SIOEN

Financial report 2016



Financial report

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Letter to the stakeholders

Dear Madam, Dear Sir,

I'm pleased to announce that the fiscal year 2016, was another good year for our company. We've done exceptionally well. It was a year of great progress in which we have been pursuing our growth path as outlined in our corporate strategy.

We delivered

In 2016, we performed well on every front and advanced in almost every activity. We executed our plans at a high level with sales increasing 11.3% to top 363 EUR million. We improved gross margin to 52.25%. We've used our accumulated cash to execute targeted acquisitions. We continued to build on our core strengths, and we increased our focus on providing solutions and technicity to a broader market.

In short, we delivered. This is translated into the figures of 2016:

- In 2016 our net sales amounted to EUR 363.4 million (+11.3%).
- The operating result has evolved from EUR 35.8 million in 2015 to EUR 44.7 million or an increase with 24.8%.
- Our group profit amounted to EUR 26.0 million or an increase with 12.4%.
- Net cash flow amounted to EUR 40.4 million. This is an increase of EUR 1.4 million (or 3.5%) compared to last year.
- EBITDA and EBIT increased with respectively 13.4% and 23.6% to EUR 59.1 million (16.3% of net sales) and EUR 44.7 million (12.3% of net sales).
- EBT amounted to EUR 38.0 million (10.5% of net sales), an increase of 16.1%.
- Sioen Industries proposes to paying a dividend of EUR 0.53 per share to its shareholders in respect of 2016 (+10.4%).
- Our performance substantially exceeded expectations, driving a 51.9% boost in our stock price, making us one of the best performers on the Euronext stock exchange this year.

Building on strong tradition

We can bow on a family textile tradition of 110 years. The foundations of Sioen as we know it today, were laid in the weaving mill Sioen-Sabbe in Rumbeke (Belgium) that was founded in1907. It was in 1960 that my father, at the age of 25, created Sioen Industries, producing innovative technical textiles. Very soon after my mother joined him.

Together they had a vision, in which growth took centre stage. Over the years, we've invested in machines and in people, we've rationalised, turned crises into opportunity, overcame the tough years of global downfall in 2008 and 2009, worked hard on efficiency and costs, and focused on profitability, always in the pursuit of further profitable growth.

Today we are a strong international group with great ambition, employing 3 578 people in 49 companies in 23 countries.

More milestones on page 22.

Further deploying our vision

Our corporate slogan has always been 'Protection through Innovation'. Our goal: to be the market leader in selected sectors of the technical textiles, fine chemicals and the professional protective clothing market, with an emphasis on the protection of people and their assets.

We chose to become a textile solution provider, offering tailor-made solutions to our customers over being the mere component supplier we were before. We did this and continue to do so by customising our products and offering technically complex products, financing, services and onsite support.

In 2016, we further invested in vertical integration which in turn lead us to product differentiation. We manage the complete industrial chain, from yarn to finished product. This gives us an edge over our competitors, enabling us to respond quickly to customer needs

See page 17 of this annual report.

Targeted acquisitions

In 2016, we continued to pursue business development opportunities to expand our product range. We did so by focused research and development, one of the key pillars of our company.

In 2016, we've acquired 3 groups of companies. The first one, Fontana, specialises in geotextiles. The second, Dimension-Polyant is the world market leader in the production of sailcloth. The third, Ursuit, is thé market reference in high-end drysuits for diving, fishing and professional use in extreme environments. After reporting date we acquired Verseidag Ballistic Protection, a major player in ballistic protection and UCS.

These are all acquisitions that we can readily integrate and this increases our range and capabilities. creases our range and capabilities.

See page 180 of this annual report.

"Today we are a strong international group with great ambition, employing 3 578 people in 49 companies in 23 countries."

We walk the talk

At Sioen we're all passionate and innovative, constantly searching for new ideas that drive growth.

Did you know?

- That in 2016 alone, almost 140.000 trucks were equipped with side curtain sets made of our technical textiles?
- That about 2.000 kilometers of roads were built over the past 5 years hold our geotextiles? This is as far as from Brussels to Lisbon!
- That already 100.000 fire fighters were dressed with Sioen fire fighters garments? This is a fifth of all professional European firefighters.
- That our technical scrims were installed in 35 million square meter of roofs in 2016? This means that in 60% of all flat roofs you see, there is a little piece of Sioen.
- That almost half of all sailboats in the world are sailing with sailcloth from Dimension-Polyant, the company we took over in July of last year? When you count all the sailcloth we make, you can fairly say that three quarter of all the sailboats in this world are equipped with sails woven by us.
- That chances are high that when you stay in a hospital or hotel, you lay on a mattress cover made of Sioen material?
- That we've shipped over 3 million pieces of our protective garments in just one year?

At Sioen, we dream big and work hard to realise our dreams. We are flexible and resilient. Our attitude is one of "everything is possible". We do what we say and say what we do.

New heights

A change in the political scenery combined with the announcement of protectionist measures and a worldwide revival on the raw materials markets incite us to be prudent. Nevertheless, we will continue to pursue growth through the development of new and complementary business lines in technical textiles.

Our emphasis on innovation, customer intimacy, an extensive product portfolio, a strong focus on added value products and sustained cost efficiency are the foundations upon which we build our future.

Michèle Sioen
CEO Sioen Industries

See page 12 of this annual report.

Group structure

Sioen Industries NV | Shared service center

Coating

	Company	Activity / location	
	Sioen Industries NV[1]	Spinning, weaving, direct coating, online coating, Belgium	
100.0%	Saint Frères SAS	Direct coating, France	
100.0%	Sioen Shanghai[2]	Direct coating sales office, China	
100.0%	Sioen Fabrics SA	Transfer coating, Calendering, Belgium	
100.0%	Siofab SA	Transfer coating, Portugal	
100.0%	Pennel Automotive SAS	France	
100.0%	Coatex NV	Processing of coated fabrics and films, Belgium	
100.0%	Saint Frères Confection SAS	Heavy-duty manufacturing, France	
100.0%	Sioen Felt & Filtration SA	Felt and filter production, Belgium	
100.0%	Dynatex SA[5]	Direct coating, Belgium	
100.0%	Manifattura Fontana S.p.A.[6]	Geotextile non-wovens, Italy	
52.0%	Fontana International GmbH[7]	Geotextile non-wovens sales office, Austria	48.0%
100.0%	Dimension-Polyant GmbH[7]	Sailcloth, Germany	
	Dimension-Polyant Inc.[7]	Sailcloth, Germany	100.0%
	Dimension-Polyant Sailcloth PTY Ltd.[7]	Sailcloth, Australia	100.0%
	Dimension-Polyant (UK) Ltd.[7]	Sailcloth, UK	100.0%
	Dimension-Polyant SAS[7]	Sailcloth, France	100.0%

Apparel

	Company	Location		
99.9%	Sioen NV	Belgium		
10.5%	Confection Tunisienne de Sécurité SARL	Tunisia		89.5%
	Sioen Ireland[3]	Ireland		100.0%
100.0%	Mullion Survival Technology Ltd.	Sales office, UK		
95.0%	PT. Sioen Indonesia	Indonesia		5.0%
95.0%	PT. Sungin Tex	Indonesia		5.0%
	Sioen France SAS	Sales office, France		99.8%
99.7%	Sioen Tunisie SARL	Sales office, Tunisia		
99.9%	Sioen Zaghouan SA	Tunisia		0.1%
5.0%	Siorom SRL	Romania		95.0%
	Sioen Nederland BV	The Netherlands		100.0%
	Sioen Asia Pacific PTE. Ltd.	Singapore		100.0%
	Sioen Myanmar Ltd.	Myanmar	99.0%	
5.0%	PT. Sioen Semarang Asia[8]	Semarang	95.0%	
	Ursuk OY[7]	Finland		100.0%
	Kiinteistö Oy Turun Teijonkatu 3[7]	Finland (real estate)	100.0%	
	SG Balticum AS[7]	Estonia	100.0%	
	SG Investments OÜ[7]	Estonia (real estate)	100.0%	
	Arctic Diving AB[7]	Sweden	100.0%	

Chemicals

100.0% **European Master Batch NV**
Production pastes, inks, varnishes, Belgium

Richard SAS 99.9%
Paste production, France

Le Comptoir Zouloo SAS 100.0%
Sales office, France

Other

100.0% **Roltrans Tegelen BV**[(4)]
The Netherlands (real estate)

Roltrans Group America Inc. 100.0%
USA (real estate)

Roland Planen GmbH 100.0%
Germany (dormant)

Roland Real Estate Sp.z.o.o 100.0%
Poland (real estate)

Roland Ukrain llc. 14.5% 85.5%
Ukraine (dormant)

(1) Merger Holding company Sioen Industries (Shared Service Center) and Belgian direct coating companies at July 1st 2009
(2) Official name: Sioen Coated Fabrics (Shanghai) Trading Co. Ltd.
(3) Official name: Gairmeidi Caomhnaithe Dhun na nGall Teoranta
(4) Respectively through Monal SA and Roltrans Group BV
(5) Acquisition in 2015 - still 20.91% to acquire by means of deferred payments
(6) New acquisition in 2016 - still 10.0% to acquire by means of deferred payment
(7) New acquisition in 2016
(8) Newly established in 2016

Report of the Board of Directors

1. Comments on the consolidated financial statements

Net sales:

Over the past year sales grew with 11.3% to EUR 363.4 million compared to EUR 326.4 million in 2015. This sales figure includes the sales of the recently acquired companies;

- Manifattura Fontana, accounted for as of 1 April 2016 and
- Dimension-Polyant, accounted for as of 1 August 2016

Excluding those recently acquired companies the Sioen Industries Group realized an organic growth of 3.3% compared to the same period previous year.

Note: at constant currency sales would have reached approximately EUR 366.4 million or a growth ratio of 12.3% and an organic growth ratio of 4.2%.

Operating result:

The operating result has evolved from EUR 35.8 million last year to EUR 44.7 million over 2016 or an increase with 24.8%. Favorable market conditions combined with continuous improvement programs, an ever-lasting cost consciousness and a strong focus on more value added products are the main drivers supporting this positive evolution.

Financial result:

Financial result of the Group amounted to EUR -6.6 million over the year 2016 against EUR -3.0 million in 2015. An increase solely due to negative currency results for a total of EUR 4.2 million.

Income tax:

Income tax amounts to EUR 12.1 million over the year 2016 against EUR 10.2 million over 2015.

Profit (loss) for the period from continuing operations:

The company recorded EUR 26.0 million profit over the year 2016 against EUR 22.6 million over 2015 or an increase with 14.8%.

Balance sheet:

At the end of the year Group equity amounted to EUR 189.2 million or 51.4% of the balance sheet total. Net financial debt of the Group, at year end, is EUR 79.4 million or 1.3 times the current year EBITDA.

Dividend:

The Board of Directors will propose to the General Shareholders' Meeting to pay out a dividend of 0.53 Euro per share.

Coating division

The coating division specializes in the coating (applying a protective layer) of textiles. This division is fully vertically integrated. Everything starts with the extrusion of technical yarns (polyester), which are woven into technical fabric and then coated with various polymers (PVC, PU, silicons, etc.). The Group is the only player in the world with full competence in various coating technologies, each with its own specific products and markets. In 2016, the coating division achieved external sales of EUR 227.6 million versus EUR 190.7 million over the same period last year, or an increase of 19.4%. Overall strong demand combined with active portfolio management have boosted sales in 2016. The organic growth of the coating division was 5.7%.

Apparel division

This division stands for 'technical protective clothing'. The apparel division is an innovative producer of a wide range of high-quality technical protective garments that meet all European standards. Sioen Apparel is active in various sectors where attention to safety is a priority. Attention to customer needs, strong quality consciousness and continuing research and development, combined with technically advanced products, are the basis of the successful development of this division. In 2016, the apparel division achieved sales of EUR 94.9 million versus EUR 97.0 million over the same period last year, or a decrease with 2.2%.

Chemicals division

Sioen Chemicals processes basic raw materials (PVC powders, pigments, etc.) into high quality technical semi-finished products (pigment pastes and inks) for a wide range of applications. In 2016, the chemicals division achieved external sales of EUR 40.9 million versus EUR 38.8 million in 2015, or an increase with 5.6%.

Division Other

This division consists of the real estate activities.

2. Financial and other risks

We refer to capture 3.5.24. Financial risk management, 3.5.25. Capital structure management and part 4. “Corporate governance statement” in this “Report of the Board of Directors”.

3. Outlook

A change in the political scenery combined with the announcement of protectionist measures and a worldwide revival on the raw materials markets incite us to be prudent. Nevertheless, the Sioen Industries Group will continue to pursue growth through the development of new and complementary business lines in technical textiles.

Sioen core values: a strong focus on innovation, customer intimacy, an extensive product portfolio, a strong focus on added value products and sustained cost efficiency are the foundations upon which we build our future.

As Ursuit, Verseidag Ballistic Protection and UV Curable Systems were acquired at or after year end, they are not included in our income statement.

4. Corporate governance statement

4.1. Governance

The Sioen family has been supported by external, independent Directors since 1986. Their expertise and experience contribute to the proper and effective management of the company. On 22 March 2005, the Board of Directors adopted a Corporate Governance Charter, in accordance with the Belgian Corporate Governance Code. The Corporate Governance Charter has been in force since the General Shareholders’ Meeting of 2005 and can be consulted on the Sioen Industries website (www.sioen.com). Since the Corporate Governance Charter came into effect, a number of minor amendments have been made to it, reflecting changes to the environment, such as the dematerialization of shares, or a small change in the shareholder structure. A new Belgian corporate governance code has been issued since 2009 (which can be consulted on www.corporategovernancecommittee.be). This 2009 code has been adopted, without any deviation, as Sioen Industries’ reference code (Article 96, paragraph 2 of the Companies Code).

4.1.1. The Board of Directors - Composition (31/12/2016)

Chairman	**Mr. M. Delbaere[3],** Director in various other companies, mandate expires at the 2018 General Shareholders' Meeting
Managing Director	**M.J.S. Consulting BVBA[1],** represented by Mrs. M. Sioen, Director in various other companies, mandate expires at the 2020 General Shareholders' Meeting
Directors	**Mrs. J.N. Sioen-Zoete[2],** Director in various other companies, mandate expires at the 2020 General Shareholders' Meeting **D-Lance BVBA[2],** represented by Mrs. D. Parein-Sioen, Director in various other companies, mandate expires at the 2020 General Shareholders' Meeting **P. Company BVBA[1],** represented by Mrs. P. Sioen, Director in various other companies, mandate expires at the 2020 General Shareholders' Meeting **Mr. L. Vandewalle[2],** Director in various other companies, mandate expires at the 2017 General Shareholders' Meeting **Lemon Comm. V[3],** represented by Mr. J. Noten, mandate expires at the 2018 General Shareholders' Meeting **Mr. P. Macharis[3],** Director in various other companies, mandate expires at the 2020 General Shareholders' Meeting **Mr. D. Meeus[3],** Director in an other company, mandate expires at the 2020 General Shareholders' Meeting
Secretary	**Asceca Consulting BVBA,** represented by Mr. G. Asselman
Statutory auditor[4]	**Deloitte Bedrijfsrevisoren CVBA,** represented by Mr. M. Dekeyser

(1) Executive Director
(2) Non-executive Director
(3) Independent Director
(4) The Statutory Auditor's mandate expires at the General Shareholders' Meeting of 2017.

4.1.2. Statutory appointments

The mandates of some Directors expired at the end of the General Shareholders' Meeting of 29 April 2016. The decision was made to renew these mandates. LMCL Comm.VA, represented by Mr. L. Vansteenkiste, and Louis Verbeke BVBA, represented by Mr. L.-H. Verbeke, decided not to renew their mandate. Mr. P. Macharis and Mr. D. Meeus were appointed as new members of the Board of Directors. In a subsequent meeting of the Board of Directors, Mr. M. Delbaere was appointed as chairman of the Board of Directors.

4.1.3. New Board members 2016

Mr. Pierre Macharis,
CEO VPK Packaging Group.

Master in commercial
and financial sciences
Industrial engineer in automation

Current Director mandates:

- Ackermans & van Haaren, Antwerp ;
- CEPI, confederation of European paper industries ;
- Cobelpa, association of Belgian manufacturers of paper pulp, paper and paperboard.

Mr. Dirk Meeus, lawyer and managing partner at Allen & Overy Belgium.

Master in law
LLM at Michigan University, US

Current Director mandate:

- VPK Packaging Group.

4.1.4. The Board of Directors and how it works

In accordance with the Articles of Association, the Board of Directors regularly meets depending on the needs and the interests of the company. In 2016, the Board held five meetings. The number of meetings attended by Directors individually in 2016 is as follows:

Mr. Michel Delbaere, Chairman	5
M.J.S. Consulting BVBA (represented by Mrs. Michèle Sioen)	5
Mrs. Jacqueline Sioen-Zoete	5
D-Lance BVBA (represented by Mrs. Danielle Parein-Sioen)	5
P. Company BVBA (represented by Mrs. Pascale Sioen)	5
Mr. Luc Vandewalle	4
Lemon Comm. V (represented by Mr. Jules Noten)	4
Mr. Pierre Macharis	3
Mr. Dirk Meeus	3

The permanent agenda of each Board meeting includes the discussion and decision on the divisional results, the consolidated results, current investments and projects, new projects and presentation of investment opportunities. Besides the regular items, the strategic development of the company is regularly discussed and guidance is provided to the R&D projects. The Board also deals with specific items in terms of concrete issues and current events.

4.1.5. Working committees

The Sioen Industries Group has the following working committees:

Audit Committee

In 2016 the Audit Committee consisted of one non-executive Director, Mr. Vandewalle (Chairman) and two independent Directors, being Lemon Comm. V (represented by Mr. J. Noten) and Mr. Dirk Meeus. The duration of the mandate of members of the Committee coincides with their term as Director.

In 2016 the Audit Committee met four times. The external auditor attended two meetings. The number of meetings attended by individual members of the Audit Committee in 2016 is as follows:

Mr. Luc Vandewalle	4
Lemon Comm. V (represented by Mr. Jules Noten)	2
Mr. Dirk Meeus	1

In accordance with Article 526 bis of the Companies Code, the company declares that at least one of the members of the Audit Committee complies with the requirements of independence and possesses the necessary expertise in accounting and auditing. In 2016, the Audit Committee assisted the Board in discharging its responsibilities for monitoring control in the broadest sense.

This included the following tasks:

- Analysis of the consolidated financial statements of the company, both for annual and half-yearly and quarterly consolidated results ;
- Analysis of possible impairments ;
- Evaluation of systems of internal control ;
- Review of the content of the annual financial report as far as following matters are concerned:
  - financial information ;
  - comments on internal control and risk management.
- Supervision and monitoring of the auditor's independence ;
- Renewal process of the mandate of the statutory auditor.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee in 2016 was composed of three Directors: Mr. M. Delbaere (chairman and independent Director), Lemon Comm. V (represented by Mr. J. Noten, independent Director) and Mr. Dirk Meeus (independent Director). The Committee advises the Board on the remuneration policy in general and on the remuneration of the members of the Board of Directors and the Executive Committee in particular. Also stock option plans are advised by the Committee. Currently there are no stock options for shares of Sioen Industries. The Board of Directors presents the remuneration report to the General Meeting.

The Committee discussed, amongst others, the functioning of the members of the Management Committee, the principles and parameters of the variable part of the remuneration, performed benchmarks as to the remunerations of the members of the Management Committee and Board of Directors and formulates proposals to the Board of Directors.

Nominations have not been discussed during 2016.

The Committee met twice in 2016. The number of meetings attended by individual members of the Committee and the CEO in 2016 is as follows:

Mr. Michel Delbaere	2
Lemon Comm. V (represented by Mr. Jules Noten)	1
Mr. Dirk Meeus	1

The term as members of the Committee coincides with their term as Director.

4.1.6. *Management Committee*

The members of the Management Committee (per 31 December 2016):

- M.J.S. Consulting BVBA, represented by Mrs. Michèle Sioen
- P. Company BVBA, represented by Mrs. Pascale Sioen
- Asceca Consulting BVBA, represented by Mr. Geert Asselman
- Devos Trading Company BVBA, represented by Mr. Michel Devos
- Flexcor NV, represented by Mr. Frank Veranneman
- Almelior BVBA, represented by Mr. Bart Vervaecke
- GPW Lobbestael BVBA, represented by Mr. Grisja Lobbestael
- O.V.S. Consulting BVBA, represented by Mr. Orwig Speltdoorn
- Mr. Uwe Stein

Secretary: Mr. Robrecht Maesen.

4.1.7. Remuneration report

Remuneration policy for the CEO, the Directors and the members of the Management Committee

(1) General principles of the remuneration policy

- The company compensates the CEO, the Directors and the executive management fairly.
- The level and structure of the remuneration is such that qualified and expert professionals can be attracted, retained and motivated, taking into account the nature and scope of their individual responsibilities.
- For non-executive Directors, any form of variable compensation is explicitly excluded.
- To align the interests of the CEO and the executive management to those of the company and its shareholders, a portion of the remuneration package is linked to the performance of the company and individual performance.
- On the advice of the Remuneration Committee the Board approves contracts for the appointment of the CEO and other members of the executive management.
- Contracts of the CEO or the executive management signed on or after 1 July 2009 incorporate no specific provisions relating to early termination.
- The Remuneration Committee monitors the market conformity of the fees. This assessment is based on the practical experience of the members in other companies.
- The Remuneration Committee wishes, through a stable and long term policy, to contribute to a sustainable business climate. Consequently, the above-stated principles will be sustained on the long term, and in particular, for the next two financial years.

Contractual relationships between the company, including related companies, and its Directors and members of the executive management.

All contracts, whether a conflict of interest rule is applicable or not, shall be submitted to the Remuneration Committee, that makes a recommendation.

Through the internal control and reporting systems, reporting to the Remuneration Committee is done at regular intervals. The Remuneration Committee in turn reports to the Board of Directors.If the conflict of interest rule plays, this is signaled and the procedure described in law enters into force.

Transactions between the company, including related companies, and its Directors and members of the executive management.

All transactions with Directors and the executive management are reported at regular intervals. The Audit Committee ensures that these transactions occur according to the “arms length” principle.

(2) Determination of the individual remuneration level of the CEO, the non-executive Directors and the executive management

The Board of Directors decides on the remuneration policy for the CEO based on a proposal by the Remuneration Committee. The remuneration is a competitive and motivating package consisting of:

- A basic compensation component ;
- A variable compensation determined by the Group results from the previous year, of up to 25% of the basic compensation. This compensation is paid in cash ;
- No compensation is paid for insurances or pensions ;
- There is no provision for a long-term performance related remuneration.

