SIBELCO

FINANCIAL REPORT 2017

FINANCIAL REPORT

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SIMPLIFIED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In thousands of euro	2017	2016
Revenue	**3 083 004**	**2 725 702**
EBITDA	**541 429**	**428 146**
REBIT	**282 690**	**145 000**
Net financing costs	(51 534)	(70 966)
Current tax	(24 080)	(42 276)
Share of profit of equity-accounted investees (net of tax)	2 028	1 317
Recurring net result	**209 104**	**33 075**
Non-recurring result after tax	(109 205)	(245 236)
Result from discontinued operations	(688)	(4 530)
Deferred tax asset write-down outside the normal course of business	-	(45 568)
Minority interests	(3 393)	15 070
Profit (loss) for the period, Group share	**95 818**	**(247 189)**

CONSOLIDATED BALANCE SHEET

In thousands of euro	2017	2016
Assets		
Net non-current assets (1)	2 178 118	2 426 379
Current assets	914 930	1 012 613
Other assets	301 709	331 909
Cash (2)	139 077	69 414
Total	**3 533 834**	**3 840 315**
Liabilities and shareholders' equity		
Net worth (including minority interests)	1 485 635	1 646 660
Provisions	557 205	467 308
Gross financial debt (2)	785 697	960 587
Other liabilities	705 297	765 760
Total	**3 533 834**	**3 840 315**
(1) Of which mining assets	**455 615**	**478 159**
(2) i.e. net financial debt of	**646 620**	**891 173**

CASH FLOW STATEMENT AND CHANGE IN NET FINANCIAL DEBT

In thousands of euro	2017	2016
REBIT	**282 690**	**145 000**
Depreciation, amortisation and depletion	258 739	283 146
EBITDA	**541 429**	**428 146**
Income taxes (paid)/received	(72 859)	(44 034)
Capex	(204 229)	(240 278)
Proceeds from sale of PPE	19 477	11 402
Working capital changes	53 356	79 556
Use of provisions	(24 284)	(45 429)
Additional provisions	7 368	60 115
Add back revisions of provisions	(4 456)	(9 097)
Cash contributions to defined benefit plans	(19 187)	(18 853)
Add back pension expenses in EBITDA	31 700	17 409
Acquisitions of subsidiaries / non controlling interests	(3 065)	-
Disposal of subsidiaries / associates	9 323	11 397
Other non-cash items	(19 677)	(73 430)
Free operating cash flow	**314 896**	**176 904**
Interest (paid)/received	(39 520)	(51 137)
Purchase of treasury shares	-	(410)
Dividends received	2 344	14
Dividends paid	(63 979)	(58 961)
Other items	1 937	2 742
Net debt decrease (increase)	**215 678**	**69 152**
Opening net financial debt at 1 January	**891 173**	**957 749**
Change in net financial debt	(215 678)	(69 152)
Scope changes	-	(5 898)
Exchange rate fluctuations and other	(28 875)	8 474
Closing net financial debt at 31 December	**646 620**	**891 173**

CONSOLIDATED FINANCIAL STATEMENTS 2017

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER

In thousands of euro	Note	2017	2016
Continuing operations			
Revenue	8	**3 083 004**	**2 725 702**
Cost of sales (-)	8	**(2 461 289)**	**(2 266 237)**
Gross profit		**621 715**	**459 465**
Other operating income	9	35 517	50 012
SG&A expenses (-)	8	(355 838)	(321 981)
Other operating expenses (-)	10	(143 945)	(340 171)
EBIT		**157 449**	**(152 675)**
Financial income	13	12 483	991
Financial (expense)	13	(64 017)	(71 957)
Share of profit of equity-accounted investees (net of tax)	18	2 028	1 317
Profit (loss) before income taxes		**107 943**	**(222 324)**
Income taxes	14	(8 044)	(35 405)
Profit (loss) for the period from continuing operations		**99 899**	**(257 729)**
Profit (loss) from discontinued operations	11	(688)	(4 530)
Profit (loss) for the period		**99 211**	**(262 259)**
Attributable to:			
Owners of the Company		95 818	(247 189)
Non-controlling interests	5	3 393	(15 070)
		99 211	**(262 259)**

The notes on page 11 to 83 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

In thousands of euro	Note	2017	2016
Profit (loss) for the period		**99 211**	**(262 259)**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		(174 710)	45 340
Effective portion of changes in fair value of cash flow hedges		(4 163)	2 800
Fair value reserves AFS	13	(31)	(53)
Income tax on other comprehensive income		240	(810)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements employee benefits, net of tax		(14 065)	(22 711)
		(192 729)	**24 566**
Total comprehensive income for the period		**(93 518)**	**(237 693)**
Attributable to:			
Owners of the Company		(96 603)	(222 672)
Non-controlling interests		3 085	(15 021)
		(93 518)	**(237 693)**

The notes on page 11 to 83 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER

In thousands of euro	Note	2017	2016
Assets		**3 533 834**	**3 840 315**
Non-current assets		**2 479 827**	**2 758 288**
Property, plant and equipment	16	1 980 629	2 191 783
Intangible assets other than goodwill	17	131 338	157 197
Goodwill	17	66 151	77 399
Equity-accounted investees	18	27 629	37 409
Deferred tax assets	20	259 865	274 024
Non-current financial assets	19	3 516	4 908
Employee benefit assets	27	-	716
Other non-current assets	21	10 699	14 852
Current assets		**1 054 007**	**1 082 027**
Inventories	22	334 671	376 626
Current financial assets	19	3 922	17 403
Trade receivables	23	458 523	482 016
Other receivables	23	82 933	80 475
Current tax assets	15	31 325	41 426
Cash and cash equivalents	24	139 077	69 414
Assets classified as held for sale	11	3 556	14 667
Equity and liabilities		**3 533 834**	**3 840 315**
Equity attributable to equity holders of the company	25	**1 479 538**	**1 643 723**
Share capital		25 000	25 000
Share premium		12	12
Retained earnings and reserves		1 454 526	1 618 711
Non-controlling interests	5	**6 097**	**2 937**
Total equity		**1 485 635**	**1 646 660**
Non-current liabilities		**1 371 125**	**1 525 160**
Interest bearing loans & borrowings	26	659 945	814 988
Non-current provisions	28	324 559	245 333
Employee benefits	27	183 342	181 335
Deferred tax liabilities	20	185 543	264 991
Trade and other payables (non-current)	29	1 784	5 395
Other non-current liabilities	30	15 952	13 118
Current liabilities		**677 074**	**668 495**
Bank overdrafts	26	38 693	50 087
Interest bearing loans & borrowings (current)	26	82 136	97 889
Current provisions	28	49 304	40 640
Trade and other payables	29	471 313	432 234
Current tax liabilities	15	24 669	26 739
Other current liabilities	30	10 394	10 093
Liabilities associated with disposal groups held for sale	11	565	10 813

The notes on page 11 to 83 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF EQUITY

In thousands of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2017	**25 000**	**12**	**24 992**	**560**	**0**	**(65 216)**	**1 658 375**	**1 643 723**	**2 937**	**1 646 659**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**95 818**	**95 818**	**3 393**	**99 211**
Foreign currency translation differences	-	-	(174 402)	-	-	-	-	(174 402)	(308)	(174 710)
Cash flow hedges, net of tax	-	-	-	(3 923)	-	-	-	(3 923)	-	(3 923)
Fair value changes, net of tax	-	-	-	-	(31)	-	-	(31)	-	(31)
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	(14 065)	(14 065)	-	(14 065)
Total other comprehensive income	**-**	**-**	**(174 402)**	**(3 923)**	**(31)**	**-**	**(14 065)**	**(192 421)**	**(308)**	**(192 729)**
Total comprehensive income for the period	**-**	**-**	**(174 402)**	**(3 923)**	**(31)**	**-**	**81 753**	**(96 603)**	**3 085**	**(93 518)**
Dividends to equity holders	-	-	-	-	-	-	(63 841)	(63 841)	(307)	(64 148)
Capital decreases	-	-	-	-	-	-	-	-	(1 375)	(1 375)
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**(63 841)**	**(63 841)**	**(1 682)**	**(65 523)**
Acquisition of non-controlling interest (note 3)	-	-	-	-	-	-	(1 953)	(1 953)	(1 112)	(3 065)
Disposals of non-controlling interest	-	-	-	-	-	-	-	-	368	368
Other movements	-	-	(1)	(468)	(3 258)	-	1 939	(1 788)	2 501	713
Total transactions with owners	**-**	**-**	**(1)**	**(468)**	**(3 258)**	**-**	**(63 855)**	**(67 582)**	**75**	**(67 507)**
Balance as at 31 December 2017	**25 000**	**12**	**(149 411)**	**(3 831)**	**(3 289)**	**(65 216)**	**1 676 273**	**1 479 538**	**6 097**	**1 485 634**

For more information on Capital and reserves see note 25 *Capital and Reserves*.

The notes on page 11 to 83 are an integral part of these consolidated financial statements

In thousands of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2016	**25 000**	**12**	**(20 299)**	**(1 864)**		**(64 806)**	**1 987 085**	**1 925 128**	**18 295**	**1 943 423**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(247 189)**	**(247 189)**	**(15 070)**	**(262 259)**
Foreign currency translation differences	-	-	45 291	-	-	-	-	45 291	49	45 340
Cash flow hedges, net of tax	-	-	-	1 937	-	-	-	1 937	-	1 937
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	(22 711)	(22 711)	-	(22 711)
Total other comprehensive income	**-**	**-**	**45 291**	**1 937**	**-**	**-**	**(22 711)**	**24 517**	**49**	**24 566**
Total comprehensive income for the period	**-**	**-**	**45 291**	**1 937**	**-**	**-**	**(269 900)**	**(222 672)**	**(15 021)**	**(237 693)**
Own shares acquired	-	-	-	-	-	(410)	-	(410)	-	(410)
Dividends to equity holders	-	-	-	-	-	-	(59 617)	(59 617)	(261)	(59 878)
Capital increases	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(410)**	**(59 617)**	**(60 027)**	**(261)**	**(60 288)**
Acquisition of non-controlling interest (note 3)	-	-	-	-	-	-	-	-	-	-
Non-controlling final PPA adjustment (note 3)	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	487	-	-	807	1 294	(76)	1 218
Total transactions with owners	**-**	**-**	**-**	**487**	**-**	**(410)**	**(58 810)**	**(58 733)**	**(337)**	**(59 070)**
Balance as at 31 December 2017	**25 000**	**12**	**24 992**	**560**	**-**	**(65 216)**	**1 658 375**	**1 643 723**	**2 937**	**1 646 659**

The notes on page 11 to 83 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER

