ANNUAL FINANCIAL REPORT

2017

campine

Contents

Financial highlights and business scope

Financial highlights

Consolidated per year and as per 31 December in € '000	2017	2016
Revenue	216,501	170,855
Operating result	12,622	1,631
Operating result excl. EC fine (*)	*12,622*	*9,789*
Net financial result	- 1,735	- 3,252
Result before tax	10,887	- 1,621
Result before tax excl. EC fine (*)	*10,887*	*6,537*
Income tax expense	- 3,879	- 2,189
Result after tax	7,008	- 3,810
Result after tax excl. EC fine (*)	*7,008*	*4,348*
Result per share after tax	4.67	- 2.54
Result per share after tax excl. EC fine (*)	*4.67*	*2.90*
Current assets	64,100	59,906
Total assets	72,173	67,483
Current liabilities	45,184	46,209
Total liabilities	47,591	48,296
Total equity	24,582	19,187
Total equity excl. EC fine (*)	*32,740*	*27,345*

(*) Fine imposed by the European Commission. To ensure comparability with last year, the figures of 2017 and 2016 are provided both inclusive and exclusive the fine imposed by the European Commission.

Core activities

Campine is a leading specialist in fire retardancy and concentrates, masterbatches for plastics, PET catalysts and lead recycling. The company was founded in 1912 and has been listed on the stock exchange since 1936.

In its production process, Campine processes primarily antimony and lead. Consistent application of its marketing strategy has enabled Campine to build up significant market positions in a number of specialist markets.

Antimony trioxide (Sb_2O_3) is used as a flame retardant in the textile, plastics and cable industries and is also used as a catalyst in PET production. It also has many and varied applications in the glass, pigments and varistor industries.

In its plastics division Campine produces ready-to-use masterbatches for the plastics industry. These masterbatches are delivered in granulated form to enable customers to dose them easily and dust-free.

In the lead recycling division, Campine converts lead from spent batteries and industrial waste into lead and lead alloys. These are sold to manufacturers of batteries and lead plates (e.g. for X-ray protection).

Message to the shareholders

There were several headline events at Campine in 2017.

Mr Patrick De Groote took over the chairmanship of the Board from Mr F.-W. Hempel at his request and Mr Willem De Vos became the new CEO of Campine in August, succeeding Mr Geert Krekel.
Additionally, Mrs An Nuyttens joined the board as independent Director succeeding to Mr. A. Hempel.

The new team had to cope with the fine imposed by the European Commission (announced in February 2017), but managed to take advantage of the increasing metal prices to realise a record result over the year.

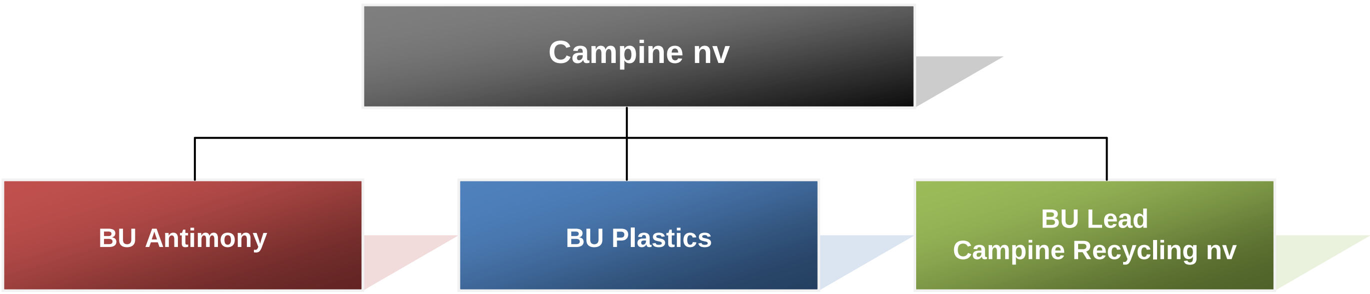
Strategic planning with focus on growth, profitability and operational excellence, should add more value to the company in the years to come. Major attention will go to Environmental, Social and Governance aspects. Safety and the reduction of labour accidents have been qualified as highest priority. With good governance and a dynamic team, Campine is ready to grasp opportunities in a changing environment, where the aspects of the circular economy become increasingly important.

Special thanks go to Mr F.-W. Hempel who chaired the board for 20 years, to Mr A. Hempel who was on the Board since 1997 and Mr G. Krekel who led the company for over 15 years.

P. De Groote
Chairman of the Board

W. De Vos
Managing Director

Group structure



Report of the Board of Directors to the Annual Meeting of Shareholders on Tuesday 22 May 2018, based on the consolidated annual financial statements

Campine Group

With a net result of € 7 million, Campine recorded its best result ever.

2017 had a difficult start, related to the announcement of the EU commission fining Campine € 8.2 million for alleged purchase agreements in the used battery market. But the increasing metal prices and a good operational performance contributed to strong financial results throughout the year.

The excellent results allowed the company to pay the fine (which was recorded in the 2016 financials) from its own cash-flows. Campine also applied for appeal against the fine, for which a final decision is expected by mid 2019.

In 2017, Campine achieved a € 216.50 million turnover, compared with € 170.86 million in 2016 (+27%). Higher volumes were realised in all Business Units.

The EBIT reached € 12.62 million, an increase of 29% compared to the € 9.79 million (excl. EC fine) in 2016. The **net result for the year reached € 7.01 million**, compared with a profit of € 4.35 million (excluding the EC fine) in 2016 (+61%).

The Board of Directors proposes that the company pays a total dividend of € 2.325 million on the basis of the 2017 result. An interim dividend of € 1.5 mio (€ 1 gross per share) was already distributed on 7 November 2017. A dividend of € 0.825 million (€ 0.55 gross per share) will be distributed on 1 June 2018.

Lead

Actively participating to the circular economy is one of Campine's missions. The recycling of post-consumer and industrial waste contributes to a more sustainable future for our planet and people.

Campine recycles post-consumer car batteries, cables, roofing material and industrial metal containing waste. From these waste streams a range of new lead alloys and intermediate metal compounds are produced.

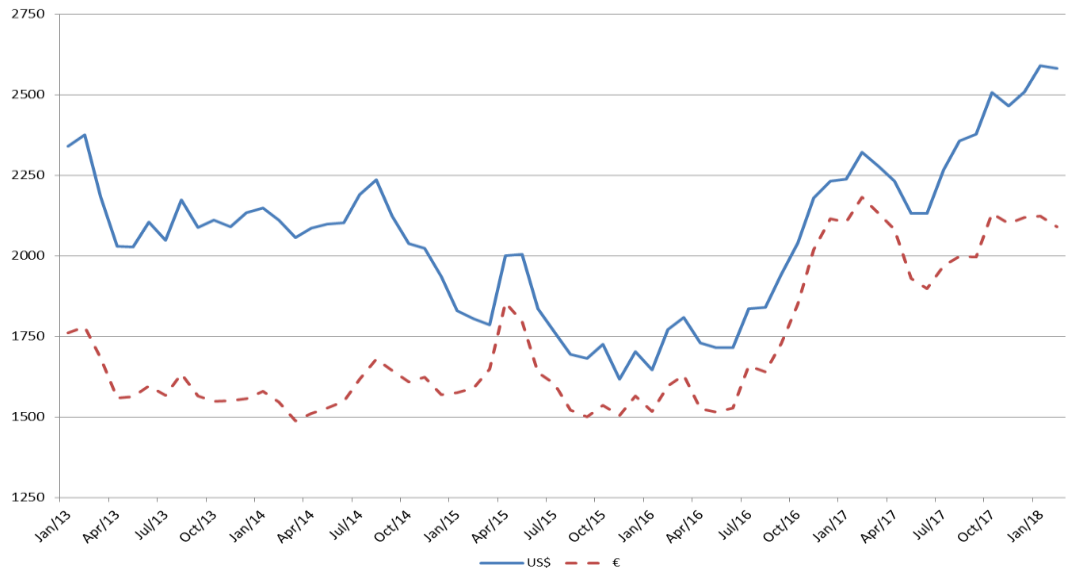
Campine is an important European producer of secondary (recycled) lead, in a market dominated by battery manufacturers. Our end customers are active in the automotive and energy storage industry (production of batteries), the medical and security industry (protection against X-rays), the building industry (roofing) and electricity sector (production of high voltage cables).

<u>Volume & turnover</u>

	Lead		
	2017	**2016**	**%**
Volume in mT	57,931	57,194	1%
Turnover in € '000	130,521	106,366	23%
Unit price per mT in € '000	2,253	1,860	21%

The Lead Business Unit realised a turnover of € 130.52 million (€ 106.37 million in 2016) (+23%) with comparable volumes as last year.

Lead LME cash/mT in US$ and in €



Market

The sales increase is mostly related to the continued upward trend of the Lead LME prices during 2017, reaching an average of € 2,052/mT compared to € 1,694/mT for 2016. Starting from € 1,932/mT on January 3rd of 2017, a high of € 2,297/mT was reached on February 13th, followed by a downward course to € 1,814/mT on June 3rd. Since then, the LME quotation moved upward again to levels around € 2,100/mT in December.

Both sales volumes as well as the sales premium have increased as opposed to 2016. The margin on raw material increased along with a higher average LME quotation during 2017.

The growth in volume has been realized without major new investments, thanks to good process control and further improvement of efficiency in planning across the whole supply chain.

We continue to develop our recycling capabilities of more complex waste streams and the production capabilities of high purity lead and alloys. We also keep our focus on diversification in raw materials and end markets. In order to facilitate further growth, two major investment projects will be made amounting to € 4 million due to be commissioned in the course of 2018.

Antimony

In its antimony unit, Campine transforms antimony metal into antimony trioxide (ATO). This ATO is used as flame retardant for many plastic products such as PVC coated textile, engineering plastics, wire and cables, building & construction. ATO is also used as a catalyst in the production of PET resins for bottles, films and fibres and for the production of inorganic pigments and ceramics.

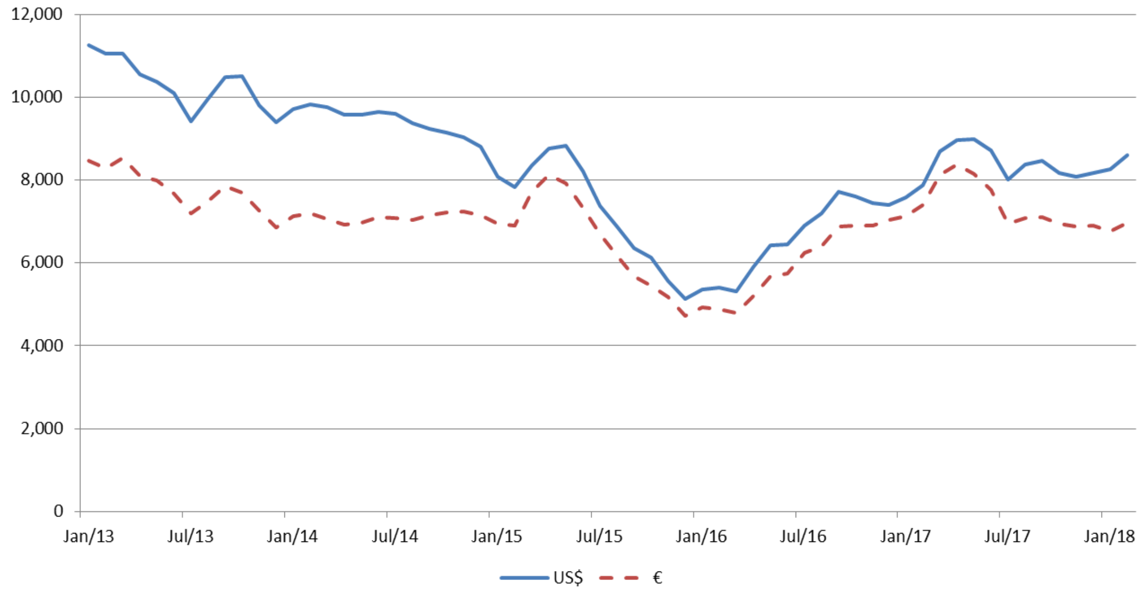
Outside of China, Campine is the world largest producer of ATO and subsequently the largest buyer of antimony containing materials.

Volume & turnover

	Antimony		
	2017	2016	%
Volume in mT	11,902	11,592	3%
Turnover in € '000	68,371	51,840	32%
Unit price per mT in € '000	5,744	4,472	28%

The turnover increased significantly by 32% to € 68.37 million due to the climbing antimony market prices.

Antimony free market 99.6% in US$/mT and in €/mT



Market
The Metal Bulletin index, which records antimony market metal prices, reported for 2017 an average of € 7,400/mT, compared to € 5,966/mT in 2016.

This increase is attributed to tighter supply of antimony metal from China. The increased environmental regulations imposed by the Chinese government are leading to factory closures and higher investments in environmental friendly manufacturing methods. This trend has just started and is likely to continue in the next years. Additionally, the Chinese State Reserve Bank announced a strategic purchase of 10,000 mT of Sb metal early in 2017.

In the second half of 2017, a global increase in demand of flame retardants was noted, leading to higher production volumes and sales of our ATO. This upwards trend is expected to continue in 2018.

Plastics

Campine's plastics business unit offers flame retardant solutions for the plastics industry. The main applications are for isolation panels, automotive interiors, wire and cables, foils for building, electric and electronic devices, etc.