On the advice of the Remuneration and Nomination Committee, the Board of Directors approves the remuneration of the executive management, as proposed by the CEO. The remuneration is a competitive and motivating package consisting of:

- A basic compensation component
- A variable compensation determined by the Group results on the one hand and the contribution of the various executives within their respective areas of responsibility on the other hand. This variable compensation is up to 20% of the basic compensation and is paid in cash.
- A compensation is paid for insurances or pensions.
- There is no provision for a long-term performance related remuneration.

The General Shareholders' Meeting determines the remuneration of the members of the Board of Directors. The remuneration of the members of the Board of Directors and the various Committees is split into a base fee and attendance fees, each representing approximately 50% of the total remuneration if all meetings are attended.

Departure fees

- The departure fee in case of an early termination of the contract shall not exceed 12 months (basic remuneration).
- On the advice of the Remuneration Committee, the Board can approve a higher severance pay. This shall not exceed 18 months (basic remuneration).
- There are no specific individual agreements with Directors, the CEO and the executive management with respect to departure fees.
- There are no specific recruitment agreements, or agreements on a golden parachute with the executive management.

(3) The principles with respect to determining the amount of the variable part of the remuneration

- The variable part of the remuneration will always consist of two or more components.
- The first part of the variable compensation will always relate to the results of the Group. This is to strengthen the Group cohesion and to prevent counter-productive internal competition.
- The second part of the variable part of the remuneration will cover the individual areas of responsibility of the member.
- The variable remuneration of the CEO and CFO will only be dependent on the Group results.
- The variable remuneration is based on the following principles:
  - Turnover (the achievement of certain annual revenue targets and/or growth rates)
  - Profitability (return on sales targets and/or investment projects)
  - Debt level (the debt of the company is key. In order to ensure future growth, it must be within certain limits.)
  - Personal objectives (depending on the function). These mainly relate to qualitative objectives. (For example initiate the development of a long term strategy.)
- Depending on the needs, the CEO can propose to the Remuneration Committee to adjust the significance of some parameters annually.
- The personal objectives are set annually through individual interviews and the variable remuneration linked to this is up to 30% of the total variable remuneration.
- Contracts signed on or after 1 July 2009 refer specifically to the criteria (as stated in the Belgian Corporate Governance Code) to be taken into account in determining the variable portion of compensation.

(4) Recovery right

There is no provision for recovery right in favor of the company in case variable remuneration was granted on the basis of incorrect financial information.

Evaluation of the remuneration

The remuneration of the CEO and each executive manager is evaluated on an annual basis (by the Remuneration Committee) as follows:

- The basic compensation is determined by the job responsibilities
- The variable compensation is determined by formal objectives determined at the beginning of the year and evaluated at the end of the year. Only the qualitative part of the variable remuneration is agreed by the members of the Committee.

4.1.8. *Remuneration of the members of the Board of Directors*

In 2016 following remunerations were paid to the members of the Board of Directors and executive management in their capacity as Director (no performance related remunerations are paid to the non-executive Directors):

Name	Represented by	Function	Board of Directors		Audit Committee		Remuneration and Nomination Committee		Total
			Base fee	Attendance fee	Base fee	Attendance fee	Base fee	Attendance fee	
	Mr. M. Delbaere	Director/ Chairman	22 000	22 000			1 500	750	46 250
	Mrs. J. Sioen-Zoete	Director	11 000	11 000					22 000
M.J.S. Consulting BVBA	Mrs. M. Sioen	Managing Director	11 000	11 000					22 000
D-Lance BVBA	Mrs. D. Sioen	Director	11 000	11 000					22 000
P. Company BVBA	Mrs. P. Sioen	Director	11 000	11 000					22 000
	Mr. D. Meeus	Director	11 000	6 600	4 000	1 500	750	375	24 225
Lemon Comm. V	Mr. J. Noten	Director	11 000	8 800	4 000	3 000	750	375	27 925
	Mr. P. Macharis	Director	11 000	6 600					17 600
	Mr. L. Vandewalle	Director	11 000	8 800	6 000	6 000			31 800
Total			110 000	96 800	14 000	10 500	3 000	1 500	235 800

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2016, in her capacity of CEO and next to her remuneration as a member of the Board of Directors, a fixed remuneration of EUR 575 500, a variable remuneration of EUR 88 634 and a compensation for other expenses (mainly car expenses) amounting to EUR 33 890.

Jack Projects, represented by Mrs. Jacqueline Sioen, received in 2016, additionally, in the context of a service agreement, a remuneration of EUR 195 000 and a compensation for other expenses (mainly car expenses) amounting to EUR 27 369.

The other members of the executive management[1], including Directors in their capacity as member of executive management, received in 2016 a fixed remuneration of EUR 2 512 086 (excluding CEO), a variable remuneration of EUR 372 633 and a compensation for other expenses (mainly car expenses) amounting to EUR 189 921.

(1) The executive management consists of executive Directors and members of the Management Committee.

Other

In 2016 there were no shares, share options or other rights to acquire shares of Sioen Industries attributed to the CEO nor the other members of the executive management.

There are no retirement benefit plans.

4.1.9. Evaluation of the Board of Directors, Working Committees and Directors

Periodically, and at least every two years, the Board evaluates its overall performance (including the Working Committees). In the Board's view, this is best accomplished by the entire Board under the leadership of the Chairman, with the assistance of the Remuneration and Nomination Committee and of an external specialist when deemed appropriate.

The purpose of this assessment is to enhance the effectiveness of the Board as a whole and should specifically review area's in which the Board and/or management believe the Board may be more effective. The review of the Board as a whole necessarily includes consideration of each Director's overall contribution to the work of the Board. The results of each Board evaluation are discussed with the full Board.

The performance of individual Directors is reviewed by the Remuneration and Nomination Committee when a Director is being considered for re-nomination.

The Remuneration and Nomination Committee chooses the method and criteria for these reviews. If, at any time, the Board determines that an individual Director is not meeting the established performance standards and qualification guidelines or his or her actions reflect poorly upon the Board and the Company, the Board may request the resignation of the non-performing Director.

4.1.10. External audit

Within the Sioen Industries Group, external audits are mainly performed by Deloitte Bedrijfsrevisoren. They include the audit of the statutory annual accounts and consolidated accounts of Sioen Industries NV and its subsidiaries. To the extent that the audit of a number of subsidiaries are carried out by other auditors, Deloitte Bedrijfsrevisoren makes use of their work. During the past financial year the Statutory Auditor received EUR 306 240 from Sioen Industries in respect of its statutory auditor mandate. In addition, the Statutory Auditor received EUR 50 249 for special missions/ legal assignments, and EUR 141 662 for other assignments outside the mandate. The mandate of Deloitte Bedrijfsrevisoren as Statutory Auditors of Sioen Industries NV expires at the General Shareholders' Meeting of 2017. Deloitte Bedrijfsrevisoren is represented by Mr. M. Dekeyser.

4.1.11. Internal control and risk management systems

The Board of Directors of Sioen Industries is responsible for the assessment of the risks inherent to the company and for evaluating the effectiveness of control. The internal control of the Group is based on five principles (COSO methodology):

(1) Control environment
(2) Risk analysis
(3) Control activities
(4) Information and communication
(5) Supervision and monitoring

(1) Control environment

The control environment is the basis of the internal control and risk management system. The control environment is defined by a mix of formal and informal rules and corporate culture on which the operation of the business relies.

Integrity and ethics

Within the Group the goal is to create an open corporate culture where communication with and respect for customers, employees and suppliers is key, without any distinction. All employees are expected to deal with the company assets with the necessary common sense and manage them as a good family man.

These informal rules / corporate culture, where appropriate, are sustained by more formal rules such as the Protocol to prevent abuse of inside information and the Corporate Governance Charter.

Competences

The Sioen family surrounds itself since 1986 with external independent Directors. Their expertise and experience contribute to effective and proper management of the company. The aim is to attract Directors with different skills and experiences in order to create a momentum that enables the group to develop further.

A stimulating working environment, an “open door” policy and the ability to develop itself are the principles of the human resources policy. This enables the group to attract, to motivate and to retain qualified staff.

Governing Bodies

According to existing guidelines, the Group has the following administrative and operating committees:

- Board of Directors ;
- Audit Committee ;
- Remuneration and Nomination Committee ;
- Executive Management Committee.

The operation of these governing bodies and their responsibilities are included above in this annual report in the chapter Corporate governance.

Company structure and delegation of powers

The Sioen Industries Group is divided into divisions each with an operational activity. Supporting administrative services are centralized within a “Shared Services Center”. This structure allows the Group to centralize delegated authorizations as much as possible.

(2) Risk analysis

The Board of Directors decides on the strategy of the Group, key policies and risk appetite. The role of the Board of Directors consists of pursuing the long-term success of the company and ensuring that risks are assessed and managed.

The executive management is responsible for developing systems to identify, assess, manage and monitor the risks.

Targets within the risk management process

The process of risk management contributes to the achievement of operational and strategic objectives. It forms the basis of reliable internal and external information and should also guarantee the compliance with laws, regulations and internal instructions of the company.

External factors

External factors may result from technological changes, regulatory changes, competition, product trends and many more.

Internal factors

Internal factors are closely linked to the internal organization of the company and can have different causes (IT problems, human resources,…).

Risk analysis (internal and external)

Sioen Industries has analyzed the risks associated with its activities. Based on that analysis, the following risks were identified:

Risks relating to the activities of the Group

Sioen Industries is, especially in terms of income, affected by the economic performance of its divisions. On the other hand, the divisions depend on general economic trends and more specifically: the volatility of oil prices and the more or less related volatility in the prices of key raw materials (PVC, polyester, plasticizer, etc.). The processing of coated fabrics connects the development of the Group closely with the industrial economic cycles. The division apparel (protective clothing) follows the current trend of industrial activity in Western Europe. The emphasis is less on volume and more on the technical specifications of the garments.

The Group is continuously looking for new applications, new products and new markets to stay ahead of competitors and to increase production and sales activities. If we fail to be innovative, to introduce new ideas, products, services and processes, this can have a negative impact on the operational and financial results of the Group.

Risks relating to customer commitment

The Group has no customers who represent more than 10.0% of the total balance of trade receivables (see note 3.5.8. Trade receivables) and as a consequence there is no major risk related to customer commitment.

Risks associated with seasonal activities

The consolidated income statement of the Group reflects the seasonal nature of the activities, more than half of the annual results are generated in the first half of the year. Future results will depend on developments in the market for technical textiles. Adverse changes in the economic environment, customer investment cycles, major developments in production and market acceptance of new applications in this market can influence this market and as a consequence the results of the Group.

Risks related to new emerging markets

The most important part of the turnover of the Group, some 90%, is realized in Europe. The activities in these markets have a low risk in terms of crime, government decisions, foreign exchange rates, political and economic uncertainty, issues that could adversely impact the results of the Group. Also, financial risks such as liquidity problems, inflation, devaluation, price, payment risks related to new emerging markets, are limited.

Risks related to recruiting and retaining staff in key positions

To develop new applications, to support and sell new products, the Group must recruit and retain the best staff with a good knowledge and the best skills. The strategy of the Group may be affected if the Group fails to recruit and retain employees related to important positions.

Credit risk management

In view of the relative concentration of credit risk (see note 3.5.8. Trade receivables), the company covers credit risk on trade receivables via an Excess of Loss credit insurance with an own risk exposure of EUR 400 thousand. In addition, credit control strategies and procedures have been elaborated in order to monitor individual customers' credit risks.

Capital structure management

The equity structure of the Sioen Group is managed with the main objectives of:

- protecting the equity structure to ensure continuous business operations, resulting in the creation of shareholder value and benefits for other stakeholders,
- the payment of an appropriate dividend to shareholders.

The Group's capital is formed in accordance with the risk, which changes with economic developments and the risk profile of the underlying assets. The Sioen Group can change the dividend to shareholders, issue new shares or sell assets in order to maintain or change the capital structure.

Interest rate risk management

The Group's interest risk is relatively limited, in view of the loan agreements and related interest rate swaps. To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into new interest rate derivatives together with the new loan agreements: see also paragraph 3.5.15. Financial instruments for more information.

Foreign currency risk management

The purpose of the Group policy is to hedge against exchange risks arising mainly from financial and operational activities.

The risks are limited by offsetting transactions in the same currency ("natural hedging") or by hedging exchange rates through forward contracts or options.

Liquidity risk management

To ensure liquidity and financial flexibility, the Sioen Group has credit lines available to meet current and future financial needs.

Budget risk management

Executive management makes its risk assessment based on different realistic estimated parameters such as market expectations, the growth of the sector, industry studies, economic realities, budgets and long-range plans, profitability studies, etc. The key elements within the Group that are subject to this include: impairments, provisions and deferred taxes.

Risk management on delegation of authorities

Not respecting the existing signing authorizations may result in commitments relating to operations not authorized by the company.

Fraud risk management

Collective or individual fraud of employees can lead to financial loss and damage the image of the Group.

Risk associated with financial statements (information policy, consolidation)

The production of complete, reliable and effective information is essential for management and governance.

IT risk management

This risk concerns the general computing environment, data security system and the use of and access to the software systems.

(3) Control activities

In order to properly manage the principal risks identified, the Sioen Industries Group took the following control measures:

Formal rules and systems

- An authorization cascade system in the computer system ;
- Grant of approval limits ;
- Definition of signing authorities (authorization contract, payment authority, authority to representation…) ;
- Access and monitoring systems in the buildings.

Physical controls

- Cycle counts of inventories;
- Physical inventory of machinery and equipment.

Reporting, analysis and monitoring

The Sioen Industries Group has established an internal reporting system by means of which both financial data and operational data (Key Performance Indicators) are reported on a regular basis (daily, weekly, monthly and quarterly). All deviations against budgets and against the previous reference period are carefully analyzed and explained. Besides the regular reports and analysis, there is a control matrix. In this matrix all processes of each Group company are analyzed and weak spots in the process are monitored in detail.

Data protection

Sioen attaches great importance to the security of all data stored in various computer systems and has developed specific measures. To ensure continuity and availability of critical data, they are stored in two data centers. The data centers are obviously not generally accessible and are specifically adapted to accommodate IT equipment.

(4) Information and communication

To provide reliable financial information Sioen Industries makes use of a global standardized chart of accounts and has a global application of IFRS accounting standards.

The controlling team is responsible for checking the consistency of the reported figures by the various subsidiaries. Regarding information systems, there is a daily backup and a cascade system to limit access to crucial information.

(5) Supervision and monitoring

Supervision and monitoring is mainly performed by the Board of Directors. As no formal internal audit department is in place the Board executes this supervision and monitoring through the work of the Audit Committee and the Management Committee. Moreover the Board of Directors also uses the external audit reporting to the Audit Committee on their review of internal controls and risk management systems.

4.1.12. Protocol to prevent abuse of insider information

In order to prevent that privileged information would be used in an unlawful manner by Directors, shareholders, members of management and employees (i.e. “insiders”), or even that such an understanding could be raised, the Board of Directors of Sioen Industries NV has developed a protocol to prevent abuse of inside information (“1997 Protocol”). Following the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), a new protocol was approved by the Board of Directors on 16 December 2016. The Protocol is primarily aimed to protect the market as such, to ensure compliance with the law and to maintain the reputation of the Group. Besides a number of prohibitions on trading in financial instruments of Sioen Industries NV, where insiders have privileged information which is not (yet) available to the public, it does include a number of preventive measures and guidelines to preserve the confidentiality of privileged information. Any insider eligible, has signed this Protocol. To verify compliance with the Protocol a Compliance Officer was appointed.

4.2. General information

4.2.1. Registered office and name

The registered office of Sioen Industries, a public limited liability company under Belgian law, is established at Fabriekstraat 23, B-8850 Ardooie. The company is listed in the register of legal persons Gent, division Brugge, under enterprise number 0441.642.780.

4.2.2. Incorporation and publication

Sioen Industries was incorporated under the name 'Sihold' by deed executed before notary-public Ludovic du Faux at Moeskroen on 3 September 1990, published in the annexes to the Belgian Official Gazette of 28 September 1990, under no. 900928-197.

4.2.3. Financial year

The financial year begins on 1 January and ends on 31 December of each year.

4.2.4. Term

The company is established for an indefinite period.

4.2.5. Object of the company

The company's objects consist of the following activities, to be performed in Belgium or abroad, on its own behalf or on behalf of third parties, for its own account or for the account of third parties:

- spinning yarns and threads of all kinds, weaving threads of all kinds, coating and printing fabric and any other material, manufacturing plastic and plastic-coated materials, manufacturing, purchasing and selling, both in Belgium and abroad, materials that are useful for or relate to the above mentioned products and raw materials, and producing chemicals and pigments ;
- manufacturing ready-to-wear outer wear made of woven fabric, manufacturing all types of tailor made garments and embroidery, manufacturing outer clothing made of knitted fabrics, as well as household linen and upholstery materials, manufacturing wall-covering materials, printing and finishing all fabrics, manufacturing ready-made articles and outfits for men and women, knitwear, embroidery, household and table linen, children's clothing. Manufacturing safety and signposting materials. Wholesale and retail trade in all of the above products ;
- investing in, subscribing for, taking over, issuing, buying, selling and trading in shares, share certificates, bonds, depositary receipts, claims, funds and other securities issued by Belgian or foreign companies, either or not being commercial companies, administrative offices, institutions or associations and either or not (semi-) governed by public law ;
- managing investments and participating interests in subsidiaries, holding managerial positions, providing advice, management and other services to or in line with the activities performed by the company itself. These services can be provided pursuant to a contractual appointment or an appointment in accordance with the provisions of the articles of association, as well as in the capacity of external advisor or body of the client.

The company can realize these objects provided that it meets the legal requirements.

The company can perform, both in Belgium and abroad, all industrial, commercial, financial, movable and immovable activities which may either directly or indirectly extend or promote its business. It can acquire all movable and immovable goods, even if they are not related to the company's objects, neither directly nor indirectly.

The company can in any manner whatsoever acquire interests in all associations, businesses, undertakings or companies that have the same, similar or related objects or that may promote the company's business or facilitate the sale of its products or services; the company can cooperate or merge with such associations, businesses, undertakings or companies.

4.2.6. *Consultation of documents*

The statutory and consolidated accounts of the company and additional reports are filed with the National Bank of Belgium. The articles of association and special reports required by the Companies Code, as well as annual and semi-annual reports to shareholders and all published information, can be requested by shareholders at the registered office of the company. The articles of association, the annual and semi-annual reports can also be downloaded from the website www.sioen.com.

4.2.7. *Voting right*

Article 33 of the articles of association states that each share gives the right to one vote at the General Meeting. However nobody can participate in the vote at the General Meeting for more than thirty-five percent of the votes attached to the total number of shares issued by the company. The holders of bonds can attend the General Meeting, but only have an advisory vote.

Article 14, sub 2 of the articles of association stipulates that a majority of the Directors are appointed among the candidates nominated by Sihold NV, as long as Sihold NV possesses either directly or indirectly at least thirty-five percent of the shares of the company.

4.2.8. *Authorized capital*

The Board of Directors is authorized, during a period of five years counting from the date of publication in the annexes to the Belgian Official Gazette of the deed containing the amendment of the articles of association of 26 April 2013 (BOG of 24 May 2013), to increase the subscribed capital in one or several parts, by a maximum amount of forty-six million euros. This renewable authority is valid for capital increases in cash, in kind or by conversion of reserves. At the moment this amount is still wholly available.

Within the framework of the authorized capital, the Board of Directors is authorized, in the interest of the company and provided that the conditions referred to in articles 535 and 592 to 599 of the Companies Code are met, to cancel or restrict the preferential subscription right that is granted to the shareholders by law. The Board of Directors is authorized to restrict or cancel the preferential subscription right in favor of one or more particular persons, even if these are not staff members of the company or its subsidiaries.

In the event of an increase of the subscribed capital, carried out within the limits of the authorized capital, the Board of Directors is authorized to ask for an issue premium. If the Board of Directors decides to do so, this issue premium should be allocated to an unavailable reserve account that can only be reduced or written off by resolution of the General Meeting passed in the manner required for the amendment of the articles of association.

In the absence of an explicit authorization granted by the General Meeting to the Board of Directors, the authorization of the Board of Directors to increase the subscribed capital through a contribution in cash with cancellation or restriction of the preferential subscription right of the existing shareholders or through a contribution in kind will be suspended as from the date of notification to the company by the Financial Services and Markets Authority of a public take-over bid on the shares of the company. This authorization will apply again immediately after the take-over bid is concluded. The General Meeting of 24 April 2015 explicitly authorized the Board of Directors to increase the subscribed capital in one or several parts through a contribution in cash with cancellation or restriction of the preferential subscription right of the existing shareholders or through a contribution in kind, pursuant to articles 557 and 607 of the Companies Code, as from the date of notification to the company by the Financial Services and Markets Authority of a public take-over bid on the shares of the company. This authorization was granted for a period of three years from 24 April 2015 and is renewable.

4.2.9. Acquisition by the company of shares in its own capital

The General Meeting of 29 April 2016 expressly authorized the Board of Directors, under the provisions of the Companies Code, to acquire or dispose of its own shares, if the acquisition is necessary to prevent imminent serious harm to the company. This authorization is valid for a period of three years from the publication of the aforementioned resolution in the annexes to the Belgian Official Gazette (BOG of 23 May 2016).

The General Meeting of 26 April 2013 authorized the Board of Directors to acquire its own shares through purchase or exchange, in accordance with the Companies Code, for the maximum number allowed by law and at a price per share that cannot be lower than the last closing price at Euronext Brussels prior to the date of acquisition, less ten per cent (10%), and that cannot be higher than the same closing price increased by ten per cent (10%), and to sell or cancel these shares. The Board of Directors is entitled to use this authorization one or several times, whenever he seems fit. The Board is further authorized to determine through a notarial deed the amended number of shares and to adapt the articles of association accordingly, the amount of the subscribed capital cannot be reduced and the unavailable reserve, accrued for the cancelled shares, has to be written off. The Board of Directors can empower one director to appear before the notary to pass the notarial deed. This authorization also applies to the acquisition of shares of the company by one or several of its direct subsidiaries within the meaning of the law, during a period of five years starting on 26 April 2013, and can be extended.