In thousands of euro	Note	2017	2016
Profit for the period		**99 211**	**(262 259)**
Adjustments for:			
Amortisation, depreciation and impairment	16, 17	348 573	485 209
Provisions and employee benefits	27, 28	51 279	51 018
Loss/(gain) on sale of property, plant & equipment		(7 676)	(6 525)
Share of profit of equity accounted investees (net of tax)	18	(2 028)	(1 317)
Financial result	13	51 534	70 966
Profit (loss) after tax from discontinued operations		688	-
Income taxes	14	8 044	35 405
Other non-cash items		5 268	41 123
Operating cash flow before working capital changes		**554 893**	**413 620**
Changes in inventories		8 171	44 155
Changes in trade and other receivables		10 236	9 719
Changes in trade and other payables		34 162	25 682
Proceeds/payments forex risk hedges		787	-
Working capital changes		**53 356**	**79 556**
Use of provisions	28	(24 284)	(45 429)
Contributions pensions	27	(19 187)	(18 853)
Operating cash flow		**564 778**	**428 894**
Income taxes (paid)/received		(72 859)	(44 034)
Interest received		2 866	-
Net cash from operating activities		**494 785**	**384 860**
Proceeds from sale of property, plant & equipment		19 218	8 073
Proceeds from sale of intangible assets		259	3 329
Sale of subsidiaries, net of cash disposed of	4	8 552	11 397
Sale of associates	18	771	-
Other proceeds		2 798	1 961
Dividends received		2 344	14
Investing cash inflows		**33 942**	**24 774**
Acquisition of property, plant and equipment	16	(195 180)	(234 232)
Acquisition of intangible assets	17	(9 049)	(6 046)
Changes in other non-current assets		(176)	4 975
Investing cash outflows		**(204 405)**	**(235 303)**
Net cash used in investing activities		**(170 463)**	**(210 529)**

The notes on page 11 to 83 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER

In thousands of euro	Note	2017	2016
Increase (decrease) of granted loans		(435)	191
Drawing of borrowings		12 687	-
Repayment of borrowings		(124 069)	(56 523)
Increase (decrease) of finance lease liabilities		(1 989)	(2 389)
Increase of long term payables		(1 724)	5 138
Interest paid		(42 387)	(51 137)
Purchase of non-controlling interests	3	(3 065)	-
Purchase of treasury shares		-	(410)
Dividends paid to shareholders		(63 979)	(58 961)
Net cash used in financing activities		**(224 961)**	**(164 091)**
Net increase/(decrease) in cash and cash equivalents		**99 362**	**10 240**
Cash and cash equivalents at beginning of the period		**69 414**	**64 791**
Net increase/(decrease) in cash and cash equivalents		99 362	10 240
Scope changes	3	80	-
Disposal of subsidiaries and other businesses		8 739	(4 274)
Effect on exchange rate fluctuations on cash held		(39 094)	(1 343)
Difference in opening balance		576	-
Cash and cash equivalents at end of the period	24	**139 077**	**69 414**

The notes on page 11 to 83 are an integral part of these consolidated financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

SCR-Sibelco N.V. ("the Company") is a company domiciled in Belgium, Plantin en Moretuslei 1a, BE-2018 Antwerp, Belgium. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associated entities and jointly controlled entities. The consolidated financial statements as at and for the year ended December 31, 2017 were authorized for issue by the Board of Directors on 15 March 2018.

The Group is principally engaged in the exploration for, development of and production of industrial minerals and serves its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries.

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

B. BASIS OF PREPARATION

I. BASIS OF MEASUREMENT

The consolidated financial statements are presented in euro, which is the Company's functional currency, and are rounded to the nearest thousand, except when otherwise indicated. They are prepared on the historical cost basis except for derivative financial instruments, financial liabilities at fair value through profit or loss and greenhouse gas emissions rights that have been measured at fair value (see note 13 *Net financing costs)*.

II. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in each note whenever relevant.

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

- note 17 – key assumptions used in the impairment test for cash generating units;
- note 20 – utilisation of tax losses;
- note 27 – employee benefits;
- note 28 – provisions for site restoration and plant demolition;
- note 31 – financial instruments.

Non-recurring items are those that in management's judgement need to be disclosed and are determined by the nature of the item or their incidence. Such items are disclosed separately in the notes to the financial statements (see note 9 *Other operating income* and note 10 *Other operating expenses).*

Non-recurring items are income or expense that arise from events that are clearly distinct from ordinary activities, not expected to recur frequently and that are unpredictable and unusual. Events which may give rise to non-recurring items are principally:

- Natural disasters and fire;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets and which are out of the Group's control;
- Decisions to discontinue operations;
- Disposal of legal entities, cash-generating units or major parts of a cash-generating unit; and
- Restructuring programmes.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

III. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

RESTATEMENT OF REVISIONS AND REVERSALS OF PROVISIONS

As from 2017 onwards, revisions to provisions for site restoration and reversals of provisions are allocated to either the cost of sales or SG&A function (see note 8 *Revenue, Cost of sales and SG&A expenses)* instead of other operating expense (note 10 *Other operating expenses* - for revisions site restoration provision

or operating income (note 9 *Other operating income* - for reversals of provisions).
Similarly, as from 2017, gains/(losses) on disposal of subsidiaries and equity companies are presented as financial result (note 13 *Net financing costs)* instead of other operating income or expenses (respectively note 9 *Other operating income* or note 10 *Other operating expenses)*.
The impact of these restatements are as follows:

In thousands of euro

Other operating income	Note	2017	2016 Restated	2016 As reported
By-products		662	969	969
Royalties an rentals		86	1 088	1 088
Government grants		914	489	489
Gain on disposal of fixed assets	16,17	3 537	8 008	8 008
Non-recurring: disposal of assets held for sale	11	4 921	-	-
Reversal of provisions	28	-	9 097	9 097
Non-recurring reversal of provisions	28	2 213	-	-
Non-recurring: disposal of subsidiaries	4	-	-	11 664
Other operating income		23 184	16 283	16 283
Other non-recurring		-	2 113	2 113
Net foreign exchange gains		-	301	301
Total		**35 517**	**38 348**	**50 012**

In thousands of euro

Other operating expense	Note	2017	2016 Restated	2016 As reported
Loss on disposal of fixed assets	16,17	782	1 483	1 483
Non-recurring impairment losses on property, plant and equipment	16	77 295	165 241	165 241
Non-recurring impairment losses on intangible assets and goodwill	17	11 109	56 250	56 250
Additions to provisions	28	-	20 580	20 580
Non-recurring additions to provisions	28	23 221	35 307	35 307
Non-recurring disposals of subsidiaries	4	-	-	11 409
Other operating expense	28	9 489	6 254	6 254
Other non-recurring	4	20 750	43 245	43 245
Net foreign exchange losses		1 299	402	402
Total		**143 945**	**328 762**	**340 171**

In thousands of euro		2017	2016	2016
Net financing costs	Note		**Restated**	**As reported**
Interest income on cash and cash equivalents		1 412	-	-
Dividend income		21	14	14
Net foreign exchange gains		-	977	977
Gain on disposal/liquidation of financial assets	4	9 654	11 664	-
Other financial income		1 395	-	-
Financial income		**12 483**	**12 655**	**991**
Interest expense on financial liabilities		(29 967)	(49 547)	(49 547)
Net foreign exchange losses		(4 658)	-	-
Change in fair value of net non-current assets classified as held for sale	11	(719)	-	-
Net change in fair value of derivatives and financial assets		(1 771)	(1 469)	(1 469)
Unwinding of the discount rate provisions	28	(7 836)	(8 119)	(8 119)
Change in discount rate provisions	28	(10 334)	(897)	(897)
Net interest expense on defined benefit liability	27	(4 485)	(4 994)	(4 994)
Loss on disposal/liquidation of financial assets	4	-	(11 409)	-
Other financial expense		(4 246)	(6 931)	(6 931)
Financial expense		**(64 017)**	**(83 366)**	**(71 957)**
Net finance cost		**(51 534)**	**(70 711)**	**(70 966)**

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The Group only lists and addresses those new and amended standards and interpretations that are relevant to the Group's financial position, performance and/or disclosures. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group.

The nature and the impact of each new standard and amendment is described below:

AMENDMENTS TO IAS 7 STATEMENT OF CASH FLOWS – DISCLOSURE INITIATIVE

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains and losses). The Group has provided the information in Note 26 *Interest-bearing loans and borrowings).*

AMENDMENTS TO IAS 12 INCOME TAXES – RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES

The amendments clarify that an entity needs to consider whether law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. Their application has no effect on the Group's financial position and performance.

IV. PRESENTATION CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The Group has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. The Group has elected to present non-current assets and liabilities before current assets and liabilities.
An asset is current when it is either:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period;
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.
A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period.

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

C. BASIS OF CONSOLIDATION

I. SUBSIDIARIESS

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2017. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.
Where the Group's interest is less than 100 percent, the interest attributable to outside shareholders is reflected as non-controlling interests.
Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

II. JOINT OPERATIONS

The Group undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.
In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation;
- Expenses, including its share of any expenses incurred jointly.

III. EQUITY ACCOUNTED INVESTEES

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and

operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly through subsidiaries, twenty percent or more of the voting power. Joint ventures are those entities over whose activities the Group has joint control.
Associates and joint ventures are both accounted for by the Group using the equity method of accounting. Under this method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of the associate or joint venture. The consolidated financial statements of the Group include the Group's share of the profit or loss and equity movements in the equity accounted investee. The consolidated financial statements include the associates or joint venture from the date that significant influence commences until the date that significant influence ceases.
The Group's investments in associates or joint venture include goodwill (net of impairment) on acquisition.
When the Group's share of losses exceeds the carrying amount of the equity accounted investee, the carrying amount of the Group's interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.
Goodwill on acquisitions of associates is included in the carrying amount of investments in associates.

IV. TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

D. FOREIGN CURRENCY TRANSLATION

I. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded in the respective functional currency at the spot rate ruling at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency using the closing rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss (as finance income or expense), except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation (see o iii below).
Non-monetary items which are carried at fair value are converted using the exchange rates existing when the values were determined.
Non-monetary items which result from transactions which took place in a foreign currency, but which are carried at historical cost, are reported using the exchange rate at the date of the transaction.

II. FOREIGN OPERATIONS

The income and expenses of foreign operations are translated to euro at average exchange rates. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated to euro at exchange rates at the reporting date.
Foreign exchange differences arising on translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the cumulative amount in the translation reserve is reclassified to profit or loss as part of the gain or loss on disposal.

E. INTANGIBLE ASSETS

I. RECOGNITION AND MEASUREMENT

Intangible assets are recognised when the asset is identifiable, controlled by the Group, it is probable that future economic benefits specifically attributable to the asset will flow to the Group and when the cost of the asset can be measured reliably.
All costs related to intangible resources which do not meet the recognition criteria are recognised as expenses and are not subsequently reinstated as an asset.
Intangible assets which have been recognised as assets are not subsequently revalued.
The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (see accounting policy k).
Subsequent expenditure on capitalised intangible assets is capitalised only when it meets the recognition criteria of intangible assets (see above). All other expenditure is expensed as incurred.
Intangible assets acquired in a business combination are initially recognised at fair value.

