

ANNUAL FINANCIAL REPORT

2016



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Financial highlights and business scope

Financial highlights

Consolidated per year and as per 31 December in € '000	2016	2015
Revenue	170.855	164.054
Operating result	1.631	2.478
<i>Operating result excl. EC fine (*)</i>	<i>9.789</i>	<i>2.478</i>
Net financial result	- 3.252	- 1.215
Result before tax	- 1.621	1.263
<i>Result before tax excl. EC fine (*)</i>	<i>6.537</i>	<i>1.263</i>
Income tax expense	- 2.189	- 308
Result after tax	- 3.810	955
<i>Result after tax excl. EC fine (*)</i>	<i>4.348</i>	<i>955</i>
Result per share after tax	- 2,54	0,64
<i>Result per share after tax excl. EC fine (*)</i>	<i>2,90</i>	<i>0,64</i>
Current assets	59.906	46.559
Total assets	67.483	54.249
Current liabilities	46.209	28.752
Total liabilities	48.296	30.769
Total equity	19.187	23.480
<i>Total equity excl. EC fine (*)</i>	<i>27.345</i>	<i>23.480</i>

(*) Fine imposed by the European Commission. To ensure comparability with last year, the figures of 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 Recycling 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).

Introduction

2016 was characterised by rising metal prices. Although this price evolution is beyond Campine's control, it creates a significant impact on Campine's margins and is therefore a determining factor in Campine's results.

The declining price of antimony of the last years has now changed to a rise during 2016. Lead prices also improved from September 2016. This positive trend continues in 2017.

Thanks to the improved economic climate customers were ready to buy new solutions provided by Campine. Campine takes advantage of this with updated and innovative products and applications.

Unfortunately, the positive results were completely annulled by the fine imposed by the European Commission to Campine. You can read more about this further on in this report.

Message from the Chairman

After 20 years of service as Chairman of the Board of Campine and having reached an age of 81, I confirm the announcement below which was made during the General Assembly in 2016.

As from January 1st 2017, I wish to step down as Chairman of the Board of Campine and handed over my function to Mr. Patrick De Groot who was unanimously selected by the Board members for this duty. I will be happy to continue my mandate as Board member.

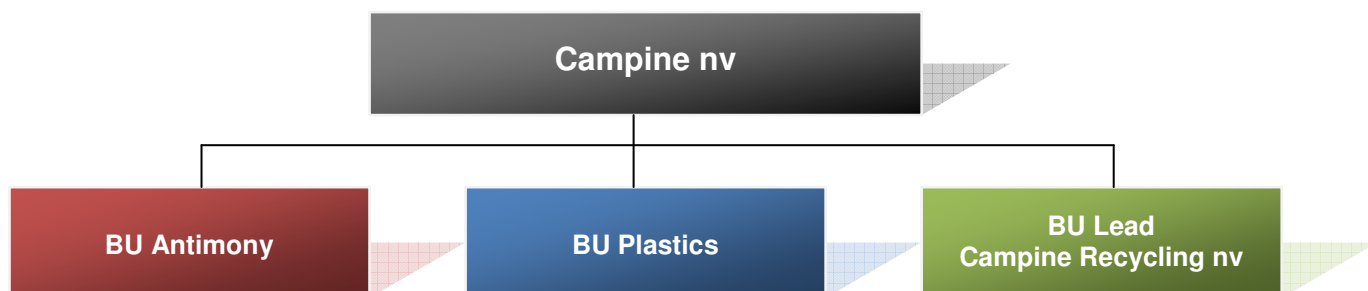
It was for me during these 20 years a pleasure to be your Chairman and I express my utmost gratefulness for your collaboration and trust. In particular I wish to thank my colleagues in the Board as well as the Executive Management of Campine and – not least - all stakeholders for their well appreciated contribution to the company.

I feel very confident that Mr. De Groot together with the Board and the Management team will bring Campine a step further towards a promising future and I wish all lots of success.

F.-W. Hempel
Chairman of the Board

Geert Krekel
Managing Director

Group structure



Report of the Board of Directors to the Annual Meeting of Shareholders on Tuesday 9 May 2017, based on the consolidated annual financial statements

Fine imposed by the European Commission

Campine – and other companies in the lead recycling sector – received on 8 February 2017 the decision of the European Commission regarding an investigation, which started in 2012, into alleged anti-competitive practices in the lead recycling sector.

Though Campine is convinced that it has always acted in line with the European Commission law and regulations implementing the circular economy strategy, the Commission issued a fine of € 8.158.315 to Campine.

Campine is in complete disagreement with the decision and is investigating on all possible actions against this decision including an appeal to the General Court of Luxembourg.

Campine is of the opinion that the fine imposed has no impact on the ability to operate as a going concern. The fine is integrated in the results of the financial year 2016 as other operating expense and short term liability. No provision was set up in the past – as communicated in the interim financial report of 30 June 2016.

Campine Group

In 2016, the Campine Group achieved a € 170.86 million turnover, compared with € 164.05 million in 2015 (+4%). We realised higher volumes than in 2015 in all BU's.

The EBIT (excluding the impact of the EC fine) almost quadrupled compared to 2015 and reached € 9.79 million (2015: € 2.48 million in 2015) (+295%).

The financial result is mainly driven by the lead hedging results. The purpose of the hedging is to smooth the fluctuations of Campine's result due to the impact of changing lead prices. Whereas we see that the operating results in the BU Lead are positively impacted by the increased LME price, this positive impact is indeed offset through our hedging policy. The actual result of closed hedge transactions amounted to a loss of € -3.74 million (2015: € 0.27 million) and offset thus the positive operating result. The change in the fair value on the open position of the lead hedging at year-end (required by IFRS standards) had a positive impact of € 1.04 million (2015: € -0.98 million).

The total impact of the lead hedging resulted in a loss of € -2.71 million (2015: € -0.71 million).

The remaining part of the net financial result remained stable with an interest cost of € -0.54 million compared to an interest cost of € -0.50 million in 2015.

The EBT (excluding the impact of the EC fine) amounted to € 6.54 million. The annual after tax profit for the year (excluding the impact of the EC fine) reached € 4.35 million, compared with a profit of € 0.96 million in 2015 (+355%).

Including the fine imposed by the European Commission, the after tax loss for the year 2016 was € -3.81 mio.. Hence the Board of Directors proposes that the company pays no dividend on the basis of the 2016 result. A dividend of € 0.225 million (€ 0.15 gross per share) was paid on the basis of the 2015 result.

Lead

Campine Recycling processes used lead batteries and lead-containing waste such as cable sheeting, roof cladding and old piping. We produce a range of useful applications from that waste, such as lead alloys and soft lead, which help to create a cleaner and safer environment.