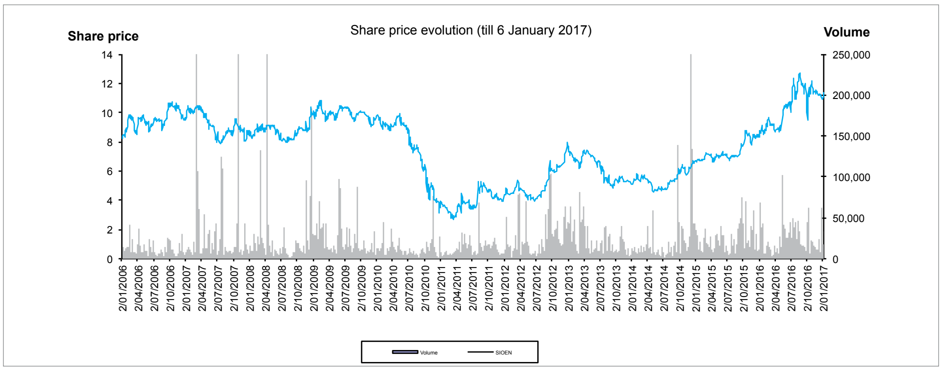
4.3. Share information

4.3.1. Listing

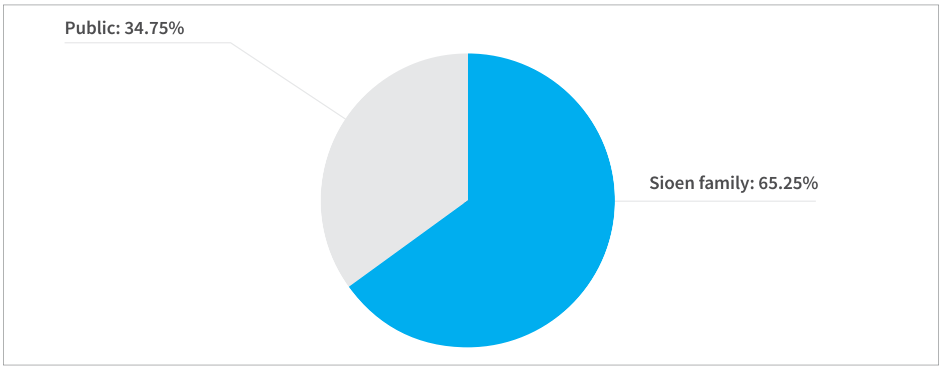
In order to be able to continue following and ensuring the company's fast growth, and in the conviction that a transparent policy would further strengthen the Group's growth possibilities, the Sioen Industries share was introduced on the cash market, double fixing, of the Brussels Stock Exchange, on 18 October 1996. A year later the share was listed on the semi-continuous segment of the forward market and then, as of 11 March 1998, has been quoted on the continuous segment of the Brussels forward market, which has become Euronext Brussels. As per 31 December 2016, the total number of shares amounts to
19 779 933, of which 12 906 212 shares, or 65.25%, are owned by the Sioen family, a.o. through the holding company Sihold NV. The remaining number of shares, 6 873 721 or 34.75%, are spread among the public. Sioen has no preferential shares.

4.3.2. Evolution of the share in 2016

The share was quoted at its highest price on 1 December 2016, at EUR 31.20, at its lowest price on 10 February 2016 (EUR 14.50) and quoted EUR 28.10 on 31 December 2016. Market capitalization amounted to EUR 555.82 million on 31 December 2016.



4.3.3. Shareholders' structure



4.3.4. 2016: financial communication policy

The Sioen Industries share was included on Euronext Brussels in Compartment B (Mid Cap).

4.3.5. Dividend policy

Generally, the Board of Directors wishes to strive for a pay-out ratio of more than 15%. In order to link the dividend to the cash flow expectations on the one hand and to reward the shareholders on the other hand, the Board strives to increase the dividend year after year. For the year 2016, the Board of Directors proposed the pay out of a dividend amounting to EUR 0.53 gross (EUR 0.371 net) that will be made payable at the counters of Belfius Bank, ING Bank, BNP Paribas Fortis Bank, Bank Degroof Petercam and KBC Bank as from 15 May 2017, if approved by the General Shareholders' Meeting.

4.3.6. Share codes and classification

ISIN: BE0003743573
Euronext code: BE0003743573
Mnemo: SIOE
Type Stock: Ordinary stock - Continuous
Market Euronext Brussels: Euronext - Local securities
Compartment B: (Mid Cap)

ICB sectorial classification:
3000, Consumer Goods
3700, Personal & Household Goods
3760, Personal Goods
3763, Clothing & Accessories
Reuters: SIOE.BR
Bloomberg: SIOE.BB

Obligations with regard to periodical information following the transparency directive effective as of 1 January 2008

Declaration regarding the information given in this annual report 2016

The undersigned declare that :

- The annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies,
- The annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

M.J.S. Consulting BVBA,
represented by Mrs. M. Sioen, CEO

Asceca Consulting BVBA,
represented by Mr. G. Asselman, CFO

Financial overview

1. Comments on the consolidated financial statements

Net sales:

Over the past year sales grew with 11.3% to EUR 363.4 million compared to EUR 326.4 million in 2015. This sales figure includes the sales of the recently acquired companies;

- Manifattura Fontana, accounted for as of 1 April 2016 and
- Dimension-Polyant, accounted for as of 1 August 2016

Excluding those recently acquired companies the Sioen Industries Group realized an organic growth of 3.3% compared to the same period previous year.

Note: at constant currency sales would have reached approximately EUR 366.4 million or a growth ratio of 12.3% and an organic growth ratio of 4.2%.

Operating result:

The operating result has evolved from EUR 35.8 million last year to EUR 44.7 million over 2016 or an increase with 24.8%. Favorable market conditions combined with continuous improvement programs, an ever-lasting cost consciousness and a strong focus on more value added products are the main drivers supporting this positive evolution.

Financial result:

Financial result of the Group amounted to EUR -6.6 million over the year 2016 against EUR -3.0 million in 2015. An increase solely due to negative currency results for a total of EUR 4.2 million.

Income tax:

Income tax amounts to EUR 12.1 million over the year 2016 against EUR 10.2 million over 2015.

Profit (loss) for the period from continuing operations:

The company recorded EUR 26.0 million profit over the year 2016 against EUR 22.6 million over 2015 or an increase with 14.8%.

Balance sheet:

At the end of the year Group equity amounted to EUR 189.2 million or 51.4% of the balance sheet total. Net financial debt of the Group, at year end, is EUR 79.4 million or 1.3 times the current year EBITDA.

Dividend:

The Board of Directors will propose to the General Shareholders' Meeting to pay out a dividend of 0.53 Euro per share.

Coating division

The coating division specializes in the coating (applying a protective layer) of textiles. This division is fully vertically integrated. Everything starts with the extrusion of technical yarns (polyester), which are woven into technical fabric and then coated with various polymers (PVC, PU, silicons, etc.). The Group is the only player in the world with full competence in various coating technologies, each with its own specific products and markets. In 2016, the coating division achieved external sales of EUR 227.6 million versus EUR 190.7 million over the same period last year, or an increase of 19.4%. Overall strong demand combined with active portfolio management have boosted sales in 2016. The organic growth of the coating division was 5.7%.

Apparel division

This division stands for 'technical protective clothing'. The apparel division is an innovative producer of a wide range of high-quality technical protective garments that meet all European standards. Sioen Apparel is active in various sectors where attention to safety is a priority. Attention to customer needs, strong quality consciousness and continuing research and development, combined with technically advanced products, are the basis of the successful development of this division. In 2016, the apparel division achieved sales of EUR 94.9 million versus EUR 97.0 million over the same period last year, or a decrease with 2.2%.

Chemicals division

Sioen Chemicals processes basic raw materials (PVC powders, pigments, etc.) into high quality technical semi-finished products (pigment pastes and inks) for a wide range of applications. In 2016, the chemicals division achieved external sales of EUR 40.9 million versus EUR 38.8 million in 2015, or an increase with 5.6%.

Division Other

This division consists of the real estate activities.

2. Consolidated financial statements

2.1. Consolidated statement of financial position at 31 December 2016 | In thousands of euros

Assets	Note	2016	2015
Non-current assets			
Intangible assets	3.5.1	11 519	5 487
Goodwill	3.5.2	39 372	18 618
Property, plant and equipment	3.5.3	110 412	80 279
Investment property	3.5.4	5 425	5 647
Interests in associates		286	
Other long term assets	3.5.6	1 600	388
Deferred tax assets	3.5.16	4 002	5 909
Total non-current assets		172 616	116 328
Current assets			
Inventories	3.5.7	114 473	85 366
Trade receivables	3.5.8	57 273	46 550
Other receivables	3.5.9	4 966	4 479
Other financial assets	3.5.9		19 030
Cash and cash equivalents	3.5.9	16 596	89 261
Derivatives fair value		1 400	
Deferred charges and accrued income	3.5.9	1 082	1 437
Total current assets		195 790	246 123
Total assets		368 406	362 451

Equity & liabilities	Note	2016	2015
Equity			
Share capital		46 000	46 000
Retained earnings		151 708	135 825
Other reserves		-8 522	-7 868
Equity attributable to the owners of the company	2.4	189 186	173 957
Non-controlling interest		0	0
Total equity	2.4	189 186	173 957
Non-current liabilities			
Borrowings	3.5.10	66 531	
Provisions	3.5.12	2 231	1 667
Retirement benefit obligations	3.5.13	4 743	3 657
Deferred tax liabilities	3.5.16	18 457	8 175
Obligations under finance leases	3.5.11	4 911	5 619
Other amounts payable		120	14
Total non-current liabilities		96 993	19 132
Current liabilities			
Trade and other payables	3.5.14	31 135	25 620
Borrowings	3.5.10	23 655	105 719
Provisions	3.5.12	190	749
Retirement benefit obligations	3.5.13	61	82
Current income tax liabilities		3 031	2 804
Social debts		11 402	10 099
Other amounts payable		5 383	4 583
Obligations under finance leases	3.5.11	735	1 561
Derivatives fair value		1 225	15 607
Accrued charges and deferred income		5 410	2 538
Total current liabilities		82 227	169 362
Total equity and liabilities		368 406	362 451

2.2. Consolidated income statement for the year ended 31 December 2016

2.2.1. By function | In thousands of euros

	Note	2016	2015(1)
Net sales	3.4.1	363 367	326 395
Cost of sales	3.4.1	- 270 770	- 247 047
Manufacturing contribution		92 598	79 348
Sales and marketing expenses	3.4.1	- 20 960	- 19 182
Research and development expenses	3.4.1	- 7 530	- 6 658
Administrative expenses	3.4.1	- 24 878	- 21 152
Financial income		1 695	7 764
Financial charges		- 8 343	- 10 786
Other income	3.4.1	6 544	4 685
Other expenses	3.4.1	- 1 076	- 1 236
Profit (loss) before taxes		38 049	32 782
Income tax	3.4.2	- 12 054	- 10 171
Profit (loss) after taxes		25 996	22 612
Share in the results of associates		- 37	
Profit (loss) for the period from continuing operations		25 958	22 612
Profit (loss) for the period from discontinued operations	3.4.3		488
Group profit (loss)		25 958	23 099
Group profit (loss) attributable to shareholders of Sioen Industries		25 958	23 099
Group profit (loss) attributable to minority interests			
EBIT		44 697	36 170
EBITDA		59 149	52 161
REBIT		45 525	37 775
REBITDA		59 850	52 807
Net cash flow		40 448	39 090

Definitions and reconciliations for non-GAAP measures can be found on pages 181 & 182 of this annual report.

(1) As a consequence of the European Securities and Markets Authority (ESMA)'s guidelines on the use of Alternative Performance Measures (APMs), the presentation of the 2015 figures has been adjusted to be comparable with the presentation of the 2016 figures.

Earnings per share | In euro

	2016	2015
Basic earnings per share		
Net earnings for the period	25 958 334	23 099 119
Net earnings from continuing operations	25 958 334	22 611 557
Net earnings from discontinued operations		487 562
Weighted average ordinary shares outstanding	19 779 933	19 787 285
Ordinary shares per 01 January	19 779 933	19 825 903
Ordinary shares per 31 December	19 779 933	19 779 933
Basic earnings per share	1.31	1.17
Basic earnings per share from continuing operations	1.31	1.14
Diluted earnings per share		
Net earnings for the period	25 958 334	23 099 119
Net earnings from continuing operations	25 958 334	22 611 557
Net earnings from discontinued operations		487 562
Weighted average ordinary shares outstanding	19 779 933	19 787 285
Ordinary shares per 01 January	19 779 933	19 825 903
Ordinary shares per 31 December	19 779 933	19 779 933
Diluted earnings per share	1.31	1.17
Diluted earnings per share from continuing operations	1.31	1.14

2.2.2. *By nature | In thousands of euros*

	Note	2016	2015(1)
Net sales		363 367	326 395
Changes in stocks and WIP (work in progress)		8 803	-3 906
Other operating income(2)		6 570	4 785
Raw materials and consumables used		-182 299	-152 519
Gross margin		52.25%	52.07%
Services and other goods		-57 644	-50 490
Remuneration, social security and pensions		-75 203	-69 011
Depreciations		-16 417	-15 451
Write off inventories and receivables		1 952	- 104
Provisions for liabilities and charges		13	- 504
Other operating charges(3)		-4 446	-3 390
Operating result		44 697	35 804
Financial result		-6 648	-3 022
• Financial income		1 695	7 764
• Financial charges		-8 343	-10 786
Profit (loss) before taxes		38 049	32 782
Income tax	3.4.2	-12 054	-10 171
Profit (loss) after taxes		25 996	22 612
Share in the results of associates		- 37	
Profit (loss) for the period from continuing operations		25 958	22 612
Profit (loss) for the period from discontinued operations	3.4.3		488
Group profit (loss)		25 958	23 099
Group profit (loss) attributable to shareholders of Sioen Industries		25 958	23 099
Group profit (loss) attributable to non-controlling interest		0	0
EBIT		44 697	36 170
EBITDA		59 149	52 161
REBIT		45 525	37 775
REBITDA		59 850	52 807
Net cash flow		40 448	39 090

Definitions and reconciliations for non-GAAP measures can be found on pages 181 & 182 of this annual report.

(1) As a consequence of the European Securities and Markets Authority (ESMA)'s guidelines on the use of Alternative Performance Measures (APMs), the presentation of the 2015 figures has been adjusted to be comparable with the presentation of the 2016 figures.

(2) Other operating income mainly consists of exemption withholding tax, rental income, transport recharges, indemnities, R&D subventions and gains on sale of assets. In the consolidated income statement by function (2.2.1), transport recharges are not included in 'Other income' but spread by function.

(3) Other operating charges cover a number of general expenses, mostly non-profit related taxes such as property tax, 'taxe foncière' in France and similar. In the consolidated income statement by function (2.2.1), taxes on tangible assets are not included in 'Other expenses' but spread by function. On the other hand, provisions for liabilities and charges are included in 'Other expenses', while they are shown separately here.

2.2.3. Consolidated statement of total comprehensive income | In thousands of euros

	Note	2016	2015
Group profit (loss)	**2.2.1**	25 958	23 099
Exchange differences on translating foreign operations			
• Exchange difference arising during the period	2.4	50	1 135
Cash flow hedges			
• Gains (losses) arising during the period	2.4	- 1 706	- 22
• Income tax		580	7
Net other comprehensive income (loss) potentially to be reclassified to profit or loss in subsequent periods		*- 1 076*	*1 121*
Remeasurement of defined benefit obligation			
• Gains (losses) arising during the period	2.4	- 230	206
• Income tax		71	- 56
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		*- 160*	*149*
Other comprehensive income (loss) after tax impact		- 1 236	1 270
Total comprehensive income (loss) for the period	**2.4**	24 722	24 369
Attributable to shareholders of Sioen Industries		24 722	24 369
Attributable to non-controlling interests		0	0

2.3. Consolidated statement of cash flows for the year ended 31 December 2016 | In thousands of euros

	Note	2016	2015
Group profit (loss)	2.2.1	25 958	23 099
Income tax(1)		12 054	10 049
Financial charges(1)		8 343	10 786
Financial income(1)		-1 695	-7 764
Share in the result of associates		37	
Operating result(1)		44 697	36 170
Depreciation and amortisation of non-current assets		16 417	15 451
Write off inventories and receivables		-1 952	104
Provisions		- 13	436
Movements in working capital:			
• Inventories		-8 661	904
• Trade receivables		163	1 497
• Other long term assets, other receivables & deferred charges and accrued income		1	1 034
• Trade and other payables		2 111	-3 541
• Current income tax liabilities, social debts, other amounts payable & accrued charges and deferred income		-2 730	849
• Amounts written off inventories and receivables		52	160
Cash flow from operating activities		*50 086*	*53 064*
Income taxes paid		-6 140	-9 650
Net cash flow from operating activities		43 946	43 413
Interest received		488	846
Other financial assets (deposits)		19 030	27 967
Acquisitions/sale of subsidiaries		-62 996	-1 101
Investments in intangible and property, plant and equipment		-8 537	-13 287
Disposal and sale of intangible and property, plant and equipment		72	507
Net cash flow from investing activities		-51 944	14 933
Net cash flow before financing activities		*-7 998*	*58 347*
Purchase of treasury shares			- 581
Interest paid		-1 895	-5 657
Disbursed dividend		-9 494	-7 312
Increase/(decrease) borrowings		-28 158	-7 958
Increase/(decrease) obligations under finance leases		-1 534	-1 802
Other(2)		-18 080	110
Currency result		-4 105	1 491
Net cash flow from financing activities		-63 265	-21 711
Impact of cumulative translation adjustments and hedging		-1 402	1 175
Change in cash and cash equivalents		-72 665	37 811
Cash and cash equivalents at the beginning of the year		89 261	51 450
Cash and cash equivalents at the end of the year	2.1	16 596	89 261

(1) Including discontinued operations

(2) Cash settlement of interest rate collar, see also paragraph 3.5.15. Financial instruments


DIMENSION-POLYANT
The Sailcloth Producer
Sailcloth Technology
Wovens
Laminates
SIOEN

2.4. Consolidated statement of changes in equity
for the year ended 31 December 2016 | In thousands of euros

			Other reserves								
	Share capital	Reserves	Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares	Hedging reserves	Equity before non-controlling interest	Non-controlling interest	Equity	Note
Balance at 1 January 2016	46 000	135 825	2 294	76	-174	-581	-9 483	173 957		173 957	2.1
Group profit (loss)		25 958						25 958		25 958	2.2.1
Hedging							-1 706	-1 706		-1 706	2.2.3
Currency translation adjustments			50					50		50	2.2.3
Remeasurement of defined benefit obligation					-230			-230		-230	2.2.3
Deferred tax					71		580	650		650	
Total comprehensive income for the period		25 958	50		-160		-1 126	24 722		24 722	2.2.3
Payment of dividends		-9 494						-9 494		-9 494	
Purchase of treasury shares											
Elimination of treasury shares purchased		-581				581					
Balance at 31 December 2016	46 000	151 708	2 344	76	-334		-10 609	189 186		189 186	2.1

			Other reserves								
	Share capital	Reserves	Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares	Hedging reserves	Equity before non-controlling interest	Non-controlling interest	Equity	Note
Balance at 1 January 2015	46 000	120 062	1 159	76	-324		-9 468	157 505		157 505	
Group profit (loss)		23 099						23 099		23 099	2.2.1
Hedging							-22	-22		-22	2.2.3
Currency translation adjustments			1 135					1 135		1 135	2.2.3
Remeasurement of defined benefit obligation					206			206		206	2.2.3
Deferred tax					-56		7	-49		-49	
Total comprehensive income for the period		23 099	1 135		150		-15	24 369		24 369	2.2.3
Payment of dividends		-7 336						-7 336		-7 336	
Purchase of treasury shares						-581		-581		-581	
Elimination of treasury shares purchased											
Balance at 31 December 2015	46 000	135 825	2 294	76	-174	-581	-9 483	173 957		173 957	2.1

3. Notes to the consolidated financial statements for the year ended 31 December 2016

3.1. Summary of significant accounting policies

3.1.1. Statement of compliance

The consolidated financial statements are drawn up in conformity with the International Financial Reporting Standards (IFRSs), as adopted within the European Union.

3.1.2. Basis of preparation

The consolidated annual financial statements of Sioen Industries NV (the 'Company') include the annual financial statements of the Company and its subsidiaries (together referred to below as the 'Group').

The consolidated annual financial statements give a general overview of the Group's activities and the results obtained. They give an accurate picture of the entity's financial position, financial performance and cash flow, and are drawn up on a going concern basis.

The annual financial statements are stated in thousands of euros, unless stated otherwise, as the EUro is the currency of the primary economic environment in which the Group is active. The annual financial statements of foreign participations are converted in accordance with the principles described in the section 'Foreign currencies'.

The consolidated financial statements are presented on the basis of the historical cost method, unless otherwise stipulated in the accounting principles set out below.

3.1.3. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company controls an entity if and only if the Company has all of the following elements:

- power of the entity, i.e. the Company has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the entity's returns) ;

- exposure, or rights, to variable returns from its involvement with the entity ;

- the ability to use its power over the entity to affect the amount of the Company's returns.

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. The companies in question are accounted for by the full consolidation method. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity herein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquired identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries' annual financial statements are drawn up for the same financial year as those of the parent company and on the basis of uniform financial reporting principles for comparable transactions and other events in similar circumstances.

Foreign currencies

On the basis of the Group's relevant economic environment and its transactions, the EUro has been chosen as the reporting currency. Foreign subsidiaries' financial statements are converted as follows: transactions in foreign currencies are converted at the exchange rate which is applicable on the date of the transaction. On each balance sheet date, cash assets and liabilities expressed in foreign currency are converted at the closing rate. Non-cash assets and liabilities which are shown at their fair value in a foreign currency are converted at the exchange rate which is applicable when their fair value was determined.

Gains and losses arising from such conversions are recorded in the income statement. However, if they are deferred (e.g. exchange rate differences related to long term intercompany loans), they are recorded as equity. Assets and liabilities from the Group's foreign activities are converted at the closing rate.

Income and expenses are converted at the average exchange rate over the period, unless exchange rates have fluctuated significantly. The resultant exchange rate differences are recorded in equity, under the heading 'CTA or Conversion differences'.

If a foreign activity is disposed of, the cumulative amount of the exchange rate differences that was recognized in equity, is recorded in the income statement.

Goodwill and adjustments to the fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the closing rate.

Business combinations

If the Group takes over an entity or business activity, the identifiable assets, liabilities and contingent liabilities of the party which has been taken over are adopted at their fair value. Subsidiaries' financial statements are included in the scope of consolidation from the date of acquisition until control ceases. Goodwill is measured as the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquire, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If this difference is negative, the surplus, after reassessment of the fair values, is accounted for directly in the income statement.

