPAIRMENTS							
At the beginning of current year	**-65,205**	**-354,670**	**-14,391**	**-258**	**-14**	**0**	**-434,538**
Additions to depreciations	-4,719	-19,109	-429	-6	-11	0	-24,273
Additions to impairments	-3	-585	0	0	0	0	-589
Disposals	1,900	11,446	356	39	0	0	13,741
Transfers	-576	-5,685	-1,373	0	0	0	-7,633
Translation adjustments	-442	-7,783	1,706	14	0	0	-6,505
At the end of current year	**-69,045**	**-376,385**	**-14,132**	**-211**	**-25**	**0**	**-459,798**
TANGIBLE FIXED ASSETS							
Cost	168,879	465,925	15,949	222	136	27,487	678,599
Accumulated depreciations and impairments	-69,045	-376,385	-14,132	-211	-25	0	-459,798
NET CARRYING VALUE	**99,834**	**89,540**	**1,818**	**11**	**111**	**27,487**	**218,802**

The Group has significant commitments (TRY 150 million) spread over the next 3 years regarding the construction of the new extrusion factory in Menemen, Turkey.

Tangible fixed assets under construction can be explained as follows:

(in € thousand)	2014	2015
Land and buildings	4,398	12,221
Machines and equipment	10,595	12,652
Other	1,374	2,613
Total	**16,367**	**27,487**

The Group has recognized impairments on tangible fixed assets of € 0.6 million. These impairments mainly relate to machinery components and tool sets. These impairments have been included within other operating costs.

10. Long-term receivables

(in € thousand)	2014	2015
Trade receivables	548	532
Other receivables	521	573
Total	**1,068**	**1,105**

The maturity of such trade receivables ranges from 1 to 3 years.

11. Inventories

(in € thousand)	2014	2015
Raw materials and consumables	33,321	30,425
Work in progress	0	5
Finished products	39,553	40,940
Trade goods	20,544	24,083
Total	**93,417**	**95,454**

During 2015 a net amount of € 473 thousand was posted as reversal of write-down inventory (in 2014: expense of € 1,804 thousand). These write-downs are shown as Marketing, sales and distribution expenses. The cost of inventories recognized as an expense during 2015 amounted to € 462,522 thousand (2014: € 402,020 thousand).
No inventories were pledged as security for liabilities (2014: idem).

12. Trade receivables and other receivables

(in € thousand)	2014	2015
Gross trade receivables	133,729	135,600
Impairments	-17,903	-14,117
Trade receivables	**115,826**	**121,484**
VAT and other taxes	4,493	8,556
Derivative financial instruments	30	1,278
Prepaid charges	1,576	1,781
Accrued revenues	532	1,476
Short-term warranties	306	239
Other	1,740	3,093
Other receivables	**8,677**	**16,424**

Trade receivables increased € 5,7 million mainly due to increase of sales. Total factoring amounted to € 16.3 million at 31 December 2015 (2014 € 16.0 million).
Days sales outstanding (DSO) slightly improved year-on-year from 74 days in 2014 to 70 days in 2015 thanks to continued strict credit monitoring policy in spite of an unfavourable legal entity mix.
The factoring cost for 2015 amounts to € 481 thousand (2014 € 392 thousand).
The effect of the factoring agreement is shown as a decrease in trade receivables, as substantially all risks and rewards relating to the trade receivables, are transferred to the factorcompany (factoring with non recourse).
The gross trade receivables consist of invoiced sales, an accrual for invoices to be issued, an accrual for credit notes to be received, exchange rate differences and advance payments made.

An analysis is provided below, which shows the aging of gross outstanding trade receivables granted to Customers, after deduction of impairments on those amounts:

Ageing analysis of trade receivables (in € thousand)	Net carrying value	Not due nor impaired	Overdue but not impaired				
			< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days
As per 31 December 2014	115,826	100,865	8,018	1,819	708	850	3,565
As per 31 December 2015	121,484	107,389	8,891	2,039	-193	1,010	2,348

As per December 2015 an amount of € 13,890 thousand (2014 € 17,903 thousand) was recognized as an impairment on trade receivables to Customers.

The movements during the last 2 financial years are presented in the following table:

Impairment allowance (in € thousand)	2014	2015
At the beginning of	**-14,934**	**-17,903**
- Due to acquisition	0	0
- Additions	-4,567	-1,572
- Reversals	3,010	1,795
- Utilizations	737	0
- Transfers	0	2,719
- Translation adjustments	-2,149	845
At the end of	**-17,903**	**-14,117**

13. Cash and cash equivalents

(in € thousand)	2014	2015
Cash and current bank accounts	14,298	43,655
Short term deposits	14,749	27,065
Total	**29,046**	**70,720**

14. Fixed assets held for sale

(in € thousand)	2014	2015
COST		
At the beginning of	**10,055**	**2,275**
Due to acquisition	146	0
Additions	402	40
Disposals	-586	-214
Transfers	-7,987	3,080
Translation adjustments	245	-353
At the end of	**2,276**	**4,828**
DEPRECIATIONS and IMPAIRMENTS		
At the beginning of	**-2,889**	**-215**
Additions to impairments	-4	-569
Disposals	95	89
Transfers	2,659	-685
Translation adjustments	-76	23
At the end of	**-215**	**-1,355**
FIXED ASSETS HELD FOR SALE		
Cost	2,276	4,828
Accumulated depreciations and impairments	-215	-1,355
NET CARRYING VALUE	**2,060**	**3,473**

The fixed assets held for sale mainly relate to land and building in Germany, land in Poland, flats in Turkey and the Enwin production building in Rostov oblast. All *assets are available for immediate sale. Necessary actions have been taken in order to place these assets on the market and sales are expected during 2016. Concerning the assets held for sale in Germany, the selling process is delayed due to regulatory obligations. However, sale is expected in 2016.*

Following the reclassification to "held-for-sale", assets held for sale are no longer depreciated. The measurement in accordance with IFRS 5 resulted in the recognition of a total impairment loss of € 4 thousand relating to Germany and € 645 thousand relating to the Enwin production building.

15. Issued capital and reserves

Issued capital

Issued capital	2014	2015
Amount (in € thousand)	52,912	53,257
Number of shares (without nominal value)	134,163,287	135,039,121

Share premiums

Share premiums	2014	2015
Amount (in € thousand)	85,927	86,777

As per 31 December 2015, issued capital is set at € 53,257 thousand and is composed of 135,039 thousand shares without a nominal value.

Treasury shares

Treasury shares	2014	2015
Amount (in € thousand)	-261	-261
Number of shares (without nominal value)	217,121	217,121

On 31 December 2015, the Group held 217,121 treasury shares to fulfil its commitments with respect to stock option plans.