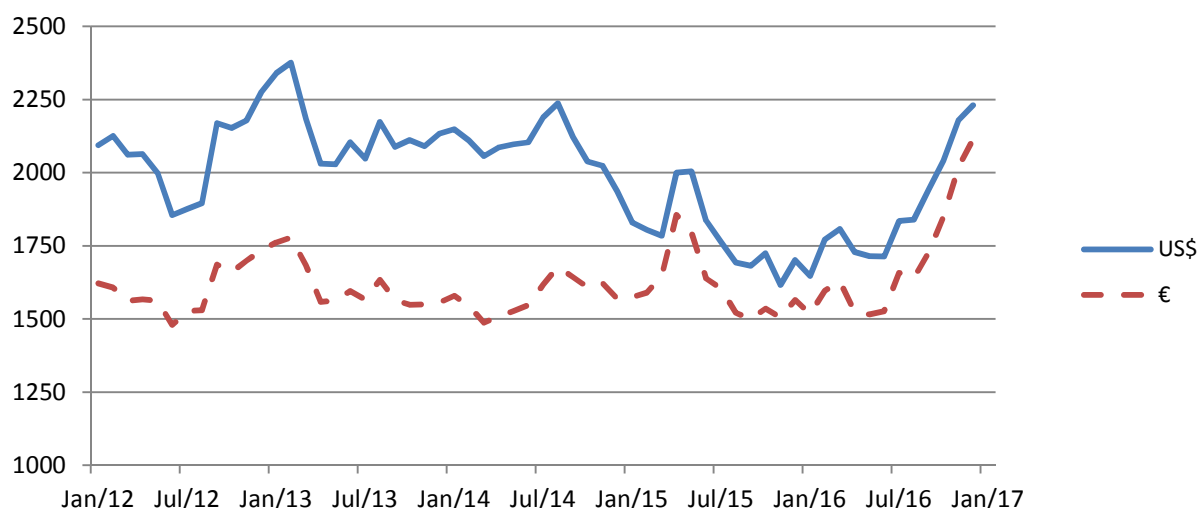
Campine Recycling is an important part of the European secondary lead market which is dominated by 'majors' such as the battery manufacturers. The end customers include the automotive industry (production of batteries), the medical sector (protection against x-ray radiation), the construction industry (roof cladding) and other applications.

Volume & turnover

	Lead		
	2016	2015	%
Volume in mT	57.194	52.566	9%
Turnover in € '000	108.198	92.202	17%
Unit price per mT in € '000	1.892	1.754	8%

The Lead Business Unit realised a turnover of € 108.20 million (€ 92.20 million in 2015) (+17%) with a sales volume of 57,194 mT (52,566 mT in 2015) (+9%).

Lead LME cash/mT in US\$ and in €



Market

The LME lead quotation, the predominant basis of our sales prices, had an increasing trend during the year. Starting at € 1,617/mT on 2 January and climbing until the end of March, to remain stable during the second quarter. As of the 3rd quarter, the prices went up steadily until € 1,883/mT on 31 December 2016.

The sales volume increased, while sales premiums remained stable. Particularly in the second half of the year, margins on raw materials were higher with a rising LME.

A growth in volume was achieved without any additional investments thanks to good process management and efficiency improvements attributable to good planning and coordination throughout the entire supply chain.

In the field of recycling, we continue to further develop more complex waste flows and high purity alloys with a view to supporting new volume growth in 2017. To do this, we aim to continue our diversification in the raw material and sales markets.

Antimony

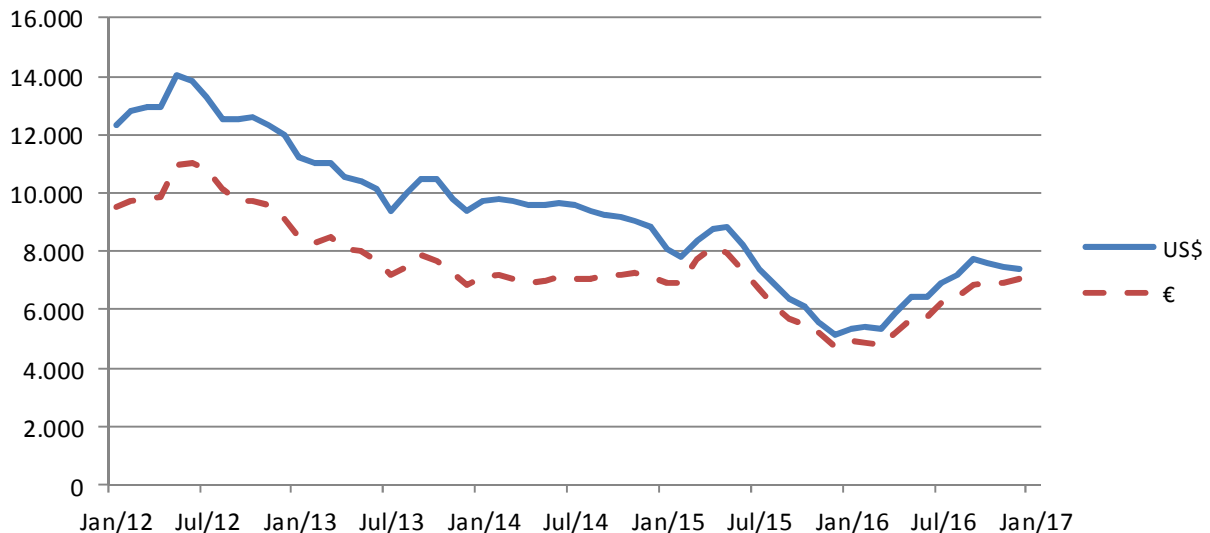
In its antimony business unit, Campine transforms antimony (Sb) into antimony trioxide (Sb₂O₃), which is used in flame retardant applications and in the production of PET bottles, films and industrial fibres as catalyst.

Volume & turnover

	Antimony		
	2016	2015	%
Volume in mT	11.592	9.420	23%
Turnover in € '000	51.840	53.291	-3%
Unit price per mT in € '000	4.472	5.657	-21%

The volume rose significantly to 11,592 mT (9,420 mT in 2015) (+23%), while the turnover decreased by 3% to € 51.84 million (€ 53.29 million in 2015) due to the decreasing antimony prices.

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



Market

The average antimony prices – as quoted by Metal Bulletin – were lower in 2016 (€ 5,903/mT) than in 2015 (€ 6,347/mT). They gradually increased during the entire year from a very low level of € 4,776/mT on 2 January to € 7,092 mT on 31 December 2016.

The sourcing diversification continued in 2016 as well as the supply of new products to our customers. This also enabled production to be planned more efficiently and stock rotations to be accelerated.

For 2017, we expect volume growth to continue. The BU turnover is also expected to grow due to the increasing antimony prices.

Plastics

The plastics business unit produces ready-to-use flame retardant masterbatches and compounds for the plastics industry. Numerous applications include flame retardant insulation boards, dashboards, plastic piping, foil for the construction industry and household appliances. These masterbatches are supplied in granular form, for easy and dust-free dosing at the customer.