If the Group increases its interest in an investment in which it did not yet have control, the surplus or deficit compared with the net asset, after adjustment to the fair value that was acquired, is processed as if it were a new acquisition according to the methodology explained in the section above. If the Group increases its interest in an investment in which it already had control, the greater or lesser price that was paid vis-à-vis the share in the net assets that was acquired, is included directly in the company's own equity.

3.1.4. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2016, all of which were endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on 1 January 2016

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 *Separate Financial Statements – Equity Method* (applicable for annual periods beginning on or after 1 January 2016)

The mandatory application of all amendments to or improvements of standards and interpretations listed above did not give rise to any major effects on the Group's financial position and financial performance.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2016

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Improvements to IFRS (2014-2016) (applicable for annual periods beginning on or after 1 January 2017 or 2018, but not yet endorsed in the EU)
- Amendments to IAS 7 *Statement of Cash Flows – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 40 *Transfers of Investment Property* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)

IFRS 15 Revenue from contracts with customers

IFRS 15 is the new revenue standard and will supersede all current revenue recognition requirements under IFRS. It consists of a five-step model to account for revenue arising from contracts with customers.

During 2016, the company took the first steps in assessing the potential impact of IFRS 15 at initial application. Some attention points were listed and will be further investigated during 2017. Given the recent acquisitions within the Group, it is impossible to quantify the impact of the application of IFRS 15 at this point of time.

It is expected that the other standards and interpretations, not yet applicable, will have no significant impact on the Group's consolidated financial result or position.

3.1.5. Balance sheet

Intangible assets

Intangible assets are valued at cost price. Intangible assets are recognized if it is likely that the Group will receive the associated future economic benefits and if the asset's cost price can be reliably determined. After their initial recognition in the accounts, all intangible assets are valued at cost price, less any accumulated depreciation or impairments. Intangible assets are depreciated on a straight-line basis over the best estimate of their economic life.

The remaining economic life and the depreciation method used are reassessed at the close of every financial year. Any change in the economic life of an intangible asset is treated as a revaluation.

Internally generated intangible assets are only recognized if all the following conditions are satisfied:

- an identifiable asset has been generated ;
- it is likely that the generated asset will yield future economic benefits and ;
- the asset's cost price can be reliably determined.

Subsequent expenditure on capitalized intangible assets is only included in the balance sheet if it increases the likely future economic benefits associated with the asset concerned. All other expenditure is recorded in the income statement at the time it is incurred.

Licences, patents and similar rights

Expenditure on purchased licences, patents, trademarks and similar rights is capitalized and depreciated on a straight-line basis over the contractual term, where applicable, or over the estimate economic life, which is deemed to be no more than five years.

Computer software

Expenditure relating to the development or maintenance of computer software is normally offset against the result of the period in which it is incurred. Only external expenditure which is directly related to the purchase and implementation of purchased software is recorded as an intangible asset and depreciated on a straight-line basis over three years. Purchased ERP software and the associated implementation costs are depreciated on a straight-line basis over seven years.

Research and development

Research expenditure with a view to the acquisition of new scientific or technological insights or knowledge is included as a cost in the income statement as it arises. Development expenditure in which research results are used in a plan or design for the production of new or substantially improved products and processes prior to commercial production or implementation is only recognized in the balance sheet if all the following conditions are satisfied:

- the product or process is precisely defined and the expenditure is individually identifiable and reliably measurable;
- the product's technical feasibility has been sufficiently demonstrated;
- the product or process will be commercialized or used within the company;
- the assets will generate future economic benefits (e.g. a potential market exists for the product or its internal usefulness has been sufficiently proven);
- the appropriate technical, financial and other resources are available to finalize the project.

If the above criteria are not satisfied, the development costs are taken to the income statement as they arise. Capitalized development costs are depreciated on a straight-line basis over the expected duration of the generated benefits from the start of commercial production or the implementation of the product or process.

Goodwill

Goodwill is measured as the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquire, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If this difference is negative, the surplus, after reassessment of the fair values, is accounted for directly in the income statement.

Goodwill is recorded as an asset and subjected to an impairment test at least once a year. Any impairment loss is immediately recorded in the profit and loss account and is not subsequently written back.

On the disposal of a subsidiary, associated undertaking or entity over which joint control is exercised, the related goodwill is included in the calculation of the gain or loss on disposal.

Property, plant and equipment

Tangible assets are valued at cost price less accumulated depreciation and impairments. A tangible asset is recognized if it is likely that the Group will receive the associated future economic benefits and if the asset's cost price can be reliably determined.

The cost price includes all direct costs and all directly attributable costs incurred in order to bring the asset to the location and condition necessary for it to function in the intended way.

Subsequent expenditure associated with a tangible asset is usually recorded in the income statement as it is incurred. Such expenditure is only capitalized if it can be clearly shown to result in an increase in the expected future economic benefits from the use of the tangible asset compared with the original estimate.

Repair and maintenance costs which do not increase the likely future economic benefits are recorded as costs as they are incurred.

The different categories of tangible assets are depreciated by the straight-line method over their estimated economic life. Depreciation commences once the assets are ready for their intended use.

The estimated economic life of the main tangible assets lies within the following ranges:

Buildings: 20 years
Machines: 5 to 15 years
Equipment: 10 years
Furniture: 5 years
Hardware: 5 years
Vehicles: 5 years

If an asset's book value is lower than the estimated realizable value, it is immediately written down to the realizable value.

The gain or loss on the sale or disposal of an asset is determined as the difference between the net income on disposal and the asset's book value. This difference is recorded in the income statement.

Impairment of tangible and intangible assets

As goodwill, which is subjected to an impairment test every year, intangible assets and tangible assets also are subject to an evaluation when there is an indication that their book value may be lower than their realizable value. If an asset does not generate a cash inflow which is independent of other assets, the Group estimates the realizable value of the division to which the asset belongs.

The realizable value is the highest value of the fair value minus sales costs and the value to the business.

The method of the going concern value uses cash flow forecasts based on the financial budget that is approved by the management. Cash flows after this period are extrapolated by making use of the most justified percentage growth over the long term for the sector in which the division is active. The management bases its assumptions (prices, volumes, return) on past performances and on its expectations with regard to the development of the market. The weighted average growth percentages are in conformity with the forecasts included in the sector reports. The discount rate used is the estimated weighted average equity cost of the Group before taxes, and takes account of the current market evaluations of the time value of money and the risks for which the future cash flows are adapted.

If the realizable value of an asset (or division) is estimated to be lower than its book value, the asset's (or division's) book value is reduced to its realizable value. An impairment loss is immediately recorded in the income statement.

If an impairment loss is subsequently written back, the asset's (or division's) book value is increased to the revised estimate of its realizable value, but only to the extent that the increased book value is no higher than the book value that would have been recorded if no impairment loss had been recorded for the asset (or division) in previous years. However, impairment losses on goodwill are never written back.

Borrowing costs

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalized. Other borrowing costs are recognized as an expense in the year in which they are incurred. In 2016 no borrowing costs were capitalized.

Lease agreements

Financial leasing

Lease agreements which assign to the Group all the main risks and benefits associated with ownership are regarded as financial leasing. The assets acquired under financial leasing arrangements are stated in the balance sheet at their fair value at the start of the lease agreement, or, if this is lower, at the present value of the minimum lease payments, less accumulated depreciation and impairments.

The discount rate used in the calculation of the present value of the minimum lease payments is the interest rate implicit in the lease agreement, where this can be determined, or otherwise the company's marginal borrowing rate. Initial direct costs are included in the capitalized amount. Lease payments are broken down into interest charges and repayments of the principal. The interest charges are spread over the duration of the lease agreement such that a constant periodic interest rate is obtained on the outstanding balance for each period. A financial lease agreement results in the recording of both a depreciation amount and an interest charge in each period. The depreciation rules for assets acquired under financial leasing arrangements are consistent with those for assets over which full ownership is acquired.

Operational leasing

Lease agreements in which all the main risks and benefits associated with ownership reside with the lessor are regarded as operational leasing. In operational leasing, the lease payments are recorded as costs and spread on a straight-line basis over the lease period. The total value of discounts or benefits granted by the lessor is offset against the leasing costs and spread on a straight-line basis over the lease period.

Investment property

A property investment, i.e. one which is maintained in order to generate rental income, an appreciation of value or both, is shown at amortized cost on the balance sheet date. The estimated economic life of the investment property is between 10 and 20 years.

Financial investments

Investments are recorded in/removed from the accounts on the transaction date, i.e. the date on which an entity undertakes to buy or sell the asset in question. Financial investments are valued at the fair value of the price paid, plus the transaction costs. Investments held for trading or available for sale are recorded at their fair value. If investments are maintained for trading purposes, the gains and losses arising from changes in the fair value are taken to the profit and loss account for the period in question. In the case of investments which are available for sale, gains and losses arising from changes in the fair value are immediately recognized in equity until the financial asset is sold or subject to impairment.

In this case, the cumulative gain or loss which had previously been recognized in equity is included in the income statement for the period. Participations which are classified as available for sale, which are not listed on an active market and whose fair value cannot reliably be determined using alternative valuation rules are valued at cost price. Financial investments which are held until they mature are valued at their amortized cost price, using the effective interest method.

Investment grants

Investment grants relating to the purchase of tangible fixed assets are offset against the purchase price or manufacturing cost of the assets in question. The expected amount is recorded in the balance sheet at the time of initial approval, and, if necessary, corrected subsequently at the time of definitive allocation of the grant. The grant is recorded in the income statement in proportion with the depreciation of the tangible assets for which it was obtained.

Inventories

Inventories are valued at the lower of cost price or realizable value. The cost price includes all direct and indirect costs incurred to bring the goods to the stage of completion they have reached on the balance sheet date. The cost price is calculated using the weighted average cost price method. The realizable value is the estimated sale price minus the estimated finishing costs and costs associated with marketing, sale and distribution.

Receivables

Short-term receivables are stated at nominal value, less suitable provisions for any receivables regarded as doubtful. Long-term receivables are valued at amortized cost price.

Cash and cash equivalents

Cash and short-term investments which are maintained until the end of the period are stated at their cost price. Cash equivalents are short-term, extremely liquid investments which can be converted immediately into cash of a known amount, and which do not carry any material risk of change of value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified on the basis of the economic reality of the contractual agreement. An equity instrument is a contract which includes the residual right to a share in the Group's assets, after the deduction of all liabilities. Equity instruments issued by the Company are recorded to the amount of the received consideration, less the direct costs of issue.

Income tax

Income tax expense represents the sum of the tax due for the reporting period and deferred taxes. The tax due for the reporting period is based on the taxable profit for the period. Taxable profit differs from the net profit in the income statement, because it excludes certain items of income or expenditure which are taxable or deductible in subsequent years, or which will never be taxable or deductible. The current tax liability is calculated on the basis of the tax rates for which the legislative process has been (substantially) completed by the balance sheet date.

Deferred taxes are taxes which are expected to be paid or recovered on the basis of differences between the book value of assets or liabilities in the annual accounts and their taxable value used for the calculation of the taxable profit. They are accounted for using the balance sheet liability method. Deferred tax liabilities are usually recognized for all taxable temporary differences and deferred tax receivables are recognized to the extent that it is likely that a taxable profit will be available against which the recoverable temporary difference can be offset. Such assets and liabilities are not recorded if the temporary differences arise from goodwill or from the initial recognition (other than in connection with a business combination) of other assets and liabilities in a transaction which has no effect on the taxable profit or the profit before tax.

Deferred tax liabilities are recognized for taxable temporary differences which relate to investments in subsidiaries, associated undertakings and enterprises accounted for by the equity method unless the Group can determine the time when the temporary difference will be resolved or if it is likely that the temporary difference will not be resolved in the near future.

The book value of deferred tax receivable is assessed at every balance sheet date and reduced if it is no longer likely that sufficient taxable profit will be available to make it possible to use all or some of the benefit of the deferred tax receivable.

Deferred taxes are valued on the basis of the tax rates which are expected to apply in the period in which the tax recovery is realized or the liability is settled. Deferred taxes are recorded as income or expenses in the income statement for the period, unless the taxation arises from a transaction or event that has been directly included in equity. In this case, the deferred tax is also accounted for in equity.

Retirement benefit obligation

In accordance with laws and practices of each country, some entities have either defined benefit plans or defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recorded as an expense as they fall due.

Defined benefit plans

In defined benefit plans, the amount on the balance sheet (the 'net liability') corresponds to the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the income statement at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

Provisions

Provisions are established in the balance sheet if the Group has a legally enforceable or de facto liability on the balance sheet date as a result of an event in the past, for which it is likely that an outlay will be required of resources which contain economic benefits, and if this outlay can be reliably estimated. The amount recorded as a provision is the best estimate on the balance sheet date of the outlay required to satisfy the existing liability, if necessary discounted if the time value of money is relevant.

Provisions for reorganisation costs are recorded if the Group has a detailed formal plan for the reorganisation that has already been communicated to the parties concerned before the balance sheet date

Interest-bearing financing

Interest-bearing financing is recorded at the value of the income received less transaction costs incurred. It is then valued at amortized cost price using the effective interest rate method. Any difference between the income (after deduction of transaction costs) and the redemption value (including premiums payable on redemption) is recorded in the income statement over the period of the financing.

Trading accounts payable and other payables

Non-interest-bearing trade liabilities are valued at their cost price, which represents the fair value of the amount payable.

Derivative financial instruments

The Group uses various derivatives to hedge against currency risks arising from its operating activities, financing and investment activities. The net risk of all Group subsidiaries is managed centrally in line with the objectives and rules established by the Group management. It is the Group's policy to avoid engaging in speculative transactions or transactions with a leverage effect and not to engage in trading in financial instruments under any circumstances.

Derivative financial instruments are treated as follows:

Cash flow hedging

Changes in the fair value of derivative financial instruments which are ascertained to provide effective hedging for future cash flows are recorded directly in equity, while the non-effective element of the gain or loss on the hedging instrument is recorded in the profit and loss account. If the cash flow hedging of a fixed commitment or a highly likely future transaction results in the recognition of a non-financial asset or liability, then the associated profits and losses on the derivative instrument which were formerly recorded in equity are now included in the initial valuation of the non-financial asset or liability at the time of recognition. For hedges which do not result in the recognition of a non-financial asset or liability, amounts which were deferred in equity are recorded in the profit and loss account for the period during which the hedged item affects the gain or loss.

Fair value hedging

A derivative instrument is recorded as a fair value hedge if the instrument hedges against the risk that the fair value of the recorded assets and liabilities may change. Derivatives accounted for as fair value hedges and hedged assets and liabilities are recorded at their fair value. The corresponding changes in the fair value are recorded in the income statement.

Non-hedging derivatives

Changes in the fair value of derivative financial instruments which do not qualify as hedging transactions are recorded in the income statement when they arise. Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised or when the hedging no longer satisfies the criteria for hedge accounting. In this case the cumulative gain or loss on the hedging instrument which is accounted for directly in equity continues to be recorded separately in equity until the expected future transaction takes place. If an expected future transaction is not expected to take place any more, the cumulative gain or loss shown in the equity is transferred to the income statement for the period.

Revenue

Revenue is recorded if it is likely that the company will receive the economic benefits associated with the transaction and the amount of the revenue can be measured reliably. Turnover is recorded after the deduction of turnover tax and discounts. Revenue from the sale of goods is recorded when the delivery and the complete transfer of risks and benefits have taken place. Interest revenue is recorded on a time basis that reflects the actual return on the asset. Royalties are included on an accrual basis in accordance with the conditions of the agreement. Dividends are recorded when the shareholder's right to receive them has arisen.

3.1.6. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources (for example useful life of property, plant and equipment, assessment recoverability of deferred tax assets, estimates in measuring defined benefit obligations). The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment analysis 2016

In order to provide the stakeholders with in-depth knowledge as to the financial strength of the Group, we assessed the recoverable amount of goodwill for each of the cash-generating units (see also 3.2. Segment information). Actual cash flows may differ from the estimated cash flows in case key assumptions vary from the estimates. In 2016, there were no cash-generating units for which there was an indicator of impairment.

Key assumptions impairment analysis 2016

The recoverable amount of our global business has been determined on the basis of a value-in-use approach. Calculations of the value in use cover a five-year period. Cash flow estimates are based on strategic plans in line with the current operational structure, which are approved by management, as well as on assumptions used in the strategic plans on the long-term development of the business environment. Estimates on future growth rates, market positions and profitability levels are the most important key assumptions. Price development of a single cost item has no material impact whereas the estimated development of total costs affects the profitability level, which is one of the key assumptions. Capital expenditure is estimated to be comprised of normal replacements. The terminal growth rate used in the calculations is based on the management's assessment on long term growth. Growth rate for 2017 is estimated at 22.9% (partly due to acquisitions). Future growth rate (<5 years), starting from 2018, varies between 4.4% and 6.2% based on detailed forecasts, and the terminal growth rate (> 5 years) is estimated at 2%, based on analyst forecasts and historical rates.

The post tax discount rate applied to the cash flow is based on the Group's weighted average cost of capital, in view of the business risks and is estimated at 6.6%. Estimates on long-term growth, development of profitability level and post tax discount rate were key assumptions used in impairment testing of divisions with significant carrying amounts of assets.

Key assumptions impairment analysis 2015

We can refer to the key assumptions used for impairment analysis 2016 as described before. The key assumptions used were the same, except for the post tax discount rate, which was 7.4% for the coating division, 8.2% for the apparel division and 7.8% for the chemicals division.

The amount by which the division's recoverable amount exceeds its carrying amount has been assessed as follows:
- 0-20% exceeds moderately ;
- 20-50% exceeds clearly ;
- Over 50% exceeds significantly.

2016	Carrying amount in relation to recoverable amount of cash-generating units with significant carrying amounts of assets	Recoverable amount exceeding carrying amount of cash-generating units with significant carrying amounts of assets (000 EUR)
Coating division	exceeds significantly	337 664
Apparel division	exceeds significantly	82 192
Chemicals division	exceeds significantly	79 110

2015	Carrying amount in relation to recoverable amount of cash-generating units with significant carrying amounts of assets	Recoverable amount exceeding carrying amount of cash-generating units with significant carrying amounts of assets (000 EUR)
Coating division	exceeds significantly	121 655
Apparel division	exceeds significantly	45 812
Chemicals division	exceeds significantly	43 461

Sensitivities

The Group's impairment review is sensitive to a change in key assumptions used, notably the discount rates and the perpetuity rates. Below an overview of the Group's sensitivity analysis is given.

2016	Excess discounted cash flow (DCF) versus carrying value (%)	Change in excess recoverable amount if EBIT in residual value decreases with 1pp(1).	Change in excess recoverable amount if sales growth rate decreases with 1pp. and EBIT in residual value decreases with 1pp(1).	Change in excess recoverable amount if discount rate increases with 1pp.	Change in excess recoverable amount if discount rate decreases with 1pp.	Change in excess recoverable amount if long term growth rate decreases with 1pp.
Coating division	196.3%	- 2.3%	- 43.2%	- 27.5%	42.8%	- 23.0%
Apparel division	89.9%	- 5.3%	- 64.8%	- 37.0%	57.6%	- 31.0%
Chemicals division	387.3%	- 2.0%	- 32.2%	- 22.8%	35.5%	- 19.2%

2015	Excess discounted cash flow (DCF) versus carrying value (%)	Change in excess recoverable amount if EBIT in residual value decreases with 1pp(1).	Change in excess recoverable amount if sales growth rate decreases with 1pp. and EBIT in residual value decreases with 1pp(1).	Change in excess recoverable amount if discount rate increases with 1pp.	Change in excess recoverable amount if discount rate decreases with 1pp.	Change in excess recoverable amount if long term growth rate decreases with 1pp.
Coating division	100.0%	- 3.1%	- 43.7%	- 30.8%	44.8%	- 25.0%
Apparel division	84.6%	- 3.9%	- 43.7%	- 31.4%	43.6%	- 25.0%
Chemicals division	229.6%	- 2.1%	- 27.5%	- 20.7%	29.3%	- 16.6%

(1) A 1% decrease of the nominal value of EBIT

3.2. Segment information

3.2.1. Adoption of IFRS 8 operating segments / in thousands of euros

Operating segments are reported in a way consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

Cash-generating units

For the purposes of management reporting to the chief operating decision maker, the Group is organized into three reportable operating divisions - coating, apparel and chemicals. The principal products and services of each of these operating divisions are described in the first part of this annual report.

Financial information for each operating division is also available in a disaggregated form in line with the identified cash-generating units.

The Group's three principal activities, basis for the identification of the cash-generating units, are:

- the production of a wide variety of technical textiles, coated with various polymers and marketed in different markets. The **coating operations** are fully integrated and interdependent. The main area of activity within this division, with a centralized R&D, marketing and sales department, is the polymer know how. This approach allows the coating division to explore different end-user markets with a wide variety of products.
- the production of technical protective apparel. With a central R&D, sales and marketing department, the main area of activity of the **apparel division** is the innovation and production of high-quality technical protective garments that meets all European standards. This operating division is active in various sectors (industry, leisure wear, specialized markets) where attention to safety is a priority.
- the processing of basic raw materials into high quality technical semi-finished products. An intensive cooperation of central R&D and sales department, within the **chemicals division**, is the key driver for the development of high quality pigment pastes, decorative inks, varnishes and inks for digital printing for various markets.

These principal activities coincide with the main product groups.

Segment revenues and results

In thousands of euros	Coating	Apparel	Chemicals	Other	Total	Note
Year ended 31 December 2016						
Revenue from external customers	227 609	94 851	40 907		**363 367**	2.2.1
Intersegment revenues	4 049	213	9 600			
Segment operating result	27 693	10 111	7 208	1 352	**46 364**	
Year ended 31 December 2015						
Revenue from external customers	190 684	96 963	38 748		**326 395**	2.2.1
Intersegment revenues	4 139	36	8 799			
Segment operating result	23 551	8 564	4 832	811	**37 758**	

Intersegment sales are undertaken at prevailing market conditions.

	Note	2016	2015
Segment operating result		**46 364**	**37 758**
Reconciling items:			
• Elimination of intersegment results		-1 666	-1 954
Operating result	2.2.2	**44 697**	**35 804**
• Financial charges	2.2.2	-8 343	-10 786
• Financial income	2.2.2	1 695	7 764
Profit (loss) before tax	2.2.2	**38 049**	**32 782**

Segment assets and liabilities

In thousands of euros	Coating	Apparel	Chemicals	Other	Unallocated/ eliminations	Total	Note
Year ended 31 December 2016							
Segment assets	229 968	113 591	29 040	7 050	-11 243	**368 406**	2.1
Segment liabilities	92 691	74 736	12 777	40 954	-41 938	**179 221**	
Year ended 31 December 2015							
Segment assets	230 862	96 258	37 220	9 912	-11 801	**362 451**	2.1
Segment liabilities	104 427	40 071	14 990	42 486	-13 481	**188 494**	

The segment liabilities, including the centrally contracted financial debt, have been allocated according the capital employed by the segment. The assets and liabilities of the head office (Group) have been allocated to the segments as good as possible. Unallocated assets or liabilities are head office assets/liabilities which have not been allocated to the segments.