Currency translation adjustments

Currency translation adjustments include all exchange rate differences resulting from the conversion of the financial statements of subsidiaries into euro. The total currency translation adjustments amount to € -52,914 thousand at 31 December 2015.

An overview of the currency translation adjustments by currency is given below:

Currency translation adjustments (in € thousand)	2014	2015
USD	-11,249	-7,810
TRY	-17,966	-28,133
RUB	-9,039	-9,996
PLN	-2,618	-2,553
GBP	-1,797	-3,101
CZK	-553	-248
Other	-1,197	-1,073
Total	**-44,317**	**-52,914**

16. Provisions for post-employment employee benefits

Net liability (asset) reconciliation (in € thousand)	**Inoutic / Deceuninck GmbH (Germany)**	**Deceuninck NV (Belgium)**	**Other**	**Total**
As per 31 December 2014	**14,117**	**3,519**	**2,792**	**20,428**
Pension cost recognized in income statement	-48	80	2,212	2,244
Fair value adjustment via Equity	-890	-283	-246	-1,419
Remeasurements recognized in OCI	0	0	29	29
Benefits paid directly	0	0	-340	-340
Translation adjustments	0	0	-381	-381
As per 31 December 2015	**13,178**	**3,317**	**4,066**	**20,561**
Non-current	12,631	3,131	4,088	19,850
Current	547	185	-22	710

Defined contributions plans

The Group pays contributions to certain insurance companies for defined contribution plans. Besides those contributions, the Group has no other payment obligations to these insurance companies. The pension contributions are included in the income statement during the year in which they are due and amount to € 1,685 thousand for 2015 (2014: € 1,516 thousand).

The legal minimal return in Belgium for defined contribution plans is 3.25%.
The Group has its contribution pension plan with fixed return transferred to an external insurance company. The minimal return requirement is not transferred to the insurance company. At 31 December 2015, 156 employees were entitled to the plan and there was no deficit of funding regarding the obligation.

Defined benefit plans and other post employment benefits

Deceuninck NV (Belgium)
For Deceuninck NV, the provisions for post-employment benefits relate to the early retirement obligation.
This plan is available for all early-retired employees when in conformity with the current collective labour agreement (CLA).
In accordance with IFRS, the actuarial present value of the defined pension benefits must be calculated, as that value represents the total of the amounts that can currently be allocated to each participant in the plan.

The early retirement obligation is not financed and is considered to be a constructive obligation. The actuarial present value was calculated based on the motality tables MR:FR (age correction -3 years) and the following ergonomic assumptions:

Deceuninck NV (Belgium) - principal actuarial assumptions	2014	2015
Discount rate	2.00%	2.25%
Increase in compensations - white collar	2.45%	2.45%
Increase in compensations - blue collar	2.20%	2.20%
Increase in social security	1.70%	1.70%
Increase in pensions	1.95%	1.95%
Inflation	1.70%	1.70%

Inoutic/Deceuninck GmbH (Germany)

For Inoutic/Deceuninck GmbH, the provisions for employee benefits refer to the provision for pensions. This plan is available for all employees and is unfunded. There is no legal obligation to offer such a plan to the employees. The actuarial present value was calculated based on the following assumptions:

Deceuninck NV (Belgium) - principal actuarial assumptions	2014	2015
Discount rate	1.90%	2.40%
Increase in compensations - white collar	3.00%	3.00%
Increase in compensations - blue collar	3.00%	3.00%
Increase in social security	3.00%	3.00%
Increase in pensions	1.75%	1.75%
Inflation	1.75%	1.75%

Other

These provisions for employee benefits refer to local pension regulations.

The tables below provide an overview of the pension costs included in the consolidated income statement, and the amounts recognized in the statement of financial position for the defined pension plan of Inoutic/Deceuninck GmbH and the Belgian subsidiaries of the last 2 years:

Components of pension cost (in € thousand)	2014			2015		
	Inoutic/ Deceuninck GmbH (Germany)	Deceuninck NV (Belgium)	Total	Inoutic/ Deceuninck GmbH (Germany)	Deceuninck NV (Belgium)	Total
Current service cost	222	162	**384**	241	190	**431**
Interest cost	379	108	**487**	263	72	**335**
Recognized in income statement	**600**	**271**	**871**	**504**	**262**	**766**

Amounts recognized in the statement of financial position (in € thousand)	2014 Inoutic/ Deceuninck GmbH (Germany)	2014 Deceuninck NV (Belgium)	2014 Total	2015 Inoutic/ Deceuninck GmbH (Germany)	2015 Deceuninck NV (Belgium)	2015 Total
Present value of defined benefit obligation	14,117	3,519	17,636	13,178	3,317	16,495
Net liability (asset)	**14,117**	**3,519**	**17,636**	**13,178**	**3,317**	**16,495**

Change in defined benefit obligation (in € thousand)	2014 Inoutic/ Deceuninck GmbH (Germany)	2014 Deceuninck NV (Belgium)	2014 Total	2015 Inoutic/ Deceuninck GmbH (Germany)	2015 Deceuninck NV (Belgium)	2015 Total
At the beginning of	**11,364**	**3,030**	**14,394**	**14,117**	**3,519**	**17,636**
Current service cost	222	162	384	241	190	431
Interest cost	379	108	487	263	72	335
Actuarial gain / loss	2.635	414	3.049	-890	-283	-1.173
Benefits paid directly	-483	-192	-675	-553	-182	-735
At the end of	**14,117**	**3,519**	**17,636**	**13,178**	**3,317**	**16,495**

5-year evolution

As per 31 December (in € thousand)	2011	2012	2013	2014	2015
Present value of defined benefit obligation	11,533	15,227	14,394	17,636	16,495
Deficit (surplus) in the plan	**11,533**	**15,227**	**14,394**	**17,636**	**16,495**

Sensitivity analysis on discount rate shows the following impacts:

As per 31 December 2015		Inoutic / Deceuninck GmbH (Germany)		Deceuninck NV (Belgium)
Change in discount rate	0.20%	-0.20%	0.25%	-0.25%
Impact on present value of defined benefit obligation (in € thousand)	**-418**	**441**	**87**	**79**

17. Provisions

(in € thousand)	Warranties	Claims	Other	Total
As per 31 December 2014	**1.870**	**860**	**2.581**	**5.311**
- Additions	456	273	1,095	1,824
- Utilizations	-707	-227	-202	-1,136
- Reversals	0	-126	-536	-662
- Transfers	0	0	468	468
- Translation adjustments	82	0	-202	-120
As per 31 December 2015	**1,701**	**780**	**3,204**	**5,685**
Non-current	1,701	780	2,788	5,269
Current	0	0	416	416

Provisions are recognized for indemnities related to warranties on products sold during the past 10 years, on the basis of experience with repairs and returns. The Group expects that most of the provisions intended to cover warranty obligations will be utilized within a period of 2 to 3 years.
The provisions for claims mainly relate to claims for quality issues of products sold. It is currently not clear when the legal procedures will be concluded and what the outcome will be.