Volume & turnover

	Plastics		
	2016	2015	%
Volume in mT	5.980	5.665	6%
Turnover in € '000	23.303	24.133	-3%
Unit price per mT in € '000	3.897	4.260	-9%

The turnover reduced slightly to € 23.30 million (€ 24.13 million in 2015) (-3%), while the volume increased to 5,980 mT (2015: 5,665 mT) (+6%). Sales margins generally improved slightly.

Market

In 2016 we took a new step forward in the development of this BU. We again succeeded in achieving a slight volume increase with the relatively stable market conditions, partly owed to the intensive follow-up of our direct and indirect sales channels.

For 2017, we expect further growth and higher profitability, thanks to the experiences that we built during the past years.

Organisation

The improved results were largely achieved thanks to the efforts of our employees, driven by a spirit of “continuous improvement”. To further broaden the base, the commitment of our workforce was encouraged through projects focusing on self-steering teams.

In 2016, we launched a project to optimise maintenance facilities and asset management. This resulted in increased efficiency and higher capacity utilisation of our production equipment enabling volume growth.

In 2016 we welcomed several new employees. We seek to guarantee our continuity and growth and retain in-house expertise through a dedicated approach to training and competency development. To achieve this, we plan and organise training, refresher and development programmes.

Regulations

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

Outlook for 2017

2017 has started well in all BU's and perspectives look positive.

Thanks to good volumes in all BU's and increasing metal prices, we anticipate to achieve a good first semester result 2017.

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

The proceeding initiated in 2012 by the European Commission concerning alleged anti-competitive practices in the lead recycling sector was completed in the beginning of 2017. On 8 February 2017 Campine was found guilty. A fine of € 8.158.315 was imposed on Campine. This fine is integrated in the annual accounts closed per 31 December 2016 as other operating expense and short term liability.

Campine is in complete disagreement with the decision and is investigating on all possible actions against this decision including an appeal to the General Court of Luxembourg.

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 (note 5.13.3.).

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

Due to the fine imposed by the European Commission the result for the year 2016 became negative. Hence the Board of Directors proposes that the company pays no dividend on the basis of the 2016 result. A dividend of € 0.225 million (€ 0.15 gross per share) was paid on the basis of the 2015 result.

Statutory auditor

In 2016 the statutory auditor fee for audit and non-audit services reached € 86.562 for the Group. The non-audit services in 2016 amounted to € 4.362 and were related to:

- Other attestation services (€ 2.640)
- Tax advice (€ 1.722)

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 2016.

Statutory appointments

See composition Board of Directors.

Corporate Governance Statement & Remuneration Report 2016

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, 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 its stakeholders. The Corporate Governance Charter of Campine has been adopted by the Board of Directors on 9 March 2006 and has been amended by a decision of the Board of Directors on 5 April 2017. It 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.

This Corporate Governance Charter 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 Corporate Governance Charter 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.

Shareholding structure on balance sheet date

No changes were made to the known shareholder structure of Campine in 2016 as the company received no notifications in 2016.

<i>Name</i>	<i>Number of shares</i>	<i>% of the share capital</i>
1. Camhold NV Nijverheidsstraat 2, 2340 Beerse	540.000	36,00%
2. F.W. Hempel Intermétaux SA Chemin des Princes 14, 1222 Vésenaz, Switzerland	537.900	35,86%

The remaining shares (28,14%) are, as far as the company knows, held by private investors. 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.

In the framework of the dematerialisation of the last remaining bearer shares of the company, the company complied with the procedures prescribed by the law of 14 December 2005. The earnings from the sale of the last bearer shares by the company was transferred to the Deposit and Consignment Office.

Public take-over bid

Proceedings in case of public takeover bid are mentioned in articles 7 and 12 of the Articles of Association.

Rules regarding the exercise of the voting rights

Rules regarding the exercise of the voting rights are mentioned in article 10 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 and 14 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. The Board is composed of seven members, being one executive director and six non-executive directors, of whom are two independent directors:

Mr Friedrich-Wilhelm Hempel, Chairman of the Board

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

Mr Andre Hempel

- Non-executive Board member (appointed for a period of 4 years on 12 May 2015);
- Shareholder and director of various private companies in Europe.

DELOX BVBA

- Non-executive Board member represented by its permanent representative Mr Patrick De Groot (appointed for a period of 4 years on 12 May 2015);
- Board member of various companies.

Mr Hans-Rudolf Orgs

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

Christulf BVBA

- Non-executive and independent Board member represented by its permanent representative Mr Christian Dewulf (appointed for a period of 3 years on 13 May 2014);
- Board member of various companies.

ZENDICS BVBA

- Non-executive and independent Board member represented by its permanent representative Mr Willem De Vos (appointed for a period of 4 years on 12 May 2015);
- Board member and advisor to boards of various companies.

Mr Geert Krekel

- Managing Director (appointed for a period of 3 years on 12 May 2015);
- Chairman of the Board of Campine Recycling nv.

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 and gender diversity (article 2.3). On 31/12/2016 the company only has male directors and two independent 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. There is diversity in general. 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.

Each director has a specific and complementary role to play on the Board.

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 February, May, August and November. 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, 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, the following Board meetings were held:

<i>Date of the Board meeting</i>	<i>Present</i>
25 February 2016	F.-W. Hempel A. Hempel G. Krekel H.-R. Orgs DELOX BVBA Christulf BVBA ZENDICS BVBA
9 May 2016	F.-W. Hempel A. Hempel G. Krekel H.-R. Orgs DELOX BVBA Christulf BVBA ZENDICS BVBA
25 August 2016	F.-W. Hempel A. Hempel G. Krekel H.-R. Orgs DELOX BVBA Christulf BVBA ZENDICS BVBA
24 November 2016	F.-W. Hempel A. Hempel G. Krekel H.-R. Orgs DELOX BVBA Christulf BVBA ZENDICS BVBA

During the Board meetings, following subjects were – among others – discussed:

- Results of Campine and its subsidiary Campine Recycling
- Possible fine European Commission and financing
- 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 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, personnel, ...) of the different BU's
- Status: personnel and organisation
- Status: safety, health and environment

Evaluation of the Board of Directors and Board committees

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 2016, an evaluation of the Board of Directors took place. An inquiry with each Board member was done according to a structured questionnaire. Results of this evaluation showed that the Board of Directors of Campine is operating well. The outcome of the evaluation was presented to the Board and discussed in detail among Board members.

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.

Company secretary

Pursuant to the Belgian Corporate Governance Code 2009 the Board should appoint a company secretary. Due to the size of the company and the relatively limited number of Board members, the company has appointed the Managing Director as company secretary. The Managing Director, assisted by the management assistant, currently 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. They report all matters in respect of which it considers that action or improvement is needed to the Board.