Information about major customers

There is no reliance on a limited number of customers and there are no revenues from transactions with a single external customer amounting to 10% or more of the total Group revenues. We refer to note 3.5.8. Trade receivables.

Other segment information

In thousands of euros	Coating	Apparel	Chemicals	Other	Head office	Total	Note
Year ended 31 December 2016							
Depreciation and amortisation	12 341	1 570	1 248	204	1 054	**16 417**	2.2.2
Additions to non-current assets	8 284	19 252	495		985	**29 015**	
Year ended 31 December 2015							
Depreciation and amortisation	10 900	1 717	1 447	232	1 154	**15 451**	2.2.2
Additions to non-current assets	9 141	1 121	3 468		1 123	**14 852**	

3.2.2. Geographical information | in thousands of euros

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below. The non-current assets are excluding interests in associates, other long term assets and deferred tax assets.

2016	Note	Gross sales		Non-current assets	Capital expenditure
France		63 821	17 .4%	7 182	288
Germany		61 411	16 .8%	27 056	3 080
Eastern Europe		42 163	11 .5%	2 594	179
Belgium		39 229	10 .7%	83 597	6 199
The Netherlands		28 491	7 .8%	5 953	3
UK		27 930	7 .6%	20	2
Italy		17 884	4 .9%	9 302	356
Austria		13 534	3 .7%	13	11
Scandinavia		10 487	2 .9%	22 014	17 725
Spain		9 622	2 .6%		
Switzerland		8 505	2 .3%		
US		8 221	2 .2%	3 924	- 37
China		5 477	1 .5%	35	1
Portugal		4 925	1 .3%	305	17
Ireland		3 939	1 .1%	152	104
Other		20 206	5 .5%	4 580	1 087
Subtotal		365 844	100 .0%	166 727	29 015
Discounts		- 2 477			
Net sales	2.2.1	363 367			

2015	Note	Gross sales		Non-current assets	Capital expenditure
France		60 618	18.5%	8 458	1 623
Germany		53 956	16.4%		
Eastern Europe		41 604	12.7%	2 313	123
Belgium		33 984	10.3%	88 544	12 737
The Netherlands		32 115	9.8%	6 170	2
UK		28 104	8.6%	6	
Italy		14 871	4.5%		
Austria		8 705	2.7%		
Scandinavia		7 040	2.1%		
Spain		7 613	2.3%		
Switzerland		5 972	1.8%		
US		3 144	1.0%		
China		5 801	1.8%	41	1
Portugal		4 432	1.3%	322	6
Ireland		4 645	1.4%	53	57
Other		15 746	4.8%	4 127	304
Subtotal		328 349	100.0%	110 032	14 852
Discounts		- 1 953			
Net sales	2.2.1	326 395			

3.3. Exchange rates

Code	Rate	2016	2015
EUR	average	1.0000	1.0000
	closing	1.0000	1.0000
USD	average	1.1032	1.1045
	closing	1.0541	1.0887
GBP	average	0.8227	0.7242
	closing	0.8561	0.7339
RMB	average	7.3416	6.9469
	closing	7.3201	7.0607
PLN	average	4.3745	4.1841
	closing	4.4103	4.2638
TND	average	2.3824	2.1757
	closing	2.4301	2.2188
UAH	average	28.4010	24.4858
	closing	28.5470	26.1233
AUD	average	1.4852	
	closing	1.4596	
SEK	average	9.4715	
	closing	9.5529	

3.4. Detailed consolidated income statement

3.4.1. By function | In thousands of euros

	Note	2016	2015
Net sales			
Sales of goods		369 448	331 406
Subcontracting		157	218
Commissions and discounts		- 6 238	- 5 229
Net sales	2.2.1	363 367	326 395
Cost of sales			
Purchases		- 175 623	- 149 990
Transport cost goods purchased		- 2 094	- 1 479
Stock variation		9 263	- 1 918
Subcontracting		- 5 067	- 3 028
Remuneration, social security and pensions		- 47 145	- 42 841
Depreciations		- 13 007	- 12 664
Other services and goods		- 38 942	- 34 746
Write off inventories and receivables		1 846	- 382
Cost of sales	2.2.1	- 270 770	- 247 047
Sales and marketing expenses			
Subcontracting			- 1
Remuneration, social security and pensions		- 13 415	- 12 265
Depreciations		- 132	- 105
Other services and goods		- 7 518	- 6 712
Write off inventories and receivables		105	- 98
Sales and marketing expenses	2.2.1	- 20 960	- 19 182
Research and development expenses			
Stock variation		- 3	- 7
Remuneration, social security and pensions		- 5 266	- 4 757
Depreciations		- 172	- 166
Other services and goods		- 2 088	- 1 728
Research and development expenses	2.2.1	- 7 530	- 6 658
Administrative expenses			
Remuneration, social security and pensions		- 9 376	- 9 149
Depreciations		- 3 106	- 2 516
Other services and goods		- 12 396	- 9 863
Write off inventories and receivables			375
Administrative expenses	2.2.1	- 24 878	- 21 152
Other income			
Gains on disposal on items of PPE		77	364
Received indemnities		355	487
Received rent		1 387	1 446
Other		4 724	2 388
Other income	2.2.1	6 544	4 685

Other expenses			
Losses on disposal of items of PPE		- 47	- 58
Provisions for liabilities and charges		13	- 504
Local taxes		- 818	- 589
Other		- 224	- 86
Other expenses	2.2.1	- 1 076	- 1 236
Financial result			
Interests received		335	801
Interests paid		- 3 069	- 5 582
Interest result		- 2 734	- 4 781
Currency income trade receivables		139	1 025
Currency income trade payables		33	589
Currency expenses trade receivables		- 866	- 140
Currency expenses trade payables		- 462	- 799
Currency result other		- 3 124	816
Realized currency result		- 4 280	1 491
Revaluation income trade receivables		287	- 231
Revaluation income trade payables		7	60
Revaluation expenses trade receivables			58
Revaluation expenses trade payables		- 113	- 15
Fair value hedging instruments		344	- 125
Gain (loss) arising from cash flow hedges		- 35	30
Revaluation other		- 274	530
Unrealized currency result		215	307
Other		150	- 38
Financial result	2.2.2	- 6 648	- 3 022
Income tax			
Current tax		- 6 602	- 11 112
Deferred tax		- 5 452	941
Income tax	3.4.2	- 12 054	- 10 171
Profit (loss) after taxes		25 996	22 612
Share in the results of associates		- 37	
Profit (loss) for the period from continuing operations		25 958	22 612
Profit (loss) for the period from discontinued operations	3.4.3		488
Group profit (loss)		25 958	23 099

3.4.2. Income taxes relating to continuing operations / In thousands of euros

	Note	2016		2015	
Profit (loss) before taxes	2.2.1	38 049		32 782	
Income tax expense calculated at theoretical tax rate(1)		12 689	33.3%	10 645	32.5%
Tax impact of:					
effect of expenses that are not deductible in determining taxable profit(2)		519	1.4%	612	1.9%
effect of revenue under favourable tax regime(3)		- 124	-0.3%	- 70	-0.2%
withholding taxes		173	0.5%	363	1.1%
movement on deferred tax assets not recognized		- 408	-1.1%	9	0.0%
tax assets recognized on previously not recognized losses		- 40	-0.1%	- 195	-0.6%
adjustments recognized in current year in relation to the tax of prior years		- 482	-1.3%	- 271	-0.8%
notional interest deduction		- 246	-0.6%	- 340	-1.0%
changes in tax rate		- 27	-0.1%		
deferred tax liability related to undistributed reserves(4)				- 582	-1.8%
Income tax expense recognized in profit or loss	2.2.1	12 054	31.7%	10 171	31.0%

(1) Weighted average tax rate

(2) Mainly disallowed expenses in Belgium

(3) Corporate income tax rates of 10% or lower are considered as favorable tax regimes

(4) 2015: reverse of deferred tax liability set up in 2014 for reserve distribution Tunisia to Belgium (double tax treaty, no DBI deductibility for result 2014)

3.4.3. Discontinued operations

In 2016, no discontinued operations are included anymore. In 2015, the income statement from discontinued operations consisted of costs related to the ‘specialized automotive foils in small batches’ business. In 2015, land and a building, part of the discontinued operations, for which a provision for sanitation has been set up, has been sold. The gain on the sale is recognized in the result from discontinued operations.

	Note	2015
Profit (loss) for the period from discontinued operations		
Net sales		
Other operating income		330
Expenses		36
Profit (loss) before tax		366
Attributable income tax		122
Profit (loss) for the period from discontinued operations	2.2.1	488
Cash flows from discontinued operations		
Net cash flow from operating activities		-22
Net cash flow from investing activities		330
Net cash flow from financing activities		
Net cash flow		308

3.4.4. Dividends

The proposed gross dividend for the period ending 31 December 2016 is EUR 0.53 per share or EUR 10 483 365 in total. The proposed dividend awaits shareholders’ approval at the General Shareholders’ Meeting and is not shown as a liability in these financial statements.

The gross dividend for the period ending 31 December 2015 amounted to EUR 0.48 per share or EUR 9 494 368 in total.

3.5. Notes to the consolidated statement of financial position

3.5.1. Intangible assets / In thousands of euros

Total additions of intangible assets amount to EUR 0.9 million in 2016 compared with EUR 2.4 million in 2015. Additions in 2016 mainly related to software in the shared service center. Additions in 2015 mainly related to software in the apparel division.

Amortization expenses of intangible assets amount to EUR 2.5 million in 2016 (2015: EUR 1.8 million). Amortization expenses have been included in the line item depreciation in the income statement by nature and are shown mainly in administrative expenses in the income statement by function.

An impairment analysis has been done at the end of 2016. As in 2015, no impairments were recorded. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

2016	Formation expenses	Development expenses	Concessions, patents, licences etc.	Software	Customer portfolio	Total	Note
Acquisition							
Opening balance	**- 4**	**30**	**12 889**	**17 184**	**8 107**	**38 207**	
Additions	8		61	785		854	
Disposals	5	- 9	- 5	- 31		- 40	
Sales							
Transfers							
Effect of foreign currency exchange differences			- 26	10		- 16	
Acquired through business combinations			7 434	26	248	7 708	
Movement on held for sale							
Closing balance	**9**	**21**	**20 353**	**17 975**	**8 355**	**46 714**	
Depreciation							
Opening balance	**- 4**	**14**	**10 801**	**14 577**	**7 333**	**32 721**	
Disposals	5	- 9	17	2		16	
Sales							
Transfers							
Effect of foreign currency exchange differences			- 26	10		- 16	
Amortisation expenses		5	1 232	1 036	202	2 475	
Movement on held for sale							
Closing balance	**1**	**11**	**12 023**	**15 625**	**7 535**	**35 196**	
Net book value							
Opening balance		**16**	**2 090**	**2 607**	**774**	**5 487**	**2.1**
Closing balance	**8**	**11**	**8 330**	**2 349**	**820**	**11 519**	**2.1**

3.5.1. Intangible assets / In thousands of euros (Continued)

2015	Formation expenses	Development expenses	Concessions, patents, licences etc.	Software	Customer portfolio	Total	Note
Acquisition							
Opening balance	**1**		**11 868**	**16 064**	**7 740**	**35 673**	
Additions			883	1 190	368	2 441	
Disposals	- 5		- 17	- 117		- 139	
Sales							
Transfers							
Effect of foreign currency exchange differences			11	40		50	
Acquired through business combinations		30	145	7		182	
Movement on held for sale							
Closing balance	**- 4**	**30**	**12 889**	**17 184**	**8 107**	**38 207**	
Depreciation							
Opening balance	**1**		**10 306**	**13 550**	**7 105**	**30 962**	
Disposals	- 5		- 17	- 116		- 138	
Sales							
Transfers							
Effect of foreign currency exchange differences			11	39		50	
Amortisation expenses		14	501	1 104	228	1 847	
Movement on held for sale							
Closing balance	**- 4**	**14**	**10 801**	**14 577**	**7 333**	**32 721**	
Net book value							
Opening balance			**1 562**	**2 514**	**635**	**4 711**	
Closing balance		**16**	**2 090**	**2 607**	**774**	**5 487**	**2.1**

3.5.2. *Goodwill / In thousands of euros*

	Note	2016	2015
Opening balance		**18 618**	**18 239**
Additions		20 393	384
Disposals			
Sales			
Transfers			
Effect of foreign currency exchange differences		11	- 4
Acquired through business combinations		350	
Amortisation expenses			
Impairment losses recognised in profit or loss			
Movement on held for sale			
Closing balance	**2.1**	**39 372**	**18 618**

Allocation to segments 2016:	
Coating	13 879
Apparel	20 882
Chemicals	4 610
Allocation to segments 2015:	
Coating	11 211
Apparel	2 797
Chemicals	4 610

Goodwill has been allocated for impairment testing purposes to the following divisions:
- Coating division
- Apparel division
- Chemicals division

The carrying amount of goodwill acquired in a business combination is allocated on a reasonable and consistent basis to each division, in conformity with IAS 36. For the discount factors used, applied in the value in use model, we refer to 3.1.6., Impairment analysis 2016. Management bases its assumptions on past performances and on its expectations over the coming years. An impairment analysis has been done at the end of 2016. No impairments losses have been recognized in the year.

The additions in goodwill in 2016 relate to business combinations.
We refer to 3.5.18. Business combinations and disposal of subsidiaries.

3.5.3. Property, plant and equipment

During 2016, the total additions of property, plant and equipment amounted to EUR 7.8 million.

The main additions in 2016 were:

- EUR 5.5 million in the coating division (mainly machinery).
- EUR 1.5 million in the apparel division (mainly machinery).
- EUR 0.5 million in the chemicals division (mainly machinery).
- EUR 0.2 million in the shared service center (mainly hardware).

During 2015, the total additions of property, plant and equipment amounted to EUR 12.0 million.

The main additions in 2015 were:

- EUR 8.0 million in the coating division (mainly machinery).
- EUR 0.8 million in the apparel division (machinery, vehicles and assets under construction).
- EUR 3.0 million in the chemicals division (mainly land).
- EUR 0.2 million in the shared service center (mainly hardware).

Buildings for rent are classified as investment property (see note 3.5.4.).

The different categories of tangible assets are depreciated by the straight-line method over their estimated useful life. Depreciation commences once the assets are ready for their intended use.

The following economic lifecycles are used in the calculation of depreciation:

- Buildings: 20 years
- Machines: 5 to 15 years
- Equipment: 10 years
- Furniture: 5 years
- Hardware: 5 years
- Vehicles: 5 years

2016	Land	Buildings	Plant, machinery and equipment	Furniture, vehicles and hardware	Leasing and other similar obligations	Assets under construction	Total	Note
Acquisition								
Opening balance	**17 154**	**65 934**	**184 062**	**13 410**	**30 441**	**177**	**311 177**	
Additions	81	1 047	5 646	847		148	7 769	
Disposals		- 111	- 2 581	- 396	4	- 4	-3 088	
Sales			- 634	- 99		- 2	- 735	
Transfers	- 63	206	521			- 664		
Effect of foreign currency exchange differences	23	288	159	104		- 2	573	
Acquired through business combinations	2 700	15 965	16 359	129		739	35 891	
Transfer to investment property								
Movement on held for sale								
Closing balance	**19 895**	**83 329**	**203 532**	**13 995**	**30 445**	**392**	**351 588**	
Impairment								
Opening balance		**9**	**1 548**				**1 557**	
Disposals								
Sales								
Transfers								
Effect of foreign currency exchange differences								
Impairment losses recognized in profit or loss			- 48				- 48	
Transfer to investment property								
Movement on held for sale								
Closing balance		**9**	**1 500**				**1 509**	
Depreciation								
Opening balance	**113**	**51 002**	**148 834**	**11 996**	**17 396**		**229 340**	
Disposals		- 109	- 2 554	- 359	4		- 3 017	
Sales			- 635	- 90			- 725	
Transfers								
Effect of foreign currency exchange differences	6	165	46	93			309	
Depreciation	46	3 036	8 503	547	1 626		13 759	
Transfer to investment property								
Movement on held for sale								
Closing balance	**165**	**54 094**	**154 193**	**12 188**	**19 027**		**239 666**	
Net book value								
Opening balance	**17 041**	**14 923**	**33 678**	**1 414**	**13 046**	**177**	**80 279**	**2.1**
Closing balance	**19 730**	**29 226**	**47 838**	**1 807**	**11 419**	**392**	**110 412**	**2.1**

3.5.3. Property, plant and equipment (Continued).

2015	Land	Buildings	Plant, machinery and equipment	Furniture, vehicles and hardware	Leasing and other similar obligations	Assets under construction	Total	Note
Acquisition								
Opening balance	**14 557**	**64 611**	**177 720**	**13 621**	**30 210**	**14**	**300 733**	
Additions	2 556	813	7 718	503	275	161	12 027	
Disposals		- 136	-2 252	- 728	- 4		-3 121	
Sales			- 511	- 441			- 951	
Transfers				40	- 40			
Effect of foreign currency exchange differences	40	647	832	371		2	1 892	
Acquired through business combinations			554	43	1		598	
Transfer to investment property								
Movement on held for sale								
Closing balance	**17 154**	**65 934**	**184 062**	**13 410**	**30 441**	**177**	**311 177**	
Impairment								
Opening balance		**9**	**1 500**				**1 509**	
Disposals								
Sales								
Transfers								
Effect of foreign currency exchange differences								
Impairment losses recognized in profit or loss			48				48	
Transfer to investment property								
Movement on held for sale								
Closing balance		**9**	**1 548**				**1 557**	
Depreciation								
Opening balance	**59**	**47 853**	**142 098**	**12 150**	**15 813**		**217 973**	
Disposals		- 75	-2 078	- 723	- 7		-2 882	
Sales			- 236	- 398			- 634	
Transfers				40	- 40			
Effect of foreign currency exchange differences	7	443	759	348			1 558	
Depreciation	46	2 780	8 290	579	1 630		13 324	
Transfer to investment property								
Movement on held for sale								
Closing balance	**113**	**51 002**	**148 834**	**11 996**	**17 396**		**229 340**	
Net book value								
Opening balance	**14 498**	**16 749**	**34 122**	**1 471**	**14 397**	**14**	**81 251**	
Closing balance	**17 041**	**14 923**	**33 678**	**1 414**	**13 046**	**177**	**80 279**	**2.1**

(1) Assets pledged as security

There are no mortgages secured on the property, plant and equipment, except for a pledge of EUR 4.0 million on the building of Ursuk OY (acquisition end of 2016). The Group's obligations under finance leases (see note 3.5.11) are secured by the lessor's title to the leased assets.

(2) Impairment losses recognized

Property, plant and equipment are subject to the application of IAS 36, impairments, when there is an indication that their book value may be lower than their recoverable amount. If an asset does not generate a cash inflow which is independent of other assets, the Group estimates the recoverable amount of the division to which the asset belongs.

In 2016, the Group carried out a review of the recoverable amount of its manufacturing plant and equipment. We refer to 3.1.6., Impairment analysis 2016.

(3) Contractual commitments

At 31 December 2016, the Group had contractual commitments for the acquisition of property, plant & equipment for a total amount of EUR 3.0 million.

3.5.4. Investment property / In thousands of euros

Investment property relates to industrial buildings in the Netherlands and Poland, which are kept for rental income.

	Note	2016	2015
Acquisition			
Opening balance		**6 545**	**7 401**
Additions			
Disposals			
Sales			- 953
Transfers			
Effect of foreign currency exchange differences		- 171	97
Acquired through business combinations			
Transfer to investment property			
Closing balance		**6 374**	**6 545**
Depreciation			
Opening balance		**899**	**1 072**
Disposals			
Sales			- 446
Transfers			
Effect of foreign currency exchange differences		- 133	42
Depreciation		183	231
Closing balance		**949**	**899**
Net book value			
Opening balance		**5 647**	**6 329**
Closing balance	**2.1**	**5 425**	**5 647**

In 2016, there were no significant movements. In 2015, land and a building in the USA have been sold.

In 2016 total rental income amounted to EUR 1.1 million. Direct operation expenses relative to those industrial buildings amounted to EUR 0.7 million.

In 2015 total rental income amounted to EUR 1.2 million. Direct operation expenses relative to those industrial buildings amounted to EUR 0.8 million.

The fair value of investment property amounts to approximately EUR 9.9 million and was based on valuation reports (EUR 9.9 million in 2015).