The other provisions mainly relate to Litigations in Pimas and employee benefits in Inoutic/Deceuninck GmbH.

18. Interest bearing debts

In May 2015 Deceuninck NV has amended its syndicated credit facility at Restricted Group[3] level into an 80 mio EUR revolving credit facility and a 30 mio EUR term loan, both with a tenor of 5 years. Other key features of this amendment are more competitive interest conditions, customization of covenants to the seasonality of our business and further relaxation of restrictions in terms of capex and acquisitions.

In December 2015 Deceuninck NV has issued a 100 mio EUR retail bond (ISIN BE0002238070) with maturity date 8 December 2022 at a fixed interest rate of 3.75%.

In accordance with the terms of the syndicated credit facility at Restricted Group level, upon completion of the retail bond issue, Deceuninck NV has paid back the term loan (30 mio EUR) and has cancelled 30 mio EUR credit lines under the revolving credit facility.

The Turkish subsidiary Ege Profil has concluded in September 2015 a 26 mio EUR loan agreement with the European Bank for Reconstruction and Development ("EBRD") in order to finance the construction of a new factory in Menemen (TR). The term of this loan is 7 years for Tranche I (25 mio EUR) and 10 years for Tranche II (1 mio EUR).

The syndicated credit facility at Restricted Group level is secured by a security package consisting mainly of mortgages and mortgage mandates on the real estate and business of the Group in Belgium, and a pledge on all shares of the subsidiaries of Deceuninck NV, with exception of the shares in Inoutic / Deceuninck GmbH, the shares in Deceuninck Holding GmbH and the shares in Pimas A.S. The retail bond and the loan agreement with EBRD are unsecured.

Usual financial covenants (Leverage, Interest Cover, …) are applicable to the syndicated credit facility, the retail bond and the EBRD loan. As per 31 December 2015 and at all preceding testing dates throughout 2015, the Group has met all its covenants.
The following tables provide an overview of the interest-bearing debts of the Group at the balance sheet date:

Long-term interest bearing loans (in € thousand)	**2014**	**2015**
Loans from financial institutions	14,635	43,804
Retail bond 3.75% - 08 Dec 2022	0	99,682
Total	**14,635**	**143,486**

Short-term interest bearing loans (in € thousand)	**2014**	**2015**
Loans from financial institutions	85,396	19,324
Total	**85,396**	**19,324**

(3): Restricted Group = Group excluding Turkish subsidiaries and their subsidiaries

Terms and maturity profile (in € thousand)	**Due within 1 year**	**Due between 1 and 5 years**	**Due between 1 and 5 years**	**Total**
2014	85,396	14,635	0	100,031
2015	19,324	18,804	124,682	162,810

The following table provides an overview of the interest rates and maturity dates of the outstanding financial debt as per 31 December 2015:

Interest bearing debts	Interest rate	Maturity date	Short-term interest-bearing debt (in € thousand)	Long-term interest-bearing debt (in € thousand)
Retail Bond	3.75%	2022		99,682
LT Loan in TRY	10.92%	2017		3,147
LT Loan in TRY	13.00%	2018		1,574
LT Loan in TRY	10.25%	2018	629	2,518
LT Loan in TRY	13,00%	2017	1,259	629
LT Loan in TRY	10,50%	2017	1,259	1,259
LT Loan in TRY	12,50%	2018	629	2,518
LT Loan in TRY	6,25%	2018	629	1,259
LT Loan in TRY	10,70%	2018	1,259	1,888
LT Loan in EUR	2,05%	2017		4,000
LT Loan in EUR	Euribor + Margin	2022		25,000
LT Loan in BRL	0%	2017		13
Syndicated Credit Facility		2016	-415	
ST Loan in EUR	3.50%	2016	1,500	
ST Loan in EUR	3.50%	2016	1,000	
ST Loan in RUB	MosPrime 3M + Margin	2016	1,355	
ST Loan in TRY	12,25%	2016	1,574	
ST Loan in TRY	6,59%	2016	2,518	
ST Loan in EUR	1,90%	2016	2,000	
ST Loan in EUR	2,15%	2016	4,000	
ST Loan in TRY*	0,00%	2016	129	
Total			**19,324**	**143,486**

*Free loan for payments to the Turkish government.

Unused committed credit lines amounted to € 50 million as per 31 December 2015.

Operational leasing

The Group leases mainly vehicles, office equipment and buildings. The total amount paid in 2015 for operational leasing amounts to € 7,207 thousand (2014 € 6,006 thousand).
The table below provides an overview of the payments to be made over the coming financial years:

Operational leasing (in € thousand)	2014	2015
< 1 year	4,839	6,324
1 - 5 years	9,692	13,690
> 5 years	284	5,566
Total	**14,815**	**25,580**

19. Trade payables and other liabilities

(in € thousand)	2014	2015
Trade debts	**84,670**	**74,070**
Derivative financial instruments	1,055	271
Guarantees from Customers	1,621	1,867
Accrued interests	2,135	1,719
Accrued charges	622	687
Deferred income	851	1,123
Other	774	678
Other liabilities	**7,058**	**6,345**

The conditions for the above mentioned trade debts and other debts are as follows:

- *Trade debts do not bear interest and are usually paid on the basis of payment terms that can vary depending on the market. On average, these payment terms fluctuate between 45 and 65 days from the end of the month in which the debt is incurred. In Turkey this can be up to one year after the invoice date.*
- *For the conditions with regard to the financial instruments, we refer you to Note 24.*
- *The guarantees from Customers do not bear any interest and are immediately payable, as soon as the contractual obligations of the Customer have been fulfilled.*

Trade debts include, besides the invoiced purchases also a provision for invoices to be received, a provision for credit notes to be issued, foreign currency translation differences and advance payments received.

Ageing analysis of trade debts (in € thousand)	Net carrying value	Payable			
		< 90 days	91 - 180 days	181 - 365 days	> 365 days
As per 31 December 2014	84,670	84,253	70	97	250
As per 31 December 2015	74,070	73,552	280	29	209

20. Share-based payments

The Group offers the possibility to staff members, senior management members and the members of the Executive Team to register for stock option- and warrant agreements. The purpose for such a decision is to motivate the staff members, senior management and the members of the Executive Team, by enabling them to acquire shares in the company under relatively advantageous terms, thereby increasing and improving their commitment to the company.

Stock option plans

The balance of outstanding options (Plans 2003-2010) at the end of December 2015 is 333,875. One option entitels the holder to one Deceuninck share at a fixed exercise price corresponding to the market price at grant date. All options relating to the stock option plans granted in 1999, 2000, 2001 and 2002 have been exercised, forfeited or expired. From the option plans which can still be exercised, no options have already been exercised. The options expire if they are not exercised on the last day of the last exercise period. The options can be exercised for the first time after the end of the third calendar year, following the year in which the offer has taken place. The exercise period, relating to the plans of 2003, 2004, 2005 and 2007, has been extended with 5 years in 2009.