II. INTANGIBLE ASSETS IN RESPECT OF MINING ACTIVITIES

Pre-acquisition prospecting, evaluation and exploration costs are charged to expense when incurred.

Acquisition of mineral rights includes legal rights to explore for, develop, and produce wasting resources on a mineral property. Direct costs, license costs and all costs which are incurred in acquiring legal rights to undeveloped mineral properties are capitalised as intangible assets.

Mineral rights and mineral properties shall be recognised as identifiable assets provided that the carrying value is expected to be recovered through successful development and exploitation or exploration and evaluation activities have, at balance sheet date, reached a stage which permits a reasonable assessment of the existence of reserves and resources and active significant operations are continuing.

Other potential reserves and resources and mineral rights, for which, in the Exco's opinion, values cannot reliably be determined, are recognised as expense in profit or loss.

Post-acquisition exploration and evaluation (E&E) costs are initially recognised as an intangible asset pending the determination of whether commercially recoverable reserves have been found.

Post-acquisition E&E comprises following activities:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

To justify a continuing presumption of future economic benefits of deferred post-acquisition exploration and evaluation costs, costs can only be deferred while further activity in the mineral deposit is planned and the post-acquisition exploration and evaluation activities are expected to result in commercial reserves within two years.

Amortisation of capitalised acquisition costs of mineral rights commences as soon as the first unit in a saleable form is produced and are amortised on a units of production basis.

Capitalised post-acquisition exploration and evaluation costs remain unamortized until commercially recoverable reserves are found.

At the time of assessment of insufficient potential for commercial exploitation capitalised costs are expensed (no reinstatement when subsequently reserves are found).

Once exploitation, starts and the proven reserves are estimated the capitalised amounts are amortised using the unit-of-production method, except for capitalised construction costs for which a straight-line depreciation over useful live is applied.

III. RESEARCH AND DEVELOPMENT COSTS

Costs relating to research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed to the statement of income as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy k).

IV. COMPUTER SOFTWARE

Expenditure on development activities within an ICT project are capitalised if the criteria for capitalisation of research and development costs (see research and development costs) are met.

V. AMORTISATION

Intangible assets which have an indefinite useful life are not amortised but are subject to annual impairment testing.

Intangible assets which have a finite useful life are amortised from the date they are available for use using the straight-line method over their useful lives. The estimated useful lives are as follows:

Mineral rights and post-acquisition exploration and evaluation costs	Physical unit-of-production method
Development expenses	5 years
Marketing related intangible assets	5 years
Customer related intangible assets	5 years or if acquired through a business combination over the DCF model horizon up to a maximum of 10 years
Contract-based intangible assets	Over estimated economic or legal life (contract terms), whichever is shorter, up to a maximum of 10 years
Computer software	3 years

F. EMISSION RIGHTS

Sibelco recognises a provision for emission in case it has caused emissions in excess of emission rights granted. The provision is measured at the fair value (market price) of emission rights necessary to compensate for that shortfall.
Emission rights held are accounted for as follows:

- Emission rights allocated for free by national authorities are accounted for as non-monetary government grants at its nominal value of nil;
- Emission rights purchased from other parties are accounted for at cost. If they are dedicated to offset a provision for in excess emission, they are deemed to be "reimbursement rights" and are accounted for at fair value;
- Proceeds from disposal of excess rights are recognised when incurred in current operating income at the sales price.

Deficits are measured based on an allocation that covers the entire period of the scheme provided that the entity is unconditionally entitled to all the allowances for the period concerned.

G. GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.
For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree (for each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets); plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is immediately recognised in profit or loss.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but instead the Group tests it for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see accounting policy k).
The carrying amount of goodwill is allocated to a plant or mineral deposit or groups of plants and mineral deposits (cash-generating unit) that are expected to benefit from the synergies of the combination. The manner in which the goodwill is allocated to each plant or mineral deposit or groups of plants and mineral deposits represents the lowest level within a Group's entity at which the goodwill is monitored for internal management purposes.
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

H. NON-DERIVATIVE FINANCIAL ASSETS

Each category of non-derivative financial assets is accounted for at trade date. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.
The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire.
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

I. INVESTMENTS IN EQUITY SECURITIES

Investments in equity securities are undertakings in which the Group does not have significant influence, joint control or control. This is generally evidenced by ownership of less than 20 percent of the voting rights. Such investments are designated as available-for-sale financial assets and are recorded at their fair value unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses. Impairment losses are recorded in profit or loss. Changes in fair value other than impairment losses (see above) and foreign exchange differences are recognised in other comprehensive income and presented in the fair value reserve in equity. On disposal of an investment, the difference between the

net disposal proceeds and the carrying amount, together with the cumulative gain or loss in equity, is reclassified to profit or loss.

II. INVESTMENTS IN DEBT SECURITIES

Investments in debt securities classified as at fair value through profit of loss or as being available-for-sale are stated at fair value, with any resulting gain or loss respectively recorded in profit or loss or in other comprehensive income and presented in the fair value reserve in equity. The fair value of such investment is their quoted bid price at the reporting date. Impairment losses are recognised in the statement of income. When an investment in debt securities classified as available-for-sale is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.
Investments in debt securities for which the Group has the positive intent and ability to hold them to maturity, are classified as held-to-maturity and stated at amortized cost, less any impairment losses.

III. OTHER INVESTMENTS

Other investments held by the company are classified as being available-for-sale and are stated at fair value, with any resulting gain or loss, other than foreign exchange differences on available-for-sale monetary assets, recognised in other comprehensive income and presented in the fair value reserve in equity. Impairment losses are recognised in profit or loss. At derecognition of any other investment, the cumulative gain or loss in equity is transferred to profit or loss.
Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured, shall be measured at cost.

IV. TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy k).

V. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

I. PROPERTY, PLANT AND EQUIPMENT

I. RECOGNITION AND MEASUREMENT

All property, plant and equipment are recorded at historical cost less accumulated depreciation (see below) and impairment losses (see accounting policy k).
Safety and environmental expenditure is capitalised when the item is needed to obtain future economic benefits from other assets.
Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are expected to be used during more than one reporting period, their cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the Group.
The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset and where relevant, the costs of dismantling and removing the asset and restoring the site on which that asset is located, and capitalised borrowing costs.
Property, plant and equipment are not subsequently revalued.
Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.
The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and when the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.
Property, plant and equipment acquired in a business combination is recognised at fair value at the acquisition date.

II. PROPERTY, PLANT AND EQUIPMENT IN RESPECT OF MINING ACTIVITIES

Acquisition of mineral property includes the costs incurred to purchase or lease mineral properties to explore for, develop, and produce wasting resources.
Development activities include costs for the establishment of access to the mineral reserves and for other preparations before commercial production. In general all development costs are capitalised and amortised on a units of production basis.
Initial stripping costs at new mines and at operating mines outside existing pit limits, that are expected to benefit future production beyond a minimum of one year, are capitalised as part of the costs of developing and amortised on a units of production basis.
Ongoing stripping costs to maintain production of operating mines are expensed to the statement of income when the stripping ratio

(ratio of minerals extracted to overburden or waste material) over the life of the mine is expected to be relatively even.
Ongoing stripping costs are deferred using a life-of-mine based accounting model when the stripping ratio varies substantially during the life of a mine. It involves deferring costs when the actual stripping ratio incurred exceeds the expected average life-of-mine stripping ratio or recording a liability when the actual stripping ratio is less than the expected average life-of-mine ratio.

III. DEPRECIATION

Items of property, plant and equipment, other than mineral properties and mining development costs, are depreciated in profit or loss as from the date the asset is available for use using the straight-line method over the estimated useful life of the asset.
Mineral properties are depreciated as from the start of production by the proportion that the mineral reserves extracted in a period, correspond to total mineral reserves (physical unit-of-production method). Under the unit-of-production method the mineral reserves base used to depreciate includes the proven (both developed and undeveloped) and probable reserves. Mineral properties remain undepreciated until commercially recoverable reserves are extracted.
The Group assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. At this point, all related amounts are reclassified from 'Assets under construction' to 'Mineral Properties'.
Capitalised development costs are also depreciated on a unit-of-production basis.
At the time of assessment of insufficient potential for commercial exploitation capitalised costs are expensed (no reinstatement when subsequently reserves are found).
Estimated residual salvage values are taken into account in determining depreciation.
The estimated useful lives are as follows:

Mineral property	Physical unit-of-production method
Mining development costs	Physical unit-of-production method
Administrative buildings	30 years
Plant and processing equipment	5 and 12 years
Mobile equipment	5 years
Laboratory equipment	7 years
Railroad equipment	10 – 25 years

Land which is not intended for mining activities is not depreciated.
Depreciation methods, useful lives and residual values are reassessed at the reporting date.

J. LEASES

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.
Capitalised leased assets are depreciated over the estimated useful life of the asset, which is consistent with that of owned depreciable assets if there is reasonable certainty that the lessee will take ownership at the end of the lease term; otherwise over the shorter of the useful life and the lease term. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.
Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

K. IMPAIRMENT

At each reporting date, the Group assesses the carrying amount of its assets, other than inventories (see accounting policy l) and deferred tax assets (see accounting policy t), to determine whether there is any external or internal indication that those assets have been impaired.
If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying value in order to determine the extent of the impairment loss (if any). For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time in December.
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.

I. DETERMINATION OF RECOVERABLE AMOUNT

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

flows of that asset that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.
The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. The recoverable amount of available-for-sale financial assets is their current fair value. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
The recoverable amount of other assets is the greater of their fair value less costs of disposal and value in use.
The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
In assessing value in use, the estimated future cash flows generated by the asset 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.
For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit or a cluster of cash generating units to which the asset belongs.
Estimated future cash flows are based on proven and probable reserve quantities as per the most recent life of the mine plan in determining the value in use of mineral properties. Future cash flows of mineral properties include estimates of recoverable minerals, mineral prices (considering current and historical prices and price trends), production levels, capital and reclamation costs, all based on detailed engineering life of mine plans.
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 (impairment loss). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (cluster of cash generating units) and then, to reduce the carrying amount of the other assets in the unit (cluster of cash generating units) on a pro rata basis. Impairment losses are immediately recognised in profit or loss.
After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

II. REVERSAL OF IMPAIRMENT

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.
If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.
An impairment loss in respect of goodwill is not reversed.
In respect of other assets, where an impairment loss subsequently reverses as a result of a change in the estimates used to determine the recoverable amount, 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 (net of depreciation) if no impairment loss had been recognised for the asset (cash-generating unit) in prior years.

L. INVENTORIES

I. RECOGNITION AND MEASUREMENT

Inventories are measured at the lower of cost and net realisable value.
Cost of raw materials comprises the purchase price (less discounts and rebates), import and other duties, non-refundable purchase taxes, transport and handling costs and other costs directly attributable to the acquisition of the inventories.
Cost of finished goods and work-in-progress comprises costs directly related to the units of production, such as labour and an appropriate proportion of variable and fixed production overheads.
Cost is determined on the weighted average cost basis for mining inventories and a first-in, first-out (FIFO) basis for trading inventories.