Volume & turnover

	Plastics		
	2017	2016	%
Volume in mT	6,410	5,980	7%
Turnover in € '000	28,130	23,303	21%
Unit price per mT in € '000	4,388	3,897	13%

The turnover grew to € 28.13 million (+21%).

Market
There is a growing demand for powder and dust-free ready-to use flame retardant additives. This trend of using master-batches, rather than separate additives, is likely to continue as safety and health regulations increasingly restrict the use of powders and dust related products.

Health, safety and the environment

Health: Campine has an active monitoring program for its employees in regard to operational health risks. This relates not only to the exposure to dust, substances and volatile compounds, but also to ergonomic health. Substantial improvements were achieved and the monitoring program will be extended and enhanced in the next years.

Safety: A new safety awareness and accident reduction programme was launched at the end of 2017 with the goal to achieve a zero labour accidents target in the future. There will be considerable investments to improve on safety and it has become the number-one target for management.

Environment: Through the recycling operations, Campine helps already the circular economy and the environmental sustainability of our planet. Additionally, Campine invests each year to reduce its operational impact on the environment by reducing air-emissions, improving its water purification systems and reducing the energy consumptions of processes.

Organisation

In August 2017 Willem De Vos was appointed as new CEO of Campine. Mr De Vos was already an independent board member since 2015 and replaces Mr Geert Krekel who was the CEO of the company for over 16 years.

Mr De Vos has a master in Chemical Engineering and an MBA in general management. He has 25 years of industry experience as CEO of different companies and organisations in the Chemicals and Plastics industry.

Campine is elaborating a new business plan, which will be rolled out in the course of 2018.

Regulations

Legislation and regulations are evolving and becoming increasingly stringent. Campine works to make sure that we keep compliant with all relevant regulations.

Perspectives for 2018

2018 has started well in all BU's with strong demand. The metal prices markets are more volatile due to potential metal import-duties in the USA, large stock-volume changes on the LME and uncertain demand in China. Campine's investment projects in additional capacity and productivity improvements are on track to be taken into production at the end of Q3, 2018.

Corporate matters

Fairness statement

The Board of Directors declares that to the best of their knowledge:

- The financial statements, prepared in accordance with the IFRS, give a true and fair view of the assets, liabilities, financial position and the results of the company, including its consolidated subsidiaries;
- The annual report gives a true and fair view of the development and results of the company, including its consolidated subsidiaries, together with a description of principal risks and uncertainties that they face.

Independence and competence criteria independent Directors

The law of 17 December 2008 regarding the Audit committee in listed companies entered into force on 8 January 2009. The Group complies with the requirements of this law and confirms that the independent Directors comply with the law as to independence and competence criteria in the field of accounting and audit.

Significant events after the close of the year

No significant events – affecting Campine – occurred after the close of the financial year.

Use of financial instruments by the company, to the extent that these are significant in evaluating its assets, liabilities, financial situation and earnings

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedge accounting under IAS 39.

From the start of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS 39 (hedge accounting).

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Since 2016, Campine has also started with the above mentioned hedging practice for tin.

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.
The classification of the fair value of the hedge instruments is level 1 (unadjusted quoted prices in an active market for identical assets or liabilities) in the "fair value hierarchy" of IFRS 13.

Circumstances which could significantly influence the development of the company

There were no changes in circumstances which could substantially influence the development of the company.

Research and development

Research and development is a constant theme in the improvement of the mastering of our production processes and the applicability of our products in specific markets. In each business unit, research projects were started up in collaboration with customers to develop new innovative products.

Risks and uncertainties

Campine, together with all other companies, is confronted with a number of uncertainties as a consequence of worldwide developments. The management aims to tackle these in a constructive way. Campine pays particular attention to the company risks related and inherent to the sector:

- Fluctuations of the prices of raw materials and metal. Prices fluctuate as a result of a changing supply and/or demand of raw materials and end products, but also because of pure speculation;
- Fluctuations in availability and cost of the energy;
- Changes in regulations (Flemish, Belgian, European and global) in the field of environment and safety/health including legislation related to sale (REACH) and storage (SEVESO) of chemical products;
- Market risks include: interest risk, foreign exchange risk, price risk and credit risk.

Information concerning the possible effects of a public take-over bid

The company is represented by 1,500,000 shares. There are no different kinds of shares and every share represents one vote. There are no specific legal nor statutory limitations regarding the transfer of these shares, no specific control nor shareholders agreements.
For both, the appointment and substitution of Board members and the modification of the Articles of Association, ordinary legislation is valid. Neither the Board of Directors, nor its individual members have a special power and/or agreement exercisable in case of a public take-over bid.

Dividend

The Board of Directors proposes that the company pays a total dividend of € 2.325 million on the basis of the 2017 result. An interim dividend of € 1.5 million (€ 1 gross per share) was already distributed on 7 November 2017. A dividend of € 0.825 million (€ 0.55 gross per share) will be distributed on 1 June 2018.
No dividend was paid on the basis of the 2016 result.

Statutory auditor

In 2017 the statutory auditor fee for audit and non-audit services reached € 103,540 for the Group. The non-audit services in 2017 amounted to € 19,740 and were related to other attestation services.

Discharge to Directors and statutory auditor

The Board of Directors proposes granting discharge to all directors and the statutory auditor in respect of the exercise of their mandates in 2017.

Statutory appointments

See composition Board of Directors.

Corporate Governance Statement & Remuneration Report 2017

I. Introduction

As a company incorporated under the laws of Belgium and listed on Euronext Brussels, Campine nv adheres to the principles and provisions of the Belgian Corporate Governance Code 2009, taking into account Campine's characteristics such as its specific business environment and its relatively limited size.

The Corporate Governance Statement has been established in accordance with the “comply or explain”-principle and mentions the parts of the Belgian Corporate Governance Code 2009 of which Campine differs and gives substantiated reasons. The recommendations 2.3, 5.5 and 5.2./4 of the Corporate Governance Code 2009 are not or only partially followed. The explanation for these deviations is to be found further in this Corporate Governance Statement.

The existing Corporate Governance model of Campine structures the existing procedures and ensures the efficient and transparent operation of the Group in the interest of the Group and all of its stakeholders.

The Corporate Governance Charter of Campine has been adopted by the Board of Directors on 9 March 2006. It has been and will be further up-dated by the Board in case of further developments of, or changes to, the Belgian Corporate Governance Code 2009 or to Campine's Corporate Governance model. The last amendment was confirmed by a decision of the Board of Directors on 6 March 2018.

The Corporate Governance Charter aims at providing a comprehensive and transparent disclosure of the rules and policies that together with applicable law constitute the governance framework within which the company operates. It is mentioned on the website (www.campine.be) at “Investors”.

II. Corporate capital and shareholding

The corporate capital is set at € 4,000,000.00, represented by 1,500,000 shares without nominal value. The capital is fully paid up. There are no statutory nor legal restrictions regarding the transfer of shares.

<u>Shareholding structure on balance sheet date</u>

As to the transparency notification of 25 August 2017 the current shareholder structure of Campine is as follows:

Name	**Number of shares**	**% of the share capital**
1. Camhold NV, Nijverheidsstraat 2, 2340 Beerse	540,000	36.00%
2. F.W. Hempel Metallurgical, GmbH, Weiβensteinstraβe 70, 46149 Oberhausen, Germany	537,900	35.86%

The remaining shares (28.14%) are, as far as the company knows, held by the public. The company has until now not received any notices from other shareholders, who are compelled to disclose their shareholdings pursuant to Belgian law governing the notification of major shareholdings.

<u>Public take-over bid</u>

Proceedings in case of a public takeover bid are mentioned in articles 7 (Authorised capital) and 12 (Acquisition of own shares) of the Articles of Association.

<u>Rules regarding the exercise of the voting rights</u>

Rules regarding the exercise of the voting rights are mentioned in article 10 (Exercise of the rights attached to the shares) of the Articles of Association. No shareholder has any special rights. There are no statutory restrictions regarding the exercise of voting rights.

III. The Board of Directors

Composition

Rules for the appointment and replacement of the Directors are mentioned in articles 13 (Composition of the Board of Directors) and 14 (Premature vacancy) of the Articles of Association.

The Board should consist of a minimum of three and a maximum of nine members according to the Articles of Association. On 31 December 2017 the Board was composed of six members, being one executive Director and five non-executive Directors, of whom are two independent Directors:

DELOX BVBA, Chairman of the Board

- Non-executive Director represented by its permanent representative Mr Patrick De Groote (appointed for a period of 4 years on 12 May 2015) and hereafter referred to as “DELOX”;
- Board member of various companies.

Mr Friedrich-Wilhelm Hempel

- Non-executive Director (appointed for a period of 3 years on 12 May 2015);
- Shareholder and Director of various private companies in Europe.

Mr Hans-Rudolf Orgs

- Non-executive Director (appointed for a period of 3 years on 12 May 2015);
- Managing Director of the holding company F.W. Hempel & Co Erze & Metalle.

BERNUS BVBA (as of 09/05/2017)

- Non-executive and independent Director represented by its permanent representative Ms An Nuyttens (appointed for a period of 3 years on 9 May 2017) and hereafter referred to as “BERNUS”;
- President van Solvay Silica in Lyon (F).

Christulf BVBA

- Non-executive and independent Director represented by its permanent representative Mr Christian Dewulf (appointed for a period of 3 years on 9 May 2017) and hereafter referred to as “Christulf”;
- Board member of various companies.

ZENDICS BVBA

- Until 23/8/2017 non-executive and independent Director represented by its permanent representative Mr Willem De Vos (appointed for a period of 4 years on 12 May 2015);
- As of 23/8/2017 Managing Director represented by its permanent representative Mr Willem De Vos and hereafter referred to as “ZENDICS”;
- Board member and advisor to boards of various companies.

Mr Andre Hempel (until 09/05/2017): Non-executive Board member.
Mr Geert Krekel (until 23/08/2017: Managing Director.

None of the Directors has an additional mandate in a Belgian company listed on the stock exchange.

Campine applies to the independence criteria as mentioned in the Corporate Governance Charter. The independent Directors declare that they comply with art. 526ter of the Company Code.

The Belgian Corporate Governance Code 2009 requires that the Board should comprise at least three independent Directors (article 2.3) and gender diversity. In addition, article 518bis of the Company Code requires that at least 1/3 of the Board members is of a different gender than the other members. On 31/12/2017 the company only had one female

Director and two independent Directors on a total of six Directors. This is explained by the fact that the number of the Directors has to be seen in the perspective of the size of the company. The company was already actively looking for female Directors for some time. In 2017 BERNUS BVBA, represented by its permanent representative Ms An Nuyttens, was appointed. Furthermore the Board of Directors will propose the appointment of an additional female Director to the General Meeting of Shareholders of 22 May 2018.

The diversity policy aims for the following general goal: The Board is small enough for efficient decision-making and on the other side large enough for its members to contribute experience and knowledge from different fields and for changes to be managed without undue disruption.
The experience and knowledge of the individual Directors are complementary and are situated in different specialisms and comprise several competences.
At the start of the nomination process, the Nomination and Remuneration committee draws up a profile - based on an evaluation of skills, experience and knowledge – which the candidates must meet.

Functioning
The Board determines the company's strategy and at the same time monitors and controls the risks attached to the company's activities. The Board determines the company's annual budgets as well as the risk positions in metals and decides on investments and divestments of the Group and the composition of the Executive Management Team.

The Board meets on average four times a year, in March, May, September and December. This frequency enables the Board to keep regular and continuous track of the consolidated and unconsolidated results, the general state of business and developments at both Campine and its subsidiary; investment programmes of Campine, acquisitions and divestments by the Group, development of the management, etc.

Nevertheless, the Board shall be called by the Chairman or the Managing Director whenever the company's corporate interest so requires. Upon request of at least two Directors additional meetings are convened.

During the financial year which closed per 31 December 2017, the following Board meetings were held:

Date of the meeting	Members present
21 February 2017	DELOX, ZENDICS, F.-W. Hempel, G. Krekel, H.-R. Orgs, Christulf (1)
13 March 2017	DELOX, ZENDICS, F.-W. Hempel, G. Krekel, H.-R. Orgs, Christulf (1)
8 May 2017	DELOX, F.-W. Hempel, G. Krekel, H.-R. Orgs, Christulf (1)
23 August 2017	DELOX, ZENDICS, F.-W. Hempel, H.-R. Orgs, Christulf, BERNUS (2)
21 September 2017	DELOX, ZENDICS, F.-W. Hempel, H.-R. Orgs, Christulf, BERNUS (2)
27 October 2017	DELOX, ZENDICS, F.-W. Hempel, H.-R. Orgs, Christulf, BERNUS (2)
14 December 2017	DELOX, ZENDICS, F.-W. Hempel, H.-R. Orgs, Christulf, BERNUS (2)

(1) BERNUS was appointed on 9 May 2017
(2) G. Krekel resigned on 23 August 2017

During the Board meetings, following subjects were – among others – discussed:
- Results of Campine and its subsidiary Campine Recycling
- Evaluation of last and current year's budget
- Determination of next year's budget
- Approval of new investments
- Evaluation of running and completed investments
- Determination of the annual accounts for approval by the Annual Meeting
- Composition of the annual report to the Annual Meeting
- Approval of the invitation of the Annual General Meeting and the Extraordinary General Meeting

- Approval of press releases to be published
- Proposal of the nominations to the Annual Meeting
- Evaluation and determination of the risk position of lead and antimony, credit risk
- Credit loans and bank balances
- Status of the different departments (production, purchase, sales, …) of the different BU's
- Status: personnel and organisation
- Status: safety, health and environment
- Resignation and appointment daily management

Evaluation by the Board of Directors

The Board evaluates every two years its composition and its own performance as well as that of the specialised committees. The evaluation deals with (i) the operational efficiency, (ii) the relevance of the discussed topics, (iii) the preparation of the debates, (iv) the contribution of each Director in the decision making process.
The evaluation is prepared by the Nomination & Remuneration committee and discussed with all Board members, under the leadership of the Chairman.
In the course of 2017, no evaluation was made as it took place in 2016. A new evaluation is planned for 2018.