3.5.5. *Consolidated companies*

			% holding	
			2016	2015
List of consolidated companies on 31 December 2016:				
Coating	Coatex NV	Belgium	100.00%	100.00%
	Dynatex NV	Belgium	100.00%	100.00%
	Fontana International GmbH	Austria	100.00%	n.a.
	Manifattura Fontana S.p.A.	Italy	100.00%	n.a.
	Pennel Automotive SAS	France	100.00%	100.00%
	Saint Frères Confection SAS	France	100.00%	100.00%
	Saint Freres SAS	France	99.97%	99.97%
	Sioen Coated Fabrics (Shanghai) Trading Co. Ltd	China	100.00%	100.00%
	Sioen Fabrics SA	Belgium	100.00%	100.00%
	Sioen Felt & Filtration SA	Belgium	100.00%	100.00%
	Sioen Industries NV	Belgium	100.00%	100.00%
	Siofab SA	Portugal	100.00%	100.00%
	Dimension-Polyant GmbH	Germany	100.00%	n.a.
	Dimension-Polyant Inc.	US	100.00%	n.a.
	Dimension-Polyant Sailcloth PTY LTD	Australia	100.00%	n.a.
	Dimension-Polyant SAS	France	100.00%	n.a.
	Dimension-Polyant (UK) Ltd.	UK	100.00%	n.a.
Apparel	Confection Tunisienne de Sécurité SARL	Tunisia	100.00%	100.00%
	Gairmeidi Caomhnaithe Dhun Na nGall Teoranta Ltd	Ireland	100.00%	100.00%
	Mullion Survival Technology Ltd.	UK	100.00%	100.00%
	PT. Sioen Indonesia	Indonesia	100.00%	100.00%
	PT. Sungin Tex	Indonesia	100.00%	100.00%
	Sioen Asia Pacific PTE. Ltd.	Singapore	100.00%	100.00%
	Sioen France SAS	France	99.83%	99.83%
	Sioen Myanmar Ltd.	Myanmar	99.00%	99.00%
	Sioen NV	Belgium	99.87%	99.75%
	Sioen Tunisie SARL	Tunisia	99.83%	99.83%
	Sioen Zaghouan SA	Tunisia	99.95%	99.95%
	Siorom SRL	Romania	100.00%	100.00%
	Sioen Nederland BV	the Netherlands	100.00%	100.00%
	Ursuk OY	Finland	100.00%	n.a.
	Kiinteistö Oy Turun Teijonkatu 3	Finland	100.00%	n.a.
	SG Balticum AS	Estonia	100.00%	n.a.
	SG Investments OÜ	Estonia	100.00%	n.a.
	Arctic Diving AB	Sweden	100.00%	n.a.
	PT. Sioen Semarang Asia	Indonesia	100.00%	n.a.
Chemicals	European Master Batch NV	Belgium	100.00%	100.00%
	Le Comptoir Zouloo SAS	France	100.00%	100.00%
	Richard SAS	France	99.91%	99.91%
Other	Monal SA	Luxemburg	100.00%	100.00%
	Roland Planen GmbH	Germany	100.00%	100.00%
	Roland Real Estate Sp.z.o.o.	Poland	100.00%	100.00%
	Roland Ukraine Llc	Ukraine	100.00%	100.00%
	Roltrans Group America Inc.	US	100.00%	100.00%
	Roltrans Group BV	the Netherlands	100.00%	100.00%
	Roltrans Tegelen BV	the Netherlands	100.00%	100.00%
List of equity accounted companies on 31 December 2016:				
	At Sea Technologies NV	Belgium	27.36%	n.a.
	Tampereen sukelluskeskus OY	Finland	30.00%	n.a.
	Oulun sukelluskeskus OY(1)	Finland	70.00%	n.a.

(1) In view of the limited organisational structure of this company, Sioen decided to consolidate this company via the equity method. The impact on the consolidated financial statements is immaterial.

3.5.5. Consolidated companies (Continued)

Changes with respect to 2015:

- In 2016, the Fontana Group, consisting of Manifattura Fontana S.p.A. and Fontana International GmbH, has been acquired. For Manifattura Fontana S.p.A, still 10.0% to acquire by means of deferred payments.
- In 2016, the Dimension-Polyant Group, consisting of Dimension-Polyant GmbH, Dimension-Polyant Inc., Dimension-Polyant Sailcloth PTY Ltd., Dimension-Polyant (UK) Ltd. and Dimension-Polyant SAS, has been acquired.
- In 2016, the Ursuit Group, consisting of Ursuk OY, Kiinteistö Oy Turun Teijonkatu 3, SG Balticum AS, SG Investments OÜ, Arctic Diving AB, Tampereen sukelluskeskus OY and Oulun sukelluskeskus OY, has been acquired.
- In 2016, the company At Sea Technologies was set up.

There are no restrictions on the ability to access or use assets, and settle liabilities, of the Group.

3.5.6. Other long term assets / In thousands of euros

2016	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	(Other) movements or adjustments	Closing balance	Note
Other shares	172	105		373	- 1	1	650	
Guarantees and deposits	216	11	- 15	15	3		229	
Other amounts receivable LT		722	- 2	2			722	
Other long term assets	388	837	- 18	390	2	1	1 600	2.1

2015	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	(Other) movements or adjustments	Closing balance	Note
Other shares		125				47	172	
Guarantees and deposits	197	63	- 12		8	- 40	216	
Other amounts receivable LT	7					- 7		
Other long term assets	204	188	- 12		8		388	2.1

The increase in other long term assets is explained by a participation in an innovation fund (other shares) and an increase of long term commercial receivables.

3.5.7. *Inventories / In thousands of euros*

	Note	2016	2015
Gross inventory			
Raw materials		21 248	16 695
Consumables		251	58
Work in progress		5 406	1 596
Finished goods		88 063	71 178
Goods in transit		5 035	2 565
		120 003	**92 092**
Amounts written off			
Amounts written off raw materials		- 2 527	- 3 133
Amounts written off consumables			
Amounts written off work in progress			
Amounts written off finished goods		- 3 003	- 3 593
Amounts written off goods in transit			
		- 5 530	**- 6 726**
Net inventory			
Raw materials		18 721	13 562
Consumables		251	58
Work in progress		5 406	1 596
Finished goods		85 060	67 585
Goods in transit		5 035	2 565
	2.1	**114 473**	**85 366**

	2015	Write-down	Reversal	Exchange rate differences	(Other) movements or adjustments	2016
Amounts written off inventory	**6 726**	578	- 1 806	32		**5 530**

	2014	Write-down	Reversal	Exchange rate differences	(Other) movements or adjustments	2015
Amounts written off inventory	**6 322**	914	- 532	23		**6 726**

Gross inventories (excluding write-offs) increased by EUR 27.9 million compared with 2015, mainly due to the acquisitions.

Obsolescence reserves on inventories decreased by EUR 1.2 million and amounted to EUR 5.5 million at the end of 2016 compared with EUR 6.7 million at the end of 2015.

These obsolescence reserves are recorded on the basis of a detailed ageing and rotation analysis per unit.

3.5.8. Trade receivables/ In thousands of euros

	Note	2016
Gross trade receivables		60 674
Subtotal trade receivables		**60 674**
Impairment trade receivables doubtful		- 3 401
Total financial instrument 'trade receivables'	2.1	57 273

2016	**Outstanding**		**Sales**	
Customer 1	4 226	7.0%	11 132	3.1%
Customer 2	2 106	3.5%	10 578	2.9%
Customer 3	1 071	1.8%	6 185	1.7%
Customer 4	1 025	1.7%	4 693	1.3%
Customer 5	965	1.6%	5 792	1.6%
Other	51 280	84.5%	324 987	89.4%
Total	60 674	100.0%	363 367	100.0%

Ageing (past due but not impaired)	1-15 days	16-30 days	31-60 days	61-90 days	91-120 days	> 120 days
Subtotal trade receivables	5 998	2 461	1 987	444	554	891

Impairment trade receivables doubtful	Opening balance	Increase	Decrease	write-offs	Foreign exchange translation gains and losses	Acquired through business combinations	Closing balance
	1 942	596	- 492	- 210	1	1 563	**3 401**

	Note	2015
Gross trade receivables		48 492
Subtotal trade receivables		**48 492**
Impairment trade receivables doubtful		- 1 942
Total financial instrument 'trade receivables'	2.1	46 550

2015	**Outstanding**		**Sales**	
Customer 1	4 754	9.8%	11 220	3.4%
Customer 2	1 914	3.9%	6 395	2.0%
Customer 3	1 882	3.9%	2 388	0.7%
Customer 4	1 762	3.6%	7 995	2.4%
Customer 5	1 344	2.8%	5 169	1.6%
Other	36 836	76.0%	293 227	89.8%
Total	48 492	100.0%	326 395	100.0%

Ageing (past due but not impaired)	1-15 days	16-30 days	31-60 days	61-90 days	91-120 days	> 120 days
Subtotal trade receivables	3 377	1 469	2 049	287	196	**180**

Impairment trade receivables doubtful	Opening balance	Increase	Decrease	write-offs	Foreign exchange translation gains and losses	Acquired through business combinations	Closing balance
	1 836	243	- 84	- 56	3		**1 942**

Trade receivables include outstanding amounts from the sale of goods.

Less than 10% of the total outstanding is expressed in foreign currency. The main foreign currencies are USD and GBP.

An impairment is accounted for the amounts due that are defined as doubtful, amounting to EUR 3.4 million. An impairment for overdue trade receivables is recorded progressively in relation to the age of the receivables. An impairment is also recorded for trade receivables that exceed the internal credit limit. The impairment is recorded in 'sales & marketing expenses' in the consolidated income statement by function.

As of 1 April 2005 the Group decided to cover itself for credit risk by concluding an excess of loss credit insurance. The average credit period on sales of goods is about 59.4 days (last year 57.9 days). Generally no interest is charged on the overdue trade receivables except when legal procedures are started.

Before accepting any new customer, the Group uses an internal credit scoring system, based on internal and external information, to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed continuously. There are no customers who represent more than 10.0% of the total balance of trade receivables.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

3.5.9. *Other current assets / In thousands of euros*

Other receivables

	Note	2016	2015
Financial assets			
Advances		118	75
Insurance premiums receivable			
Non-financial assets			
VAT receivable		2 962	2 517
Tax prepayment		1 156	1 391
Capital grants receivable			
Other		730	495
Total other receivables	2.1	4 966	4 479

Other receivables consist primarily of VAT to be reclaimed amounting to EUR 3.0 million, pre-paid taxes amounting to EUR 1.2 million and EUR 0.7 million 'other', explained by the sale of the Roland business and other various receivables.

Other financial assets

	Note	2016	2015
Other investments and deposits			19 030
Options			
Total other financial assets	2.1		19 030

Last year other investments and deposits related to deposits longer than 3 months. The book value of the deposit reflects the estimated market value.

Cash and cash equivalents

	Note	2016	2015
Cash at bank		16 552	89 199
At hand		43	61
Total cash and cash equivalents	2.1	16 596	89 261

Deferred charges and accrued income

	Note	2016	2015
Deferred charges		965	664
Accrued income		117	774
Other			
Total deferred charges and accrued income	2.1	1 082	1 437

Deferred charges amounting to EUR 1.0 million consist primarily of pre-paid rent, insurance policies and IT maintenance contracts.

3.5.10. Borrowings / In thousands of euros

	Note	2016
Bond		
Bank loans		66 531
Other loans		
Total borrowings long term	**2.1**	**66 531**
Bond		
Current portion of amounts payable after one year		*3 754*
Credit institutions short term		*19 265*
Bank loans		23 019
Other loans		636
Total borrowings short term	**2.1**	**23 655**

Loan payments due	**2016**
Within one year	23 655
In two years	3 369
In three years	2 043
In four years	1 782
In and after five years	59 337
Total	**90 185**

	Note	2015
Bond		
Bank loans		
Other loans		
Total borrowings long term	**2.1**	
Bond		99 973
Current portion of amounts payable after one year		
Credit institutions short term		*5 729*
Bank loans		5 729
Other loans		16
Total borrowings short term	**2.1**	**105 719**

Loan payments due	**2015**
Within one year	105 719
In two years	
In three years	
In four years	
In and after five years	
Total	**105 719**

3.5.10. Borrowings / In thousands of euros (Continued)

Long-term

On 14 March 2016 Sioen Industries repaid its Euronext listed EUR 100 million bond.

The Sioen Industries Group was refinanced by two long term bank loans:
- A EUR 50.0 million bullet loan which is due on 20 April 2026 with a fixed interest rate.
- A EUR 15.5 million instalment loan, which has to be repaid via twenty bi-annual instalments (10 year loan with last instalment on 29 March 2026) with a EURIBOR based variable interest rate. The non-current part of this loan at 31 December 2016 is EUR 13.18 million.

On 1 April 2016, Sioen Industries obtained control on Manifattura Fontana SPA (see also 3.5.18. Business combinations and disposal of subsidiaries). Manifattura Fontana SPA (Italy) holds multiple external loan agreements which expire gradually in the coming years. The Group intends to phase out these local loans. On 31 December 2016, the long term part of these local loans was EUR 2.1 million.

On 31 December 2016, Sioen Industries obtained control on the Ursuit Group (see also 3.5.18. Business combinations and disposal of subsidiaries). The Ursuit Group holds multiple external loan agreements which expire gradually in the coming years. The Group intends to phase out these local loans. On 31 December 2016, the long term part of these local loans was EUR 1.2 million. The real estate of the Ursuit Group has been pledged in favor of the local bank as guarantee for the external bank loans and credit limits of the Ursuit Group.

The Group is subject to financial covenants on its EUR 50 million and EUR 15.5 million bank loans: the total net leverage (ratio of the Net Financial Debt at the end of a period to the EBITDA on continuing operations over that period) may not exceed 3.50. In case there would be a breach of the financial covenants, a twelve month remediation period is applicable. Apart from these financial covenants, no other material covenants apply, except for general terms and conditions applicable to general finance agreements in Belgium.

Short-term

As per 31 December 2016, short-term loans amounted to EUR 23.7 million:

- Straight loans in USD and EUR amounted to USD 0.9 million and EUR 17.0 million respectively, with a weighted average interest rate of 0.39%.
- Manifattura Fontana SPA in Italy (see also above paragraph on long term loans) has a EUR 2.0 million short term credit facility (backed by trade receivables) and a EUR 1.1 million short term portion of long term debts
- The Ursuit Group in Finland (see also above paragraph on long term loans) has EUR 1.1 million short term loans
- The current part of the EUR 15.5 million instalment loan: EUR 1.55 million

As per 31 December 2015, short-term loans amounted to EUR 105.7 million (including the EUR 100 million bond which was repaid in March 2016). There were no straight loans in EUR. Straight loans in USD amounted to USD 2.1 million with a weighted average interest rate of 1.55%.

3.5.11. Obligations under finance leases/ In thousands of euros

2016	Note	Value at the end of the year	Within one year	2 years	3 years	4 years	5 years	after 5 years
Leasing and other similar obligations LT	2.1	4 911		685	721	759	799	1 946
Current portion of leasing	2.1	735	735					
Leasing short term								
Obligations under finance leases		**5 646**	**735**	**685**	**721**	**759**	**799**	**1 946**

2016	Minimum lease payments	Present value of lease payments
Lease payments due within one year	998	735
In two years	914	685
In three years	913	721
In four years	913	759
In and after five years	2 926	2 746
Total lease payments	**6 665**	**5 646**
Future financial charges	- 1 019	
Present value of lease payments	5 646	

3.5.11. Obligations under finance leases/ In thousands of euros (Continued)

2015	Note	Value at the end of the year	Within one year	2 years	3 years	4 years	5 years	after 5 years
Leasing and other similar obligations LT	2.1	5 619		721	685	721	759	2 733
Current portion of leasing	2.1	1 561	1 561					
Leasing short term								
Obligations under finance leases		**7 180**	**1 561**	**721**	**685**	**721**	**759**	**2 733**

2015	Minimum lease payments	Present value of lease payments
Lease payments due within one year	1 850	1 561
In two years	983	721
In three years	913	685
In four years	913	721
In and after five years	4 077	3 493
Total lease payments	**8 737**	**7 180**
Future financial charges	- 1 557	
Present value of lease payments	7 180	

The Group leases some of its buildings (Ardooie, Moeskroen and Poperinge). There were no new financial leases in 2016.

The interest inherent in the leases is fixed for the entire lease term. The average effective interest rate contracted is approximately 4.92% (2015 4.84%).

3.5.12. Provisions / In thousands of euros

2016	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Movement on held for sale	Closing balance	Note
Provisions for environmental issues	353	81	- 164	- 1				269	
Provisions for other liabilities and charges	2 063	1 095	- 521	- 504	2	16		2 152	
Total provisions	**2 416**	**1 176**	**- 685**	**- 506**	**2**	**16**		**2 421**	

	More than one year	Within one year	Note
Provisions for environmental issues	188	81	
Provisions for other liabilities and charges	2 043	109	
Total provisions	**2 231**	**190**	**2.1**

3.5.12. Provisions / In thousands of euros (Continued)

2015	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Movement on held for sale	Closing balance	Note
Provisions for environmental issues	576	106	- 329					353	
Provisions for other liabilities and charges	1 326	1 084	- 115	- 242	10			2 063	
Total provisions	**1 902**	**1 191**	**- 445**	**- 242**	**10**			**2 416**	
	More than one year		**Within one year**						
Provisions for environmental issues		247		106					
Provisions for other liabilities and charges		1 420		643					
Total provisions		**1 667**		**749**					**2.1**

The carrying amount of the provisions reflects the net present value of future liabilities discounted at the weighted average cost of capital applicable for the operating unit.

The provisions for environmental issues in 2016 and 2015 consist of a provision relating to the sanitation of land in the coating division. The risks were identified during the periodical environmental check-up of the sites.

The provisions for other liabilities and charges in 2016 and 2015 consist mainly of a provision for property taxes (provision set up in 2014) and restructuring provisions.

3.5.13. *Retirement benefit plans / In thousands of euros*

In accordance with law and practice in each country, different retirement benefit systems are provided for the employees of the Group. Pension obligations in the Group relate to both, defined benefit and defined contribution plans. Most defined benefit plans are unfunded. For the funded plans, plan assets consist of insurance contracts. The Group has defined benefit plans mainly in Indonesia (28%), France (25%), Germany (20%) and Italy (17%).

	Note	2016	2015
Post-employment benefits (defined benefit plans)		4 696	3 604
Other long term benefits (termination benefits)		108	134
Total other financial assets		4 804	3 738
Long term	2.1	4 743	3 657
Short term	2.1	61	82

The movement of the net liability is as follows :	**Present value of defined benefit obligation**	**Fair value of plan assets**	**Net liability**
At 1 January 2016	8 175	-4 571	3 604
Current service cost	781		781
Past service cost	-1 378		-1 378
Net interest expense (income)	316	- 91	225
Total defined benefit cost charged to profit and loss	**- 281**	**- 91**	**- 372**
Remeasurements:			
• Return on plan assets (excluding amount included in net interest expense (income))		71	71
• Actuarial (gain) loss from experience adjustment	- 576		- 576
• Actuarial (gain) loss from change in financial assumptions	736		736
Total defined benefit cost (income) charged to other comprehensive income	**159**	**71**	**230**
Benefits paid	**- 199**	**195**	**- 4**
Contribution - employer		**- 612**	**- 612**
Acquired through business combinations	**1 770**		**1 770**
Reclassification - Belgian contribution plans			
Currency	**79**		**79**
At 31 December 2016	9 704	-5 008	4 696

3.5.13. Retirement benefit plans / In thousands of euros (Continued)

The movement of the net liability is as follows :	**Present value of defined benefit obligation**	**Fair value of plan assets**	**Net liability**
At 1 January 2015	**3 171**	**- 22**	**3 149**
Current service cost	246		246
Past service cost	294		294
Net interest expense (income)	183		183
Total defined benefit cost charged to profit and loss	**723**		**723**
Remeasurements:			
• Return on plan assets (excluding amount included in net interest expense (income))			
• Actuarial (gain) loss from experience adjustment	24		24
• Actuarial (gain) loss from change in financial assumptions	- 230		- 230
Total defined benefit cost (income) charged to other comprehensive income	**- 206**		**- 206**
Benefits paid	**- 72**	**72**	
Contribution - employer		**- 72**	**- 72**
Acquired through business combinations			
Reclassification - Belgian contribution plans	**4 548**	**-4 548**	
Currency	**10**		**10**
At 31 December 2015	**8 175**	**-4 571**	**3 604**

The significant actuarial assumptions were as follows:	2016		2015	
	Eurozone	**Indonesia**	**Eurozone**	**Indonesia**
Discount rate	1.31% - 1.60%	8.50%	2.03%	9.00%
Rate of compensation increase	0.00% - 1.50%	8.00%	1.50%	8.00%

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

Discount rate	**+0,5pp.**	**-0,5pp.**
Eurozone	-7%	7%
Discount rate	**+1pp.**	**-1pp.**
Indonesia	-11%	13%

The weighted average durations are:		
	2016	**2015**
Eurozone	14 years	
Indonesia	14 years	13 years

Expected contributions for the year ending 31 December 2017 are EUR 67 thousand.

Risks related to defined benefit pension plans

Regarding the defined benefit pension plans, the Group is mainly exposed to an interest rate risk (i.e. a decrease of the discount rates will increase the benefit obligations) and an inflation risk (i.e. the benefits are calculated based on final salaries).

Costs relative to IAS 19 provisions are booked under personnel expenses and allocated according to the function of the personnel involved (cost of goods sold, sales and marketing expenses, R&D expenses and administrative expenses). The interest component is recognized in the financial result.

Early retirement plans are recognized as liability and expense when the company is committed to terminate the employment of the employees affected before the normal retirement date.

Belgian contributions plans subject to legal minimum return

The Group has group insurance plans based on defined contributions for some employees in Belgium, for which the insurance company guarantees an interest until retirement (type 'branche 21/tak21'). The contributions vary between 1% and 12% of the salary, paid by the employer.

By law, the employer has to guarantee a minimum rate of return on the contributions under those plans.

Following a change in legislation at the end of 2015, the minimum rates
of return to be guaranteed by the employer read as follows:

- for the contributions paid as from 1 January 2016: an annually recalculated minimum rate of return based on 10-year OLO rates, with a minimum of 1.75% and a maximum of 3.75%, in view of the low rates of the OLO in the last years, the rate of return equals 1.75% for 2016.
- for the contributions paid until end December 2015: the previously applicable rate of return (i.e. 3.25%) continues to apply until the date of leaving of the employees.

In view of the minimum returns guarantees, those plans qualify as defined benefit plans.

Due to the above-mentioned changes in legislation, resulting into fixed minimum guaranteed rates of return, the plans were reclassified as defined benefit pension plans at 31 December 2015. The estimated impact of applying defined benefit methodology resulted into recognition of a EUR 542 thousand past service cost.

During 2016, the employer contributions for those plans amounted to EUR 500 thousand (EUR 388 thousand for 2015).

3.5.14. Trade and other payables/ In thousands of euros

	Note	2016	2015
Trade payables		30 682	26 364
Credit notes to receive		- 662	- 1 335
Advances		1 115	592
Total trade and other payables	**2.1**	**31 135**	**25 620**

Trade and other payables include outstanding amounts for trade purchases and current charges.

The trade payables are payable within a range of 30 to 60 days. The Group has no major overdue positions. Foreign currencies in trade payables relate mainly to USD and GBP and represent less than 10% of the total trade payables.

3.5.15. Financial instruments / In thousands of euros

	2016		2015		Fair value hierarchy
	Nominal value	**Fair value**	**Nominal value**	**Fair value**	
FX derivatives	30 947[1]	394	25 339[1]	- 168	2
Collar derivative			50 000[2]	- 15 438	2
Interest rate swaps	65 500	- 219			2
	Nominal value[1]	**Fair value**	**Nominal value[1]**	**Fair value**	**Fair value hierarchy**
Bond			100 000	100 571	1
Borrowing costs capitalized			- 879		
Finance leases	5 646	6 690	7 180	7 221	3
Bank loans	90 185	90 122			3
Total	**95 832**	**96 812**	**106 302**	**107 792**	

(1) FX forward/swap contracts, nominal value equals foreign currency amount * contract rate

(2) Amount in the contract

Financial risk management

The Group manages a portfolio of derivatives to hedge against risks relating to exchange rate and interest rate positions arising as a result of operating and financial activities. It is the Group's policy to avoid engaging in speculative transactions or transactions with a leverage effect and not to hold derivatives for trading purposes.