Inventories are written down to net realisable value when the cost of the inventories exceeds that value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

II. INVENTORIES IN RESPECT OF MINING ACTIVITIES

The cost of finished products comprises all costs related to the mineral reserves extracted and made ready for use or sale during the period.

The conversion costs include costs of direct labour in the mine and at the plant, both variable and fixed production costs and an appropriate portion of fixed and variable overhead costs.

Joint products are products having significant relative values emerging from a common production process. The cost of conversion is allocated between the joint products on the basis of physical measures such as weight, volume and energy content.

Ordinary spare parts (that are regularly replaced) and consumables are stated at cost less any write-down for obsolescence.

M.CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, revenue and expenses are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenues, the expected loss is recognised immediately in profit or loss as an expense.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that the contract costs incurred will be recoverable. Contract costs are then recognised as expenses in the period in which they are incurred. Contract costs include all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. Construction work in progress is presented as part of trade and other receivables in the statement of financial position. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the statement of financial position.

N. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group's policy prohibits the use of derivatives for speculation and does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged (accounting policy o).

Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in fair value included in profit or loss.

The fair value of the derivative instruments is determined based on the applicable fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of derivative interest rate swaps are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

The fair value of other derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

O. HEDGE ACCOUNTING

Specific accounting treatment is related to derivatives designated as cash flow hedges, fair value hedges and hedge of a net investment in foreign operation.

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

makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

I. CASH FLOW HEDGES

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity. A hedge of the foreign currency risk on a firm commitment is also accounted for as a cash flow hedge. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (i.e., when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the cumulative gain or loss is removed from equity and recognised in profit or loss at the same time as the hedged cash flows affect profit or loss.
The ineffective part of any gain or loss is recognised in profit or loss immediately. Any gain or loss arising from changes in the time value of the option contracts and interest element of forwards are excluded from the measurement of hedge effectiveness and is immediately recognised in profit or loss.
When the hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.
If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income and presented in the hedging reserve in equity, is immediately recognised in profit or loss.

II. FAIR VALUE HEDGES

For fair values hedges, in which derivative financial instruments hedge the change in fair value of assets and liabilities or an unrecognised firm commitment, changes in the fair value of derivative financial instruments are recognised in profit or loss, together with changes in the fair value of the related hedged item in respect of the risk that is hedged.

III. HEDGE OF NET INVESTMENT IN FOREIGN OPERATION

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability to euro are recognised directly in other comprehensive income.
Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and presented within equity in the translation reserve, the ineffective portion is reported in the statement of income. When the hedged net investment is disposed of, in part or in full, the cumulative amount in the translation reserve is transferred to the statement of income as an adjustment to the gain or loss on disposal.

P. SHARE CAPITAL

I. REPURCHASE OF SHARE CAPITAL (TREASURY SHARES)

The Group's ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

II. DIVIDENDS

Dividends are recognised as a liability in the period in which they are declared.

Q. PROVISIONS

I. RECOGNITION AND MEASUREMENT

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.
The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. The discount rate is based on long term market interest rate for a risk similar to the risk of the Group. When discounting is used, the increase of the carrying amount of the provision in each period to reflect the unwinding of the discount by the passage of time is recognised as an interest expense.

II. RESTRUCTURING

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced before the reporting date or has been announced to those affected by it (constructive obligation).
Costs relating to the on-going activities of the Group are not provided for.

III. PROVISIONS FOR DISMANTLING AND REMOVING ASSETS

A provision for the full cost expected to be incurred at the end of the life of the asset on a discounted to net present value basis is recognised at the beginning of each project and is capitalised as part of the cost of the asset.
Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss.
Initial measurement is determined based on the best estimate of the obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.
Subsequently the amount capitalised is depreciated over its useful life of that particular asset based on the straight-line method (see accounting policy i). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

IV. PROVISIONS FOR SITE RESTORATION THAT RESULTS FROM MINERAL EXTRACTION

The Group provides for site restoration costs resulting from mining activities where a legal or constructive obligation exists.
A provision for the full cost expected to be incurred at the end of the life of the mine on a discounted to net present value basis is recognised when post-acquisition exploration and appraisal activities commence and is capitalised as part of the cost of the asset. The full provision for site restoration costs does not exceed the period of the mining permission.
Initial measurement is determined based on the best estimate of the site restoration obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.
Subsequently the amount capitalised is depreciated over the time of the concession or permit, adopting a straight-line method not exceeding twelve years (see accounting policy i). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

R. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in profit or loss over the period of borrowings on an effective interest rate basis.
If the measurement of interest-bearing loans and borrowings at amortised cost would lead to an accounting mismatch these interest-bearing loans and borrowings are designated as financial liabilities at fair value through profit or loss in accordance with the fair value option of IAS 39.

S. TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

T. INCOME TAXES

Income tax expense represents the sum of current tax and deferred tax. Current tax and deferred tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense is recognised as an expense in the same period as the related accounting profit.

Current tax asset is recognised when the Group expects recovering income taxes paid in respect of the current or previous period. The Group's current tax liabilities (assets) for the current and prior periods is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of goodwill and from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized. Subsequently, the carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the asset is realised or the liability is settled, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset 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 or their tax assets and liabilities will be realised simultaneously.

U. EMPLOYEE BENEFITS

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for short-term employee benefits is recognised for the amount expected to be settled wholly within 12 months after the end of the reporting period under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits are recognised as an expense when the Group is demonstrably committed to either terminate the employment of employees before the normal retirement date or when an employee decides accepting an offer of benefits from the Group in exchange for the termination of employment. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, there is a restriction on the Group's ability to withdraw the offer, and the number of acceptances can be estimated reliably.

Post-employment benefits are formal or informal arrangements under which the Group provides post-employment benefits for one or more employees and which are payable after the completion of employment.

The Group operates defined contribution and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Contributions to defined contribution plans are recognised as an expense as incurred. Any amount unpaid at the end of the period is recognised as a liability. The liability is discounted using the discount rate specified for defined benefit plans when the contributions are not expected to be settled wholly within 12 months after the end of the period. Contributions already paid exceeding contributions due for service before the reporting date are recognised as an asset to the extent that the prepayments are recoverable.

Following IAS 19R, defined contribution plans with a minimum funding guarantee are accounted for as defined benefit pension plans.

Under a defined benefit plan, actuarial risks and investment risks are borne by the Group. The determination of the defined benefit liability is based on demographic and financial assumptions which are unbiased and mutually compatible. The discount rate is determined

by reference at the balance sheet date to high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation, the related current service cost and any past service cost. The valuations are carried out with sufficient regularity by a qualified actuary.

Plan assets held by a long-term employee benefit fund including qualifying insurance policies are measured at fair value.

Current service cost which is the actuarial cost of providing benefits in respect of service rendered is recognised as an expense in profit or loss for the current period.

Interest cost which arises as a result of the unwinding of the discount in the present value calculation is recognised in net finance cost in profit or loss for the current period (see accounting policy x). It is determined by multiplying the net defined benefit liability (asset) with the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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

All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised.

V. GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the government grant relates to an expense item, it is recognised as income on a systematic basis in the same periods in which the expenses are incurred.

Where the grant relates to a depreciable asset, the grant is credited to a deferred income account and is recognised as other operating income over the periods and in the proportions in which depreciation on those assets is charged.

W. REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Trade discounts and volume rebates allowed by the Group are deducted from revenue.

I. SALE OF GOODS

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, there is no continuing managerial involvement with the goods nor effective control and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

By-products are ignored until they are sold, at which time revenues are recognised in profit or loss and classified as other income.

II. RENDERING OF SERVICES

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date.

III. COMMISSIONS

Amounts collected on behalf of, and passed on to, the seller in an agency relationship are not revenue of the agent. In such relationship, the revenue of the agent is the amount of commission which is deducted from the selling price plus any other charges made by the agent to the seller and other parties.

In case of a principal in an agency relationship, the revenue is the gross amount charged to the ultimate customer. Any commissions paid to (or deducted by) agents is accounted for as an expense.

IV. ROYALTIES

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement unless it is more appropriate to recognise them on some other systematic and rational basis.

X. FINANCE INCOME / EXPENSE

I. INTEREST

Interest revenue and expense is recognised on a time proportion basis that takes into account the effective yield on the asset and liability. The effective yield is the rate of interest required to discount the stream of future cash receipts expected over the asset's life to equate to the initial carrying amount of the asset.

II. DIVIDEND INCOME

Dividends are recognised on a cash basis or when they are declared, which is usually the earliest time at which it is probable that they will flow to the holder of the investment.

III. FINANCE EXPENSE

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, the interest cost of employee benefits, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Y. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with the applicable Group accounting policies. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs of disposal.

A disposal group is a group of assets, possibly with some associated liabilities, which the Group intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting impairment loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

Impairment losses on initial classification as held-for-sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement, but gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Z. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group considered to only list and address the ones expected to have an impact on the Group's financial position, performance, and/or disclosures. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 FINANCIAL INSTRUMENTS

The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement [and all previous versions of IFRS 9]. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group already applies the simplified approach and record lifetime expected losses on all trade receivables in line with IFRS 9.

A high-level first time application-impact assessment of IFRS 9 has been carried out on the financial statements of the Group during 2017:

- The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.
- The Group believes that the further refinements identified in the current impairment methodology for trade receivables will not lead to a material impact at the first time application of IFRS 9. The methodology which will be applied for the expected credit loss impairment methodology for trade receivables will be as follows:
  - Improved recognition and distinction between specific (individual) and collective impairments
  - Individual impairments (on an invoice-by-invoice basis) will be:
    - Recorded for all balances overdue for more than 90 days;
    - Minimal 50 percent of the invoice amount, for any balance overdue between 90 and 364 days and 100 percent of the invoice amount, for any balance overdue for more than 364 days;
    - Considered for any other outstanding invoice (current or overdue) for the same or a connected counterparty having at least one invoice overdue more than 90 days;
  - Collective impairments will be calculated, using a methodology similar than today, but refined by:
    - Another bucketing of the ageing balance, implying a default definition of 90 days;
    - An (at least) annual update of the net flow rates (between these buckets) with the figures for the past year, averaging historical figures for the last 5 years;
    - Loss rates, i.e. the multiplication of the net flow rate for that specific bucket and a loss given default of 100 percent applied to respectively any current and balance overdue between 1 and 90 days.
  - In addition to this, the impairment methodology for trade receivables, will specify that balances overdue for more than 2 years are written-off.
- The Group believes that the classification and measurement requirements will impact the trade receivables that are sold in a factoring transaction but the impact is assessed not significant.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Based on an initial assessment, IFRS 15 may have the next impact:

- The impact on the Group's financial statements will not be materially different from applying IAS 18 Revenue.
- Incremental costs for obtaining a contract: these incremental costs for obtaining a specific contract should be capitalised and deferred over the contract term if the contract is beyond one year. Deferral related to contracts with shorter terms is allowed but not mandatory. The Group currently does not capitalize such costs. The potential impact depends on the mix between short-term and long-term contracts, to what extent these costs are "incremental", etc. and will be analyzed further.
- Financing: if the period between payment and transfer of goods and services is beyond one year, adjustments for the time value of money should be made at the prevailing interest rates in the relevant market. The Group currently applies discounting, using the Group's average borrowing rate. This discount rate might have to be adjusted. The potential effects will be analyzed further.
- Disclosures: IFRS 15 includes a number of additional disclosures.
- IFRS 15 allows two transition methods: a full retrospective approach with adjustments to all periods presented or a modified approach with only adjustment to the current period. However, the modified approach requires disclosures of all financial statement line items in the year of adoption as if prepared under current standards. The Group did not yet decide which method to apply.