IV. Executive Management Team

Composition

<i>Name</i>	<i>Function</i>
Geert Krekel	Managing Director /Chief Operating Decision Maker (CODM)
Jan Keuppens	Manager Finance and Control
Hilde Goovaerts	Manager Operational Excellence
Hans Vercammen	Business unit manager Antimony & Plastics (as of 01/02/16)
David Wijmans	Business unit manager Lead
Marc Liégeois	Commercial manager Antimony & Plastics
Thierry De Loose	Business unit manager Antimony (until 29/02/2016)
Anne-Mie Van de Wiele	HR & Administration Manager (until 15/07/2016)

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 will participate 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 consists of the Chairman of the Board (Mr F.-W. Hempel), DELOX BVBA, represented by its permanent representative Mr P. De Groote and the independent director Christulf BVBA, represented by its permanent representative Mr C. Dewulf. Both Mr C. Dewulf and Mr P. De Groote 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 consists of Mr H.-R. Orgs and the independent director Christulf BVBA, represented by its permanent representative Mr C. Dewulf.

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.

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.

The members of the Audit committee have a joint expertise concerning the activities of the Group.

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 consists of the director Mr A. Hempel, DELOX BVBA, represented by its permanent representative Mr P. De Groote, the independent director ZENDICS BVBA, represented by its permanent representative Mr W. De Vos, the Managing Director Mr G. Krekel.

4. Functioning of the committees

During the financial year the following Board committee meetings were held:

Board committee	Date of the meeting	Members present
Nomination & Remuneration committee	12 & 25 April 2016	F.-W. Hempel, DELOX BVBA
	21 June 2016	F.-W. Hempel, DELOX BVBA, Christulf BVBA
Audit committee	18 February 2016	H.-R. Orgs, Christulf BVBA
	28 April 2016	H.-R. Orgs, Christulf BVBA
	18 August 2016	H.-R. Orgs, Christulf BVBA
	17 November 2016	H.-R. Orgs, Christulf BVBA
Strategy committee	14 June 2016	DELOX BVBA, G. Krekel

The Nomination & Remuneration committee discussed following subjects:

- Nomination of new and existing Board members
- Preparation of the Remuneration report for the Board
- Confirmation of director's remuneration: tantièmes and director's remuneration
- Composition and evaluation of the Executive Management Team
- Remuneration 2017 of the Managing Director and of the key-personnel
- Evaluation and functioning of the Board committees and Board members

The Audit committee discussed following subjects:

- 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
- Internal control
- Examination year and half-year figures and the evaluation of the accounting estimates and judgements as a result of the end 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, Lean Plant Management and Safety, Health & Environment.
 - Management control is the responsibility of the controllers. The Finance & Control Manager is in charge of organising 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. These 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 chief accountant. 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 closures 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 in particular 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 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 Geert Krekel 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 no conflict of interest (Article 523-524 Company Code) occurred.

IX. Remuneration Report

1. Remuneration policy

Directors

The remuneration policy is set in the Articles of Association of the Company.

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 Nomination & Remuneration Committee. The performance of the Managing Director 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.

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.

Remuneration policy

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.

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

2. Statement on the remuneration policy applied during 2016

A. Non-executive directors

As set in the Articles of Association, the individual directors receive a director's remuneration which is paid during the corresponding financial year.

Directors who are member of a specialised committee do not receive additional remuneration for that.

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. In compliance with art 554 of the Company Code non-executive directors receive a tantième (variable remuneration) as set in the Articles of Association. For the financial year closed per 31 December 2016, no tantièmes will be paid in 2017.

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

B. Managing Director

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.

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.

According to the Articles of Association of the company, the obligation mentioned in article 520ter, second paragraph, 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.

Article 23 of the Articles of Association of Campine provide for an exception on the application of article 520ter, second paragraph, and article 525, 4th paragraph of the Company Code.

Pensions

The Managing Director participates in a pension plan based on fixed contributions.

Other benefits

The Managing Director participates – 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 Managing Director do not provide any specific compensation commitments, other than standard notice periods as foreseen by the law, in the event of early termination. The term of notice is max 12 months, with a possible deviation until the Claeys formula 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 when the variable remuneration was granted to the Managing Director based on incorrect financial data.

C. 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.

According to the Articles of Association of the company, the obligation mentioned in article 520ter, second paragraph, 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.

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.

Article 23 of the Articles of Association of Campine provide for an exception on the application of article 520ter, second paragraph, and article 525, 4th paragraph of the Company Code.

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 do not provide any specific compensation commitments, other than standard notice periods as foreseen by the law, in the event of early termination. The term of notice is max 12 months, with a possible deviation until the Claeys formula 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.

3. Remuneration 2016

A. Non-executive Directors

- During the financial year closed per 31 December 2016, the non-executive directors
 - F.-W. Hempel, A. Hempel, H.-R. Orgs, DELOX BVBA, Christulf BVBA and ZENDICS BVBA received each a gross compensation of € 13.250 for fulfilling their duties as directors.
- For the financial year closed per 31 December 2016, no tantièmes will be paid. For the financial year closed per 31 December 2015 an amount of € 10.000 per director was paid in 2016.
- During the financial year closed per 31 December 2016, none of the non-executive directors (F.-W. Hempel, A. Hempel, H.-R. Orgs, DELOX BVBA, Christulf BVBA, ZENDICS BVBA) received any shares, share options or other rights to acquire shares of the company or Group.
- DELOX BVBA performed certain administrative/management services for the Campine Group, for which a management fee of € 32.479 was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

B. Managing Director

- Geert Krekel, Managing Director on an independent base, is in charge of the daily management and did not receive any compensation for his duty as mere director.
- As Managing Director, G. Krekel received a gross pay, including benefits of all kinds, of € 241.435 over 2016. This amount was made up of a fixed component of € 210.000, a variable component of € 10.000, pension contributions and invalidity insurance of € 13.200 (on the basis of a “defined contribution” system) and benefits in kind (car, mobile phone, internet connection, representation costs) to the value of € 8.235.
- During the financial year closed per 31 December 2016, G. Krekel did not receive any shares, share options or other rights to acquire shares of the company or Group.

C. Executive Management Team

- The members of the Executive Management Team, with the exception of Geert Krekel (Hilde Goovaerts, Jan Keuppens, Marc Liégeois, Thierry De Loose, David Wijmans, Anne-Mie Van de Wiele, Hans Vercammen) together received a total gross pay of € 1.070.013 for 2016. This amount was made up of a fixed component of € 871.666, a variable component of € 118.964, pension contributions and invalidity insurance of € 45.792 (on the basis of a “defined contribution” system) and benefits in kind (car, mobile phone, internet connection, representation costs) to the value € 33.591.
- During the financial year closed per 31 December 2016, none of the members of the Executive Management (Hilde Goovaerts, Jan Keuppens, Marc Liégeois, Thierry De Loose, David Wijmans, Anne-Mie Van de Wiele, Hans Vercammen) received any shares, share options or other rights to acquire shares of the company or Group.