Fair value

Financial instruments are recognized at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on not (externally) observable information

Non-derivative financial liabilities

The fair value of non-derivate financial liabilities is calculated based on commonly-used valuation techniques (i.e. net present value of future principal amounts and interest charges discounted at market rate). These are based on market inputs from reliable financial information providers. Fair values determined by reference to prices provided by reliable financial information providers are periodically checked for consistency against other pricing sources.

Interest risk management

On 21 April 2011, the Group entered into a cash flow hedge to hedge, within certain limits, the interest rate risk on highly probable future debt to be issued in March 2016 for a term of 10 years, for a principal amount of EUR 50 million. For this purpose, the Group entered into a forward starting interest rate collar for a nominal amount of EUR 50 million. A collar is a derivative financial instrument by which the buyer of the instrument receives / executes payments at the end of the reference period in which the interest rate evolves out of the agreed upon borders (upper and lower border / tunnel. The forward starting interest rate collar was settled in cash on 14 March 2016 (EUR 18.1 million, which represents the fair value of the forward starting interest rate collar on that date). The effective part of the loss on the derivative will be amortized to profit or loss over the term of the hedged debt (ie. over a term of 10 years).

The fair value of the forward starting collar as of 31 December 2015 was EUR -15.4 million and changed to EUR -18.1 million (gross of tax) on the settlement date (14 March 2016).

The effective part of the total change in fair value of the derivative until the settlement date (14 March 2016), of EUR 1.7 million (net of tax), was recognized in other comprehensive income (cash flow hedge reserve). On the settlement date the total effective part of the loss on the derivative (recognized in other comprehensive income) was EUR 11.2 million (net of taxes):

- EUR 17.0 million gross of taxes
- EUR - 5.8 million tax effect

The amount gross of taxes will be expensed via financial charges over the term of the hedged debt (i.e. over a 10 year period starting from 20 April 2016, the starting date of the new EUR 50 million loan). The amount of financial charges which was transferred from other comprehensive income to profit and loss during 2016 was EUR 0.9 million (cost).

To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into new interest rate derivatives together with the new loan agreements:

- Interest Rate Swap (IRS) on the new EUR 50 million bullet loan to change the contractual fixed interest rate to a variable interest rate with a floor of 0% and a cap of 2.5%

- Interest Rate Swap (IRS) on the new EUR 15.5 million instalment loan to change the contractual variable interest rate to a fixed interest rate. The nominal amount of the IRS is decreasing in line with the loan agreement.

At 31 December 2016, the fair value of these interest rate swaps was EUR -219 025 (fair value through profit & loss). This fair value is determined by Sioen on a quarterly basis, based on market value reports delivered by the issuing financial institute.

3.5.16. Deferred taxes/ In thousands of euros

	Note	Deferred tax asset		Deferred tax liability	
	Note	2016	2015	2016	2015
Intangible assets		1 629	1 230	4 429	813
Property, plant and equipment		2 652	3 058	17 721	14 773
Inventories		1 114	943	111	
Trade receivables		38	390	3	
Retirement benefit obligations		1 008	1 028	14	7
Provisions		422	268		
Other amounts payable		190	12		
Exchange difference				1 015	1 139
Hedging reserves			5 248		11
Tax losses carried forward		6 875	8 388		
Total		13 928	20 565	23 294	16 744
Non recognition of deferred tax receivable		- 5 088	- 6 087		
Netting		- 4 838	- 8 569	- 4 838	- 8 569
Total	2.1	4 002	5 909	18 457	8 175
The total value of carried-forward tax losses arranged by expiry date					
One year		3 969			
Two years		1 350	1 575		
Three years			1 350		
Four years					
Five years and later		1 160	1 981		
No expiry date		14 916	25 369		
Total		21 394	30 276		
Of which:					
Unrecognized carried forward tax losses		16 194	21 402		
Unrecognized deferred tax on undistributed reserves					
Reconciliation of movement of deferred tax					
Net tax liability at the beginning of the period		2 266	2 894		
Net tax liability at the end of the period		14 455	2 266		
Difference		*12 189*	*- 628*		
Deferred tax as shown in the P&L		5 452	- 1 063		
Deferred tax effect through equity	2.4	- 650	49		
Deferred tax acquired via business combinations		7 419	384		
Deferred tax currency translation effect		- 33	2		

Deferred tax assets which do not appear to be collectable in the near future are not recognized. In this assessment, management takes account of budgets and multi-year planning. Major deferred tax assets on tax losses carryforward and unrecognized deferred tax losses are relative to the Roland Group and Pennel as there is no taxable result over the foreseeable future (5 years).

The company recognizes deferred tax liabilities on undistributed reserves in affiliates unless there is a firm commitment not to distribute reserves from that particular affiliate in the foreseeable future. Management has no intention to distribute certain reserves to the parent company unless this could be done under the DBI regime.

The deferred tax liabilities have increased significantly compared to 2015 due to the acquisitions of 2016. We refer to note 3.5.18 Business combinations and disposal of subsidiaries.

3.5.17. Related party transactions / In thousands of euros

	Nature of transaction	**2016**	**2015**
Inch	Sale	250	713
La Marzelle	Purchase	54	64

These transactions mainly consist of commercial transactions and are done on an 'at arm's length' basis.

Other transactions with related parties other than Directors are not included, given the negligible amount (under EUR 50 000 in current and last year). With regard to Directors' and executive management remuneration, we refer to note 3.5.26. Remuneration.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3.5.18. Business combinations and disposal of subsidiaries / In thousands of euros

2016

Fontana

On 4 March 2016, Sioen announced the takeover of Manifattura Fontana S.p.A., an Italian producer of geotextile non-wovens, serving the European civil engineering market.

In a first phase, Sioen Industries Group acquired 90% of the shares. The other 10% of shares are under escrow and will be acquired by means of a variable deferred cash consideration in 2021, which is capped at EUR 1.5 million. As the transfer of 10% of the shares is irrevocable, a 100% participation in Manifattura Fontana S.p.A. was recognized in the consolidated figures. The variable deferred cash consideration is reflected as a liability in the consolidated statement of financial position.

The acquisition is consistent with the Group strategy, aimed at technology driven, sustainable and profitable growth: It opens a new and promising market: geosynthetics. This market is driven by the growing global demand for improved infrastructure. It provides the Group with improved access to (for the Group) new geographical markets. It contributes to Sioen Industries Group, being an integrated solutions provider for technical textiles, and reinforces its system of vertical integration, where each activity reinforces the other. It enables the Group to realize growth in turnover and margin. The final share purchase agreement was signed on 1 April 2016 (date on which effective control was transferred). As a consequence, the Fontana figures are included in the figures of the Sioen Group as from 1 April 2016 onwards.

Manifattura Fontana S.p.A. has a 48% participation in Fontana International GmbH (located in Austria). The remaining 52% of the shares of Fontana International (previously owned by different minority shareholders) were also purchased in the framework of this transaction. As a consequence, Sioen Industries obtained a 100% participation in Fontana International.

We considered the purchases of the shares of Manifattura Fontana and Fontana International as one business (hereafter called 'Fontana').

The following table summarizes the consideration paid
and the amounts of assets and liabilities recognized at the acquisition date:

Fontana

Intangible assets	2 399
Property, plant and equipment	7 348
Other long term assets	298
Total non-current assets	10 044
Inventories	1 706
Trade receivables	3 885
Other current assets	619
Cash and cash equivalents	1 027
Total current assets	7 236
Borrowings	4 323
Provisions	16
Retirement benefit obligation	855
Deferred tax liabilities	1 021
Total non-current liabilities	6 215
Trade and other payables	2 632
Borrowings	2 485
Other current liabilities	601
Total current liabilities	5 719
Total net assets acquired	**5 347**
Upfront consideration (paid in cash)	4 128
Fair value variable deferred consideration	1 219
Total acquisition cost	**5 347**

Direct costs attributable to the acquisition amount to EUR 0.3 million. They have been included in the line item services and other goods in the income statement by nature and in administrative expenses in the income statement by function. Accounting for the acquisition is complete.

Until December 2016, Fontana has contributed 9 months of net sales and EBITDA: EUR 12.2 million to the total net sales of the Group, contributing to the net result (EUR 0.5 million EBITDA).

If the acquisition had taken place at the beginning of the year, the total net sales would have been EUR 17.7 million and the EBITDA for the period would have been EUR 0.6 million.

3.5.18. Business combinations and disposal of subsidiaries / In thousands of euros (Continued)

Dimension-Polyant

On 28 July 2016, the Group announced the acquisition of Dimension-Polyant, the world market leader in sail cloth.

Sioen Industries acquired 100% of the shares in Dimension-Polyant GmbH. Dimension-Polyant GmbH has 4 fully owned subsidiaries:

- Dimension-Polyant Inc. (US)
- Dimension-Polyant Sailcloth PTY Ltd. (Australia)
- Dimension-Polyant SAS (France)
- Dimension-Polyant (UK) Ltd. (UK)

Dimension-Polyant, established in 1966, is the world market leader in sailcloth manufacturing with a global market share of more than 40%. Being the only vertically integrated manufacturer in the world (weaving, finishing and laminating), the company is in a unique position to deliver solid growth in its core business while continuing to expand in the field of diversified technical fabrics. Sioen Industries and Dimension-Polyant have complementary technologies and will, by sharing know-how, create future synergies.

The Dimension-Polyant Group figures are included in the figures of the Sioen Group as from 1 August 2016 onwards.

The following table summarizes the consideration paid
and the amounts of assets and liabilities recognized at the acquisition date:

Dimension-Polyant

Intangible assets	5 189
Property, plant and equipment	24 216
Other long term assets	14
Total non-current assets	29 418
Inventories	13 376
Trade receivables	4 495
Other current assets	-2 737
Cash and cash equivalents	4 455
Total current assets	19 590
Retirement benefit obligation	915
Deferred tax liabilities	6 107
Total non-current liabilities	7 022
Trade and other payables	2 402
Other current liabilities	2 724
Total current liabilities	5 126
Total net assets acquired	**36 860**
Consideration (paid in cash)	39 528
Total acquisition cost	**39 528**
Goodwill	2 668

Direct costs attributable to the acquisition amount to EUR 0.5 million. They have been included in the line item services and other goods in the income statement by nature and in administrative expenses in the income statement by function. Accounting for the acquisition is not yet complete.

Until December 2016, Dimension-Polyant has contributed 5 months of net sales and EBITDA: EUR 14.0 million to the total net sales of the Group, contributing to the net result (EUR 0.8 million EBITDA).

If the acquisition had taken place at the beginning of the year, the total net sales would have been EUR 38.4 million and the EBITDA for the period would have been EUR 4.6 million.

3.5.18. Business combinations and disposal of subsidiaries / In thousands of euros (Continued)

Ursuit

On 7 December 2016, the Group announced the acquisition of the Ursuit Group, a Finnish manufacturer of dry suits for diving, fishing and professional use in an extreme environment.

Sioen Industries acquired 100% of the shares in Ursuk OY. Ursuk OY has 4 fully owned subsidiaries:
- Kiinteistö Oy Turun Teijonkatu 3 (Finland) ;
- SG Balticum AS (Estonia) ;
- SG Investments OÜ (Estonia) ;
- Arctic Diving AB (Sweden).

and 2 equity accounted companies:
- Tampereen sukelluskeskus OY (Finland) ;
- Oulun sukelluskeskus OY (Finland. In view of the limited organisational structure of this company, Sioen decided to consolidate this company via the equity method. The impact on the consolidated financial statements is immaterial.).

Ursuk OY (operating under the brand name Ursuit) is active in the development, design, production, marketing and distribution of state of the art dry suits for diving, fishing and professional use in an extreme environment. Ursuit has, amongst those professional users, an outstanding reputation for quality and durability. Their drive and passion for quality and technical advanced solutions have earned them a place amongst the market leaders in this field. This agreement offers Sioen the opportunity to enter the Scandinavian market with a professional and experienced team to promote the Sioen portfolio of products.

The Ursuit figures are included in the figures of the Sioen Group as from 31 December 2016 onwards (statement of the financial position as per 31 December 2016 included, no impact on the income statement).

The following table summarizes the consideration paid
and the amounts of assets and liabilities recognized at the acquisition date:

Ursuit

Intangible assets	120
Goodwill	350
Property, plant and equipment	4 328
Interests in associates	63
Other long term assets	78
Total non-current assets	4 939
Inventories	3 487
Trade receivables	2 485
Other current assets	239
Cash and cash equivalents	817
Total current assets	7 028
Borrowings	1 210
Other non-current liabilities	117
Deferred tax liabilities	292
Total non-current liabilities	1 620
Trade and other payables	592
Borrowings	1 106
Other current liabilities	925
Total current liabilities	2 623
Total net assets acquired	**7 724**
Consideration (paid in cash)	25 448
Total acquisition cost	**25 448**
Goodwill before purchase price allocation	17 724

Direct costs attributable to the acquisition amount to EUR 0.1 million. They have been included in the line item services and other goods in the income statement by nature and in administrative expenses in the income statement by function. Accounting for the acquisition is not yet complete.

In view of the short time period between the acquisition and the publication of our annual report, the fair value assessment of assets and liabilities according to IFRS 3 is still in process.

This acquisition has no impact on the consolidated income statement. If the acquisition had taken place at the beginning of the year, the total net sales would have been EUR 14.8 million and the EBITDA for the period would have been EUR 2.5 million.

3.5.18. Business combinations and disposal of subsidiaries / In thousands of euros (Continued)

Full year effect of acquisitions

The following table shows the effect on the consolidated Sioen Group figures if all 2016 acquisitions (Fontana, Dimension-Polyant and Ursuit) would have been included from the beginning of 2016:

	2016 Sioen Group figures with acquisitions included from beginning of 2016	**2015 Sioen Group figures**	**Var (%)**
Net sales	408 094	326 395	25%
EBITDA	65 435	52 161	25%

Disposals

There were no disposals of subsidiaries in 2016.

2015

On 24 April 2015, the Group announced the acquisition of Dynatex and Le Comptoir Zouloo with a total purchase price of EUR 1.1 million.

Dynatex

Dynatex is a young innovative company, specialized in multi-axial aramid reinforcement fabrics. A pioneering idea protected by several patents. Today, these fabrics are mainly used for trailer construction, where they, due to their strength, contribute to the structural integrity of the trailers on the one hand and protect against vandalism and theft on the other.

By acquiring this company, Sioen emphasizes its aim of technical leadership in the market of technical textiles.

A product portfolio of EUR 0.6 million has been recognized and a residual goodwill of EUR 0.2 million has been accounted for. As of acquisition date, Dynatex contributed sales of EUR 0.5 million and a loss of EUR 15 thousand. Over a 12 months period, this would mean EUR 1.4 million sales and EUR 20 thousand loss.

Dynatex

Intangible assets	182
Property, plant and equipment	572
Inventories	536
Trade receivables	243
Other LT assets, other receivables, deferred charges and accrued income	96
Cash and cash equivalents	- 272
Total assets	1 357
Equity	398
Borrowings	173
Trade and other payables	320
Other amounts payable	466
Total equity and liabilities	1 357

3.5.18. Business combinations and disposal of subsidiaries / In thousands of euros (Continued)

Le Comptoir Zouloo

Le Comptoir Zouloo is a small French company, specialized in the production and sale of color pigments. Comparable to Richard Colorants, a subsidiary of Sioen Chemicals, Le Comptoir Zouloo focuses on the production and distribution of color pigments through the Do It Yourself- market.

In that view, it is very complementary with Richard Colorants and is a perfect addition to strengthen the market position in France.

A client portfolio of EUR 0.4 million has been recognized and a residual goodwill of EUR 0.1 million has been accounted for. As of acquisition date, Le Comptoir Zouloo contributed sales of EUR 0.2 million and a loss of EUR 40.0 thousand. Over a 12 months period, this would mean EUR 0.5 million sales and EUR 0.1 million profit.

Le Comptoir Zouloo

Property, plant and equipment	26
Inventories	97
Trade receivables	94
Other LT assets, other receivables, deferred charges and accrued income	1
Cash and cash equivalents	58
Total assets	276
Equity	178
Trade and other payables	84
Other amounts payable	14
Total equity and liabilities	276

Disposals

There were no disposals of subsidiaries in 2015.

3.5.19. *Operating lease arrangements / In thousands of euros*

	2016	2015
Amounts recognized in income	1 975	1 337
Payments due within one year	1 087	1 061
Between one and five years	1 523	1 409
Over five years	19	1
Minimal future payments	2 630	2 471

Operating lease arrangements mainly relate to leased assets used in operations (vehicles).

3.5.20. *Contingent assets and liabilities*

Contingent assets are estimated at EUR 0.7 million at the end of 2016 and related to the divisions coating and apparel. Contingent assets were estimated at EUR 1.5 - 2.0 million at the end of 2015 and mainly related to the division other. Contingent liabilities at the end of 2016 and 2015 were EUR 0.5 million and related to the coating division.

3.5.21. Events after reporting period

2 business combinations have been finalized after year end.

Verseidag

On 19 December 2016, the Group announced the acquisition of Verseidag Ballistic Protection OY, a Finnish manufacturer of ballistic protection.

Sioen Industries acquired 100% of the shares in Verseidag Ballistic Protection OY.

Operating under the motto "Life-saving design" Verseidag Ballistic Protection is a fully integrated manufacturer of armour products (a full range of vests, both overt and covert, tactical vests, EOD suits and shields). Verseidag Ballistic Protection OY has manufacturing facilities in Finland and sales forces in Finland, Germany and the UK. The key to their success and good reputation is based on continuous product development, adoption of the highest quality standards and customized solutions. Through this acquisition Sioen Armour Technology and Verseidag Ballistic Protection will become one of the leading companies on the European market offering a wide range of ballistic solutions to their customers.

As per 31 December 2016, the Sioen Group did not have control over this company yet, as the agreed upon pricing formula contained a specific clause regarding the financial position as at 31 December 2016. Depending on the outcome, the transaction could be reconsidered. As a consequence, the Verseidag figures have not been recognized in the 2016 consolidated financial statements of the Sioen Group.

The following table summarizes the consideration paid
and the amounts of assets and liabilities (before fair value assessments) at the acquisition date:

Verseidag

Property, plant and equipment	215
Total non-current assets	215
Inventories	4 023
Trade receivables	3 478
Other current assets	181
Cash and cash equivalents	54
Total current assets	7 736
Borrowings	333
Provisions	273
Total non-current liabilities	606
Trade and other payables	1 780
Borrowings	337
Other current liabilities	766
Total current liabilities	2 884
Total net assets acquired	**4 461**
Consideration (paid in cash)	18 000
Total acquisition cost	**18 000**
Goodwill before purchase price allocation	13 539

Verseidag Ballistic Protection forecasts for 2017 an EBITDA of approximately EUR 2.2 million.

3.5.21. Events after reporting period (Continued)

UCS

On 9 January 2017, the Group announced the acquisition of U.V. Curable Systems BVBA, a company active in the development, production and sale of radiation curing primers, inks and varnishes for industrial applications. Radiation curing is a process of chemical 'drying' under the influence of light. This is a promising and future oriented technology as the markets evolve more and more to inks, primers and varnishes without solvents.

Sioen Industries acquired 100% of the shares in U.V. Curable Systems BVBA.

The final share purchase agreement was signed on 9 January 2017. As a consequence, the UCS figures have not recognized in the 2016 consolidated financial statements of the Sioen Group.

The following table summarizes the consideration paid
and the amounts of assets and liabilities (before fair value assessments) at the acquisition date:

UCS

Property, plant and equipment	29
Total non-current assets	30
Inventories	191
Trade receivables	113
Other current assets	73
Cash and cash equivalents	38
Total current assets	415
Borrowings	15
Total non-current liabilities	15
Trade and other payables	88
Borrowings	131
Other current liabilities	16
Total current liabilities	235
Total net assets acquired	**195**
Upfront consideration (paid in cash)	642
Fair value variable deferred consideration	280
Total acquisition cost	**922**
Goodwill before purchase price allocation	727

There were no other material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

3.5.22. *Staff / Year end position*

Country	2016	2015
Indonesia	1 090	1 075
Belgium	892	861
Tunisia	438	441
Romania	300	242
Myanmar	256	9
France	169	160
Germany	106	8
Estonia	102	
Finland	71	
Italy	44	
US	38	
Portugal	16	17
China	14	15
Ireland	14	12
UK	9	5
Australia	5	
The Netherlands	4	8
Dubai	4	2
Austria	3	
Spain	1	1
Sweden	1	
Ukraine	1	1
Total	3 578	2 857
Blue collar	2 400	2 179
White collar	1 178	678
Total	3 578	2 857

The increase is mainly due to the acquisitions and recently established companies.

3.5.23. Audit and non-audit services

Deloitte	2016
Audit fees	306 240
Non audit fees by the auditor	
Legal missions	2 000
Tax advice	
Other	48 249
Non audit services by companies linked to the Deloitte network	
Tax advice	75 865
Other	65 797

3.5.24. Financial risk management

The Group is exposed to risks related to interest rate, exchange rate and market price fluctuations, having an impact on the Group's assets and liabilities. The goal of the Group's financial risk management is to limit the impact of these risks related to its operational and financial activities.

Interest rate risk

The Group's interest risk is relatively limited, in view of the loan agreements and related interest rate swaps. To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into new interest rate derivatives together with the new loan agreements: see also paragraph 3.5.15. Financial instruments for more information.

Sensitivity analysis of the fluctuation of the interest rate by 5%:

- As per 31 December 2016, there was USD 0.9 million and EUR 17.0 million of short term financing at floating rates with a weighted average of 0.39%. A 5% increase in interest rates, to an average of 0.40%, would impact the financial result with EUR 3.4 thousand more interest costs on an annual basis.
- The fixed interest rate of the EUR 50 million bullet loan was swapped to a variable interest rate to take advantage of the current market conditions. As the interest rate swaps foresees in a floor of 0%, a 5% interest rate increase (applied on a negative EURIBOR rate) would not result in an increased interest cost.

3.5.24. Financial risk management (Continued)

Exchange rate risk

It is the Group's policy to hedge against exchange risks arising from financial and operating activities centrally. The risks are limited by compensating for transactions in the same currency ('natural hedging'), or by fixing exchange rates via forward contracts or options. The main currencies for the Sioen Group are GBP (inflow) and USD (outflow). In 2016, the GBP net inflow represents EUR 20.6 million (GBP 17.0 million) and the USD net outflow EUR 29.3 million (USD 32.3 million).