The Group has completed its assessment and does not expect a significant impact as a result of applying IFRS 15.

IFRS 16 LEASES

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).
At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index

or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15 Revenue from Contract with Customers.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group assessed the potential effect of IFRS 16 on its consolidated financial statements. The estimated impact of each transition option on the financial statements is outlined below. This assessment focuses on transition (1st January 2019) and period ending 31st December 2019. This impact assessment is made for the leasing contracts that exist today, with the assumption that no new leasing contracts will be entered into 2018. Consequently, the lease liability will be underestimated. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group intends to apply the modified retrospective approach (IFRS 16.C.8(b)):

In thousands of euro	Modified A	Modified B
Financial Statements at transition (1st January 2019)		
Lease liability	200 400	200 400
Right-of-use asset	177 900	200 400
Financial Statements for year-end 2019		
Lease liability	155 200	155 200
Right-of-use asset	134 500	152 000
Depreciation charge	43 400	48 500
Interest expense	5 800	5 800
Deferred tax expense	700	(1 200)

The lease liability on transition date is the same for Modified A and Modified B approach. When taking the Modified B approach, there is no difference in net assets on the date of transition. However, the increased asset value results in a larger adverse profit or loss impact in subsequent years as the depreciation charge will be higher than with the other transition approaches.

Under Modified A approach, there is a difference between the asset and liability at the date of transition. This will lead to an adverse adjustment in equity on transition. This has been estimated at €14.1 million, net of taxes.

The Modified A approach results in the lowest expense on average with a fade-out effect in future years. The Modified B approach will result in the largest total expense due to higher depreciation costs as the assets are inflated to equal the liability on transition. The Group intends to apply the Modified A approach.

Consistent with IAS 17, leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources are excluded from the scope of IFRS 16. The Group decided it is appropriate to continue to exclude royalty contracts with regard to mineral extraction from the scope of IFRS 16 (unchanged compared to IAS 17 current treatment).

IFRIC 22 FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

IFRIC 22 addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The Interpretation is effective 1 January 2018. The Group is in process of assessing the impact of IFRIC 22.

IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENT

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

The Group is still in process of assessing the impact of this Interpretation.

2 FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.

Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.

This kind of financial risk is managed in a decentralised way.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy k & note 31 *Financial instruments)*.

CURRENCY RISK

The Group is exposed to different types of currency risks:

- translation
- economical
- transactional

The Group has currently no documented hedges in a net investment in a foreign operation.

Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements.

Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency.

The Group adopted in 2007 a policy with regard to the management of these risks.

Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied.

Transactional exposures are systematically hedged when material.

INTEREST RATE RISK

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost.

To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics.

The Group Treasury department issues regular advices to the Executive Committee in this respect.

For the Interest Rate swaps, only the contractual outflows were considered. The incoming flows, related to the floating leg, are not reported as they are compensated by the interests on floating bank borrowings, which are also not reflected.

LIQUIDITY RISK

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing needs. Further the Group has the option to use factoring as a supplementary source of liquidity.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

A. BUSINESS COMBINATIONS

In March 2017, the Group acquired 100 percent of the voting shares of Ecopiave S.r.l., a company based in Italy and specialised in the treatment of waste glass, for a consideration of €2.2 million. The Group acquired Ecopiave S.r.l. because this acquisition would significantly secure the Group's future waste glass sourcing.
The Group did not recognise any provisional goodwill. The consideration paid has been entirely allocated to the fair values of the identifiable assets and liabilities. A provisional purchase price allocation has been conducted in line with IFRS and will be finalised in 2018 after a 12 month time horizon.

Revenues (rental income €6.7 million) and net loss (€2.3 million) for this acquisition has been included in the Group's consolidated 2017 financial statements.
The financial statements for a 12 month period has been included in the Group's consolidated 2017 financial statements for the full year as the Group was already entitled to govern the company as from 1st of January 2017.
The above acquisition had the following effect on the Group's assets and liabilities:

PROVISIONAL PURCHASE PRICE ALLOCATION:

In thousands of euro	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	189	6 799	6 988
Intangible assets	17	1 135	(1 135)	-
Trade and other receivables		156	1 017	1 173
Cash and cash equivalents		80	-	80
Provisions	28	(45)	(1 654)	(1 699)
Trade and other payables		(450)	(3 444)	(3 894)
Deferred tax liabilities	20	-	(441)	(441)
Net identifiable assets and liabilities		**1 065**	**1 142**	**2 207**
Cash (acquired)		-	-	(80)
Consideration paid (in previous years as advance payments)		-	-	2 207
Total net purchase consideration		**-**	**-**	**2 127**

Ecopiave S.r.l. has entered into two property finance leases in 2007 expiring in 2024. Fair value of the underlying property (industrial buildings) was measured for €6.6 million and has been recognised as a fair value adjustment under property, plant and equipment (as part of the €6.8 million). Ownership of the underlying property is reasonably certain to transfer to the Group at the end of the lease term in 2024. The pre-acquisition amounts of the intangible assets include improvements for the leased assets for €1.1 million and are derecognised as they are already part of the fair value adjustment of the industrial buildings (see fair value adjustment intangible assets).
The net present value of the lease liability is €3.4 million, applying a discount rate of 2.28 percent and is included as a fair value adjustment under trade and other payables.

A contingent liability at fair value of €1.0 million was recognised as a fair value adjustment (as part of the fair value adjustment of provisions) resulting from a work injury claim. The claim is subject to legal arbitration and is only expected to be finalised in 2018. A compensation is expected from the insurance company for the same amount (see fair value adjustment under trade and other receivables).

Deferred taxes were recognised on all fair value adjustments, resulting in a net deferred tax liability of €0.4 million.

B. ACQUISITION OF NON-CONTROLLING INTERESTS

In February 2017, SCR-Sibelco NV acquired an additional 20.48 percent of PT Bhumiadya for approximately €2.5 million bringing the Group's effective interest to 100 percent. Following is a schedule of additional interest acquired in PT Bhumiadya:

In thousands of euro	2017
Cash consideration paid to non-controlling shareholders	2 465
Carrying value of the additional interest (20.48%) in PT Bhumiadya	(1 373)
Difference recognised in retained earnings	**1 092**

In February 2017, Sibelco Italia SPA acquired an additional 30 percent of Ecopaté S.r.l. for approximately €0.6 million bringing the Group's effective interest to 90 percent. A call/put option contract has been concluded for the remaining 10 percent. Following is a schedule of additional interest acquired in Ecopaté S.r.l.:

In thousands of euro	2017
Cash consideration paid to non-controlling shareholders	600
Carrying value of the additional interest (30.00%) in Ecopaté S.r.l.	261
Difference recognised in retained earnings	**861**

4 DISPOSAL OF SUBSIDIARIES OR OTHER BUSINESS

In 2017, the Group has disposed its interest in Mineraalbewerkingsindustrie Uikhoven NV (Belgium – owned 100 percent), Sibelco Colombia SAS (Colombia – owned 100 percent), MCS Mining Industry Lao Co. Ltd (Laos – owned 60 percent) and PT Bhumidana LTD (Indonesia – owned 65 percent). Following schedules reflect the effects of the disposals:

DISPOSAL MINERAALBEWERKINGSINDUSTRIE UIKHOVEN NV

In thousands of euro	Note	2017
Cash consideration received from buyers		4 172
Carrying value of the disposed interest in Mineraalbewerkingsindustrie Uikhoven NV		245
Gain recognised in net financing costs	13	**3 927**

DISPOSAL SIBELCO COLOMBIA SAS

In thousands of euro	Note	2017
Cash payment selling costs		(136)
Carrying value of the disposed interest Sibelco Colombia SAS		(7 569)
Gain recognised in net financing costs	13	**7 433**

DISPOSAL MCS MINING INDUSTRY LAO CO. LTD.

In thousands of euro	Note	2017
Cash consideration received from buyers		1 158
Carrying value of the disposed interest MCS Mining Industry Lao Co. Ltd		(1 106)
Gain recognised in net financing costs	13	**2 264**

DISPOSAL PT BHUMIDANA LTD

In thousands of euro	Note	2017
Cash consideration received from buyers		3 358
Carrying value of the disposed interest PT Bhumidana LTD		955
Gain recognised in net financing costs	13	**2 403**

During 2017, the Group has liquidated following subsidiaries: Trading House Hercules Saint Petersburg LLC (Russian Federation), Italsafin SPA (Italy), Zao-Shpat (Russian Federation), Atécé NV (Belgium) and Max Blees GmbH (Germany).

5 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have non-controlling interests is provided below. This information is based on amounts before intercompany eliminations:

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS:

Name	Country of incorporation and operation	2017	2016
Minérale SA	Belgium	50.00%	50.00%
High Five NV	Belgium	50.00%	50.00%
LLC Silica Holdings	The Netherlands	49.00%	49.00%
France Pare-Brise Recyclage SA	France	50.00%	50.00%
Eco Paté SPA	Italy	10.00%	40.00%
Ecopiave S.r.l.	Italy	10.00%	0.00%
Ramensky GOK CJSC	Russian Federation	0.96%	0.96%
Kvarsevye peski CJSC	Russian Federation	0.96%	0.96%
Novoselovskoe Gok	Ukraine	51.65%	51.65%
Sibelco Japan Ltd	Japan	30.00%	30.00%
PT Bhumidana Ltd (*)	Indonesia	0.00%	35.00%
PT Bhumiadya Indonesia Ltd	Indonesia	0.00%	20.48%
Fineplus (M) Sdn Bhd	Malaysia	12.00%	12.00%
Unichamp Mineral Philippines Inc	Philippines	20.00%	5.00%
Unichamp Laos Ltd	Lao PDR	30.00%	30.00%
MCS Mining Industry Lao Co. Ltd (*)	Lao PDR	0.00%	40.00%

(*) Disposed in 2017

SUMMARISED STATEMENT OF PROFIT OR LOSS AT 100%:

In thousands of euro	2017	2016
Revenue	89 363	121 812
Transportation costs	(10 196)	(14 037)
Cost of Sales	(69 074)	(93 574)
SG&A-expenses	(12 325)	(10 537)
Other operating income/(expenses)	(27 009)	(28 667)
Finance income/(expenses)	(5 101)	(6 319)
Profit/(loss) before income taxes	**(34 341)**	**(31 322)**
Income taxes	8 973	1 888
Profit/(loss) for the period	**(25 368)**	**(29 434)**
Total comprehensive income	**(25 368)**	**(29 434)**
Attributable to non-controlling interests	3 393	(15 070)
Dividends paid to non-controlling interests	378	48

SUMMARISED STATEMENT OF PROFIT OR LOSS AT 100%

In thousands of euro	2017	2016
Inventories and cash and bank balances (current)	35 764	58 360
Property, plant and equipment and other non-current financial assets (non-current)	88 868	157 713
Total assets	**124 632**	**216 073**
Trade and other payable (current)	36 641	92 231
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	47 629	66 397
Total liabilities	**84 270**	**158 628**
Total equity	**40 362**	**57 445**
Attributable to non-controlling interests		
Equity holders of parent	34 265	54 508
Non-controlling interest	6 097	2 937

SUMMARISED CASH FLOW INFORMATION AT 100%:

In thousands of euro	2017	2016
Operating	12 713	(2 201)
Investing	(11 717)	(34 363)
Financing	(392)	34 913
Net increase/(decrease) in cash and cash equivalents	**604**	**(1 651)**

6 INTEREST IN JOINT ARRANGEMENTS

A. JOINT VENTURES

The Group has a 50 percent share in Ficarex SRO, a joint venture involved in the extraction and processing of silica sand in the Czech Republic. The Group's interest in Ficarex SRO is accounted for using the equity method in the consolidated financial statements.