The exercise price of an option will be equal to the lowest of (i) the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer

Stock option plans Deceuninck NV	2003	2004	2005	2007	2008	2009	2010	Total
Grant date	19/12/03	23/12/04	22/12/05	19/12/07	12/12/08	27/10/09	23/12/10	
Acceptance date	17/02/04	21/02/05	20/02/06	17/02/08	11/02/09	26/12/09	22/02/11	
Number of beneficiaries at grant date	42	33	53	74	68	2	4	
Exercise price (in €)	25.22	22.7	22.81	15.54	2.95	1.36	1.7	
Granted	64,000	49,000	66,250	70,750	70,750	75,000	75,000	470,750
Accepted	47,500	35,375	64,250	64,500	64,150	75,000	75,000	425,775
Exercised	0	0	0	0	0	0	0	0
Forfeited	-13,000	-9,750	-21,250	-24,750	-23,150	0	0	-91,900
Expired	0	0	0	0	0	0	0	0
Outstanding 31/12/2015	**34,500**	**25,625**	**43,000**	**39,750**	**41,000**	**75,000**	**75,000**	**333,875**
Exercisable 31/12/2015	34,500	25,625	43,000	39,750	41,000	75,000	50,000	308,875
Exercise periods	2007-2013	2008-2014	2009-2015	2011-2017	2012-2018	2013-2019	2014-2020	
Extension of exercise periods	2014-2018	2015-2019	2016-2020	2018-2022	N/A	N/A	N/A	

Movements 2014	2003	2004	2005	2007	2008	2009	2010	Total	Weighted average exercise price
Outstanding 2013	**35,250**	**25,625**	**44,750**	**41,250**	**43,500**	**75,000**	**75,000**	**340,375**	**10.25**
Accepted	0	0	0	0	0	0	0	0	N/A
Exercised	0	0	0	0	0	0	0	0	N/A
Forfeited	0	0	-1,000	-1,000	-1,000	0	0	-3,000	13.77
Expired	0	0	0	0	0	0	0	0	N/A
Outstanding 2014	**35,250**	**25,625**	**43,750**	**40,250**	**42,500**	**75,000**	**75,000**	**337,375**	**10.22**

Movements 2015	2003	2004	2005	2007	2008	2009	2010	Total	Weighted average exercise price
Outstanding 2014	**35,250**	**25,625**	**43,750**	**40,250**	**42,500**	**75,000**	**75,000**	**337,375**	**10.22**
Accepted	0	0	0	0	0	0	0	0	N/A
Exercised	0	0	0	0	0	0	0	0	N/A
Forfeited	-750	0	-750	-500	-1,500	0	0	-3,500	13.78
Expired	0	0	0	0	0	0	0	0	N/A
Outstanding 2015	**34,500**	**25,625**	**43,000**	**39,750**	**41,000**	**75,000**	**75,000**	**333,875**	**10.19**

Warrant plans

The balance of the outstanding warrants at the end of December 2015 is 3,264,167. One warrant entitels the holder to one Deceuninck share at a fixed exercise price corresponding with the market price at grant date. Within the scope of the warrant plans, 875,834 warrants were exercised in the course of 2015. The warrants expire if they have not been exercised at the last day of the last exercise period. The warrants can be exercised for the first time at the end of the third calendar year of the grant.

The exercise price of a warrant will be fixed by the Committee on the date of offer and:

a) for staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer,

b) for other than staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer, on the understanding that the exercise price must not be lower than the average price of the share on the stock exchange during the 30-day period preceding the issue of the Plan.

The exercise price of a warrant will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer.

Warrant plans Deceuninck NV	Plan 2009	Plan 2010	Plan 2010	Plan 2010	Plan 2011	Plan 2011	Plan 2011	Plan 2011	Plan 2013	Plan 2013	Plan 2013	Total
Grant date	30/11/09	31/12/09	31/12/09	23/12/10	21/12/11	21/12/11	21/12/12	21/12/12	17/12/13	17/12/13	17/12/2014	
Acceptance date	29/01/10	28/02/10	28/02/10	22/02/11	15/02/12	15/02/12	17/02/13	17/02/13	14/02/14	14/02/14	16/02/2015	
Number of beneficiaries at grant date	13	16	1	37	42	1	49	1	59	9	66	
Exercise price (in €)	1.44	1.46	1.48	1.7	0.73	0.85	1.17	1.18	1.71	1.76	1.79	
Share price on acceptance date (in €)	1.48	1.40	1.40	1.88	1.22	1.22	1.35	1.35	2.19	2.19	1.88	
Granted	549,564	285,000	67,435	607,500	490,000	300,000	485,000	350,000	332,500	570,000	910,000	**4,946,999**
Accepted	519,564	240,000	67,435	562,500	487,500	300,000	482,500	350,000	332,500	570,000	892,500	**4,804,499**
Exercised	364,744	120,000	67,435	227,494	93,659	100,000	0	0	0	0	0	**973,332**
Forfeited	117,000	75,000	0	110,000	92,500	0	87,500	0	25,000	55,000	5,000	**567,000**
Expired	0	0	0	0	0	0	0	0	0	0		**0**
Outstanding 31/12/15	37,820	45,000	0	225,006	301,341	200,000	395,000	350,000	307,500	515,000	887,500	**3,264,167**
Exercisable 31/12/15	37,820	45,000	0	150,004	100,447	66,667	0	0	0	0	0	**399,938**
Exercise periods	2013-2019	2013-2019	2013-2019	2014-2019	2015-2021	2015-2021	2016-2021	2016-2021	2017-2023	2017-2023	2018-2023	
Assumptions												
Volatility	40%	40%	40%	40%	40%	40%	40%	40%	45%	45%	45%	
Risk-free interest	2.55%	2.41%	2.41%	3.51%	2.49%	2.49%	0.99%	0.99%	0.99%	0.99%	-0.03%	
Dividend as from 2016 (in €)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Early exercised – Minimum gain	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Early exercised – Probability to exercise	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	

Movements 2014	Plan 2009	Plan 2010	Plan 2010	Plan 2010	Plan 2011	Plan 2011	Plan 2011	Plan 2011	Plan 2013	Plan 2013	Plan 2013	Total	Weighted average exercise price
Outstanding 2013	**402,564**	**165,000**	**67,435**	**460,000**	**420,000**	**300,000**	**472,500**	**350,000**	**0**	**0**		**2,637,499**	**1.22**
Accepted	0	0	0	0	0	0	0	0	332,500	570,000		902,500	1.74
Exercised	-25,000	-60,000	0	-12,498	0	0	0	0	0	0		-97,498	1.49
Forfeited	0	0	0	-7,500	-20,000	0	-32,500	0	-5,000	-27,500		-92,500	1.32
Expired	0	0	0	0	0	0	0	0	0	0		0	N/A
Outstanding 2014	**377,564**	**105,000**	**67,435**	**440,002**	**400,000**	**300,000**	**440,000**	**350,000**	**327,500**	**542,500**		**3,350,001**	**1.35**