Furthermore, the performance of the individual Directors is reviewed regularly by the Nomination & Remuneration committee. Specific topics are assessed, such as attendance at the Board meetings, degree of preparation, participation in the discussions and availability between two Board meetings.

Evaluation by the Nomination & Remuneration committee

The Nomination & Remuneration committee evaluates every two years its own efficiency and proposes - if necessary - adjustments to the Board of Directors.

Evaluation of the interaction with the Executive Management Team

At each Board meeting, the Executive Management Team members and the non-executive Directors have the opportunity to consult each other.

Company secretary

On 8 May 2017, the Board appointed Ms Karin Leysen as company secretary. She ensures that the Board procedures are complied with and that the Board acts in accordance with its obligations under the law, the Articles of Association and the internal rules and regulations.
Furthermore the Audit committee monitors the financial reporting process, the internal control and risk management systems and the functioning of the Executive Management Team. The Audit committee reports all matters in respect of which it considers that action or improvement is needed to the Board.

IV. Executive Management Team

Composition

- **ZENDICS** **represented by its permanent representative Willem De Vos** (as of 23/08/2017) Managing Director / Chief Operating Decision Maker (CODM)
- **Jan Keuppens** Finance & Control Manager
- **Hilde Goovaerts** Manager Operational Excellence
- **David Wijmans** Business Unit Manager Lead
- **Hans Vercammen** Business Unit Manager Antimony & Plastics

- **Geert Krekel** Managing Director / Chief Operating Decision Maker (until 23/08/2017)
- **Marc Liégeois** Commercial Manager Antimony & Plastics (until 10/03/2017)

Functioning
The Managing Director's responsibilities include developing and monitoring of the business plans for each business unit, as approved by the Board, the implementation of the decisions of the Board and the setting up of the necessary investment programmes, which are then presented to the Board for approval. Furthermore the Managing Director ensures that valid legislation is respected and that the company works in compliance with all valid safety, health and environmental regulations.
The Managing Director is assisted by the Executive Management Team. The Executive Management Team reports to the Managing Director and enables the Managing Director to properly perform his duties of daily management.

V. Board committees

The Board has set up the following specialised committees:

1. The Nomination & Remuneration committee

The Nomination & Remuneration committee (that acts as a Remuneration committee within the meaning of article 526quater of the Company Code) assists the Board in all matters related to the appointment and remuneration of the Directors and the Executive Management Team. The Nomination & Remuneration committee prepares the Remuneration report and clarifies it during the Annual Meeting.

The Managing Director participates in the committee with an advisory vote, each time the Nomination & Remuneration committee is dealing with the remuneration of the members of the Executive Management Team and when the committee invites him.

The Nomination & Remuneration committee currently consists of the Chairman of the Board (DELOX, the independent Director Christulf and the independent Director BERNUS (since 01/01/2018). Mr F.-W. Hempel was a member of the Nomination & Remuneration committee until 01/01/2018.
All members have the necessary expertise in the field of remuneration as a result of their year-long experience in the business environment and in business associations.

2. The Audit committee

In addition to the legal requirements to the Board, the Audit committee has, at least, the following tasks:
- Monitoring the financial reporting process;
- Monitoring the effectiveness of the company’s internal control and risk management systems;
- Monitoring the internal audit and its effectiveness;
- Monitoring the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the statutory auditor;
- Review and monitoring the independence of the statutory auditor, in particular regarding the provision of additional services to the company.

The Audit committee currently consists of Mr H.-R. Orgs and the independent Director Christulf. The Audit committee meets at least 4 times a year, of which twice with the statutory auditor. Furthermore, the members of the Audit committee meet informally on a regular basis.

The law of 17 December 2008 regarding the Audit committee in listed companies entered into force on 8 January 2009. The Group complies with the requirements of this law and confirms that the independent Directors comply with the law as to independence and competence criteria in the field of accounting and audit thanks to their extensive experience in a production environment and broad knowledge of finance and metal trading.

Pursuant to the Belgian Corporate Governance Code 2009 requires each committee should comprise at least three members (article 5.5). Currently the Audit committee only has two

members. This is explained by the fact that the number of Directors and hence the committee is to be seen in the perspective of the size of the company.
Pursuant to the Belgian Corporate Governance Code 2009 the majority of the members of the Audit committee should be independent (article 5.2./4). Currently only half of the Audit committee is independent. This is explained by the fact that the Audit committee – seeing the size of the Board – only has two members at this moment.

3. The Strategy committee

The Strategy committee assists the Board in all matters related to the general management of the company and its subsidiary. It currently consists of the Director DELOX, the independent Director BERNUS (since 01/01/2018) and ZENDICS. Mr G. Krekel was a member of the Strategy committee until 23/08/2017.

4. Functioning of the committees

During the financial year which closed per 31 December 2017 the following Board committee meetings were held:

Board committee	Date of the meeting	Present
Nomination & Remuneration committee	3 March 2017	DELOX, F.-W. Hempel
	13 March 2017	DELOX, F.-W. Hempel, Christulf
	23 August 2017	DELOX, F.-W. Hempel, Christulf
	20 September 2017	DELOX, F.-W. Hempel, Christulf
	13 December 2017	DELOX, F.-W. Hempel, Christulf
Audit committee	21 February 2017	H.-R. Orgs, Christulf
	28 April 2017	H.-R. Orgs, Christulf
	12 September 2017	H.-R. Orgs, Christulf
	5 December 2017	H.-R. Orgs, Christulf
Strategy committee	20 April 2017	DELOX, ZENDICS, G. Krekel
	11 July 2017	DELOX, ZENDICS, G. Krekel

<u>The Nomination & Remuneration committee discussed following subjects:</u>

- Nomination new Board member
- Resignation Board member
- Appointment daily management
- Preparation of the Remuneration report for the Board
- Confirmation of the Director’s remuneration: tantièmes and Director’s remuneration
- Composition, evaluation and remuneration of the Executive Management Team
- Evaluation and functioning of the Board committees and Board members

<u>The Audit committee discussed following subjects:</u>

- Evaluation results of the current year
- Evaluation forecast of the current year
- Preparation of the credit risk for the Board
- Preparation of the risk position of lead and antimony for the Board
- Risk analysis ‘market risks”
- Internal control
- Examination of the year and half-year figures and evaluation of the accounting estimates and judgements as a result of the closure of the financial year
- Examination legal cases
- Preparation of next year’s budget for the Board
- Evaluation of the current budget
- Press releases to be published: year results, half-year results, …

The Strategy committee discussed following subjects:

- Long term strategy company
- Strategic developments per business unit
- Diversification of the supply of raw materials

The committee's regulations can be found in annex of the Corporate Governance Charter. The Board intends to further officialise the working of the committees in compliance with the Belgian Corporate Governance Code 2009 in the coming years.

VI. Main features of the internal control and risk management system

Campine organises the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analysing its level of control of these risks and organising 'control of control'. It also pays particular attention to the reliability of the financial reporting and communication process.

1. Control environment
   a. Company organisation:
      - The company is organised into a number of departments as set out in an organisation chart. Each person has a job description. There is a power of attorney procedure. The company's representation in different areas like human resources, purchase, sales, … is integrated in the "internal powers" document. For fluctuating commitments due to price volatility of the product (energy, raw materials, foreign currency, …) specific procedures apply.
      - The support functions are being carried out by the departments of Finance & Control, IT, Personnel & Organisation, Logistics & Procurement, Environment, Quality, Operational Excellence, Safety & Health and Maintenance.
      - Management control is the responsibility of the controllers. The Finance & Control Manager is in charge of organising the risk management.

   b. Organisation of internal control: The Audit committee has a specific duty in terms of internal control and corporate risk management. The role, composition and activities of the Audit committee are described above.

   c. Ethics: The Board of Directors has drafted and approved a Corporate Governance Charter and a Code of Conduct (appendix of Corporate Governance Charter). They can be consulted on the website.
2. Risk analysis and control activities
   All processes, from administration to effective production, are managed in our management house – a documented management system which is based on the different risk analyses systems. The risks regarding safety, health, environment & quality are inventorised, evaluated, managed and controlled in a dynamic way based on 'continuous improvement'. The Audit committee reviews the risk analysis twice a year. The main risks are described in the note "market risk" in the annual report.

3. Financial information and communication
   The process of establishing financial information is organised as follows:
   A planning chart sets out the tasks to be completed for the monthly, half-yearly and annual closures of the company and its subsidiary, with deadlines. Campine has a check list of actions to be followed up by the financial department. The accounts team produces the accounting figures under the supervision of the Finance & Control Manager. The controllers check the validity of these figures and produce the reporting. The figures are checked using the following techniques:
   - coherence tests by comparison with historical or budget figures;
   - sample checks of transactions according to their materiality.

4. Persons involved in the supervision and assessment of internal control
   The quality of internal control is assessed over the fiscal year:
   - by the Audit committee. Over the fiscal year, the Audit committee reviewed the half-yearly closure and the specific accounting methods. It also reviewed the disputes and main risks facing the company.

- by the auditor in the context of their review of the half-yearly and annual accounts. When appropriate, the auditor makes recommendations concerning the keeping of the financial statements.
- by the Board of Directors in the context of the day-to-day management.

The Board of Directors supervises the performance of the duties of the Audit committee in that connection, notably through that committee's reporting.

VII. Dealing code regarding to transactions of the company's shares

The dealing code – part of our Code of Conduct – stipulates the rules regarding transactions of shares of the company. It sets limitations for 'key-persons' regarding transactions in specific periods ("closed periods" and "prohibited periods") and imposes a disclosure obligation to the Compliance Officer in case of transactions outside these periods. The Board of Directors has appointed Mr Willem De Vos as Compliance Officer who monitors the 'key-persons' compliance with the dealing code.

VIII. Comments on the application of the policy for transactions not covered by the legal provisions on conflicts of interest

All related party transactions are conducted on a business base and in accordance with all legal requirements and the Corporate Governance Charter.

During the financial year one case of conflict of interest (Article 523-524 Company Code) occurred: notification conflict of interest ZENDICS BVBA during Board meeting of 23 August 2017.

Extract from the minutes of the meeting: Quote: "After a reading of the agenda and before deliberations and voting, ZENDICS BVBA, permanently represented by Mr Willem De Vos, states that it has a direct conflict of interest with the resolutions to be adopted by the Board of Directors at this meeting, within the meaning of Article 523 of the Belgian Company Code.
Item a.ii. on the agenda regards the appointment of ZENDICS BVBA as Managing Director and the approval of the management agreement to be concluded between the Company and ZENDICS BVBA. Pursuant to this management agreement ZENDICS BVBA will receive a compensation from the company for the exercise of its mandate of Managing Director. The decision of the Board of Directors regarding this item on the agenda will therefore have an impact on the financial situation of ZENDICS BVBA which gives rise to a conflict of interest. Pursuant to article 523 of the Company Code, ZENDICS BVBA will not take part in the deliberation and the vote regarding this item on the agenda.

Appointment of a Managing Director(CEO) and ratification of the Managing Director's management agreement.

Mr De Vos as representative of ZENDICS BVBA leaves the meeting.

Proposal to appoint ZENDICS BVBA, a company organised under the laws of Belgium, having its registered office in Belgium, 9600 Ronse, Mussenstraat 37, registered with the Crossroads Enterprise Database under the number 0894.851.724, represented by its permanent representative Mr Willem De Vos, as CEO entrusted with the day-to-day management of the company effective immediately .
Decision: The Board of Directors decides unanimously to appoint ZENDICS BVBA as CEO entrusted with the day-to-day management. ZENDICS BVBA will carry the title of CEO.
Proposal to ratify the management agreement concluded with ZENDICS BVBA for the exercise of its mandate of Managing Director (Annex 5).
Action: the Board of Directors hears the advice of the members of the remuneration committee with respect to the remuneration of the Managing Director under the management agreement. This management agreement provides for conditions which are in line with what is customary for a group such as Campine. Since Mr Krekel resigned a new Managing Director has to be appointed.

Decision: the Board of Directors decides unanimously to ratify the management agreement.
Mr De Vos as representative of ZENDICS BVBA joins the meeting." Unquote.

In practice this means that ZENDICS receives - as Managing Director in charge of daily management as of 23/08/2017:

- A total annual gross remuneration of € 280,000;
- A variable fee (maximum € 128,000 per financial year) as of 2018. This fee is partially based on financial and partially bases on non-financial parameters.
- Other benefits: a monthly lump sum (€ 1,250/m) for the reimbursement of all renting costs and daily travel costs. Furthermore, the reimbursement of all costs incurred for the execution of the function.