The fixed and variable component include the total cost for the employer, all employer contributions included.

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.

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

'000 EUR	Notes	Year ended 31/12/2016	Year ended 31/12/2015
Revenue	4	170.855	164.054
Other operating income	5	1.988	1.066
Raw materials and consumables used	-	138.363	138.589
Employee benefits expense	27	12.230	11.158
Depreciation and amortisation expense	9 / 10	2.771	2.921
Changes in restoration cost	22	555	-
Other operating expenses	5	18.403	9.974
- Other operating expenses	5	10.245	9.974
- Fine European Commission (*)	5	8.158	-
Operating result (EBIT)		1.631	2.478
Operating result (EBT) excl. EC fine (*)		9.789	2.478
Hedging results	14	2.708	714
- Closed Hedges	-	3.744	268
- Change in open position	-	1.036	982
Finance costs	6	544	501
Net Financial Result	-	3.252	1.215
Result before tax (EBT)	-	1.621	1.263
Result before tax (EBT) excl. EC fine (*)		6.537	1.263
Income tax expense	7	2.189	308
Result for the year (EAT)	-	3.810	955
Result for the year (EAT) excl. EC fine (*)		4.348	955
<i>Attributable to:</i>			
Non-controlling interest		-	-
Equity holders of the parent	-	3.810	955
RESULT PER SHARE (in EUR)	8		
Number of shares		1.500.000	1.500.000
Result for the year (basic & diluted)	-	2,54	0,64
Result for the year (basic & diluted) excl. EC fine (*)		2,90	0,64

(*) Fine imposed by the European Commission. To ensure comparability with last year, the figures of 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 31/12/2016	Year ended 31/12/2015
Result for the year		- 3.810	955
<i>Other comprehensive income:</i>			
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 (*)	28	- 199	- 75
<i>(*) actuarial results of retirement benefit obligations</i>			
Total result for the year		- 4.009	880
<i>Attributable to:</i>			
Non-controlling interest		-	-
Equity holders of the parent		- 4.009	880

2. Consolidated balance sheet on 31 December 2016

'000 EUR	Notes	Year ended 31/12/2016	Year ended 31/12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	9	6.632	6.688
Intangible assets	10	472	671
Deferred tax assets	17	198	56
Cash restricted in its use		275	275
		7.577	7.690
Current assets			
Inventories	12	30.305	20.375
Trade and other receivables	13	28.647	25.634
Derivatives	14	710	-
Deferred tax assets	17	-	470
Cash and cash equivalents		244	80
		59.906	46.559
TOTAL ASSETS		67.483	54.249
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	4.000	4.000
Translation reserves		-	-
Retained earnings*		23.345	19.480
<i>Fine European Commission</i>		8.158	-
Equity attributable to equity holders of the parent		19.187	23.480
Total equity		19.187	23.480
Non-current liabilities			
Retirement benefit obligation	28	1.348	892
Deferred tax liabilities	17	169	-
Bank loans	16	-	-
Provisions	21	570	1.125
		2.087	2.017
Current liabilities			
Retirement benefit obligation	28	89	97
Trade and other payables	18	16.870	16.099
<i>Fine European Commission</i>	18	8.158	-
Derivatives	14	153	479
Current tax liabilities		1.514	-
Bank overdrafts and loans	16	5.491	3.293
Advances on factoring	16	13.934	8.784
Provisions	21	-	-
		46.209	28.752
Total liabilities		48.296	30.769
TOTAL EQUITY AND LIABILITIES		67.483	54.249

* Retained earnings consist of legal reserves (965 KEUR) and other reserves and retained results (22.380 KEUR), 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 2016

'000 EUR	Notes	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance on 31 December 2014		4.000	18.599	22.599	22.599
Total result of the year		-	880	880	880
Dividends and tantièmes		-	-	-	-
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	8	-	285	285	285
Balance on 31 December 2016		4.000	15.187	19.187	19.187

4. Consolidated cash flow statement for the year ended 31 December 2016

'000 EUR	Notes	Year ended 31/12/2016	Year ended 31/12/2015
OPERATING ACTIVITIES			
Result for the year	-	3.810	955
<i>Adjustments for:</i>			
Other gains and losses (hedging results)	14	2.708	714
Finance costs	6	544	501
(Deferred) tax expenses of the total result	7	2.189	308
Depreciation of property, plant and equipment	9/10	2.771	2.921
Change in provisions (incl. retirement benefit)	-	306	57
Change in inventory value reduction	12	9	17
Change in trade receivables value reduction	13	-	257
Others		2	3
Operating cash flows before movements in working capital		4.107	5.693
Change in inventories	12	- 9.939	2.862
Change in receivables	13	- 3.013	906
Change in trade and other payables	19	669	2.527
<i>Fine European Commission</i>		<i>8.158</i>	-
Cash generated from operations	-	18	10.176
Hedging results	-	3.744	268
Interest paid	6	- 544	501
Income taxes paid	-	76	-
Net cash (used in) / from operating activities	-	4.382	9.943
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	- 2.516	2.338
Purchases of intangible assets	10	-	300
Net cash (used in) / from investing activities	-	2.516	2.638
FINANCING ACTIVITIES			
Dividends paid and tantièmes paid	-	285	-
Repayments of borrowings	16	-	1.500
Change in bank overdrafts	16	2.198	595
Change in advances on factoring	16	5.149	6.996
Net cash (used in) / from financing activities		7.062	7.901
Net change in cash and cash equivalents		164	596
Cash and cash equivalents at the beginning of the year		80	676
Cash and cash equivalents at the end of the year		244	80
Bank balances and cash		244	80

5. Notes to the consolidated financial statement for the year ended 31 December 2016

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 2016.

Became applicable for 2016, but don't have a material impact on the presentation, notes or the financial statements of the Group.

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015).
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015).
- Amendments to IAS 27 *Separate Financial Statements – Equity Method* (applicable for annual periods beginning on or after 1 January 2016).

Issued but not yet effective for 2016

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018).
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU).
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2018).
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU).
- Improvements to IFRS (2014-2016) (applicable for annual periods beginning on or after 1 January 2017 or 2018, but not yet endorsed in the EU).
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).
- Amendments to IFRS 4 *Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed).
- Amendments to IAS 7 *Statement of Cash Flows – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU).
- Amendments to IAS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU).
- Amendments to IAS 40 *Transfers of Investment Property* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).

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 the 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 plaintiff 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.

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 10).

Geographical information of the Group is presented hereafter.