Movements 2015	Plan 2009	Plan 2010	Plan 2010	Plan 2010	Plan 2011	Plan 2011	Plan 2011	Plan 2011	Plan 2013	Plan 2013	Plan 2013	Total	Weighted average exercise price
Outstanding 2014	**377,564**	**105,000**	**67,435**	**440,002**	**400,000**	**300,000**	**440,000**	**350,000**	**327,500**	**542,500**	**0**	**3,350,001**	**1.35**
Accepted	0	0	0	0	0	0	0	0	0	0	892,500	892,500	1.79
Exercised	339,744	60,000	67,435	214,996	93,659	100,000	0	0	0	0	0	875,834	1.36
Forfeited	0	0	0	0	5000	0	45,000	0	20,000	27,500	5,000	102,500	1.44
Expired	0	0	0	0	0	0	0	0	0	0	0	0	N/A
Outstanding 2015	**37,820**	**45,000**	**0**	**225,006**	**301,341**	**200,000**	**395,000**	**350,000**	**307,500**	**515,000**	**887,500**	**3,264,167**	**1.47**

IFRS 2 has a negative impact of € 642 thousand on the results of 2015. Stock option and warrant plans were valued on the basis of the binominal tree structure. Volatility was determined on the basis of historical data.

21. Related parties

During 2015, the Group made purchases valued at € 62,6 thousand (€ 92,3 thousand in 2014), under normal market conditions, from companies of which Directors of the company held a majority of the shares. These transactions involved repair and maintenance of containers and the use of meeting rooms.

Total remuneration of members of the Board of Directors in 2015 amounted to € 326,500 (€ 311,000 in 2014). This amount includes additional remunerations granted to Directors for their involvement at committees. These remunerations are granted by the General Meeting and are included in general expenses.

Directors charged with special missions and projects can receive appropriate remuneration.

The members of the Executive Team (including one member that no longer works for the Company since February 2015 and excluding CEO) received remunerations of € 2,560,865 (€ 1,924,519 in 2014).

In order to align the interests of the company and its shareholders with the interests of Executive Team members, part of the remuneration package shall be linked to company performance and another part to individual performance. By weighing both factors against each other in a responsible manner (85% corporate results/15% individual results) a balance can be achieved between a result oriented approach (Top Performance) and the manner in which these results are obtained (taking into account the core values: Candor, Top Performance and Entrepreneurship).

Options and/or warrants on the shares of the company are granted to staff members, senior management members and members of the Executive Team. 570,000 (as per 17/12/15) warrants were granted to the members of the Executive Team. These option and warrant plans are not related to the performance of the Group.

22. Services provided by the external auditor

During 2015 the following charges of the external auditor were included in the Group's income statement:

Audit related services: € 588,300
Other services: € 32,920
Tax services: € 20.000

23. Going concern

There are no indicators of circumstances that might question the continuity of the activities.

24. Risk management

The most important financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk.

Exchange rate risk
The exchange rate risk of the Group can be split into two categories: translation risk and transaction risk.

Translation risk
Translation risk arises from the conversion of financial figures of foreign subsidiaries outside the Eurozone into the Group's reporting currency, the euro. The main currencies for this kind of risk are the US dollar and the Turkish lira. This kind of exchange rate risk is not hedged.

Transactional exchange rate risk
Transactional exchange rate risk arises when an entity of the Group enters into a transaction which will be settled in a currency which is not the functional currency of that entity. Transactional exchange rate risk within Deceuninck can be of operational or financial nature.
When this risk is associated with sales and purchases in foreign currencies as a result of the commercial activities of the Group, it is denominated as operational. The most important transactional exchange rate risks of operational nature originate from sales in the United Kingdom and in Russia, and from purchases of raw materials in US dollar by the Turkish subsidiaries. Also sales in euro by the Turkisch subsidiaries cause transactional exchange rate risks of operational nature.
When transactional exchange rate risk is associated with loans in foreign currencies it is denominated as financial. The most important risks of this nature originate from loans in EUR taken by the Turkish subsidiaries. It should be noted though that most of these loans are taken to create a natural hedge against receivables in EUR.

Recognized assets and liabilities

The Group aims to minimize the impact on the profit and loss accounts of exchange rate fluctuations on the monetary assets and liabilities recognized on the balance sheet. These exchange rate risks are hedged as much as possible by offsetting monetary assets in one currency (for example trade receivables) against monetary liabilities (for example trade debts) in the same currency ("natural hedging"). The remaining exchange rate risk, after the optimization of natural hedging, is hedged with financial instruments ("financial hedging") if the cost is considered as reasonable.

The most important financial instruments used by the Group for the hedging of foreign exchange rate risks are 3-month forward contracts.

It is the policy of the Group to protect its subsidiaries as much as possible from exchange rate risks. Therefore these risks are centralised as much as possible at the parent company Deceuninck NV and are primarily managed at Group level. Exchange rate risks at the Turkish subsidiaries Ege Profil and Pimas are monitored closely by Corporate Treasury, but are hedged by the Turkish subsidiary through local banks.

The table below provides an overview of the existing FX forward contracts, grouped by currency, at the end of December 2015:

Purchase or sale	Currency	Amount	Maturity date	MTM 2015 (in €)
Forward sales	AUD	1,000,000	Q1 2016	-5,795
	CLP	4,614,500,000	Q1 2016	22,311
	GBP	24,000,000	Q1 2016	676,365
	INR	220,569,250	Q1 2016	-53,273
	PLN	6,000,000	Q1 2016	6,297
	RUB	802,661,000	Q1 2016	201,088
	USD	36,530,000	Q1 2016	371,853
	TRY	1,592,000	Q1 2016	-457
Forward purchases	USD	22,015,863	Q1 2016	-50,368

Future transactions

Future transactions imply future purchases and sales that are not recognized yet as monetary assets or liabilities on the balance sheet. Normally these transactions are not hedged. In Turkey this is sometimes waived if opportunities arise on the foreign exchange markets. In that case, part of future purchases in US dollar will be hedged.