The Group has a 50 percent in Dansand A/S, a joint venture involved in the extraction and processing of silica sand in Denmark. The Group's interest in Dansand A/S is accounted for using the equity method in the consolidated financial statements.

In June 2017, the Group has disposed its 35 percent interest in EDK Mineraçao S.A. – see note 18 *Equity accounted investees.*

Summarised financial information of the joint ventures, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

SUMMARISED STATEMENT OF FINANCIAL POSITION:

In thousands of euro	2017	2016
Current assets, excluding cash and cash equivalents and prepayments	29 440	31 347
Cash and cash equivalents	658	(1 646)
Prepayments	1 778	1 803
Non-current assets	44 219	55 449
Total assets	**76 095**	**86 953**
Current liabilities, excluding tax payable	11 410	7 538
Tax payable	-	1 316
Non-current liabilities, excluding deferred tax liabilities and long-term borrowing	376	12 668
Deferred tax liabilities	500	461
Long-term borrowing	1 766	3 299
Total liabilities	**14 052**	**25 282**
Total equity	**62 043**	**61 671**
Proportion of the Group's ownership		
Carrying amount of the investment	17 193	26 420

SUMMARISED STATEMENT OF PROFIT OR LOSS:

In thousands of euro	2017	2016
Revenue	35 668	64 605
Transportation costs	(6 518)	(6 012)
Cost of Sales	(15 981)	(34 717)
SG&A-expenses	(5 382)	(9 839)
Other operating income/(expenses)	(9)	(2 384)
Finance income/(expenses)	1 312	28
Profit before income taxes	**9 089**	**11 681**
Income taxes	(1 558)	(3 203)
Profit for the period	**7 531**	**8 478**
Group's share of profit for the period	**2 434**	**2 935**

Ficarex SRO and Dansand A/S had no contingent liabilities or capital commitments as at 31 December 2017 and 2016.

More information of these related parties can be found in note 35 *Related parties.*

B. JOINT OPERATION

The Group has a material joint operation, Jundu Mineração Ltda involved in the extraction and processing of silica sand in Brazil. The Group has a 50 percent share in the ownership and is entitled to a proportionate share in the profits/losses. Judgement is required to classify this joint arrangement. The Group assessed their rights and obligations arising from the arrangement and concluded that the joint arrangement in Jundu Mineração Ltda qualifies as a joint operation.

7 INVESTMENTS IN ASSOCIATES

The Group has interests in a number of associates, of which two associates are considered material: Maffei Sarda Silicati SRL in Italy and Glassflake Limited, a company in the United Kingdom. Both associates are private entities which are not listed on any public exchange.

The Group has a 49.90 percent interest in Maffei Sarda Silicati SRL, an Italian company involved in the production of feldspathic sand and feldspar. The Group's interest in Maffei Sarda Silicati SRL is accounted for using the equity method in the consolidated financial statements.

The Group has a 25.10 percent interest in Glassflake Limited, a company in the United Kingdom involved in the manufacturing of an innovative silica based product for potential use in painting, coatings and plastic. The Group's interest in Glassflake Limited is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investments:

SUMMARISED STATEMENT OF FINANCIAL POSITION:

In thousands of euro	2017	2016
Current assets	22 040	22 725
Non-current assets	16 509	16 704
Total assets	**38 549**	**39 429**
Current liabilities	5 441	1 996
Non-current liabilities	9 973	12 807
Total liabilities	**15 414**	**14 803**
Total equity	**23 135**	**24 626**
Group's share	10 436	10 989

SUMMARISED STATEMENT OF PROFIT OR LOSS:

In thousands of euro	2017	2016
Revenue	18 392	27 195
Cost of Sales	(15 951)	(21 359)
SG&A-expenses	(2 759)	(4 283)
Other operating income/(expenses)	(935)	(7 446)
Finance income/(expenses)	(99)	(86)
Profit before income taxes	**(1 353)**	**(5 979)**
Income taxes	227	(569)
Profit/(loss) for the period	**(1 126)**	**(6 548)**
Group's share of profit for the period	**(406)**	**(1 618)**

Restrictions:

The Group cannot distribute its profits from its investments in associates, until it obtains the consent from the other partners. There are no further restrictions which impact the Group's ability to access or use the assets and settle its liabilities of its investments in associates.

8 DETAILED INFORMATION ON REVENUE, COST OF SALES AND SG&A

REVENUE

In thousands of euro	2017	2016
Sale of goods	3 042 626	2 669 711
Services	38 761	55 315
Commissions	241	139
Construction contracts	1 376	537
Total	**3 083 004**	**2 725 702**

COST OF SALES

In thousands of euro	Note	2017	2016
Production expenses		2 214 800	2 019 736
Changes in provisions	28	3 551	3 104
Revisions site restoration and plant demolition provisions		(1 440)	-
Depreciation and impairment property, plant and equipment	16	235 146	230 909
Amortisation and impairment intangible assets	17	9 232	12 488
Total		**2 461 289**	**2 266 237**

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of euro	Note	2017	2016
Administrative expenses		337 410	299 367
Changes in allowance for uncollectible receivables	31	1 837	1 169
Changes in provisions	28	801	1 124
Depreciation and impairment property, plant and equipment	16	4 978	19 109
Amortisation and impairment intangible assets	17	10 812	1 212
Total		**355 838**	**321 981**

9 OTHER OPERATING INCOME

In thousands of euro	Note	2017	2016
By-products		662	969
Royalties and rentals		86	1 088
Government grants		914	489
Gain on disposal of fixed assets	16,17	3 537	8 008
Non-recurring: disposal of assets held for sale	11	4 921	-
Reversal of provisions	28	-	9 097
Non-recurring reversal of provisions	28	2 213	-
Non-recurring: disposal of subsidiaries	4	-	11 664
Other operating income		23 184	16 283
Other non-recurring		-	2 113
Net foreign exchange gains		-	301
Total		**35 517**	**50 012**

Gain on disposal of property, plant and equipment mainly relates to the sale of multiple properties and mobile equipment in Europe and North America.

Other operating income for the year is €23.2 million (2016: €16.3 million), and mainly relates to the release of a provision for excess railcars in the US (€3.4 million), the income from our Sibelux insurance company (€6.8 million), and several amounts including some income from insurance refunds and income generated from backfilling activities in Germany.

In July 2017, the Lilydale property in Australia was sold resulting in a gain on sale of €4.9 million.

10 OTHER OPERATING EXPENSES

In thousands of euro	Note	2017	2016
Loss on disposal of fixed assets	16,17	782	1 483
Non-recurring impairment losses on property, plant and equipment	16	77 295	165 241
Non-recurring impairment losses on intangible assets and goodwill	17	11 109	56 250
Additions to provisions	28	-	20 580
Non-recurring additions to provisions	28	23 221	35 307
Non-recurring disposals of subsidiaries	4	-	11 409
Other operating expense		9 489	6 254
Other non-recurring		20 750	43 245
Net foreign exchange losses		1 299	402
Total		**143 945**	**340 171**

Foreign exchange differences result from the revaluation of assets and liabilities related to operational activities expressed in foreign currencies and results generated by derivatives used for hedging these operational activities as well as the result of the recycling of the cash flow hedge in place for the economic risk. In this respect an additional negative cash flow hedge reserve was recognised for €5.5 million and €1.6 million was recycled through profit or loss as an expense in 2017 (see Consolidated statement of equity). This opposed to FX differences reported under net financing costs *(see note 13 Net financing costs)*, which result from financing transactions.

Other operating expenses of €9.5 million (2016: €6.3 million) mainly relate to property expenses, disposal of waste, various property taxes and expenses from our Sibelux insurance company (€1.9 million).

A total of €23.2 million of additional non-recurring provision has been recognised in 2017. More information is included in note 28 *Provisions.*

In 2017 restructuring provisions (included in non-recurring additions to provisions) have been recognised in respect of restructuring programs mainly in Australia (€1.2 million), South America (€0.8 million), Asia (€0.8 million) and for some smaller programs (€0.4 million) - see note 28 *Provisions*.

Non-recurring impairment losses in 2017 relate to impairments based on internal or external indicators and amount to €88.4 million. Impairments were incurred across different regions of which €37.6 in Asia, €28.0 million in South America, €13.9 in Europe and €9.2 million in Australia.

Other non-recurring in 2017 is €20.8 million (2016: €43.3 million) and mainly relates to the transaction costs associated with our intended merger with Fairmount Santrol.

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In 2017, the Group has disposed its discontinued operations in Colombia consisting of Sibelco Colombia S.A.S., a wholly owned subsidiary (see note 4 *Disposal of subsidiaries or other business).* Other individual assets and liabilities classified as held for sale mainly relate to Australia, of which €2.5 million on assets and €0.5 million on liabilities, related to the associated site restoration provision (€0.5 million).