'000 EUR	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
2016					
REVENUE					
External sales incl. sales to entities within the Group	51.840	23.303	108.198	-	183.341
Sales to entities within the Group	-	-	-	- 12.486	- 12.486
Total revenue	51.840	23.303	108.198	- 12.486	170.855
<i>Inter-segment sales are charged at prevailing market prices</i>					
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	Antimony 31/12/2016	Plastics 31/12/2016	Recycling 31/12/2016	Unallocated 31/12/2016	Total 31/12/2016
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

'000 EUR	Antimony Year ended 31/12/2015	Plastics Year ended 31/12/2015	Lead Year ended 31/12/2015	Elimination / unallocated Year ended 31/12/2015	Total Year ended 31/12/2015
2015					
REVENUE					
External sales incl. sales to entities within the Group	53.291	24.133	92.202	-	169.626
Sales to entities within the Group	-	-	-	- 5.572	- 5.572
Total revenue	53.291	24.133	92.202	- 5.572	164.054
<i>Inter-segment sales are charged at prevailing market prices</i>					
RESULT					
Segment operating result	1.200	917	3.958		6.075
Unallocated expenses					- 3.597
Operating result					2.478
Investment revenues					-
Hedging results			- 714		- 714
Other gains and losses					-
Finance costs					- 501
Result before tax					1.263
Income tax expense					- 308
Result for the year					955
'000 EUR	Antimony 31/12/2015	Plastics 31/12/2015	Recycling 31/12/2015	Unallocated 31/12/2015	Total 31/12/2015
OTHER INFORMATION					
Capital additions	1.253	91	1.074	220	2.638
Disposals	-	-	-	-	-
Depreciation and amortisation	760	218	1.364	579	2.921
BALANCE SHEET					
Assets					
Fixed / Intangible assets	2.474	405	2.899	1.581	7.359
Deferred tax assets				526	526
Cash restricted in its use	-	-	275	-	275
Stocks	5.947	2.891	10.689	848	20.375
Trade and other receivables	6.483	2.885	16.046	220	25.634
Derivatives	-	-	-	-	-
Cash and cash equivalent	-	-	-	80	80
Total Assets	14.904	6.181	29.909	3.255	54.249
Long term liabilities					
Retirement benefit obligation	-	-	-	892	892
Deferred tax liabilities	-	-	-	-	-
Bank loans	-	-	-	-	-
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	1.125	-	1.125
Short term liabilities					
Retirement benefit obligation	-	-	-	97	97
Trade and other payables	1.855	1.517	10.492	2.235	16.099
Derivatives	-	-	479	-	479
Current tax liabilities	-	-	-	-	-
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	12.077	12.077
Provisions	-	-	-	-	-
Total liabilities	1.855	1.517	12.096	15.301	30.769

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 31/12/2016	%	Year ended 31/12/2015	%
Belgium	3.938	2%	4.151	3%
Germany	59.389	35%	54.069	33%
Switzerland	24.651	14%	20.395	12%
Italy	21.319	12%	20.337	12%
Romania	13.294	8%	11.157	7%
France	8.260	5%	6.850	4%
The Netherlands	7.160	4%	6.545	4%
United Kingdom	2.189	1%	3.991	2%
Other European countries	9.027	5%	12.657	8%
North America	14.557	9%	17.822	11%
Asia	2.964	2%	2.137	1%
Others	4.107	2%	3.943	2%
	170.855	100%	164.054	100%

There is one customer in the lead division who represents 18.67% of the Group's turnover.

5.5. Other operating expense and income

Other operating expense:

'000 EUR	Year ended 31/12/2016	Year ended 31/12/2015
Office expenses & IT	593	491
Fees	1.323	1.905
Insurances	446	515
Interim personnel	689	658
Expenses related to personnel	333	122
Carry-off of waste	1.968	1.483
Travel expenses	228	231
Transportation costs	2.452	2.253
Other purchase and sales expenses	540	1.025
Expenses on operational hedges	70	-
Operational exchange rates	226	-
Trade receivables value reduction	-	257
Renting	157	160
Subscriptions	312	227
Other taxes (unrelated to the result)	193	172
Financial costs (other than interest)	265	206
Fine European Commission	8.158	-
Others	450	269
	18.403	9.974

The proceeding initiated in 2012 by the European Commission concerning alleged anti-competitive practices in the lead recycling sector was completed in the beginning of 2017. On 8 February 2017 Campine was found guilty. A fine of € 8.158.315 was imposed on Campine. This fine is integrated in the annual accounts closed per 31 December 2016 as other operating expense.

Other operating income:

'000 EUR	Year ended 31/12/2016	Year ended 31/12/2015
Operating hedge results	-	51
Finance income (other than interest)	-	322
Recuperation of waste materials	1.861	635
Claims	31	17
Others	96	41
	1.988	1.066

5.6. Finance costs

'000 EUR	Year ended 31/12/2016	Year ended 31/12/2015
Interest on bank overdrafts, loans and factoring	544	501
Total borrowing costs	544	501

5.7. Income tax expense

'000 EUR	Year ended 31/12/2016	Year ended 31/12/2015
Current tax	1.590	-
Deferred tax	599	308
Income tax expense for the year	2.189	308

Domestic income tax is calculated at 33,99% (2015: 33,99%) of the estimated assessable result for the year.

'000 EUR	Year ended 31/12/2016	Year ended 31/12/2015
Result before tax	- 1.621	1.263
<i>Fine EC (not deductible in determining taxable result)</i>	<i>8.158</i>	-
	6.537	1.263
Tax at the domestic income tax rate of 33,99% (2015: 33,99%)	2.222	429
Tax effect of expenses that are not deductible in determining taxable result	93	95
Tax effect of Notional Interest Deduction (NID)	- 83	- 118
Tax settlement previous years	76	-
Tax effect of utilisation of tax losses previously not recognised and timing differences	- 136	- 98
Tax penalty (unsufficient prepayments)	17	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Tax expense and effective tax rate for the year	2.189	308

On 31/12/2016 deferred taxes amount to 198 KEUR (526 KEUR on 31/12/2015) and the deferred taxes payables amount to 169 KEUR (0 KEUR on 31/12/2015).

The deferred tax assets for unused tax losses amount to 0 KEUR (470 KEUR on 31/12/2015).

5.8. Dividends and tantièmes

The Board of Directors proposes that the company pays no dividend on the basis of the 2016 result. A dividend of EUR 0.225 million (EUR 0.15 gross per share) was paid for the year 2015.

The Board proposes that the company pays no tantièmes to each non-executive director (F.-W. Hempel, A. Hempel, H.-R. Orgs, DELOX BVBA, Christulf BVBA and ZENDICS BVBA) for the financial year closed per 31 December 2016. For the financial year closed per 31 December 2015 tantièmes were paid in 2016 for an amount of EUR 60.000.