Estimated sensitivity for exchange rate fluctuations

As required by IFRS 7, "Financial instruments: Disclosures", a sensitivity analysis was carried out on the evolution of the exchange rates. Based on the volatility of the relevant currencies, we have estimated the impact of the possible exchange rate movements on our financial result as follows:

Sensitivity analysis on the positions in foreign currencies as per 31 December 2015(*)							
Currency	Amount (in thousand)	Closing rate 31/12/2015	Possible volatility of the exchange rate in % (**)	Rate used for the sensitivity analysis		Effect on revaluation (in € thousand)	
USD	603	1.0887	5.59%	1.1495	1.0279	-29	33
GBP	866	0.73395	4.64%	0.7680	0.6999	-52	57
PLN	-1,454	4.2639	2.92%	4.3886	4.1392	10	-10
CZK	-17,037	27.023	1.53%	27.4372	26.6088	10	-10
TRY	7,448	3.1776	7.58%	3.4185	2.9367	-165	192
RUB	24,146	79.6972	12.87%	89.9508	69.4436	-35	45
Total						**-262**	**307**

(*) Position after financial hedging (net-exposures)

(**) 3 month volatility

If the euro would have weakened/strengthened during 2015 in line with the above mentioned possible rates, the profit of the financial year would have been about € 307 thousand higher / € 262 thousand lower.

Interest rate risk

After the issue in December 2015 of a 100 milion euro retail bond at a fixed interest rate of 3.75%, only 16% of the outstanding financial debt on 31 december 2015 was financed at a floating interest rate.

As required by IFRS 7, "Financial instruments: disclosures" a sensitivity analysis was carried out on the impact of changing interest rates. If an increase/decrease by 50 base points were applied on the loans subject to a variable interest rate per 31 December 2015, the profit before taxes for 2015 would be € 130 thousand lower/higher.

Credit risk

The products of Deceuninck are used almost exclusively in the construction industry. Hence, the credit risk is highly dependent on the building activity and the general economic conditions.

In 2015, credit risk was quite stable in Western Europe with a higher than normal risk in France but improving. Southern Europe, especially Spain, was showing a better performance on credit risk. Credit risk remains also stable in Eastern Europe. Due to the economic situation in Russia, an intense monitoring is required with advance payments as necessary security. US is also stable but we see an increasing risk in Turkey and emerging markets.

In order to minimize the credit risk, we are using clear reporting and monitoring systems that allow local credit controller and the Group Credit & Risk Manager to get a perfect insight at every moment about the payment behavior of each debtor. This allows at any time to take the necessary actions to manage this risk. In addition to the investment in the SAP module Receivables Management, dashboards also have been developed with graphical indicators. We continue to improve the automatic controls in the system to have a perfect view on the credit risk of each customer.

Deceuninck has clearly chosen to reduce its credit risk by working with credit insurance. For the Western European countries and the US, at the end of 2013 a new agreement was concluded with Euler Hermes for a period of 3 years and expires end of 2016. For the countries of Eastern Europe, at the end of 2012 an agreement was concluded with Credimundi and this until the end of 2015. A new marketstudy was started in September to compare the proposals of the different credit insurers. Based on general conditions and acceptance rate, the choice was made again for Credimundi for the next 3 years. During 2015, we could also insure Spain, Chile, Australia and Brazil under our policy with Euler Hermes, although the acceptance rate was not always high.

During 2015, the factoring agreements were continued for Deceuninck NV, Deceuninck SAS, Inoutic / Deceuninck GmbH, Deceuninck Ltd. and Deceuninck North America LLC.

Liquidity risk and risks linked to the outstanding debt

After the refinancing of its syndicated bank loans in May 2015 and the successful issue in December 2015 of a 100 million euro retail bond, Deceuninck Group holds sufficient cash, cash equivalents and committed credit facilities for the funding of its operating activities.

Liquidity problems could arise if an event of default would occur under the syndicated loan agreement or the retail bond which is not remedied within the foreseen remedy period. In that case, the outstanding amounts under the syndicated loan agreement and the retail bond might become immediately due and payable, which would jeopardize the liquidity situation of Deceuninck. In order to detect possible events of default as a consequence of non-compliance with financial covenants at an early stage and to enable the Group to take corrective measures, a monthly financial forecast is prepared until the end of the current accounting year. The key figures of this financial forecast are used as input for a specially designed "covenant module" which tests if the covenants will be met within the current accounting year. In addition, also the budget of 2016 was processed in this "covenant module" to verify if the covenants will be met at every test date in 2016. No issues have been identified.

For the Turkish subsidiaries, liquidity problems could arise if loans becoming due could not be refinanced through local Turkish banks. However, given the good health of the Turkish banking sector, and given the excellent reputation and track record of the Turkish subsidiaries of the Group, this is very unlikely. Moreover, under the current financing terms it is possible for the Restricted Group to give intercompany loans to the Turkish subsidiaries. These intercompany loans are however limited in duration (up to 3 months) and amount (up to € 7,500,000).

In addition to the above mentioned risk of non-compliance with the financial convenants, the liquidity risk is also linked to the evolution of the working capital of the Group, which is highly subject to seasonal fluctuations and the capital expenditure level of the Group.

The Group monitors the changes in working capital by means of increased focus in certain areas. Examples of this are the increase in inventory rotation, or by increased monitoring of the credit terms granted to its Customers. Deceuninck also makes use of the payment conditions that are granted by its suppliers, in order to cover its needs in working capital.

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements. The fair value of the loans was calculated by defining the expected future cash flows, and by discounting these on common, accepted interest rates.

Financial instruments (in € thousand)	Net carrying value 2014	2015	Fair value 2014	2015
Financial assets				
Cash and cash equivalents	29,046	70,720	29,046	70,720
Long-term trade receivables	548	532	548	532
Financial fixed assets	66	65	66	65
Derivative financial instruments	30	1,278	30	1,278
Financial liabilities				
Loans with a variable interest rate	48,996	25,940	48,996	25,940
Loans with a fixed interest rate	51,034	136,871	50,210	136,161
Financial leasing	0	0	0	0
Derivative financial instruments	1,055	271	1,055	271

Hierarchical classification of fair value

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

- *Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities.*
- *Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.*
- *Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.*

During the reporting period ending 31 December 2015, there were no transfersbetween Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

As per 31 December 2014 the Group had the following financial instruments:

Derivative financial instruments - hierarchical classification of fair value (in € thousand)	2014	Level 1	Level 2	Level 3
FX forward contracts	30		30	
Assets at fair value	**30**	**0**	**30**	**0**
Interest rate swaps	241		241	
FX forward contracts	814		814	
Liabilities at fair value	**1,055**	**0**	**1,055**	**0**

As per 31 December 2015 the Group has the following financial instruments:

Derivative financial instruments - hierarchical classification of fair value (in € thousand)	2014	Level 1	Level 2	Level 3
FX forward contracts	1,278		1,278	
Assets at fair value	**1,278**	**0**	**1,278**	**0**
Interest rate swaps	318		318	
FX forward contracts	-46		-46	
Liabilities at fair value	**271**	**0**	**271**	**0**

Equity management

The objective of the Group, with regard to the management of equity, is to maintain a healthy financial position and a healthy debt position, in order to maintain an easy access to the financial markets at any moment.