IX. Remuneration Report

1. Procedure determination remuneration policy and remuneration level

Non-executive Directors

As to article 23 of the Articles of Association of the company, the Directors receive a compensation for the performance of their mandate with the exception of the Managing Director who already receives a compensation in his capacity of managing Director.

The remuneration amounts received by the non-executive Directors and the Chairman are set in the Articles of Association. These also provide in an annual automatic increase of these amounts. As to article 39 of the Articles of Association, the non-Executive Directors and Chairman also receive a tantième (variable compensation) which is paid the year following the related financial year and this in accordance with art 554 of the Company Code.

The Articles of Association also determine the additional compensation the non-executive Directors can receive in respect of their participation in the meetings of the different Board committees (Audit committee, Strategy committee and Nomination and Remuneration committee) of which they are member.

Managing Director

The Board of Directors decides upon the appointment, remuneration and removal of the Managing Director.
The objectives linked to the variable part of the remuneration are set by the Board of Directors after recommendation of the Nomination & Remuneration committee. The performance of the Managing Director - including the realisation of the criteria to obtain the variable remuneration - is assessed by the Nomination & Remuneration committee. During a Board meeting – where the Managing Director is not present – the Chairman of the Nomination & Remuneration committee informs the members about this assessment which is consequently discussed.

As to article 23 of the Articles of Association, the Managing Director may be granted a compensation if the annual shareholders' meeting agrees to this by separate vote upon proposition of the Board of Directors.

Executive Management Team

The Nomination & Remuneration committee advises on the nomination, remuneration and removal of the members of the Executive Management Team.
The objectives linked to the variable part of the remuneration are set by the Managing Director. The performance of the Executive Management Team is assessed by the Managing Director – in consultation with the Nomination & Remuneration committee.

2. Remuneration policy applied during 2017

Non-executive Directors

Pursuant to the approval of the Extraordinary General Meeting of 14 December 2017 the Articles of Association were modified as follows:

- A Director receives per entire financial year during which he performs his mandate a compensation which amounts for the financial year 2017 to thirteen thousand five hundred euros (€ 13,500) gross irrespective of any profits made or losses sustained by the company. The aforementioned amount is automatically increased by two hundred and fifty euros (€ 250), on the first day of each new financial year as from 2018.
- The Chairman of the Board of Directors receives per entire financial year during which he performs his mandate a compensation which amounts to twenty seven thousand (€ 27,000) gross irrespective of any profits made or losses sustained by the company. The aforementioned amount is automatically increased by five hundred euros (€ 500) on the first day of each new financial year as from 2018.
- The members of the Audit committee, Strategy committee and Nomination and Remuneration committee receive each a compensation which amounts to one thousand two hundred and fifty euros (€1,250) per attended meeting unless the meeting of a committee is held immediately prior to or after a board meeting.

Directors who did not fulfill their mandate for the entire financial year will be paid on a pro rata basis of full months performed.

Article 39 : Allocation of the profits – tantième

The positive balance of a profit and loss account represents the company's net profit. From this net profit will de deducted 5 percent for the legal reserve capital. This deduction ceases to be mandatory when this reserve capital reaches a sum equal to ten percent of the corporate capital. However, the deduction will be resumed if the legal reserve capital is affected.

After deduction of the part of the profits for the legal reserve, the Board of Directors can propose to the general shareholders' meeting to allocate all or part of the profit to a special reserve or prospective fund or to establish such a fund. From the net profit thus after tax and after allocation to the legal reserves, a tantième (profit share) of 8 % will be allocated to the whole Board of Directors, who will distribute it equally amongst the Directors, with the exception of the Managing Director, whereas he is already compensated in his capacity of Managing Director. Only the Directors that have served on the Board of Directors for at least six months during the financial year to which this tantième relates are entitled to the tantième and not pro rata the term of their mandate in the relevant financial year. Directors having served less than six months on the board during the relevant financial year will not be entitled to any tantième unless the annual shareholders' meeting decides otherwise. The Managing Director may receive a tantième as stipulated in this article in the event the annual shareholders' meeting decides so upon proposition of the Board of Directors and such by separate vote.

The tantième granted to the Directors in accordance with the preceding paragraph is capped at a maximum of € 10,000 per Director per financial year. The tantième granted to the chairman of the Board of Directors will amount to the double of the tantième granted to the Directors in accordance with the preceding paragraph.

If in a specific case, the Board of Directors requests the assistance of a Director, the latter is entitled to a remuneration for actual working hours and expenses made.

Non-executive Directors do not receive benefits in kind nor do they participate in a pension plan.

Managing Director and other members of the Executive Management Team

The Board – who finally decides upon the remuneration of the Managing Director and the Executive Management Team – oversees that the performance of the above is related to the continuity and long term results of the company and that their remuneration is in relation to their performance and in the interest of all stakeholders.

The obligation mentioned in article 520ter, 2nd par, and article 525, last paragraph of the Company Code does not apply to executive Directors, the persons who, alone or together, are charged with the day-to-day management and other leaders mentioned in article 96, §3, last paragraph of the Company Code of the company.

Managing Director – Geert Krekel (until 23/08/2017)

Fixed and variable

Geert Krekel did not receive any compensation for his duty as mere Director. Geert Krekel's remuneration for the execution of his function consisting of both a fixed and a variable compensation is based on market references, based on a comparison of companies of the same size whose remuneration is publicly available.

The variable part of the remuneration is partly result-related and partly linked to a system of company, BU and personal objectives. The company and BU objectives can include profit to be realised, sales, purchase, environmental, health and safety targets as well as targets in the field of process control, innovation, maintenance and possibly other areas. The objectives linked to the variable part of the remuneration are set by the Board of Directors after recommendation of the Nomination & Remuneration committee. The performance of Geert Krekel - including the realisation of the criteria to obtain the variable remuneration - is assessed by the Nomination & Remuneration committee.

The objectives are set up annually and apply for the entire financial year and some possibly over multiple financial years. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors. The effective targets are not communicated in detail as this would reveal and make public confidential information on the strategy of the company.

Pension: Geert Krekel participated in a pension plan based on fixed contributions.

Other benefits: Geert Krekel participated – as do all employees of the company – in a group and health insurance. Other benefits are representation allowance, company car, internet connection, company phone in compliance with local market practices.

Terms of hiring and termination arrangements: The contractual terms of hiring and termination arrangements of Geert Krekel did not provide any specific compensation commitments, other than standard notice periods as foreseen by the law, in the event of early termination.

The right to reclaim the variable remuneration in case of incorrect financial data: The company has no right to reclaim the variable remuneration when the variable remuneration was granted to the Managing Director based on incorrect financial data.

Managing Director – ZENDICS (as of 23/08/2017)

Fixed and variable

The Managing Director does not receive any compensation for his duty as mere Director.

The Managing Director's remuneration for the execution of his function consisting of both a fixed and a variable compensation is based on market references, based on a comparison of companies of the same size whose remuneration is publicly available.
There is no variable component over 2017.

Pension: ZENDICS does not participate in any pension plan.

Other benefits: Other benefits: a monthly lump sum (€ 1,250/m) for the reimbursement of all renting costs and daily travel costs. Furthermore, the reimbursement of all costs incurred for the execution of the function.
ZENDICS does not participate in a group and health insurance.

Terms of hiring and termination arrangements: The contractual terms of hiring and termination arrangements of ZENDICS do not provide any specific compensation commitments, other than a term of notice of 12 months.

The right to reclaim the variable remuneration in case of incorrect financial data: The company has no right to reclaim the variable remuneration when the variable remuneration was granted to the Managing Director based on incorrect financial data.

Executive Management Team

Fixed and variable
The remuneration of the members of the Executive Management Team, consisting of both fixed and variable compensation, is based on a market study, using reference functions, based on a comparison of companies of the same size whose remuneration is publicly available.

The variable part of the remuneration is partly result-related and partly linked to a system of company, BU and personal objectives. The company and BU objectives can include profit to be realised, sales, purchase, environmental, health and safety targets as well as targets in the field of process control, innovation, maintenance and possibly other areas.

The objectives are set up annually and apply for the entire financial year and some possible over multiple financial years. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors. The effective targets are not communicated in detail as this would reveal and make public confidential information on the strategy of the company.
The variable part of the remuneration is divided as follows: Max 1/3 linked to company objectives, max 1/3 linked to BU-objectives, max 1/3 linked to personal objectives.

Pensions: The members of the Executive Management Team participate in a pension plan based on fixed contributions.

Other benefits: The members of the Executive Management Team participate – as do all employees of the company – in a group and health insurance. Other benefits are representation allowance, company car, internet connection, company phone in compliance with local market practices.

Terms of hiring and termination arrangements: The contractual terms of hiring and termination arrangements of the members of the Executive Management Team provide in the standard notice periods as foreseen by the law, with possible deviation to max 12 months in case of early termination.

The right to reclaim the variable remuneration in case of incorrect financial data: The company has no right to reclaim the variable remuneration in favour of the company when the variable remuneration was granted to the Executive Management Team based on incorrect financial data.

At remaining circumstances, this remuneration policy is also applicable for the next two financial years.

3. Overview remuneration 2017

Non-executive Directors

- During the financial year closed per 31/12/2017, the non-executive Directors received the following gross compensation for fulfilling their duties as Directors:

	F.-W. Hempel	until 9/5/17 A. Hempel	as of 9/5/17 BERNUS	DELOX	H.-R. Orgs	Christulf	until 23/8/17 ZENDICS	Total
Director's remuneration	13,500 €	4,500 €	7,875 €	27,000 €	13,500 €	13,500 €	8,673 €	88,548 €
Remuneration committees	1,250 €	0 €	0 €	3,750 €	5,000 €	5,000 €	2,500 €	17,500 €
Total	**14,750 €**	**4,500 €**	**7,875 €**	**30,750 €**	**18,500 €**	**18,500 €**	**11,173 €**	**106,048 €**

- For the financial year closed per 31/12/2017, the non-executive will receive a tantième as follows:

	F.-W. Hempel	until 9/5/17 A. Hempel	as of 9/5/17 BERNUS	DELOX	H.-R. Orgs	Christulf	until 23/8/17 ZENDICS	Total
Tantièmes	10,000 €	0 €	10,000 €	20,000 €	10,000 €	10,000 €	10,000 €	70,000 €

- During the financial year closed per 31/12/2017, none of the non-executive Directors (A. Hempel, F.-W. Hempel, H.-R. Orgs, DELOX, BERNUS, Christulf and ZENDICS) received:
  - any shares, share options or other rights to acquire shares of the company or Group;
  - any benefits in kind nor related to a pension plan.

Managing Director and other members of the Executive Management Team

Total cost for the company	Geert Krekel until 23/8/17	ZENDICS as of 23/8/17	Other members of the Executive Management Team	Total
Number of persons	0.64	0.36	4.20	5.20
Fixed remuneration	140,000 €	104,364 €	749,227 €	993,591 €
Variable remuneration	40,000 €	0 €	115,992 €	155,992 €
Severance pay	339,000 €	0 €	0 €	339,000 €
Subtotal	**519,000 €**	**104,364 €**	**865,219 €**	**1,488,583 €**
Pensions (basis: defined contributions) and invalidity pension	13,200 €	0 €	45,911 €	59,111 €
Other benefits	6,800 €	9,754 €	36,550 €	53,104 €
Total	**539,000 €**	**114,118 €**	**947,680 €**	**1,600,798 €**

- The fixed and variable component include the total cost for the employer, all employer contributions included for members with employee status and the total invoiced remuneration fee for members utilising a management company.
- The variable remuneration is the remuneration earned for the performance in 2017 but which will only be paid out in 2018.
- Pursuant to the approval of the Extraordinary General Meeting of 14 December 2017, Geert Krekel received a termination fee equal to € 339,000 (included € 70,000 still to be paid after services rendered). The additional fee which was approved upon for further assistance in a pending proceeding which can amount to maximum € 300,000, depending on the definite verdict is not yet paid nor accounted for.
- The other benefits can include: car, mobile phone, internet connection, representation costs.
- During the financial year closed per 31 December 2017, the Managing Director nor the members of the Executive Management (Hilde Goovaerts, Jan Keuppens, David Wijmans, Hans Vercammen, Marc Liégeois) received any shares, share options or other rights to acquire shares of the company or Group.
- The Managing Director does not receive any compensation for his duty as mere Director.

The Board of Directors requests the Annual Meeting of Shareholders to consider the annual report of the Board including the corporate governance statement and to approve the remuneration report.