In July 2017, the Lilydale property in Australia formerly reported as assets held for sale, was sold for €13.2 million resulting in a gain on sale of €4.9 million (see note 9 *Other operating income).* The major classes of assets and liabilities classified as held for sale as at 31 December are as follows:

REVENUE

In thousands of euro	2017	2016
Inventory	-	882
Trade and other receivables	-	1 421
Cash and cash equivalents	-	172
Assets held for sale disposal group Colombia	**-**	**2 475**
Assets held for sale Australia	2 518	11 154
Assets held for sale Europe	1 038	1 038
Total assets held for sale	**3 556**	**14 667**
Creditors	-	1 134
Other current liabilities	-	3 251
Interest-bearing liabilities	-	4 661
Non-current liabilities	-	38
Liabilities directly associated with assets held for sale disposal group Colombia	**-**	**9 084**
Liabilities held for sale Australia	565	1 729
Total liabbilities held for sale	**565**	**10 813**

THE RESULTS FOR THE YEAR FOR THE DISPOSAL GROUP COLOMBIA, UNTIL THE OPERATION WAS SOLD, ARE PRESENTED BELOW:

In thousands of euro	2017	2016
Revenue	2 181	6 603
Transportation costs	(269)	(895)
Cost of Sales	(1 823)	(5 242)
SG&A-expenses	(247)	(996)
Other operating income/(expenses)	(200)	(3 139)
Finance income/(expenses)	(330)	(861)
Profit/(loss) before income taxes	**(688)**	**(4 530)**
Income taxes	-	-
Profit/(loss) for the period from disposal group Colombia	**(688)**	**(4 530)**

The statement of profit and loss of our discontinued operations are presented above and correspond to the 2017 profit/(loss) after tax from discontinued operations line item in the consolidated statement of profit or loss.

12 PERSONNEL EXPENSES

In thousands of euro	Note	2017	2016
Wages and salaries		437 628	422 111
Compulsory social security contributions		55 084	57 982
Other personnel costs		77 042	61 571
Contributions to defined contribution plans		9 993	10 405
Expenses for post employment benefits	27	12 271	11 624
Expenses for termination benefits	27	175	791
Expenses for other defined benefits	27	98	-
Expense for other employee benefits (non DBO related)		14 815	-
Total		**607 105**	**564 484**
Full time equivalents (FTE) at 31 December		9 411	9 378
Personnel expenses are recognised in the following line items in the statement of income:			
Cost of sales		387 550	372 072
Sales, administrative and general expenses		219 555	192 412
		607 105	**564 484**

13 NET FINANCING COSTS

In thousands of euro	Note	2017	2016
Interest income on cash and cash equivalents		1 412	-
Dividend income		21	14
Net foreign exchange gains		-	977
Gain on disposal/liquidation of financial assets	4	9 654	-
Other financial income		1 395	-
Financial income		**12 483**	**991**
Interest expense on financial liabilities		(29 967)	(49 547)
Net foreign exchange losses		(4 658)	-
Net change in fair value of derivatives and financial assets		(1 771)	(1 469)
Change in fair value of net non current assets classified as held for sale	11	(719)	-
Unwinding of the discount rate provisions	28	(7 836)	(8 119)
Change in discount rate provisions	28	(10 334)	(897)
Net interest expense on defined benefit liability	27	(4 485)	(4 994)
Other financial expense		(4 246)	(6 931)
Financial expenses		**(64 017)**	**(71 957)**
	Net finance cost	**(51 534)**	**(70 966)**

Financial income was €12.5 million, which is an increase by €11.5 million, mainly resulting from disposal or liquidation of financial assets (€9.7 million). Moreover the Group has disposed its interests in Mineraalbewerkingsindustrie Uikhoven NV, Sibelco Colombia SAS, MCS Mining Industry Lao Co. Ltd, PT Bhumidana, Trading House Hercules Saint Petersburg LLC and EDK Mineraçao S.A. (see note 4 *Disposal of subsidiaries or other business* and note 18 *Equity accounted investees)*. As of 2017 gain/(losses) on disposal of subsidiaries and equity companies are presented as financial result. In 2016 these gain/(losses) were still included in the other operating income and other operating expenses (note 9 *Other operating income* and 10 *Other operating expenses)*.

Financial expenses were €64.0 million. This decrease by €8.0 million compared to 2016 is explained by a decrease in interest expenses, partly offset by an increase due to a change in discount rate/inflation rates in provisions.

The decrease in the interest expenses (€19.6 million) on financial liabilities was driven by internal refinancing in which the Group converted intercompany loans in high interest rate currencies into equity. The Group was able to continue to change its funding costs from high interest currencies into a low interest currency, primarily Euro, and the maturity and replacement of an IRS swap of €200 million with a fixed exchange rate into a lower three-month floating rate.

The increase of €9.4 million with regard to "Change in discount rate provisions" relates to the change in discount/inflation rates with respect of provisions for site restoration and plant demolition (see note 28 *Provisions)*.

Other financial expense mainly includes bank charges and contract transaction costs.

14 INCOME TAXES

RECOGNISED IN THE STATEMENT OF INCOME

In thousands of euro	Note	2017	2016
Current year		73 831	42 074
Adjustments for prior years		3 345	2 975
Current tax expense		**77 177**	**45 049**
Origination and reversal of temporary differences		(20 784)	(50 384)
Utilization previously recognised tax losses		1 704	4 429
Recognition current year's losses		(8 657)	(6 852)
Change in tax rate		(43 317)	21
Change in unrecognised temporary differences		7 666	43 817
Recognition of previously unrecognised tax losses		(5 745)	(675)
Deferred tax expense (income)	20	**(69 132)**	**(9 644)**
Income taxes in the statement of income		**8 044**	**35 405**

RECONCILIATION OF EFFECTIVE TAX RATE

In thousands of euro	2017	%	2016	%
Profit before income taxes	107 943		(222 324)	
Profit (loss) from discontinued operations	(688)		(4 530)	
Share of profit of associates (net of tax)	(2 028)		(1 317)	
Profit before income taxes and share of profit of equity accounted investees	**105 227**		**(228 171)**	
Income tax using the domestic corporate tax rate	35 767	33.99%	(77 555)	(33.99%)
Effect of tax rates in foreign jurisdictions	(6 976)	(6.63%)	2 675	1.17%
Change in tax rate	(43 317)	(41.16%)	21	0.01%
Effect of tax rate on specific gains	(18 973)	(18.03%)	99	0.04%
Non-deductible expenses	11 180	10.62%	37 857	16.59%
Withholding taxes and non-exempt part of dividends	3 271	3.11%	4 373	1.92%
Tax exempt revenues	(1 812)	(1.72%)	(652)	(0.29%)
Tax allowances	(12 632)	(12.00%)	(10 920)	(4.79%)
Utilisation of tax losses not previously recognised	(4 396)	(4.18%)	(1 011)	(0.44%)
Recognition previously unrecognised tax losses	(5 745)	(5.46%)	(675)	(0.30%)
Current year losses for which no deferred tax asset recognised	36 901	35.07%	36 562	16.02%
Under (over) provided in prior years	3 345	3.18%	2 975	1.30%
Change in unrecognised temporary differences	7 666	7.29%	43 817	19.20%
Other	3 763	3.58%	(2 161)	(0.95%)
Total	**8 044**	**7.64%**	**35 405**	**15.52%**

Change in tax rate mainly relates to the impact of the US tax reform. The US congress passed the Tax Cut and Jobs act which was signed into law at the end of 2017. Under this Act, US corporate tax rate will be significantly reduced. Our US subsidiaries had a net deferred tax liability, which resulted into a favorable €48.3 million deferred tax income.

The effect of tax rate on specific gains relates to a number of Group companies which were liquidated or sold in 2017. At such time the reserves for foreign currency translation differences are reversed. This led to a net gain (see note *Disposal of subsidiaries or other business)* which is not taxable.

Current year losses not recognised are mainly due to impairments for which there is no immediate or deferred tax deduction, due to insufficient future profit expectations.

Tax allowances include the depletion allowances in the US.

Income taxes (current and deferred) are €8.0 million compared to €35.4 million in 2016.

15 CURRENT TAX ASSETS AND LIABILITIES

The current tax assets of €31.3 million (2016: €41.4 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceed payments.

The current tax liabilities of €24.7 million (2016: €26.7 million) represent the estimated additional charges for income taxes.

16 PROPERTY, PLANT AND EQUIPMENT

In thousands of euro	Note	Land and buildings	Mineral properties	Processing equipment	Assets under construction	2017	2016
Balance at end of previous period as reported		**947 236**	**813 071**	**3 194 422**	**379 768**	**5 334 497**	**5 097 407**
Acquisition of a subsidiary (Final PPA 2016 restated)	3	-	-	-	-	-	4 785
Balance at end of previous period restated		**947 236**	**813 071**	**3 194 422**	**379 768**	**5 334 497**	**5 102 192**
Additions		2 323	2 279	12 689	177 889	195 180	240 684
New finance leases		-	-	2 315	107	2 422	-
Acquisitions through business combinations (provisional PPA 2017)	3	(44)	-	7 033	(2 208)	4 781	-
Disposals & retirements		(10 893)	(6 778)	(54 176)	(7 432)	(79 279)	(62 788)
Transfers		73 472	(11 697)	139 409	(204 622)	(3 438)	650
Asset component change site rest /plant dem	28	-	45 153	50 502	-	95 655	36 252
Exchange differences		(84 106)	(52 901)	(217 451)	(37 566)	(392 024)	52 083
Other changes		889	(951)	3 541	(221)	3 258	(34 576)
Balance at end of period		**928 877**	**788 176**	**3 138 284**	**305 715**	**5 161 052**	**5 334 497**
Depreciation and impairment losses							
Balance at end of previous period as reported		**(400 586)**	**(412 725)**	**(2 316 264)**	**(13 139)**	**(3 142 714)**	**(2 762 689)**
Depreciation	8	(31 799)	(22 287)	(173 199)	-	(227 285)	(250 449)
Impairment losses recognised	8.10	(30 755)	(1 024)	(31 321)	(27 034)	(90 134)	(164 810)
Disposals & retirements		10 182	6 441	50 696	6 399	73 718	47 729
Transfers		(1 345)	3 608	(11 195)	1 305	(7 627)	879
Exchange differences		33 147	22 785	149 482	2 805	208 219	(18 243)
Other changes		1 775	7 159	(2 484)	(1 050)	5 400	4 869
Balance at end of period		**(419 381)**	**(396 043)**	**(2 334 285)**	**(30 714)**	**(3 180 423)**	**(3 142 714)**
Carrying amounts at 1 January as reported		**546 650**	**400 346**	**878 158**	**366 629**	**2 191 783**	**2 334 718**
Carrying amounts at 1 January as restated		**546 650**	**400 346**	**878 158**	**366 629**	**2 191 783**	**2 339 503**
Carrying amounts at 31 December		**509 496**	**392 133**	**803 999**	**275 001**	**1 980 629**	**2 191 783**

ADDITIONS

Additions throughout the year mainly relate to additions of assets under construction and include the construction for new plants in the US, Brazil and Indonesia as well as the construction of a new kilns in Belgium and Australia. Furthermore, assets under construction consist out of upgrades to existing processing lines, major road realignment work and overall plant expansions.

ASSET COMPONENT CHANGE

As from 2015, detailed closure planning requirements were introduced through our closure plan policy, with each asset required to develop a closure plan as part of their life of asset plan. Additional closure plans for the site restoration and plant demolition were set up in 2017, mainly relating to sites in North America and Europe (Italy, Russia, France and Germany). As at the end of 2017 all sites have now established a closure plan for both the site restoration and the plant demolition in order to maintain the sustainability the Group strives for.