25. Events after the balance sheet

No significant events after the balance sheet date have occurred.

26. List of subsidiaries

All financial periods close on 31 December 2015

Name of the company	Registered office	Ownership percentage 2014	2015
Australia			
Deceuninck Pty. Ltd.	71 Premier Drive Campbellfield 3061Victoria	100.00	100.00
Belgium			
Plastics Deceuninck NV	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	100.00
Bosnia and Herzegovina			
Inoutic / Deceuninck d.o.o	Prvi mart bb 75270 Zivinice	100.00	100.00
Brazil			
Deceuninck do Brazil	Rua da Barra, 242 Parque Rincão CEP 06705 420 Cotia – SP Brazil	100.00	100.00
Bulgaria			
Deceuninck Bulgaria EOOD	41 Sankt Peterburg Blvd 4000 Plovdiv	100.00	100.00
Chile			
Deceuninck Importadora Limitada	Volcán Lascar number 801, 3G and 3H, Pudahuel, Santiago	99.99	99.99
China			
Rep. Office Deceuninck NV China (Qingdao)	128 Xiang Gang Dong Lu Shuang Long Yuan 3-2 -402 266071 Laoshan, Qingdao, Shandong	100.00	100.00

Croatia			
Inoutic / Deceuninck d.o.o.	Industrijska ulica 3 10370 Dugo Selo (Zagreb)	100.00	100.00
Czech Republic			
Inoutic / Deceuninck Spol. s r.o	Vintrovna 208/23 664 41 Popùvky	100.00	100.00
France			
Deceuninck SAS	Zone Industrielle - Impasse des Bleuets 80700 Roye	100.00	100.00
Distridec SAS	Zone Industrielle - Impasse du Moulin 80700 Roye	100.00	100.00
Germany			
Inoutic / Deceuninck GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Deceuninck Holding Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Ireland			
Deceuninck Ireland Unltd.	4th floor 25-28 Adelaide Road Dublin 2	100.00	100.00
India			
Ege Profil Tic. ve San. A.S.	No 523 B Block Mannur Village Mannur Village – Sriperumbudur Taluk Chennai – 602105	100.00	100.00
Italy			
Deceuninck Italia S.r.l.	Via Padre Eugenio Barsanti, 1 56025 Pontedera (PI)	100.00	100.00
Kazakhstan			
Rep. Office Deceuninck NV Kazakhstan (Almaty) (in liquidation)	Mynbaeva street 46 480057 Almaty	100.00	100.00

Lithuania			
Deceuninck Baltic UAB (in liquidation)	Saltoniskiu str. 29/3 08105 Vilnius	100.00	100.00
Poland			
Inoutic / Deceuninck Sp. z o.o.	Jasin, Ul Poznanska 34 62-020 Swarzedz	100.00	100.00
Romania			
Deceuninck Romania SRL	Traian Str. n°2, Bloc F1, Scara 4 etaj 8 ap 24 Sector 3 Bucharest	100.00	100.00
Pimapen Logistic Center S.R.L.	Bâcu Village, Joiţa commune, tarlaua no. 63, parcela no. 520/14, lot no. 1, cadastral no. 941 registered in the CF no. 565/N, building C1, Giurgiu County	100.00	100.00
Russia			
Deceuninck Rus OOO	Profsoyusnaya, 65, bld. 1 117342 Moscow	100.00	100.00
Enwin Rus OOO	346812, Rostov oblast, Myasnikovsky district, Krym village, Liniya 5,1	100.00	100.00
Serbia			
Inoutic / Deceuninck d.o.o.	Kruzni put bb 11309 Beograd – Lestane	100.00	100.00
Spain			
Deceuninck NV Sucursal en España	Avda. de la Industria 1007 Pol. Ind. Antonio del Rincon 45222 Borox Toledo	100.00	100.00
Thailand			
Deceuninck (Thailand) Co. Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna- trad, Km 6,5 Bangkaew, Bangplee Samutprakarn 10540	48.98	48.98
Asia Profile Holding Co. Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna- trad, Km 6,5 Bangkaew, Bangplee Samutprakarn 10540	48.95	48.95

The Netherlands			
Deceuninck Kunststof B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	100.00
Deceuninck Beheer B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	100.00
Turkey			
Ege Profil Ticaret ve Sanayi AS	A.O.S.B. 10003 Sokak No:5 35620 Cigli – Izmir	97.54	97.54
Ege Pen AS	A.O.S.B. 10003 Sokak No:5 35620 Cigli – Izmir	99.99	99.99
Pimaş Plastik Inşaat Malzemeleri A.S.	Beylikbaği Mahallesi Istanbul Cad. No. 29, 41420 Gebze/ Kocaeli	87.60	87.60
United Kingdom			
Deceuninck Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Status Systems PVCu Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Range Valley Extrusions Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Deceuninck Holdings (UK) Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
United States			
Deceuninck North America Inc.	351 North Garver Road Monroe, 45050 Ohio	100.00	100.00
Deceuninck North America LLC	351 North Garver Road Monroe, 45050 Ohio	100.00	100.00

27. Guarantees and securities

Within the framework of the financial restructuring in 2009, the obligations of the Group under the credit agreement ("Credit Facility 2009") are covered by guarantees and securities pledged on a large portion of the assets of the Group.

The most important securities provided by Deceuninck NV (Belgium) can be detailed as follows:
- *A mortgage on real estate*
- *A mortgage mandate relating to real estate*
- *A floating charge on the business*
- *A mandate floating charge on the business*
- *A pledge on receivables and bank accounts*
- *A pledge on shares that Deceuninck NV holds in other Group companies.*

The other companies in the Group mainly issued securities over their real estate, receivables and bank accounts, inventory, machinery and other equipment and the shares they hold in other entities within the Group. In addition, there is a security over the material intellectual property rights. The Group also pledged the shares in Ege Profil. The Turkish subsidiaries did not issue guarantees or securities in relation to the financial restructuring.

These securities have not been released with the repayment of the Credit Facility 2009.

The credit facility for Deceuninck NV of 2012, as amended and extended in May 2015, is secured by a package of guarantees and securities consisting of:
- *A mortgage on real estate for an amount of € 61,760,000;*
- *A mortgage mandate relating to real estate for an amount of € 65,000,000;*
- *A floating charge on the business for an amount of € 40,000,000;*
- *A mandate floating charge on the business for an amount of € 60,000,000;*
- *A pledge on shares of the subsidiaries of Deceuninck NV, except for the shares of Inoutic / Deceuninck GmbH, Deceuninck Holding Germany GmbH and Pimas AS.*

DECEUNINCK NV

The following pages are extracts from the annual report and financial statements of Deceuninck NV. The complete version of the financial statements and the annual report will be available on request and via the Deceuninck website, at the times stipulated by the Belgian Code on Companies. The annual financial statements and the annual report are prepared in accordance with Belgian legal requirements, which differ considerably from the IFRS accounting principles that are applied to the consolidated financial statements. The External Auditor has issued an unqualified opinion regarding the annual financial statements of Deceuninck NV.