Consolidated financial statements 2017

1. Consolidated income statement for the year ended 31 December 2017

'000 EUR	Notes	Year ended 31/12/2017	Year ended 31/12/2016
Revenue	4	216,501	170,855
Other operating income	5	3,289	1,988
Raw materials and consumables used		- 179,535	- 138,363
Employee benefits expense	27	- 13,403	- 12,230
Depreciation and amortisation expense	9 / 10	- 2,689	- 2,771
Provisions	21	- 520	555
Other operating expenses	5	- 11,021	- 18,403
- Other operating expenses		*- 11,021*	*- 10,245*
- Fine European Commission		*-*	*- 8,158*
Operating result (EBIT)		**12,622**	**1,631**
Operating result (EBIT) excl. EC fine (*)		***12,622***	***9,789***
Hedging results	14	- 1,057	- 2,708
- Closed Hedges		*- 642*	*- 3,744*
- Change in open position		*- 415*	*1,036*
Finance costs	6	- 678	- 544
Net financial result		**- 1,735**	**- 3,252**
Result before tax (EBT)		**10,887**	**- 1,621**
Result before tax (EBT) excl. EC fine (*)		***10,887***	***6,537***
Income tax expense	7	- 3,879	- 2,189
Result for the year (EAT)		**7,008**	**- 3,810**
Result for the year (EAT) excl. EC fine (*)		***7,008***	***4,348***
Attributable to:			
Non-controlling interest		-	-
Equity holders of the parent		**7,008**	**- 3,810**
RESULT PER SHARE (in EUR)	8		
Number of shares		*1,500,000*	*1,500,000*
Result for the year (basic & diluted)		4.67	- 2.54
Result for the year (basic & diluted) excl. EC fine (*)		*4.67*	*2.90*

(*) Fine imposed by the European Commission. To ensure comparability with last year, the figures of 2017 and 2016 are provided both inclusive and exclusive the fine imposed by the European Commission.

Condensed consolidated overview of the total result

'000 EUR	Notes	Year ended 31/12/2017	Year ended 31/12/2016
Result for the year		**7,008**	**- 3,810**
Other comprehensive income:			
Comprehensive income to be reclassified to the profit or loss statement in the future		-	-
Comprehensive income not to be reclassified to the profit or loss statement in the future, net of tax (*)	28	- 113	- 199
(*) actuarial results of retirement benefit obligations			
Total result for the year		**6,895**	**- 4,009**
Attributable to:			
Non-controlling interest		-	-
Equity holders of the parent		**6,895**	**- 4,009**

2. Consolidated balance sheet on 31 December 2017

'000 EUR	Notes	Year ended 31/12/2017	Year ended 31/12/2016
ASSETS			
Non-current assets			
Property, plant and equipment	9	7,386	6,632
Intangible assets	10	259	472
Deferred tax assets	17	153	198
Cash restricted in its use		275	275
		8,073	7,577
Current assets			
Inventories	12	28,226	30,305
Trade and other receivables	13	35,513	28,647
Derivatives	14	213	710
Deferred tax assets	17	-	-
Cash and cash equivalents		148	244
		64,100	59,906
TOTAL ASSETS		**72,173**	**67,483**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	4,000	4,000
Translation reserves		-	-
Retained earnings*		28,740	23,345
Fine European Commission		- 8,158	- 8,158
Equity attributable to equity holders of the parent		24,582	19,187
Total equity		24,582	19,187
Non-current liabilities			
Retirement benefit obligation	28	1,299	1,348
Deferred tax liabilities	17	18	169
Bank loans	16	-	-
Provisions	21	1,090	570
		2,407	2,087
Current liabilities			
Retirement benefit obligation	28	83	89
Trade and other payables	18	20,538	16,870
Fine European Commission	18	-	8,158
Derivatives	14	71	153
Current tax liabilities		5,523	1,514
Bank overdrafts and loans	16	5,503	5,491
Advances on factoring	16	13,466	13,934
Provisions	21	-	-
		45,184	46,209
Total liabilities		47,591	48,296
TOTAL EQUITY AND LIABILITIES		**72,173**	**67,483**

* Retained earnings consist of legal reserves (€ 965K) and other reserves and retained results (€ 27,775K), excl. the fine of the European Commission which is shown separately, but is also a part of the retained results (see consolidated statement of changes in equity).

3. Consolidated statement of changes in equity for the year ended 31 December 2017

'000 EUR	Notes	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance on 31 December 2015		**4,000**	**19,480**	**23,480**	**23,480**
Total result of the year		-	- 4,009	- 4,009	- 4,009
Dividends and tantièmes		-	- 285	- 285	- 285
Balance on 31 December 2016		**4,000**	**15,187**	**19,187**	**19,187**
Total result of the year		-	6,895	6,895	6,895
Dividends and tantièmes	8	-	- 1,500	- 1,500	- 1,500
Balance on 31 December 2017		**4,000**	**20,582**	**24,582**	**24,582**

4. Consolidated cash flow statement for the year ended 31 December 2017

'000 EUR	Notes	Year ended 31/12/2017	Year ended 31/12/2016
OPERATING ACTIVITIES			
Result for the year		7,008	- 3,810
Adjustments for:			
Other gains and losses (hedging results)	14	1,057	2,708
Finance costs	6	678	544
(Deferred) tax expenses of the total result	7	3,879	2,189
Depreciation of property, plant and equipment	9/10	2,689	2,771
Change in provisions (incl. retirement benefit)		351	- 306
Change in inventory value reduction	12	29	9
Change in trade receivables value reduction	13	50	-
Others		1	2
Operating cash flows before movements in working capital		15,742	4,107
Change in inventories	12	2,050	- 9,939
Change in receivables	13	- 6,916	- 3,013
Change in trade and other payables	18	3,692	669
Fine European Commission		- 8,158	8,158
Cash generated from operations		6,410	- 18
Hedging results		- 642	- 3,744
Interest paid	6	- 678	- 544
Income taxes paid			- 76
Net cash (used in) / from operating activities		***5,090***	***- 4,382***
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	- 3,230	- 2,516
Purchases of intangible assets	10	-	-
Net cash (used in) / from investing activities		***- 3,230***	***- 2,516***
FINANCING ACTIVITIES			
Dividends paid and tantièmes paid		- 1,500	- 285
Repayments of borrowings	16	-	-
Change in bank overdrafts	16	12	2,198
Change in advances on factoring	16	- 468	5,149
Net cash (used in) / from financing activities		***- 1,956***	***7,062***
Net change in cash and cash equivalents		***- 96***	***164***
Cash and cash equivalents at the beginning of the year		244	80
Cash and cash equivalents at the end of the year		***148***	***244***
Bank balances and cash		***148***	***244***

5. Notes to the consolidated financial statement for the year ended 31 December 2017

5.1. General information

Campine nv (the company) is a limited liability company incorporated in Belgium. The addresses of its registered office and principal place of business are disclosed in the Corporate Data. The principal activities of the company and its subsidiaries (the Group) are described in this annual report.

5.2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Group has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2017.

Became applicable for 2017, but don't have a material impact on the presentation, notes or the financial statements of the Group.

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)
- 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)

Issued but not yet effective for 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments (applicable for annual periods beginning on or after January 1, 2018). IFRS 9 brings together the three aspects of the accounting for the financial instruments projects: classification and measurement, impairment, and hedge accounting. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group will adopt the new standard as from January 1, 2018, and will not restate comparative information. Overall, the Group expects no significant impact on its statement of financial position and equity.
  (a) Classification and measurement: The Group does not have a significant impact on its consolidated statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.
  (b) Impairment IFRS 9 requires the Group to recognize expected credit losses on all of its trade receivables: the Group will apply the simplified approach and recognize lifetime expected losses on all trade receivables, using the provision matrix in order to calculate the lifetime expected credit losses for trade receivables as required by IFRS 9, using historical information on defaults adjusted for the forward looking information. Given the analysis of the historical information on defaults, the recognition of expected credit losses will not have a material impact for the Group.
  (c) Hedge accounting In accordance with IFRS 9's transition provisions for hedge accounting, the Group applies the IFRS 9 hedge accounting requirements prospectively from the date of initial application on January 1, 2018. The Group's hedging relationships in place as at January 1, 2018 qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on January 1, 2018.
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS.
  Nature of sales transactions: The Group is active in the metal business and thus contracts with customers generally concern the sale of these metal products, which qualify as separate performance obligations. Ancillary services, such as transport, are not material. As a result, revenue recognition generally occurs at a point in time, when control of the products is transferred to the customer, generally on delivery of the goods and considering the underlying incoterm. Based on the description of the sales transactions above and as the Group is not involved in transactions and/or contracts including volume rebates, trade discounts, (ancillary) services, customer assistance services or bundled sales contracts of a material nature, the Group does not expect a more than insignificant adjustment compared to its current practice. The Group will apply the modified retrospective transition approach, i.e. no restatement of 2017 figures.
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018)

- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, 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)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

At this stage, the Group does not expect first adoption of the amendments listed above to standards and new interpretations to have a material impact on the financial statements.

5.2.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of 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.
All intra-group transactions, balances, income and expenses are eliminated on consolidation.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest 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 acquiree's 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 interests' 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.

5.2.2. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.
The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.
Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

5.2.3. Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

5.2.4. Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see further). Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency remain at historical rate.
Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period (within other operating income/expenses).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in EUR using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

5.2.6. Financial instruments
Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedge accounting under IAS 39.

From the start of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as “fair value hedge of firm commitment” and fulfil the criteria of IAS 39 (hedge accounting).

From the start of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as “fair value hedge of firm commitment” and fulfil the criteria of IAS 39 (hedge accounting).

Therefore these instruments are recognised on the balance sheet at fair value, while variations in the fair value of such instruments are directly recognised in the income statement.

The classification of the fair value of the hedge instruments is level 1 (unadjusted quoted prices in an active market for identical assets or liabilities) in the “fair value hierarchy” of IFRS 13.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

5.2.7. Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised.

5.2.8. Government grants

Government grants are recognised in profit or loss (in other operating income) over the periods necessary to match them with the related costs.
Government grants related to later periods are presented in the financial statements as deferred income.

5.2.9. Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits - as well as the defined contribution plans - is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group presents the first 2 components of benefit costs in profit and loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs. The 3rd component is recognised directly to equity.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

5.2.10. Taxation

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

5.2.11. Property, plant and equipment

Property, plant & equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.2.12. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits and;
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

5.2.13. Patents, trademarks and software purchased

Patents, trademarks and software purchased are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

5.2.14. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.2.15. Inventories

Cost of the raw materials includes both the purchasing price (using the principle of First in First out ("FIFO")) and the direct purchasing costs, like import duties, transportation and completion costs. Cost of work in progress and finished products comprises all direct and indirect costs necessary that have been incurred in bringing the inventories to their present location condition on balance sheet date. Direct costs include, among others, the cost of the used raw materials and the direct labour costs. Indirect costs include a systematical impute of fixed and variable indirect production costs proceeded from the conversion of raw materials in end products. The impute of fixed indirect production costs is based on the normal capacity of the production facilities.

For the determination of the cost, the standard cost price method is used. The standard cost price takes into account the normal use of raw and auxiliary materials, labour, efficiency and capacity. The standard cost price is frequently being evaluated and, if necessary, revised in consideration with the present conditions. The standard cost price of the raw and auxiliary materials, as also the appreciation of it in work in progress and in raw materials, will be revised every month on the basis of the new determined FIFO value of these raw and auxiliary materials.

The inventories are valued at the lower of cost, determined as described above, or net realisable value. The net realisable value represents the estimated selling price in normal circumstances less estimated cost of completion and costs to be incurred to realise sales (marketing, selling and distribution). The estimated selling price is affected by the LME quotation (London Metal Exchange) for lead and the MB (Metal Bulletin) quotation for antimony.
Value reductions are made for the old and slow moving inventories.

5.2.16. Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Based on a regular age analysis of the assets, it is determined case per case if a liability for doubtful debtors is needed.

Factoring: The Group entered into a factoring agreement with a credit institution, whereby the credit institution pays advances to the Group on trade receivables. As the credit risk of these receivables remains with the Group, not all risks and rewards of the transferred receivables are transferred. As a consequence, the receivables remain on the balance sheet of the Group and the advances received are recorded under the short term advances and loans received.

5.2.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are included at fair value.

5.2.18. Bank borrowings

Interest-bearing bank loans and overdrafts are measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

5.2.19. Trade payables

Trade payables are measured at fair value.

5.2.20. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5.3. Judgement and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by the Group in preparation of the financial statements relate mainly to:

- Valuation of the recoverable amount of stocks (see note 5.12.).
  The inventories are valued at cost, determined as described above, or at net realisable value, if the latter is lower.
- Valuation of sanitation provisions (see note 5.21.).
  The Group has set up a provision for soil sanitation.
- Provisions for doubtful debtors (see note 5.13.1.).
  Based on a regular age analysis of the assets, it is determined case per case if a provision for doubtful debtors is needed.
- Pension and related liabilities (see note 5.28.).
  The estimated liability arising from defined contribution retirement benefit plans of the Group, is based on actuarial assumptions. The pre-tax discount rate and estimated salary expectations are actuarial assumptions which can significantly affect the liability.
- Deferred tax assets (see note 5.7.).
  Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. In making its judgement, the Board takes into account long-term business strategy. A major uncertainty in the determination of the future taxable result concerns the volatility and unpredictability of raw material prices.
- Others; litigation and lawsuits. The Group is, and can in the future become, involved in legal disputes. Until now, Campine is – as plaintive or defendant – involved in some legal proceedings which can have no important global impact on Campine – as to the information upon which the Group disposes on the date of this report: the probability of resulting assets or liabilities is particularly low and / or it concerns relatively insignificant amounts. Regarding the European Commission fine: The Group went into appeal against the EC fine issued in 2017 and accounted for in the 2016 results. Currently there is no reasonable estimate with respect to the outcome of this legal proceeding. An oral hearing is planned for Q3 2018 and a legal conclusion can be reasonably expected by mid 2019.