Sensitivity analysis of the fluctuation of the exchange rate by 1%:
Based on the Group's sensitivity analysis, an adverse change in the GBP/EUR and USD/EUR exchange rate by 1% would decrease the Group's result by EUR 500.0 thousand.

Liquidity risk

In order to guarantee liquidity and financial flexibility, the Sioen Group has credit lines available to meet current and future financial needs. At the end of 2016, the Sioen Group has total credit lines available of EUR 54.2 million (EUR 54.2 million for 2015). At 31 December 2016, 19.2 million EUR of the available credit lines was used for straight loans and bank guarantees. For the maturity analysis in view of liquidity risk we refer to note 3.5.10. Borrowings.

Financial risk

The management determines its assessment on the basis of different realistically assessed parameters, such as future market expectations, sector growth rates, industry studies, economic realities, budgets and multi-year plans, expected profitability studies, etc. The most important elements within the Group that are subject to this are: impairments, provisions and deferred tax items.

Credit risk

In view of the relative concentration of credit risk (see note 3.5.8. Trade receivables), the company covers credit risk on trade receivables via an excess of loss credit insurance with an own risk exposure of EUR 400 thousand. In addition, credit control strategies and procedures have been elaborated in order to monitor individual customers' credit risk.

3.5.25. Capital structure management

The equity structure of the Sioen Group is managed with the main objectives of:
- protecting the equity structure so as to ensure continuous business operations, resulting in the creation of shareholder value and benefits for other stakeholders,
- the payment of an appropriate dividend to shareholders.

The Group's capital is formed in accordance with the risk, which changes with economic developments and the risk profile of the underlying assets. The Sioen Group can change the dividend to shareholders, issue new shares or sell assets in order to maintain or change the capital structure.

3.5.26. Remuneration

Remuneration of the members of the Board of Directors

In 2016 following remunerations were paid to the members of the Board of Directors and executive management in their capacity as Director (no performance related remunerations are paid to the non-executive Directors):

Name	Represented by	Function	Amount 2016
	Mr. M. Delbaere	Director/Chairman	46 250
	Mrs. J. Sioen-Zoete	Director	22 000
M.J.S. Consulting BVBA	Mrs. M. Sioen	Managing Director	22 000
D-Lance BVBA	Mrs. D. Sioen	Director	22 000
P. Company BVBA	Mrs. P. Sioen	Director	22 000
	Mr. D. Meeus	Director	24 225
Lemon Comm. V	Mr. J. Noten	Director	27 925
	Mr. P. Macharis	Director	17 600
	Mr. L. Vandewalle	Director	31 800
Total			235 800

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2016, in her capacity of CEO and next to her remuneration as a member of the Board of Directors, a fixed remuneration of EUR 575 500, a variable remuneration of EUR 88 634 and a compensation for other expenses (mainly car expenses) amounting to EUR 33 890.

Jack Projects, represented by Mrs. Jacqueline Sioen, received in 2016, additionally, in the context of a service agreement, a remuneration of EUR 195 000 and a compensation for other expenses (mainly car expenses) amounting to EUR 27 369.

The other members of the executive management [(1)], including Directors in their capacity as member of executive management, received in 2016 a fixed remuneration of EUR 2 512 086 (excluding CEO), a variable remuneration of EUR 372 633 and a compensation for other expenses (mainly car expenses) amounting to EUR 189 921.

(1) The executive management consists of executive Directors and members of the Management Committee.

3.5.27. Approval of financial statements

The consolidated financial statements for 2016 were approved by the Board of Directors for publication on 23 March 2017.

4. Statutory auditor's report

Statutory auditor's report to the Shareholders' meeting of Sioen Industries NV on the consolidated financial statements for the year ended 31 December 2016

The original text of this report is in Dutch

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Sioen Industries NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 368,406 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 25,958 (000) EUR.

Board of Directors' responsibility for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

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 (ISA) as adopted in Belgium. Those standards require that we comply with 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 fair presentation of consolidated financial statements 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 and 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 group's officials and the Board of Directors the explanations and information necessary for performing our audit.

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 Sioen Industries NV give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Gent, 24 March 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Mario Dekeyser

5. Statutory annual accounts of Sioen Industries NV

The statutory annual accounts of the parent company Sioen Industries NV are shown below in condensed form. In June 2017, the annual report and annual accounts of Sioen Industries NV and the auditor's report will be filed with the National Bank of Belgium in accordance with Articles 98-102 of the Companies Act.

These reports are available on request at the following address:
Sioen Industries NV – Fabriekstraat 23 – 8850 Ardooie.
The statutory auditor has issued an unqualified opinion.

Condensed balance sheet of Sioen Industries NV after appropriation of profit

December 31 [000] EUR	2016	2015
Fixed assets	**176 332**	**111 707**
Intangible fixed assets	4 387	5 124
Tangible fixed assets	23 088	23 417
Financial fixed assets	148 857	83 166
Current assets	**74 314**	**159 831**
Amounts receivable after one year		
Stocks and contracts in progress	26 063	25 138
Amounts receivable within one year	43 444	35 801
Investments		62 633
Cash at hand and in bank	4 741	35 420
Deferred charges and accrued income	66	839
Total assets	250 646	271 538
Equity	**97 560**	**99 460**
Capital	46 000	46 000
Revaluation surpluses	9	9
Reserves	6 033	6 768
Accumulated profits (losses)	45 166	46 315
Investment grants	352	368
Provisions and deferred taxes	**1 288**	**1 378**
Provisions for liabilities and charges	1 254	1 337
Deferred taxes	33	42
Amounts payable	**151 798**	**170 700**
Amounts payable after one year	67 255	4 668
Amounts payable within one year	82 147	164 865
Accrued charges and deferred income	2 396	1 167
Total liabilities	250 646	271 538

Condensed income statement of Sioen Industries NV

December 31 [000] EUR	2016	2015
Operating income	**170 113**	**163 281**
Turnover	159 353	154 395
Increase (decrease) in stocks of finished goods, work and contracts in progress	912	- 558
Fixed assets - own construction	334	603
Other operating income	9 514	8 841
Operating charges	**-146 841**	**-141 998**
Raw materials, consumables and goods for resale	-89 435	-87 373
Services and other goods	-26 056	-24 856
Remuneration, social security costs and pensions	-22 876	-21 442
Depreciation and amounts written off	-6 104	-5 593
Provisions for liabilities and charges - appropriations	82	223
Other operating charges	-2 453	-2 957
Operating profit (loss)	**23 272**	**21 283**
Financial income	11 266	14 479
Financial charges	-24 197	-8 100
Financial result	**-12 931**	**6 379**
Profit (loss) for the period before taxes	10 340	27 662
Transfer from postponed taxes	8	11
Income taxes	- 932	-6 303
Profit (loss) for the period	9 416	21 370
Transfer from untaxed reserves	154	161
Transfer to untaxed reserves		
Profit (loss) for the period available for appropriation	9 571	21 531

Activity of Sioen Industries

Next to the Belgian coating operating activities, the function of Sioen Industries is essentially to outline the strategy of the divisions. It also appoints the management of the Group companies and supports the Group companies in the areas of personnel management, financial and treasury management, budgeting and controlling, MIS and IT, and legal affairs.

Comments

The turnover of Sioen Industries increased with 3.2% from EUR 154.4 million in 2015 to EUR 159.4 million in 2016. In 2016 the operating profit amounted to EUR 23.3 million, compared with an operating profit of EUR 21.3 million in 2015. Financial result decreased from EUR 6.4 million in 2015 to EUR -12.9 million in 2016 mainly due to non-recurring financial charges.

Accounting principles

The accounting principles and translation rules applied to the statutory annual accounts of Sioen Industries are in accordance with Belgian Generally Accepted Accounting Principles.

Transparency disclosure

Pursuant to articles 6 to 18 of the Act of 2 May 2007 (Transparency Law) on the disclosure of significant participations in listed companies, the applicable quotas were set at, on the one hand, 5 percent or a multiple thereof and on the other hand at 3 percent and 7.5 percent (article 8 of the articles of association).

In accordance with articles 6 to 18 of the Act of 2 May 2007, following notifications of shareholdings exceeding the applicable quota's in Sioen Industries NV were received:

Notifying party	Date of notification	Number of shares	Percentage of total number of shares
Sihold NV[1] and companies/parties under the influence of the family Sioen	7 March 2014	12 906 212	65,25%
Total		12 906 212	65,25%

(1) Sihold NV is controlled by Sicorp NV, which is controlled in turn by the Dutch foundation Stichting Administratiekantoor Midapa.
This foundation is controlled by Mrs. Sioen.

6. Proposals to the General Shareholders' Meeting

Proposals to the General Shareholders' Meeting of Sioen Industries NV of 28 April 2016

The Board of Directors of Sioen Industries proposes to the General Shareholders' Meeting to approve the annual accounts at 31 December 2016 and to consent to the appropriation of profit.

The profit for the financial year ended is EUR 9 570 548, compared to a profit of EUR 21 531 299 for the financial year 2015.

The profit brought forward from the previous financial year is EUR 46 314 743. The profit available for appropriation is consequently EUR 55 885 291.

The Board of Directors proposes to appropriate the profit available for appropriation of EUR 55 885 291 as follows:

(in EUR)

Addition to other reserves	
Gross dividends for the 19 779 933 shares	-10 483 365
Directors' fees	- 235 800
Profit to be carried forward	45 166 126

The proposed net dividend per share is calculated as follows:

(in EUR)

Net dividend per share	0.371
Withholding tax 30/70	0.159
Gross dividend per share	0.5300
Pay-out ratio[(1)]	40.39%

(1) Gross dividend in relation to the share of the Group in the consolidated result from continuing operations

If this proposal is accepted, the net dividend of EUR 0.371 per share will be made payable as from 15 May 2017 onwards.

Definitions

Gross margin %	(Net sales ± changes in stocks and WIP – raw materials and consumables used)/Net sales
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + amortization + depreciation + write off inventories and receivables + provisions for liabilities and charges
EBIT	Earnings Before Interest and Taxes = Operating result
REBIT	EBIT without non-recurring result
REBITDA	EBITDA without non-recurring result
EBT	Earnings Before Taxes
EAT	Earnings After Taxes
NOPAT	EBIT - Taxes
EVA	NOPAT - cost of capital at start of the period
ROCE	NOPAT/Capital employed of the period
Net cash flow	Profit (loss) after taxes + depreciation + amortization + write off inventories and receivables + provisions for liabilities and charges
Free operating CF	Funds from operating activities - funds from investing activities
Working capital	Interests in associates + current assets (minus other financial assets, cash and cash equivalents) – non-financial debt up to one year - accrued charges and deferred income
Capital employed	Working capital + intangible assets + goodwill + property, plant and equipment + investment property

Alternative performance measures (APM's, non-GAAP measures) do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

	Total	Restructuring components included in 'Remuneration, social security and pensions'	Restructuring components included in 'Provisions for liabilities and charges'	Recurring
		2016		
(R)EBIT	44 697	701	127	45 525
Depreciations	16 417			16 417
Write off inventories and receivables	-1 952			-1 952
Provisions for liabilities and charges	-13		-127	-141
(R)EBITDA	59 149	701		59 850
		2015		
(R)EBIT	36 170	646	959	37 775
Depreciations	15 451			15 451
Write off inventories and receivables	104			104
Provisions for liabilities and charges	436		-959	-523
(R)EBITDA	52 161	646		52 807

Addresses

Coating division

Company	**Address (registered office)**	**Country**
Coatex NV	Industriezone Sappenleen, Sappenleenstraat 3-4, B-8970 Poperinge	Belgium
Dimension-Polyant (UK) Ltd.	22 St John Street, Manchester, M3 4EB	UK
Dimension-Polyant GmbH	Speefeld 7, 47906 Kempen	Germany
Dimension-Polyant Inc.	78, Highland Drive Putnam CT 06260	USA
Dimension-Polyant Sailcloth PTY LTD	Level 29, 66-84 Goulburn Street, Sydney,NSW, 2000	Australia
Dimension-Polyant SAS	Rue Newton - Les Minimes - Parc Technologique, 17000 La Rochelle	France
Dynatex NV	Fabriekstraat 23, B-8850 Ardooie	Belgium
Fontana International GmbH	Stifterstrasse 29, 4020 Linz	Austria
Manifattura Fontana S.p.A.	Via Fontoli 10, 36020 Valstagna (VI)	Italy
Pennel Automotive SAS	4 Route de Ville, BP 80201, F-80420 Flixecourt	France
Saint Frères Confection SAS	2 Route de Ville, BP 80237, F - 80420 Flixecourt	France
Saint Freres SAS	4 Route de Ville, BP 80201, F-80420 Flixecourt	France
Sioen Coated Fabrics (Shanghai) Trading Co. Ltd	Wai Gao Qiao Free Trading Zone 168 Mei Sheng Road - Guo Lian Mansion 1st Floor 200131 Shanghai/Pudong	China
Sioen Fabrics SA	Z.I. du Blanc Ballot, Avenue Urbino 6, B-7700 Mouscron	Belgium
Sioen Felt & Filtration SA	Rue Ernest Solvay 181, B - 4000 Liège	Belgium
Sioen Industries NV	Fabriekstraat 23, B-8850 Ardooie	Belgium
Siofab Indústria de Revestimentos Têxteis SA	Rua da Indústria, PT-4795-074 Vila das Aves	Portugal

Coating division

Offices	VAT	Company registration	T	F	Mail
	BE 0434 140 425	RPR Gent, afdeling Ieper 0434 140 425	T +32 57 346 160	F +32 57 333 523	coatex@sioen.com
Unit 8, Kingdom Close, Kingdom Business Park, Segensworth East, Fareham Hampshire PO15 5TJ	GB 458 5288 06	02047962	T +44 1489 570 551	F +44 1489 570 451	uk@dimension-polyant.com
	DE 811141675	Krefeld HRB 4588	T +49 215 289 10	F +49 215 2891 149	info@dimension-polyant.com
	ID 06-1310091	ID 06-1310091	T +1 860 928 8300	F +1 860 928 8330	info@us.dimension-polyant.com
PO Box 7143, Warringah Mall NSW 2100, Unit 7/9 Powells Rd., Brookvale N.S.W. 2100	82 082 190 823	42 107 103	T +61 2 9905 9565	F +61 2 9905 9569	dp-aus@dimension-polyant.com
	FR 43602030090	602 030 090	T +33 546 282 201	F +546 412 840	larochelle@dimension-polyant.com
	BE 0861 537 865	RPR Gent, afdeling Brugge 0861 537 865	T +32 51 740 900		info@dynatex.be
	ATU64352907	LG Linz Nr. 314404i	T +43 732 908 001	F +43 732 908 014	office@fontana-international.com
	00239330244	00239330244	T +39 424 998 27	F +39 424 998 96	
		RCS Amiens 448 273 615			
	FR 44408449098	RCS Amiens 408 449 098	T +33 322 51 51 70	F +33 322 51 51 79	sfc@sioen.com
	FR 76408448850	RCS Amiens 408 448 850	T +33 322 515 145	F +33 322 515 149	sfe@sioen.com
	310141607413450	P.R. of China 310115400065706	T +86 21 63 84 25 21	F +86 21 63 84 27 39	sioen@online.sh.cn
	BE 0458 801 684	RPM Mons-Charleroi, division Tournai 0458 801 684	T +32 56 856 880	F +32 56 346 131	sioenfabrics@sioen.com
	BE 0474 276 154	RPM Liège, division Liège 0474 276 154	T +32 4 252 21 50	F +32 4 253 04 25	felt@sioen.be filtration@sioen.be
	BE 0441 642 780	RPR Gent, afdeling Brugge 0441 642 780	T +32 51 740 900	F +32 51 740 964	sioline@sioen.com
	PT 505046644	4641/000907	T +351 252 87 47 14	F +351 252 94 29 68	siofab@mail.telepac.pt

Apparel division

Company	Address (registered office)	Country
Arctic Diving AB	Flottiljgatan 85, 72131 Västerås	Sweden
Confection Tunisienne de Sécurité SARL	5 Impasse N° 2 Rue de l'Energie Solaire - (Z.I.) La Charguia TN-2035 Tunis	Tunisia
Gairmeidi Caomhnaithe Dhun Na nGall Teoranta Ltd	Industrial Estate Bunbeg Co. Donegal	Ireland
Mullion Survival Technology Ltd.	2 Hebden Road Sunthorpe North Lincolnshire DN15 8DT	UK
PT. Sioen Indonesia	Kawasan Berikat Nusantara (KBN) Marunda Jl. Pontianak Blok C2-03 Cilincing Jakarta Utara 14120	Indonesia
PT. Sungin Tex	Jalan Raya Narogong Km 12,5, Pangkalan IV, Desa Cikiwul, Kec. Bantar Gebang, Bekasi Barat 17152	Indonesia
Sioen Asia Pacific PTE. Ltd.	4 Battery Road, #25-01, Bank of China Building, Singapore (049908)	Singapore
Sioen France SAS	Pavillon Hermès 110 Avenue Gustave Eiffel ZI La Coupe, F-11100 Narbonne	France
Sioen Myanmar Ltd.	Plot No.75 and Plot No.102, Mah Kha Yar Min Thar Gyi Mg Pyoe Street, Hlaing Tharyar Industrial Zone-2, Hlaing Tharyar Township, Yangon	Myanmar
Sioen Nederland BV	Kasteellaan 33 NL-5932 AE Tegelen	the Netherlands
Sioen NV	Fabriekstraat 23, B-8850 Ardooie	Belgium
Sioen Tunisie SARL	7 Impasse N° 2 Rue de l'Energie Solaire - (Z.I.) La Charguia TN-2035 Tunis	Tunisia
Sioen Zaghouan SA	Rue Ismaïl Sabri - Zone Industrielle TN-1100 Zaghouan	Tunisia
Siorom SRL	Calea Chisinaului n° 43, Jud. Iasi, 700179 Iasi	Romania
Ursuk OY	Teijonkatu 3, 20750 Turku	Finland
Kiinteistö Oy Turun Teijonkatu 3	c/o Ursuk Oy, Teijonkatu 3, 20750 Turku	Finland
PT. Sioen Semarang Asia	Kawasan Industri Wijayakusuma (KIW) Jl. Tugu Industri Raya No. 2A Kel. Randu Garut, Kec. Tugu Kota Semarang Jawa Tengah Indonesia 50153	Indonesia
SG Balticum AS	Kooli 7, Valga maakond, 68604 Tõrva linn	Estonia
SG Investments OÜ	Kooli 7, Valga maakond, 68604 Tõrva linn	Estonia

Apparel division

Offices	VAT	Company registration	T	F	Mail
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	03030 V/A/M/000	RC B 133171996	T +216 717 734 77	F +216 717 840 47	cts@sioen.com
	IE 4621355M	78212	T +353 749 531 169	F +353 749 531 591	ireland@sioen.ie
	GB 365 1873 34	1871440			mullion@sioen.com
		NPWP 01.068.001.5-057.000	T +62 21 448 53 222	F +62 21 448 53 444	info.marunda@sioenasia.com
		NPWP 01.068.012.2-057.000	T +62 21 825 22 22	F +62 21 825 44 44	indonesia@sioen.com
		201511418N			
	FR 49300774767	RCS Narbonne 300 774 767	T +33 468 423 515	F +33 468 422 743	sioen.france@sioen.com
		372 FC/2015-2016 (YGN)			
	NL 806030227B01	KVK 20086133	T +31 76 541 68 88	F +31 76 541 94 10	info@vanochten.nl
	BE 0478 652 141	RPR Gent, afdeling Brugge 0478 652 141	T +32 51 740 800	F +32 51 740 962	info@sioen.com
	614715 S/A/M/000	RC B 19711998	T +216 718 075 47	F +216 718 092 62	sioen.tunisie@sioen.com
	747023 F/A/M/000	RC B 177132000	T +216 726 806 60	F +216 726 826 60	sioen.zaghouan@sioen.com
	RO 30626899	J22/1504/2012			siorom@sioen.com
	FI04888860	0488886-0	T +358 20 7798 850	F +358 20 7798 859	info@ursuit.com
	FI21146869	2114686-9	T +358 20 7798 850	F +358 20 7798 859	info@ursuit.com
		11.01.1.14.11151	T +62 24 866 08 95	F +62 24 866 08 96	
	EE100497704	10301033	T +372 76 68350		sami@sg.ee
	EE100632190	10666384	T +372 76 68350		sami@sg.ee

Chemicals division		
Company	**Address (registered office)**	**Country**
European Master Batch NV	Rijksweg 15, B-2880 Bornem	Belgium
Le Comptoir Zouloo SAS	Zac Novo, Rue Lavoisier, BP 90422, F-59160 Lomme	France
Richard SAS	Zac Novo, Rue Lavoisier, BP 90422, F-59160 Lomme	France

Other		
Company	**Address (registered office)**	**Country**
Roland Planen GmbH	Am Zirkel 8, D-49757 Werlte	Germany
Roland Real Estate Sp.z.o.o.	ul. Nadbrzezna 1, PL-62500 Konin	Poland
Roland Ukraine Llc	6-A Industrialna str. 35350 Kvasyliv, Rivnenska obl.	Ukraine
Roltrans Group America Inc.	3212 Pinewood Drive Arlington, Texas TX 76010, USA Corporation # 2044811	USA
Roltrans Tegelen BV	Kasteellaan 33 NL-5932 AE Tegelen	the Netherlands

Chemicals division					
Offices	**VAT**	**Company registration**	**T**	**F**	**Mail**
	BE 0421 485 289	RPR Antwerpen, afdeling Mechelen 0421 485 289	T +32 3 890 64 00	F +32 3 899 26 03	emb@sioen.com
	FR 91394580377	RCS Lille Métropole 394 580 377	T +33 320 001 888	F +33 320 001 888	
	FR 22460501166	RCS Lille Métropole 460 501 166	T +33 320 001 888	F +33 320 001 888	sa.richard@colorants-richard.com

Other					
Offices	**VAT**	**Company registration**	**T**	**F**	**Mail**
	DE 812873033	Osnabrück HR B 1222 96			
	PL 665-100-18-19	KRS nr. 0000108087			
	TX 76010	2044811			
	NL 001569338B01	KvK Venlo 12011983			

Financial information and investor relations

For all further information, institutional investors and financial analysts are advised to contact:
Mr. Geert Asselman, CFO

Financial calendar

Trading update first quarter 2017	27 April 2017
General Shareholders' meeting	28 April 2017
Half year results 2017	28 August 2017
Trading update third quarter 2017	15 November 2017

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