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 31/12/2016	Year ended 31/12/2015
RESULT		
Result for purposes of basic and diluted results per share (result for the year attributable to equity holders of the parent)	- 3.810	955
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 2014	13.158	-	52.544	65.702
Additions	19	828	1.491	2.338
Transfers	-	-	-	-
Disposals	-	-	-	-
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
ACCUMULATED DEPRECIATION				
On 31 December 2014	11.422	-	47.171	58.593
Deprecation charge for the year	412	-	2.347	2.759
Eliminated on disposals	-	-	-	-
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
CARRYING AMOUNT				
On 31 December 2016	1.148	271	5.213	6.632
On 31 December 2015	1.343	828	4.517	6.688

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 2014	1.422
Additions	300
On 31 December 2015	1.722
Additions	-
On 31 December 2016	1.722
CUMULATED DEPRECIATION AND AMORTISATION	
On 31 December 2014	889
Charge for the year	162
On 31 December 2015	1.051
Charge for the year	199
On 31 December 2016	1.250
CARRYING AMOUNT	
On 31 December 2016	472
On 31 December 2015	671

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 2016 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	31/12/2016	31/12/2015
Raw materials	12.296	8.627
Work-in-progress	5.002	2.543
Finished goods	13.007	9.205
	30.305	20.375

The inventory per year-end includes an amount written-off of 458 KEUR (2015: 449 KEUR) 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	31/12/2016	31/12/2015
Amounts receivable from the sale of goods	27.375	24.455
Other receivables	1.272	1.179
	28.647	25.634

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 923 KEUR (2015: 923 KEUR). 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 27.375 KEUR includes 20.153 KEUR subject to commercial factoring by a credit institute. Based on these receivables the credit institute deposits advances on the account of Campine (13.934 KEUR per 31/12/2016, 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	31/12/2016	31/12/2015
Opening allowance doubtful debtors	923	666
Additions	-	257
Reversals	-	-
Closing allowance doubtful debtors	923	923

Included in the Group's trade receivable balance are debtors with a carrying amount of 1.780 KEUR (2015: 1.054 KEUR) 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 12 days past due (2015: 48 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 of 2.708 KEUR included in the income statement during the year ended per 31 December 2016. (31 December 2015: -714 KEUR).

'000 EUR	Fair value of current instruments	Underlying open positions (in mT)	Change in fair value in income statement
On 31 December 2015	- 479	5.950	- 714
On 31 December 2016	557	7.250	- 2.708

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for 710 KEUR and current liabilities – derivatives for 153 KEUR.

An amount of 23 KEUR is related to the open position of the fixed purchase contracts on 31 December 2016. On the financial side this open position of fixed purchase contracts represents a loss of 23 KEUR whereas on the operational side the transaction represents a profit of 23 KEUR on 31 December 2016.

An other amount of 52 KEUR is related to the open position of the fixed price contracts on 31 December 2016. On the financial side this open position of fixed price contracts represents a loss of 52 KEUR whereas on the operational side the transaction represents a profit of 52 KEUR on 31 December 2016.

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	31/12/2016	31/12/2015
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	31/12/2016	31/12/2015
Bank loans	-	375
Bank overdrafts	5.491	2.918
Advances on factoring	13.934	8.784
	19.425	12.077

The borrowings are repayable as follows:

'000 EUR	31/12/2016	31/12/2015
Bank loans after more than one year	-	-
Bank loans within one year	-	375
Bank overdrafts	5.491	2.918
Advances on factoring	13.934	8.784
	19.425	12.077

The average interest rates paid were as follows:

	Year ended 31/12/2016	Year ended 31/12/2015
Bank overdrafts	2,08%	2,08%
Advances on factoring	1,72%	1,92%
Bank loans	-	4,65%

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: 19.425 KEUR per 31 December 2016 (per 31 December 2015: 11.702 KEUR)) are arranged at floating rates, thus exposing the Group to an interest rate risk (see note 5.29.1.). On 31 December 2016, the Group had available 6.219 KEUR (31 December 2015: 12.030 KEUR) of undrawn committed borrowing facilities.

As mentioned before the European Commission imposed a fine of € 8.158.315 on Campine, concerning alleged anti-competitive practices in the lead recycling sector, on 8 February 2017. This fine is integrated in the annual accounts closed per 31 December 2016.

The credit agreements with our bankers contain a number of covenants, based on equity, solvency and stock rotation. Due to the imposed fine of the European Commission and the integration of the fine in the annual accounts closed per 31 December 2016, Campine is in breach with its bank covenants relating to minimum equity and solvency. As a result the credit rate will rise with 50 base points until the covenants will be respected again.

The banks confirmed to provide a waiver of these bank covenants until 31 May 2017, without requesting any change in the covenants or imposing other conditions. As such, all credit facilities remain available to Campine. Based on the 31 March 2017 quarterly results, Campine's compliance with the bank covenants will be re-evaluated. In view of the expected results of the first quarter 2017, Campine anticipates that it will - most probably comply with the covenants on 31 March 2017. On top of this the banks confirmed to temporarily lower the solvency ratio to be achieved from minimum 30% to minimum 25% as of 31 March 2017 until 30 June 2017.

The fine is to be paid by 10 May 2017. Campine has successfully negotiated with the banks the possibility of a short term financing of this fine, which will be repaid through the expected operating cash flow of 2017.

Campine is of the opinion that the fine imposed has no impact on its credibility and continuity in view of the agreement of the banks regarding the financing of the fine and as the bank covenants will be most likely complied with as of 31 March 2017 – according to the drawn up budget.

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 2014	16	171	- 80	- 950	51	- 792
Charge/(credit) to result for the year	- 7	- 171	2	480	-	304
Charge/(credit) to other comprehensive income	-	-	38	-	-	38
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

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy.

5.18. Trade and other payables

'000 EUR	31/12/2016	31/12/2015
Trade creditors and accruals	13.999	13.893
Other payables and accruals	2.871	2.206
<i>Fine European Commission</i>	<i>8.158</i>	<i>-</i>
	25.028	16.099

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.

As mentioned before the European Commission imposed a fine of € 8.158.315 on Campine, concerning alleged anti-competitive practices in the lead recycling sector, on 8 February 2017. As this fine is to be paid by 10 May 2017, this fine is integrated in the annual accounts closed per 31 December 2016 as short term liability.

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	31/12/2016			31/12/2015		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Trade and other liabilities	25.028	-	-	16.099	-	-
Bank overdrafts	5.491	-	-	2.918	-	-
Advances on factoring	-	-	-	8.784	-	-
Bank loans	13.934	-	-	379	-	-
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 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 financial instruments as on 31 December 2015 are presented below:

'000 EUR	Categories	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	25.634	25.634	2
Cash and cash equivalents	B	80	80	2
Derivatives	C	-	-	1
Total financial instruments on the assets side of the balance sheet		25.714	25.714	
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	12.077	12.091	2
Current trade and other debts	A	16.099	16.099	2
Derivatives	C	479	479	1
Total financial instruments on the liabilities side of the balance sheet		28.655	28.669	

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
At 31 December 2015	1.125	-	1.125
Additional provision in the year	- 555	-	- 555
Utilisation of provision	-	-	-
At 31 December 2016	570	-	570

'000 EUR	31/12/2016	31/12/2015
<i>Analysed as:</i>		
Current liabilities	-	-
Non-current liabilities	570	1.125
	570	1.125

Status provisions on 31 December 2016:

- In 2016 the provision for soil sanitation was re-evaluated; consequently the provision was reduced by 555 KEUR. The provisions amounted to 570 KEUR on 31/12/2016. 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 goodwill was granted to the banks for an amount of 11.550 KEUR (31/12/2015: 11.962 KEUR).