Due to the uncertainties inherent in all valuation processes, the Group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates. As well as the use of estimates, Group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

5.4. Operating segments

5.4.1. Business segments

For management purposes, the Group is organised into three operating divisions Antimony, Plastics and Lead. These divisions are the basis on which the Group reports its primary segment information. Principal activities as follows:

- Antimony trioxide (Sb_2O_3) is used as a fire retardant in the textile, plastics, cable and pigment industries and is also applied as a high efficiency catalyst in PET-production.
- Our plastics activities enable us to offer predispersed and ready to use flame retardant masterbatches for processors and compounders to provide a dust-free handling and increase production efficiency.
- Our lead recycling business is based on converting lead from used car and truck batteries and industrial scrap into lead bullion and alloys that are marketed to battery and lead sheet producers (a.o. X-ray protection).

Actual information about the different divisions is mentioned in the report of the Board of Directors (page 5 until 7).

Geographical information of the Group is presented hereafter.

'000 EUR 2017	Antimony Year ended 31/12/2017	Plastics Year ended 31/12/2017	Lead Year ended 31/12/2017	Elimination / unallocated Year ended 31/12/2017	Total Year ended 31/12/2017
REVENUE					
External sales incl. sales to entities within the Group	68,371	28,130	130,521	-	227,022
Sales to entities within the Group	-	-	-	- 10,521	- 10,521
Total revenue	68,371	28,130	130,521	- 10,521	216,501
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	2,896	331	12,470		15,697
Unallocated expenses					- 3,075
- Other expenses					*- 3,075*
- Fine European Commission					-
Operating result					12,622
Investment revenues					-
Hedging results			- 1,057		- 1,057
Other gains and losses					-
Finance costs					- 678
Result before tax					10,887
Income tax expense					- 3,879
Result for the year					**7,008**

'000 EUR 2017	Antimony 31/12/2017	Plastics 31/12/2017	Lead 31/12/2017	Unallocated 31/12/2017	Total 31/12/2017
OTHER INFORMATION					
Capital additions	519	935	1,219	557	3,230
Disposals	-	-	-	-	-
Depreciation and amortisation	- 820	- 251	- 1,191	- 427	- 2,689
BALANCE SHEET					
Assets					
Fixed / Intangible assets	2,180	1,060	2,775	1,630	7,645
Deferred tax assets				153	153
Cash restricted in its use	-	-	275	-	275
Stocks	8,817	3,680	14,392	1,337	28,226
Trade and other receivables	10,040	5,081	19,691	701	35,513
Derivatives	-	-	213	-	213
Cash and cash equivalent	-	-	-	148	148
Total Assets	**21,037**	**9,821**	**37,346**	**3,969**	**72,173**
Long term liabilities					
Retirement benefit obligation	-	-	-	1,299	1,299
Deferred tax liabilities	-	-	-	18	18
Bank loans	-	-	-	-	-
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	1,090	-	1,090
Short term liabilities					
Retirement benefit obligation	-	-	-	83	83
Trade and other payables	1,456	1,506	13,664	3,912	20,538
Fine European Commission	-	-	-	-	-
Derivatives	-	-	71	-	71
Current tax liabilities	-	-	-	5,523	5,523
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	18,969	18,969
Provisions	-	-	-	-	-
Total liabilities	**1,456**	**1,506**	**14,825**	**29,804**	**47,591**

'000 EUR **2016**	Antimony Year ended 31/12/2016	Plastics Year ended 31/12/2016	Lead Year ended 31/12/2016	Elimination / unallocated Year ended 31/12/2016	Total Year ended 31/12/2016
REVENUE					
External sales incl. sales to entities within the Group	51,840	23,303	106,366	-	181,509
Sales to entities within the Group	-	-	-	- 10,654	- 10,654
Total revenue	51,840	23,303	106,366	- 10,654	170,855
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	3,648	951	9,060		13,659
Unallocated expenses					- 12,028
- Other expenses					*- 3,870*
- Fine European commission					*- 8,158*
Operating result					1,631
Investment revenues					-
Hedging results			- 2,708		- 2,708
Other gains and losses					-
Finance costs					- 544
Result before tax					- 1,621
Income tax expense					- 2,189
Result for the year					**- 3,810**

'000 EUR **2016**	Antimony 31/12/2016	Plastics 31/12/2016	Lead 31/12/2016	Unallocated 31/12/2016	Total 31/12/2016
OTHER INFORMATION					
Capital additions	895	160	1,095	366	2,516
Disposals	-	-	-	-	-
Depreciation and amortisation	- 888	- 189	- 1,247	- 447	- 2,771
BALANCE SHEET					
Assets					
Fixed / Intangible assets	2,481	376	2,747	1,500	7,104
Deferred tax assets				198	198
Cash restricted in its use	-	-	275	-	275
Stocks	8,912	3,245	17,192	956	30,305
Trade and other receivables	7,067	3,419	17,606	555	28,647
Derivatives	-	-	710	-	710
Cash and cash equivalent	-	-	-	244	244
Total Assets	**18,460**	**7,040**	**38,530**	**3,453**	**67,483**
Long term liabilities					
Retirement benefit obligation	-	-	-	1,348	1,348
Deferred tax liabilities	-	-	-	169	169
Bank loans	-	-	-	-	-
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	570	-	570
Short term liabilities					
Retirement benefit obligation	-	-	-	89	89
Trade and other payables	1,170	1,518	10,776	3,406	16,870
Fine European Commission	-	-	-	8,158	8,158
Derivatives	-	-	153	-	153
Current tax liabilities	-	-	-	1,514	1,514
Obligations under finance leases	-	-	-	-	-
Bank overdrafts, loans and factoring	-	-	-	19,425	19,425
Provisions	-	-	-	-	-
Total liabilities	**1,170**	**1,518**	**11,499**	**34,109**	**48,296**

5.4.2. Geographical segments

The Group's manufacturing operations are located in Belgium.
The following table provides an analysis of the Group's sales by geographical market.

'000 EUR	Year ended 31/12/2017	%	Year ended 31/12/2016	%
Belgium	8,689	4%	3,938	2%
Germany	80,804	37%	59,389	35%
Switzerland	36,879	17%	24,651	14%
Italy	24,151	11%	21,319	12%
Romania	10,130	5%	13,294	8%
France	8,918	4%	8,260	5%
The Netherlands	8,057	4%	7,160	4%
United Kingdom	3,393	2%	2,189	1%
Other European countries	12,050	6%	9,027	5%
North America	17,090	8%	14,557	9%
Asia	3,158	1%	2,964	2%
Others	3,182	1%	4,107	2%
	216,501	**100%**	**170,855**	**100%**

There is one customer in the lead division who represents 20.07% of the Group's turnover.

5.5. Other operating expense and income

Other operating expense:

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
Office expenses & IT	672	593
Fees	1,246	1,323
Insurances	444	446
Interim personnel	1,303	689
Expenses related to personnel	357	333
Carry-off of waste	1,937	1,968
Travel expenses	237	228
Transportation costs	2,774	2,452
Other purchase and sales expenses	618	540
Operating hedge – negative result	450	70
Operational exchange rates	-	226
Trade receivables value reduction	50	-
Renting	169	157
Subscriptions	324	312
Other taxes (unrelated to the result)	- 3	193
Financial costs (other than interest)	256	265
Fine European Commission	-	8,158
Others	187	450
	11,021	**18,403**

Other operating income:

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
Operating hedge – positive result	696	-
Finance income (other than interest)	28	-
Recuperation of waste materials	2,278	1,861
Claims	-	31
Subsidies	235	-
Others	52	96
	3,289	**1,988**

5.6. Finance costs

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
Interest on bank overdrafts, loans and factoring	678	544
Total borrowing costs	**678**	**544**

5.7. Income tax expense

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
Current tax	4,009	1,590
Deferred tax	- 130	599
Income tax expense for the year	**3,879**	**2,189**

Domestic income tax is calculated at 33.99% (2016: 33.99%) of the estimated assessable result for the year.

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
Result before tax	10,887	- 1,621
Fine European Commission (not deductible in determining taxable result)	-	8,158
	10,887	**6,537**
Tax at the domestic income tax rate of 33.99% (2016: 33.99%)	3,700	2,222
Tax effect of expenses that are not deductible in determining taxable result	132	93
Tax effect of Notional Interest Deduction (NID)	- 16	- 83
Tax settlement previous years	- 16	76
Tax effect of utilisation of tax losses previously not recognised and timing differences	27	- 136
Tax penalty (unsufficient prepayments)	65	17
Tax impact of change in tax rate	- 13	-
Tax expense and effective tax rate for the year	**3,879**	**2,189**

On 31/12/2017 deferred tax assets amount to € 153K (€ 198K on 31/12/2016) and the deferred tax liabilities amount to € 18K (€ 169K on 31/12/2016).

5.8. Dividends and tantièmes

The Board of Directors proposes that the company pays a total dividend of € 2.325 million on the basis of the 2017 result. An interim dividend of € 1.5 million (€ 1 gross per share) was already distributed on 7 November 2017. A dividend of € 0.825 million (€ 0,55 gross per share) will be distributed on 1 June 2018.
No dividend was paid on the basis of the 2016 result.

The Board proposes that the company pays a tantième to the non-executive Directors for the financial year closed per 31 December 2017 as follows:

	F.-W. Hempel	until 9/5/17 A. Hempel	as of 9/5/17 BERNUS	DELOX	H.-R. Orgs	Christulf	until 23/8/17 ZENDICS	Total
Tantièmes	10,000 €	0 €	10,000 €	20,000 €	10,000 €	10,000 €	10,000 €	70,000 €

For the financial year closed per 31 December 2016 no tantièmes were paid in 2017.

5.8.1. Result per share

As no potential shares – which could lead to dilution – were issued and no activities were ceased, the diluted result per share equals the basic result per share.
The calculation of the basic and diluted result per share attributable to the ordinary equity holders of the parent is based on the following data:

'000 EUR	Year ended 31/12/2017	Year ended 31/12/2016
RESULT		
Result for purposes of basic and diluted results per share (result for the year attributable to equity holders of the parent)	7,008	- 3,810
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic and diluted results per share	1,500,000	1,500,000

5.9. Property, plant and equipment

'000 EUR	Land and buildings	Properties under construction	Fixtures and equipment	Total
COST OR VALUATION				
On 31 December 2015	13,177	828	54,035	68,040
Additions	196	271	2,049	2,516
Transfers	-	- 828	828	-
Disposals	-	-	-	-
On 31 December 2016	13,373	271	56,912	70,556
Additions	266	119	3,116	3,501
Transfers	-	- 271	-	- 271
Disposals	-	-	-	-
On 31 December 2017	13,639	119	60,028	73,786
ACCUMULATED DEPRECIATION				
On 31 December 2015	11,834	-	49,518	61,352
Deprecation charge for the year	391	-	2,181	2,572
Eliminated on disposals	-	-	-	-
On 31 December 2016	12,225	-	51,699	63,924
Deprecation charge for the year	255	-	2,221	2,476
Eliminated on disposals	-	-	-	-
On 31 December 2017	12,480	-	53,920	66,400
CARRYING AMOUNT				
On 31 December 2017	**1,159**	**119**	**6,108**	**7,386**
On 31 December 2016	**1,148**	**271**	**5,213**	**6,632**

We always depreciate until residual value 0. The following depreciation rates are used for property, plant and equipment:

Industrial, administrative, commercial buildings	5%
Furniture	20%
Vehicles	25%
Installations, machinery and equipment	min 10% – max 33% depending on the life time

There are no assets based on finance leases. The Group has not pledged land and buildings to secure banking facilities granted to the Group.

5.10. Intangible assets

'000 EUR	Patents, trademarks and software purchased
COST	
On 31 December 2015	1,722
Additions	-
On 31 December 2016	1,722
Additions	-
On 31 December 2017	1,722
CUMULATED DEPRECIATION AND AMORTISATION	
On 31 December 2015	1,051
Charge for the year	199
On 31 December 2016	1,250
Charge for the year	213
On 31 December 2017	1,463
CARRYING AMOUNT	
On 31 December 2017	**259**
On 31 December 2016	**472**

The intangible assets included in the table have finite useful lives. Intangible assets are, depending on the category, depreciated over 3 to 8 years.

5.11. Subsidiaries

Details of the Group's subsidiaries on 31 December 2017 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Campine Recycling nv VATno: 0474.955.451	Belgium	99.99%	100%	Lead recycling

There are no restrictions on the access to and use of the assets of the subsidiaries nor on the proceedings to settle commitments of the Group.

5.12. Inventories

'000 EUR	31/12/2017	31/12/2016
Raw materials	8,539	12,296
Work-in-progress	6,702	5,002
Finished goods	12,985	13,007
	28,226	**30,305**

The inventory per year-end includes an amount written-off of € 487K (2016: € 458K) because of the lower of cost and net realisable value.

The inventory value is related to the cost of completion of the products which is linked to the LME quotation (London Metal Exchange) for lead and the MB (Metal Bulletin) quotation for antimony.

5.13. Financial assets

5.13.1. Trade and other receivables

'000 EUR	31/12/2017	31/12/2016
Amounts receivable from the sale of goods	34,484	27,375
Other receivables	1,029	1,272
	35,513	**28,647**

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of € 973K (2016: € 923K). This allowance has been determined on a case-by-case basis. Balances are written-off when sufficiently certain that the receivable is definitely lost. The Board of Directors confirms that the carrying amount of trade and other receivables approximates their fair value as those balances are short-term.