Income statement

The income statement for 2015 is presented below:

Income statement (in € thousand)	2014	2015
Operating revenues	159,417	173,716
Operating costs	-162,110	-166,137
Operating profit	**-2,693**	**7,579**
Financial income	17,381	42,143
Financial costs	-17,893	-36,913
Income (+) / loss (-) from ordinary operations before taxes	**-3,205**	**12,809**
Extraordinary income	228	354
Extraordinary costs	-440	-9682
Profit (+) / loss (-) for the financial year before taxes	**-3,417**	**3,481**
Transfer from deferred taxes	0	0
Income tax	-2	-60
Profit (+) / loss (-) for the financial year	**-3,419**	**3,422**
Transfer from tax-free reserves	0	0
Profit (+) / loss (-) for the financial year available for appropriation	**-3,419**	**3,422**

The increase of operating revenues by € 14.3 million can be mainly explained by an increase in sales by 10.2 %. The Increase of sales was realized both in external sales on domestic market as well as sales to group companies.
Operating costs only increased 2.5% (€ 4.0 million) as a result of increased efficiency and leverage.
The financial result of 2015 is € 5.7 million better due to higher dividend income offset by FX results.
The extraordinary costs mainly include the impairment of the financial fixed assets of daughter company.
The 2015 financial year closed with a profit of € 3.4 million compared to a loss of € -3.4 million in 2014.

Balance sheet

Balance sheet (in € thousand)	2014	2015
Intangible fixed assets	1,178	1,664
Tangible fixed assets	27,688	26,579
Financial fixed assets	172,513	165,411
Non-current assets	**201,379**	**193,654**
Inventories	21,090	20,088
Trade receivables	37,568	36,910
Other receivables	44,391	74,306
Cash and cash equivalents	4,291	32,406
Other current assets	2,619	3,367
Current assets	**109,959**	**167,077**
Total assets	**311,338**	**360,731**
Issued capital	52,912	53,257
Share premiums	90,208	91,058
Reserves	15,367	15,401
Retained earnings	44,438	44,456
Equity	**202,925**	**204,172**
Provisions and deferred taxes	**1,485**	**1,594**
Long-term debts	4,000	100,000
Short-term debts	98,919	49,574
Other liabilities	4,009	5,391
Liabilities	**106,928**	**154,965**
Total equity and liabilities	**311,338**	**360,731**

The most important fluctuations are:
- decrease of financial fixed assets due to impairment
- increase of other receivables is mainly due to increase in intercompany receivables
- increase of equity due to result of the year, less dividend payable over 2015
- increase in long term debts, the decrease in short term debts as well as the increase in cash are all related to the succesful € 100.0 million retail bond operation concluded in December 2015
The extraordinary shareholders meeting of 16 December 2015 has approved warrant plan 2015 regarding the issue of 3.000.000 warrants. In December 2015 965.000 warrants were granted.

Change of control

In accordance with Article 556 Code of Companies, it will be proposed to the general meeting of shareholders of 10th May 2016 to approve and ratify those provisions of the conditions of the Bonds contained in the Prospectus dated 8 December 2015 relating to the public offering in Belgium of EUR 100,000,000 3.75% fixed rate bonds due 8 December 2022 and of any related agreements the Company has entered into in connection thereto which grant rights to third parties that either have an influence on the assets of the Company or create a debt or obligation for the Company if the exercise of these rights is dependent on a change of the control exercised over it, including, but not limited to, Condition 6.3 of the Bonds which, in essence, grants a right to any bondholder to request the Company to redeem all or part of its Bonds upon the occurrence of a Change of Control (Controlewijziging) (as defined in the Prospectus).

EXTERNAL AUDITOR'S REPORT

Statutory auditor's report to the general meeting of shareholders of Deceuninck NV on the consolidated financial statements for the year ended 31 December 2015

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2015 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the consolidated financial statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Deceuninck NV ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of € 562.620 thousand and of which the consolidated income statement shows a profit for the year of € 13.341 thousand.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2015 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

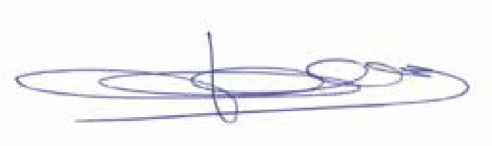
The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- *The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.*

Ghent, 08 April 2016

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor
represented by

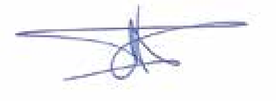


Marnix Van Dooren
*Partner**
** Acting on behalf of a BVBA*

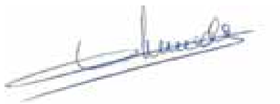
DECLARATION REGARDING THE INFORMATION GIVEN THIS ANNUAL REPORT

The undersigned declare that:

- *The annual financial statements have been prepared in conformity with the applicable standards for financial statements, and that they give a fair view of equity position, of the financial condition and of the results of the Company, including those companies that have been included in the consolidated figures.*
- *That the annual report gives a true overview of the developments and results of the Company and of companies that have been included in the consolidated figures, also providing a true description of the most important risks and insecurities with which it is confronted, as defined in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.*



Tom Debusschere
CEO



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GLOSSARY

1	REBITDA	Recurring earnings before interest, taxes, depreciation, amortization and provisions for liabilities and charges = recurring operating cash flow
2	EBITDA	Earnings before interest, taxes, depreciation, amortization and provisions for liabilities and charges = operating cash flow
3	EBITA	Earnings before interest, taxes and amortization
4	EBIT	Earnings before interest and taxes = operational result
5	EBT	Earnings before taxes
6	EPS (non-diluted)	(Non-diluted) earnings per share
7	EPS (diluted)	(Diluted) earnings per share
8	Net debt	Financial debts – cash and cash equivalents
9	Working capital	Trade receivables + inventories – trade debts
10	Liquidity	Current assets/current liabilities
11	ROCE = EBIT/Capital employed (CE)	Return on capital employed
12	Capital employed (CE)	The sum of goodwill, intangible, tangible and financial fixed assets and working capital
13	Subsidiaries	Companies in which the group owns a participation in excess of 50%
14	Associated companies	Companies in which the group owns a participation between 20-50%, which are valued according to the equity method
15	Gearing	Net debt compared to the equity capital
16	MTM	Marked-to-Market
17	Headcount (FTE)	Total Full Time Equivalents including temporary and external staff

This annual report is available in Dutch and English.
Dit jaarrapport is verkrijgbaar in het Nederlands en het Engels.

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