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	31/12/2016	31/12/2015
Minimum lease payments under operating leases recognised as an expense in the year	129	150

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

'000 EUR	31/12/2016	31/12/2015
Within one year	136	129
In the second year to fifth year inclusive	165	178
After five years	-	-
	301	307

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 2016 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	31/12/2016	31/12/2015
<i>Long term</i>		
Pension cost (incl. early retirement)	485	354
<i>Short term</i>		
Salaries	8.731	7.905
Contribution social security	2.597	2.514
Structural reduction social contribution	- 742	- 631
Other employee benefits expense	1.159	1.016
	12.230	11.158
Average number of FTE's	163	150

5.28. Retirement benefit plans

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

'000 EUR	31/12/2016	31/12/2015
Defined benefit plan	840	341
Early retirement provision	597	648
	1.437	989

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 Group switched to a defined benefit plan with fixed costs in 2015. Pursuant to the law, the employer must guarantee a minimum return. Therefore this plan was also reported as a defined benefit plan as of 31 December 2016.

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

* DBO: Defined Benefit Obligation

'000 EUR	DBO (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				
Interest cost on DBO	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)				
Cash Flows				
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

'000 EUR	DBO (IAS 19 R)	Plan Assets	Deficit	Net liability / (asset)
On 31 December 2014	2.419	- 2.184	235	235
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				
Interest cost on DBO	44			44
Interest income on plan assets		- 40		- 40
Interest on effect of the asset ceiling				-
Net interest				4
Administration costs paid from plan assets in P/L				
				-
Components of defined benefit cost recognised in P/L				
				4
Remeasurements of the net liability / (asset) in OCI				
Actuarial (gain) / loss arising from				
- Changes in demographic assumptions	-			-
- Changes in financial assumptions	32			32
- Experience adjustments	58			58
Return on plan assets (excl. amounts in net interest)		23		23
Change in effect of the asset ceiling (excl. amounts in net interest)				-
Total remeasurement recognised in OCI				113
Defined benefit cost (total amount recognised in P/L and OCI)				
Cash Flows				
Employee contributions	-	-		-
Employer contributions to plan assets (incl. 4,4% taxes)		- 11		- 11
Benefit payments from plan assets	- 41	41		-
Direct benefit payments by employer	-	-		-
Taxes paid from plan assets (4,4%)	-	-		-
Taxes paid directly by employer (8,86%)	- 1	1		-
On 31 December 2015	2.511	- 2.170	341	341

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	
	31/12/2016	31/12/2015
Discount rate	1,31%	2,03%
Expected rate of salary increases	2,90%	2,90%
Inflation	1,90%	1,90%

Split of the plan assets on 31/12/2016 and the comparison with 2015:

'000 EUR	31/12/2016	31/12/2015
Equity securities, incl. cash	6%	5%
Fixed income securities	94%	95%
Real estate	0%	0%
Other	0%	0%
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%
DBO (KEUR)	5.371	4.907	4.499
Salary increase	0,50%		-0,50%
Assumptions	3,40%	2,90%	2,40%
DBO (KEUR)	4.941	4.907	4.877

The Group expects to contribute 207 KEUR 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 2016 amounts to 597 KEUR (on 31 December 2015 provision amounted to 648 KEUR).

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 2016 bank loans amounted to 0 KEUR, bank overdrafts and advances on factoring amounted to 19.425 KEUR. 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 -35 KEUR (in case of 10% increase) or +35 KEUR (in case of 10% decrease) based upon the amount per 31 December 2016. The share capital 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 -38 KEUR (in case of 10% increase) or +38 KEUR (in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2016. The share capital 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 2017 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 2016 of a price fall of 10% would be +125 KEUR or of a price raise of 10% would be -125 KEUR.

5.30. Events after the balance sheet date

The proceeding initiated in 2012 by the European Commission concerning alleged anti-competitive practices in the lead recycling sector was completed in the beginning of 2017. On 8 February 2017 Campine was found guilty. A fine of € 8.158.315 was imposed on Campine. This fine is integrated in the 31 December annual accounts as other operating expense and short term liability.

Campine is in complete disagreement with the decision and is investigating on all possible actions against this decision including an appeal to the General Court of Luxembourg.

5.31. Related parties

The controlling party of the Group is Camhold NV (incorporated in Belgium). F.W. Hempel Intermétaux SA (incorporated in Switzerland) is the other major shareholder. 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 Intermétaux SA Chemin des Princes 14, 1222 Vézenaz, Switzerland	537.900	35,86%

The remaining shares (28,14%) are, as far as the company knows, held by private investors. 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.

No changes were made to the known shareholder structure of Campine in 2016 as the company received no notifications in 2016.

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 2016, 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 an amount of 10.754 KEUR.
- There was no open amount per 31/12/2016.

In 2015, 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 an amount of 13.242 KEUR.
- There was no open amount per 31/12/2015.

5.32.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of 18 KEUR (2015: 18 KEUR) 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: 62 KEUR (31/12/2015: 66 KEUR)
- F.W. Hempel Metallurgical: 234 KEUR (31/12/2015: 142 KEUR)
- F.W. Hempel & Co Erze und Metalle: 51 KEUR (31/12/2015: 93 KEUR)

The Campine Group passed through personnel and IT expenses to F.W. Hempel & Co Erze und Metalle for an amount of 14 KEUR (31/12/2015: 95 KEUR).

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	31/12/2016	31/12/2015
Commercial commitments for metals purchased (to be received)	9.647	6.719
Commercial commitments for metals sold (to be delivered)	14.693	11.775

5.34. Compensation of key management personnel

For the financial year 2016, the total remuneration of the Executive Management Team including the Board members amounts to 1.423 KEUR (2015: 1.391 KEUR). For further details, we refer to the remuneration report.

During the financial year closed per 31 December 2016 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 5 April 2017.

Auditor's report

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2016

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2016, 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.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Campine NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 67.483 (000) EUR and the consolidated balance sheet shows a consolidated loss (group share) for the year then ended of -3.810 (000) EUR.

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

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

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

Report on other legal and regulatory requirements

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

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

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

Antwerp, 6 April 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kathleen De Brabander

Corporate Data

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Auditor

Deloitte Bedrijfsrevisoren:

Represented by Kathleen De Brabander

Financial calendar

9 May 2017	General Meeting of Shareholders
Not applicable in 2017	Payment of dividend Record date Ex-date
Last week of August 2017	Announcement of half year results
Last week of February 2018	Announcement of 2017 year results