The total amount from sales of goods of € 34,484K includes € 32,981K subject to commercial factoring by a credit institute. Based on these receivables the credit institute deposits advances on the account of Campine (€ 13,466K per 31/12/2017, see note 16. Bank borrowings) and afterwards collects the receivables itself. The credit risk stays at Campine and is covered by a credit insurance.

There are no significant overdue amounts, older than 30 days, which are not provided for and / or are not fully covered by a credit insurance.

5.13.2. Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

5.13.3. Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are after allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, the Board of Directors believes that there is no further credit risk provision required in excess of the allowance for bad and doubtful debts.

Roll-forward of the allowances for doubtful debtors:

'000 EUR	31/12/2017	31/12/2016
Opening allowance doubtful debtors	923	923
Additions	50	-
Reversals	-	-
Closing allowance doubtful debtors	**973**	**923**

Included in the Group's trade receivable balance are debtors with a carrying amount of € 3,161K (2016: € 1,780K) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group has taken out a credit insurance for these amounts. The average age of these receivables is 34 days past due (2016: 12 days).

5.14. Other financial assets and liabilities

5.14.1. Derivatives

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39.

From the start of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS 39 (hedge accounting).

From the start of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS 39 (hedge accounting).

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.

Since 2016, Campine has also started with the above mentioned hedging practice for tin.

The table below summarises the net change in fair value – realised and unrealised – of the positions on the LME lead / tin futures market where it sells forward lead and tin via future contracts.

'000 EUR	Fair value of current instruments	Underlying open positions (in mT)	Change in fair value in income statement
On 31 December 2016	557	7,250	- 2,708
On 31 December 2017	142	1,935	- 1,057

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for € 213K and current liabilities – derivatives for € 71K.

An amount of € 13K is related to the open position of the fixed purchase contracts on 31 December 2017. On the financial side this open position of fixed purchase contracts represents a profit of € 13K whereas on the operational side the transaction represents a loss of € 13K on 31 December 2017.

An other amount of € 57K is related to the open position of the fixed price contracts on 31 December 2017. On the financial side this open position of fixed price contracts represents a profit of € 57K whereas on the operational side the transaction represents a loss of € 57K on 31 December 2017.

The classification of the fair value of the hedge instruments is level 1 (unadjusted quoted prices in an active market for identical assets or liabilities) in the "fair value hierarchy" of IFRS 13.

5.15. Share capital

'000 EUR	31/12/2017	31/12/2016
Authorised		
1,500,000 ordinary shares of par value € 2.67 each	4,000	4,000
Issued and fully paid	4,000	4,000

The company has one class of ordinary shares which carry no right to fixed income.

5.16. Bank borrowings (finance lease obligations not included)

'000 EUR	31/12/2017	31/12/2016
Bank loans	-	-
Bank overdrafts	5,503	5,491
Advances on factoring	13,466	13,934
	18,969	**19,425**

The borrowings are repayable as follows:

'000 EUR	31/12/2017	31/12/2016
Bank loans after more than one year	-	-
Bank loans within one year	-	-
Bank overdrafts	5,503	5,491
Advances on factoring	13,466	13,934
	18,969	**19,425**

The average interest rates paid were as follows:

	Year ended 31/12/2017	Year ended 31/12/2016
Bank overdrafts	2.72%	2.08%
Advances on factoring	1.98%	1.72%
Bank loans	-	-

The Group has concluded commercial finance agreements on 1 April 2014 to protect liquidity against possible price fluctuations.

Bank loans are arranged at fixed interest rates. Other borrowings (bank overdrafts and advances on factoring: € 18,969K per 31 December 2017 (per 31/12/2016: € 19,425K)) are arranged at floating rates, thus exposing the Group to an interest rate risk (see note 5.29.1.). On 31 December 2017, the Group had available € 9,362K (31/12/2016: € 6,219K) of undrawn committed borrowing facilities.

In de credit agreements with our banks a number of covenants are agreed upon based on equity, solvency and stock rotation. On 31 December 2017 Campine complied with all covenants:

- The equity (corrected for intangible fixed assets and deferred taxes) amounted to € 24,188K on 31 December 2017 compared to the required minimum of € 20,000K.
- The solvency ratio on 31/12/2017 (33.7%) is in compliance with the required ratio of 30%.
- Campine was in compliance with its stock rotation on 31/12/2017.

Roll forward financial liabilities and reconciliation with cash flow:

'000 EUR	31/12/2017	Financing cash flows	31/12/2016
Bank loans	-	-	-
Bank overdrafts	5,503	12	5,491
Advances on factoring	13,466	- 468	13,934
	18,969	- 456	**19,425**

5.17. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

'000 EUR	Timing differences on fixed assets	Positive fair value derivatives	Retirement benefit obligations	Fiscal losses	Others	Total
On 31 December 2015	**9**	**-**	**- 116**	**- 470**	**51**	**- 526**
Charge/(credit) to result for the year	- 2	216	- 67	470	- 18	599
Charge/(credit) to other comprehensive income	-	-	- 102	-	-	- 102
On 31 December 2016	**7**	**216**	**- 285**	**-**	**33**	**- 29**
Charge/(credit) to result for the year	- 1	- 174	33	-	11	- 131
Charge/(credit) to other comprehensive income	-	-	25	-	-	25
On 31 December 2017	**6**	**42**	**- 227**	**-**	**44**	**- 135**

The balance of € -135K consists out of a deferred tax asset ad. € 153K and a deferred tax liability ad. € 18K. Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy.

Following a change in tax legislation (whereby the Belgian income tax rate will gradually decrease from 33.99% in 2017 to 29.58% in 2018 and 2019 and 25% as from 2020 onwards), the deferred tax assets and liabilities per 31 December 2017 were remeasured. This remeasurement had a negative impact on the result of the year 2017 of € 13K and a negative impact on the other comprehensive income of € 55K.

5.18. Trade and other payables

'000 EUR	31/12/2017	31/12/2016
Trade creditors and accruals	17,726	13,999
Other payables and accruals	2,812	2,871
Fine European Commission	-	8,158
	20,538	**25,028**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Board of Directors consider that the carrying amount of trade payables approximates their fair value as those balances are short-term.

There are no trade payables older than 60 days (with the exception of disputes), hence an age analysis is irrelevant.

5.19. Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

'000 EUR	31/12/2017			31/12/2016		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Trade and other liabilities	20,538	-	-	25,028	-	-
Bank overdrafts	5,503	-	-	5,491	-	-
Advances on factoring	13,466	-	-	13,934	-	-
Bank loans	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-

5.20. Financial instruments

The major financial instruments of the Group are financial and trade receivables and payables, investments, cash and cash equivalents as well as derivatives.

The financial instruments as on 31 December 2017 are presented below:

'000 EUR	Categories	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	35,513	35,513	2
Cash and cash equivalents	B	148	148	2
Derivatives	C	213	213	1
Total financial instruments on the assets side of the balance sheet		**35,874**	**35,874**	
I. Non-current liabilities				
Interest-bearing liabilities	A	-	-	2
Other non-current liabilities	A	-	-	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	18,969	18,969	2
Current trade and other debts	A	20,538	20,538	2
Derivatives	C	71	71	1
Total financial instruments on the liabilities side of the balance sheet		**39,578**	**39,578**	

The financial instruments as on 31 December 2016 are presented below:

'000 EUR	Categories	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	28,647	28,647	2
Cash and cash equivalents	B	244	244	2
Derivatives	C	710	710	1
Total financial instruments on the assets side of the balance sheet		**29,601**	**29,601**	
I. Non-current liabilities				
Interest-bearing liabilities	A	-	-	2
Other non-current liabilities	A	-	-	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	19,425	19,425	2
Current trade and other debts	A	25,028	25,028	2
Derivatives	C	153	153	1
Total financial instruments on the liabilities side of the balance sheet		**44,606**	**44,606**	

The categories correspond with the following financial instruments:

A. Financial assets or liabilities (including receivables and loans) held until maturity, at the amortised cost.
B. Investments held until maturity, at the amortised cost.
C. Assets or liabilities, held at the fair value through the profit and loss account.

The aggregate financial instruments of the Group correspond with levels 1 and 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities.
- Level 2: the fair value based on other information, which can, directly or indirectly, be determined for the relevant assets or liabilities.

The valuation techniques regarding the fair value of the level 2 financial instruments are the following:

- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:
  - either because they have a short-term maturity (like trade receivables and debts),
  - or because they have a variable interest rate.
- For fixed-income payables the fair value was determined using interest rates that apply to active markets.

5.21. Provisions

'000 EUR	Soil sanitation cost	Other	Total
On 31 December 2016	570	-	570
Additional provision in the year	520	-	520
On 31 December 2017	**1,090**	**-**	**1,090**

'000 EUR	31/12/2017	31/12/2016
Analysed as:		
Current liabilities	-	-
Non-current liabilities	1,090	570
	1,090	**570**

Status provisions on 31 December 2017:

- The provisions amounted to € 1,090K on 31/12/2017. These mainly relate to the soil sanitation obligation on and around the site of the Group and were determined in compliance with the requirements of OVAM – by an independent study bureau.

5.22. Non-cash transactions

No additions to fixtures and equipment were financed by new finance leases during the year.

5.23. Contingent liabilities

The power to pledge the trade fund was granted to the banks for an amount of € 10,867K (31/12/2016: € 11,550K).

5.24. Commitments

In the normal course of business the Group has commitments to buy and sell metals in the future.

5.25. Operating lease arrangements

The Group as lessee:

'000 EUR	31/12/2017	31/12/2016
Minimum lease payments under operating leases recognised as an expense in the year	145	129

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

'000 EUR	31/12/2017	31/12/2016
Within one year	109	136
In the second year to fifth year inclusive	145	165
After five years	-	-
	254	**301**

Operating lease payments represent rentals payable by the Group for vehicles and equipment. This concerns company cars, copiers and printers. There were no restrictions nor purchase obligations added to the agreements and these were not index related. Leases are negotiated for an average term of four years.

5.26. Share-based payments

During the financial year closed per 31 December 2017 none of the members of the Executive Management Team received any shares, share options or other rights to acquire shares of the company or Group.

5.27. Employee benefits expense

'000 EUR	31/12/2017	31/12/2016
Long term		
Pension cost (incl. early retirement)	220	485
Short term		
Salaries	9,489	8,731
Contribution social security	2,806	2,597
Structural reduction social contribution	- 771	- 742
Other employee benefits expense	1,659	1,159
	13,403	**12,230**
Average number of FTE's	170	163

The increase in other employee benefits expense also include the exceptional effect of the severance pay due to Mr. Krekel of € 339K.

5.28. Retirement benefit plans

Following amounts with regard to the (early) retirement are booked on the balance sheet:

'000 EUR	31/12/2017	31/12/2016
Defined benefit plan	908	840
Early retirement provision	474	597
	1,382	**1,437**

5.28.1. Defined benefit plan

The Group operates a funded defined benefit plan for qualifying employees of Campine and its subsidiary in Belgium. The defined benefit plan foresees an amount based on the salary and seniority payable as of the age of 60. For the financed plans, plan assets consist of mixed portfolio's of shares, bonds or insurance contracts. The plan assets do not contain direct investments in Campine shares or in fixed assets or other assets used by the Group.

The current value of the retirement benefit obligations and the assets has evolved as follows:

'000 EUR	Pension obligation (IAS 19 R)	Plan Assets	Deficit	Net liability / (asset)
On 31 December 2016	**4,907**	**- 4,069**	**838**	**838**
Components of defined benefit cost				
Service cost in P/L				
Current service cost (net of employee contributions)	335			335
Past service cost (incl effect of curtailments)	-			-
Settlement (gain)/loss	-			-
Service cost				**335**
Net interest on the net liability / (asset) in P/L 3.00%				
Interest cost on pension obligation	63			63
Interest income on plan assets		- 54		- 54
Interest on effect of the asset ceiling				-
Net interest				**9**
Administration costs paid from plan assets in P/L				-
Components of defined benefit cost recognised in P/L				**344**
Remeasurements of the net liability / (asset) in OCI				
Actuarial (gain) / loss arising from				
- Changes in demographic assumptions	-			-
- Changes in financial assumptions				-
- Experience adjustments	57			57
Return on plan assets (excl. amounts in net interest)		32		32
Change in effect of the asset ceiling (excl. amounts in net interest)				-
Total remeasurement recognised in OCI				**89**
Defined benefit cost (total amount recognised in P/L and OCI)				
<u>Cash Flows</u>				
Employee contributions	-	-		-
Employer contributions to plan assets (incl. 4.4% taxes)		- 364		- 364
Benefit payments from plan assets	- 165	165		-
Direct benefit payments by employer	-	-	-	-
Taxes paid from plan assets (4.4%)	- 14	14		-
Taxes paid directly by employer (8.86%)	- 29	29		-
On 31 December 2017	**5,154**	**- 4,247**	**907**	**907**

'000 EUR	Pension obligation (IAS 19 R)	Plan Assets	Deficit	Net liability / (asset)
On 31 December 2015	**2,511**	**- 2,170**	**341**	**341**
Components of defined benefit cost				
Service cost in P/L				
Current service cost (net of employee contributions)	-			-
Past service cost (incl effect of curtailments)	-			-
Settlement (gain)/loss	-			-
Service cost				**-**
Net interest on the net liability / (asset) in P/L 4.60%				
Interest cost on pension obligation	51			51
Interest income on plan assets		- 44		- 44
Interest on effect of the asset ceiling				-
Net interest				**7**
Administration costs paid from plan assets in P/L				-
Reclassification of the plan "defined contribution"	2,096	- 1,906		190
Components of defined benefit cost recognised in P/L				**197**
Remeasurements of the net liability / (asset) in OCI				
Actuarial (gain) / loss arising from				
- Changes in demographic assumptions	- 47			- 47
- Changes in financial assumptions	311			311
- Experience adjustments	- 8			- 8
Return on plan assets (excl. amounts in net interest)		44		44
Change in effect of the asset ceiling (excl. amounts in net interest)				-
Total remeasurement recognised in OCI				**300**
Defined benefit cost (total amount recognised in P/L and OCI)				
<u>Cash Flows</u>				
Employee contributions	-	-		-
Employer contributions to plan assets (incl. 4.4% taxes)		-		-
Benefit payments from plan assets	- 7	7		-
Direct benefit payments by employer	-	-	-	-
Taxes paid from plan assets (4.4%)	-	-		-
Taxes paid directly by employer (8.86%)	-	-		-
On 31 December 2016	**4,907**	**- 4,069**	**838**	**838**

The duration of the benefit plan with fixed income is 13.5 years.
The duration of the benefit plan with fixed costs is 18.5 years.

Major actuarial assumptions in use at balance sheet date:

	Valuation at	
	31/12/2017	31/12/2016
Discount rate	1.31%	1.31%
Expected rate of salary increases	2.90%	2.90%
Inflation	1.90%	1.90%

Split of the plan assets on 31/12/2017 and the comparison with 2016:

'000 EUR	31/12/2017	31/12/2016
Equity securities, incl. cash	5%	6%
Fixed income securities	95%	94%
Real estate	-	-
Other	-	-
Total	100%	100%

Sensitivity analysis of a percentage increase or decrease in the discount rate or an increase in salary to the retirement benefit obligation:

Discount rate	-0.50%		0.50%
Assumptions	0.81%	1.31%	1.81%
Pension obligation (K€)	5,603	5,154	4,748

Salary increase	0.50%		-0.50%
Assumptions	3.40%	2.90%	2.40%
Pension obligation (K€)	5,202	5,154	5,109

The Group expects to contribute € 324K to its defined benefit plans.

5.28.2. Early retirement provisions

Early retirement provisions are set up based on agreements with those affected on amounts to be paid until the age of 65 year. The provision on 31 December 2017 amounts to € 474K (on 31 December 2016 provision amounted to € 597K).

5.29. Market risk

5.29.1. Interest risk

Funding of the company is done through bank loans, bank overdrafts and factoring. On 31 December 2017 bank loans amounted to € 0, bank overdrafts and advances on factoring amounted to € 18,969K. Bank loans are arranged at fixed rates. The bank overdrafts and advances on factoring are arranged at variable rates.

An increase or decrease of the interest with 10% would have an impact on the income statement of € -68K (in case of 10% increase) or € +68K (in case of 10% decrease) based upon the amount per 31 December 2017. The retained earnings will also be influenced.

5.29.2. Foreign Exchange risk

The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows (USD is our main foreign currency).

An increase or decrease of the USD/EUR rate with 10% would have an impact on the income statement of € -19K (in case of 10% increase) or € +19K(in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2017. The retained earnings will also be influenced.

5.29.3. Price risk

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account (see note 5.14.1. Derivatives).

There is no price risk on the fixed price contracts as the impact of price fluctuation on respective fixed purchase and sell contracts are compensated by the impact on the respective sell and purchase contracts on the LME.

A movement in 2018 of the LME lead- and tin futures price by 10% would have impacts on the income statement. The immediate effect based on the underlying open position on 31 December 2017 of a price fall of 10% would be € +450K or of a price raise of 10% would be € -450K.

5.30. Events after the balance sheet date

No significant events – affecting Campine – occurred after the close of the financial year.

5.31. Related parties

As to the transparency notification of 25 August 2017 71,86% of the company's shares are held by two companies as follows:

Name	Number of shares	% of the share capital
1. Camhold NV, Nijverheidsstraat 2, 2340 Beerse	540,000	36.00%
2. F.W. Hempel Metallurgical, GmbH, Weiβensteinstraβe 70, 46149 Oberhausen, Germany	537,900	35.86%

The remaining shares (28,14%) are, as far as the company knows, held by the public. The company has until now not received any notices from other shareholders, who are compelled to disclose their shareholdings pursuant to Belgian law governing the notification of major shareholdings.

A change occurred in the control of Camhold NV who holds shares of Campine NV.
Campine NV has received transparency notifications signed on 31 March 2017 indicating that the shareholder of Camhold NV, a holder of 36% of Campine NV has changed. Mr. André Hempel held 100% of the shares of Camhold NV and by virtue of the acquisition of the shares in Camhold NV by Hempel Special Metals Holding GmbH, the latter now indirectly holds 36% of the voting rights in Campine NV. Hempel Special Metals Holding GmbH is controlled by F.W. Hempel & Co. Erze & Metalle (GmbH & Co) KG who is also the controlling shareholder of F.W. Hempel Intermétaux SA which already held 35,86% of the voting rights of Campine NV prior to this transaction.
Campine NV received another notification signed on 11 April 2017 indicating that the shareholder F.W. Hempel Intermétaux SA, holder of 35,86% of shares in Campine NV has transferred its shareholding to F.W. Hempel Metallurgical GmbH, its direct parent company.
Therefore the ultimate controlling shareholder, Mr. Friedrich Wilhelm Hempel has crossed the threshold of 70% of the voting rights in Campine NV.

Name	% of the share capital on 1/1/2017	% of the share capital on 31/12/17
F.W. Hempel Intermétaux SA	35.86%	0%
F.W. Hempel Metallurgical GmbH	0%	35.86%
Camhold NV	36.00%	36.00%
Total :	71.86%	71.86%

Transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and the management and key-management are disclosed in the remuneration report. Details of transactions between the Group and other related parties are disclosed below.

5.32. Related party transactions

All related party transactions are conducted on a business base and in accordance with all legal requirements and the Corporate Governance Charter.

5.32.1. Trading transactions

In 2017, Group entities entered into the following trading transactions with related parties that are not members of the Group:
- Purchase of antimony metal from F.W. Hempel Intermétaux SA for € 14,007K (2016: € 10,754K).
- Purchase of lead wastes from Hempel Legierungsmetalle GmbH for € 1,848K (2016: € 1,703K).
- There was no open amount per 31/12/2017.

5.32.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of € 18K (2016: € 18K) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

The companies below passed through personnel and IT expenses to the Campine Group:
- Hempel Special Metals Asia: € 61K (2016: € 62K)
- F.W. Hempel Metallurgical: € 328K (2016: € 234K)
- F.W. Hempel & Co Erze und Metalle: € 99K (2016: € 99K)

The Campine Group passed through personnel and IT expenses to
- F.W. Hempel & Co Erze und Metalle for an amount of € 14K (2016: € 14K)
- F.W. Hempel Intermétaux for an amount of € 27K (2016: € 0)

5.33. Rights and obligations not included in the balance sheet

Commercial commitments:
There are firm commitments to deliver or receive metals to customers or from suppliers at fixed prices.

'000 EUR	31/12/2017	31/12/2016
Commercial commitments for metals purchased (to be received)	14,488	9,647
Commercial commitments for metals sold (to be delivered)	19,043	14,693

5.34. Compensation of key management personnel

For the financial year 2017, the total remuneration of the Executive Management Team including the Board members amounts to € 1,707K (2016: € 1,423K). For further details, we refer to the remuneration report.

During the financial year closed per 31 December 2017 none of the above mentioned persons received any shares, share options or other rights to acquire shares of the company or Group. The remuneration of the members of the Executive Management Team is decided upon by the Nomination and Remuneration committee, based on market trends and individual performances.

5.35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 6 March 2018.

Statutory auditor's report to the shareholders' meeting of Campine NV for the year ended 31 December 2017

(Consolidated financial statements)

In the context of the statutory audit of the consolidated financial statements of Campine NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 9 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated overview of the total result, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 72,173 (000) EUR and the consolidated income statement shows a consolidated net profit for the year then ended of 7,008 (000) EUR.

In our opinion, the consolidated financial statements of Campine NV give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Exposure of the economic performance to evolution in market prices	
The Group's earnings are highly dependent on the market prices of raw materials and metals, which are subject to (significant) fluctuations because of changing supply and/or demand of raw materials and end products, or because of speculation on the market. This can affect the company's financial statements in the following areas: <u>Inventory valuation:</u> Inventories are valued according to the FIFO method due to which they are closely aligned with the evolution of market prices. Consequently, significant price evolutions have a direct impact on the valuation of inventory. As a result of frequent price changes in the market, the company performs a monthly Lower of Cost or Market analysis. The provision for Lower of Cost or Market is mainly calculated on the raw materials and the byproducts as the finished goods are manufactured when a client order is received. During its analysis of the Lower of Cost or Market provision, the company reviews the valuation of its inventory against independent market benchmarks for lead and antimony prices. <u>Operating and hedging result:</u> Fluctuations in market prices have a direct impact on the turnover and the cost of goods sold, however the company is confronted with a time lag on the price levels of both financial flows and accordingly is subject to potential significant impacts on the operational margin. To manage exposures on open inventory balances, the company enters into hedge contracts for lead activities.	During our audit procedures, we have performed the following with respect to inventory valuation and operating and hedging result: <u>Inventory valuation:</u> We have reviewed the valuation of raw materials as well as the valuation of these raw materials in work in progress and finished goods in order to conclude on the correct valuation of the inventory following the FIFO principle. Additionally, we also verified the calculations and challenged the analyses and judgments made by management in determining the provision for Lower of Cost or Market against independent market benchmarks for lead and antimony prices. <u>Operating and hedging result:</u> We have identified and tested the relevant key internal controls with respect to the revenue and expenditure business cycle to conclude on the appropriateness of revenue and cost of goods sold being recognized. We reviewed the detailed analysis of the margin per business unit as prepared by management in which the operational results of these business units are rationalized versus the evolution of market prices. The market value of the hedging contracts as disclosed in note 5.14 are reconciled with the confirmations of the brokers, and the fair market value of the outstanding hedge contracts is rationalized. Additionally, for a sample of settled hedge transactions, the results accounted for are validated with the settlement agreements received from the brokers, in order to verify the accuracy of the results recorded.
Accounting of provisions for soil sanitation	
As of 31 December 2017, the total provisions for liabilities and charges amounted to 1.090 KEUR, of which the full amount relates to provisions for soil sanitation. These provisions are set up based on sanitation obligations that exist as of balance sheet date or will become effective based on management's investments plans, which were formally approved by the Board of Directors at balance sheet date. The decision to construct new warehouses or production facilities often involves the obligation to sanitize the underlying soil. The liability and sanitation responsibility as well as the costs with respect to the sanitation operations are determined based	During our audit procedures, we have performed the following with respect to the provisions for soil sanitation, as disclosed in note 5.21: We obtained an understanding of the recognition process for provisions for soil sanitation and evaluated the design of, and performed tests of controls in this area. We have reviewed all communication with the external service provider to identify any changes regarding the current sanitation obligations or changes in legislation which might result in a correction with respect to the provisions recognized in the result of previous years. Additionally, we have also discussed with management the investment plans which were approved by the Board of Directors in order to review potential new sanitation obligations.

on a report received from an external environmental expert who ensures compliance with the environmental regulation. We have focused on this area of the financial statements as changes in management decisions or changes in legislation can significantly impact the amount recorded with respect to provisions for soil sanitation in the financial statements.	We have also performed a test of detail with respect to the actual sanitation operations executed in the current period in order to benchmark the budgeted sanitation cost provided for in prior periods against the actual sanitation cost incurred in the current period. For new sanitation provisions, we have performed a sensitivity analysis in order to: • Analyze the appropriateness and validity of the assumptions used by management to determine the provision • Challenge the management estimates with the report from the external service provider and recent actual costs of sanitation operations • Review consistency of the process with respect to the calculation of soil sanitation provisions.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.
From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

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

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in this report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.
In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the directors' report on the consolidated financial statements, i.e.:

- the required components of the Campine annual report in accordance with Articles 96 and 119 of the Companies Code appear in the chapter "Report of the Board of Directors to the Annual Meeting of Shareholders on Tuesday 22 May 2018, based on the consolidated annual financial statements" of the annual financial report.

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Antwerp, 13 April 2018

The statutory auditor
DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Luc Van Coppenolle

Corporate Data

Company

Headquarters
Campine nv
Nijverheidsstraat 2
2340 Beerse
Belgium

VAT: BE0403.807.337
Tel: +32 14 60 15 11
Fax: +32 14 61 29 85
www.campine.be

Investor's relations
wim.de.vos@campine.be

Media relations
karin.leysen@campine.be

Auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Luc Van Coppenolle

Financial calendar

22 May 2018	General Meeting of Shareholders
01 June 2018 31 May 2018 30 May 2018	Payment of dividend Record date Ex-date
Last week of September 2018	Announcement of half year results
Last week of March 2019	Announcement of 2018 year results