EXCHANGE DIFFERENCES

Large fluctuations can be found relating to exchange differences. These can be explained by the weakening of several currencies compared to the euro. Out of the total exchange differences in 2017, three-fourth can be explained by the weakening of the US dollar versus euro.

DEPRECIATION AND IMPAIRMENT LOSSES RECOGNISED

In thousands of euro	2017	2016
Impairment test for cash-generating units containing goodwill	-	(122 126)
Impairment based on internal and external impairment indicators	(90 134)	(42 684)
Total impairment on tangible assets	**(90 134)**	**(164 810)**

During the year the Group tested property, plant and equipment for impairment (see note 17 *Intangible assets and goodwill)* as a result of the required yearly test on cash-generating units containing goodwill. No impairment losses were recognised for 2017 based on this test. Further every year the Group assesses if there are indicators that assets need to be impaired. Individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- An individual asset or group of assets (operating plant/plants) are physically damaged (e.g. fire or natural disaster);
- An individual asset or group of assets (operating plant/plants) is idle;
- Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant/plants) because economic performance is unsatisfactory;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

Based on the occurrence of internal and external impairment indicators the Group impaired a total of €90.1 million on tangible assets (2016: €42.7 million). Out of these impairments €38.5 million occurred in Asia, €35.5 million in South America, €9.2 in Australia and €7.0 million in Europe.

THE DEPRECIATION AND IMPAIRMENT CHARGE IS RECOGNISED IN THE FOLLOWING LINE ITEMS IN THE STATEMENT OF INCOME:

In thousands of euro	Note	2017	2016
Cost of Sales	8	235 146	230 909
SG&A expenses	8	4 978	19 109
Other operating expenses	10	77 295	165 241
Total		**317 419**	**415 259**

LEASED ASSETS

The Group leases land and buildings, plant and processing equipment and mobile equipment under a number of finance lease agreements. At 31 December 2017, the carrying amount for leased land and buildings was €0.6 million (2016: €1 million), plant and processing equipment €0.9 million (2016: €1.1 million) and mobile equipment €4.1 million (2016: €2.8 million). The increase of leased mobile equipment is mainly due to new finance lease contracts in Germany.

RESTRICTIONS

Restrictions on title and property, plant and equipment pledged as security for liabilities at 31 December 2017 amounts to zero compared to €3.1 million per 31 December 2016. This movement is explained by our divestments of MCS Mining Industry Lao Co. Ltd. in Asia.

17 INTANGIBLE ASSETS AND GOODWILL

In thousands of euro	Note	Mineral Rights and E&E costs	Goodwill	Development Costs	Other	2017	2016
Balance at end of previous period as reported		**199 815**	**257 518**	**5 910**	**153 295**	**616 538**	**680 366**
Acquisition of a subsidiary (Final PPA 2016 restated)	3	-	-	-	-	-	6 651
Balance at end of previous period restated		**199 815**	**257 518**	**5 910**	**153 295**	**616 538**	**687 017**
Additions		98	-	119	8 832	9 049	6 046
Transfers		7 945	(23 661)	-	(123)	(15 839)	25
Disposals		(12 717)	(4 221)	(119)	(244)	(17 301)	(27 613)
Exchange differences		(13 376)	(20 301)	(67)	(10 520)	(44 264)	1 582
Other changes		-	-	1 048	998	2 046	(50 519)
Balance at end of period		**181 765**	**209 335**	**6 891**	**152 238**	**550 229**	**616 538**
Depreciation and impairment losses							
Balance at end of previous period		**(122 002)**	**(180 119)**	**(5 813)**	**(74 008)**	**(381 942)**	**(388 069)**
Amortisation		(2 451)	-	(371)	(16 562)	(19 384)	(13 847)
Impairment losses recognised		(7 928)	(3 731)	-	(110)	(11 769)	(56 103)
Transfers		(4 723)	23 655	1	1 195	20 128	1 790
Disposals		12 487	3 648	119	212	16 466	23 841
Exchange differences		6 334	13 363	59	4 001	23 757	(357)
Other changes		-	-	-	4	4	50 803
Balance at end of period		**(118 283)**	**(143 184)**	**(6 005)**	**(85 268)**	**(352 740)**	**(381 942)**
Carrying amounts at 1 January as reported		**77 813**	**77 399**	**97**	**79 287**	**234 596**	**292 297**
Carrying amounts at 1 January as restated		**77 813**	**77 399**	**97**	**79 287**	**234 596**	**298 948**
Carrying amounts at 31 December		**63 482**	**66 151**	**886**	**66 970**	**197 489**	**234 596**

GOODWILL

Goodwill decreased from €77.4 million as at December 2016 to €66.2 million as at December 2017. This can mainly (€6.9 million) be explained by exchange differences, as the US dollar weakened compared to the euro during the year 2017, by impairments recorded in South America (€3.7 million) and by the divestments of entities that contained goodwill.

EXCHANGE DIFFERENCES

Large fluctuations can be found relating to exchange differences. These can be explained by the weakening of several currencies compared to the euro. Out of the total exchange differences in 2017, more than eighty-five percent can be explained by the devaluation of the US dollar against the euro.

AMORTISATION AND IMPAIRMENT LOSSES RECOGNISED

Based on the outcome of the yearly impairment testing on cash-generating units containing goodwill, there were no impairment losses recognised for 2017 (see further).

Every year the Group assesses if there are indicators that assets need to be impaired. Based on the occurrence of internal and external impairment indicators the Group impaired a total of €8.1 million on intangible assets and €3.7 million on goodwill. They were recognised in Europe and Asia (€7.9 million) and in South America (€3.7 million) respectively.

THE AMORTISATION AND IMPAIRMENT CHARGE IS RECOGNISED IN THE FOLLOWING LINE ITEMS IN THE STATEMENT OF INCOME:

In thousands of euro	Note	2017	2016
Cost of Sales	8	9 232	12 488
SG&A expenses	8	10 812	1 212
Other operating expenses	10	11 109	56 250
Total		**31 153**	**69 950**

IMPAIRMENT TEST FOR CASH-GENERATING UNITS CONTAINING GOODWILL

The carrying amount of goodwill is as follows per cluster of cash-generating unit (CGU):

Clusters of CGU's	2017	2016
North America	38 824	44 172
Europe	22 048	23 056
Australia	-	-
Asia	5 279	5 994
South America	-	4 177
Total	**66 151**	**77 399**

For impairment testing, the carrying amount of a cluster of cash-generating units including goodwill is compared with the recoverable amount of this cluster of cash-generating units. On the basis of the management structure a cluster of cash-generating units is defined generally as a Region (or in IFRS terms Operating Segments) whereas the cash-generating units equals the Strategic Business Segments within the five Regions.

Whenever a business combination takes place the carrying amount of goodwill is allocated to each individual plant or mineral deposit or groups of plants and mineral deposits (cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit consists of an operating plant including the mineral deposit or a group of operating plants if:

- The performance of the cash inflow-generating assets of one operating plant interact with the performance of other operating plants because of homogeneous or complementary production processes in terms of portfolio of minerals, transformation processes and applications;
- Several operating plants form a portfolio of similar or complementary assets that are operating in the same active market presenting homogeneous macroeconomic characteristics (subject to the same economic and commercial influences).

Notwithstanding, individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- An individual asset or group of assets (operating plant/plants) are physically damaged (e.g. fire or natural disaster);
- An individual asset or group of assets (operating plant/plants) is idle;
- Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant/ plants) because economic performance is unsatisfactory;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

The Group has defined 5 clusters of cash-generating units and impairment tests are annually conducted in September.

The recoverable amount of all the cash-generating units is based on value in use calculations. Those calculations use cash flow projections based on budget/forecast plans. The key judgments, estimates and assumptions used in the value in use calculations are as follows:

- The first year of the model is based on budgeted free operating cash flows for the next year;
- In the second to third years of the model, free operating cash flows are based on the Group's three years forecast plan. Sibelco's forecast plan is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- Free operating cash flows after the first three-year period are extrapolated generally using expected annual long-term consumer prices indices and based on external sources;
- The period over which management used projected cash flows based on financial budgets/forecasts approved by management generally follows the useful life of the mineral deposit attached to the cash-generating unit, because extractive industries is a long-term business. For cash-generating units not having their own resources, the cash flow projection is limited to a ten-year period and a terminal value is determined on the basis of a multiple applied on the tenth year discounted cash flow.
- The projections are made in the functional currency of the cash-generating unit and discounted at the unit's after-tax weighted average cost of capital (WACC). The discount rates are determined by reference to an assessment of the WACC of groups present in the sector; adjusted per country. The discount factors are reviewed annually. The WACC ranged between 7.68 percent and 16.68 percent in nominal terms for goodwill impairment testing conducted for 2017:

DISCOUNT RATES FOR IMPAIRMENT TESTING

			North America	Europe	Australia	Asia	South America
Group target ratio's							
% debt		25.00%					
% equity		75.00%					
Cost of Sibelco debt			**4.51%**	**4.46%**	**4.56%**	**6.21%**	**14.21%**
Risk free rate = Rt			2.51%	2.46%	2.56%	4.21%	12.21%
Default spread (BBB)			2.00%	2.00%	2.00%	2.00%	2.00%
Corporate tax rate			34.16%	25.16%	30.00%	24.48%	32.02%
Cost of debt after tax			**2.97%**	**3.33%**	**3.19%**	**4.69%**	**9.66%**
Cost of Sibelco equity	= Rt + ß . Em		**9.24%**	**9.35%**	**9.37%**	**11.12%**	**19.02%**
Risk free rate = Rt			2.51%	2.46%	2.56%	4.21%	12.21%
Beta = ß			1.12	1.25	1.13	1.15	1.13
Market equity risk premium = Em			6.00%	6.00%	6.00%	6.00%	6.00%
Balance at end of period			**7.68%**	**7.85%**	**7.82%**	**9.51%**	**16.68%**
Expected inflation			2.42%	2.29%	2.43%	3.02%	6.09%
Cost of debt after tax adjusted by inflation			1.38%	1.62%	1.49%	2.41%	5.52%
Cost of equity adjusted by inflation			6.82%	7.07%	6.93%	8.10%	12.90%
WACC in real terms			**5.46%**	**5.70%**	**5.57%**	**6.68%**	**11.05%**

These above calculations are corroborated by valuation multiples.

An increase of 1.0 percent in the rate used to discount the future cash flows and terminal values would not have led to an additional impairment.

18 EQUITY ACCOUNTED INVESTEES

In thousands of euro	Note	2017	2016
Carrying amount at 1 January		**37 409**	**37 414**
Result of the period		2 028	1 317
Dividends		(2 324)	(2 575)
Disposal to third parties - EDK Mineraçao S.A.		(9 801)	-
Exchange differences		612	1 256
Other		(295)	(3)
Carrying amount at 31 December		**27 629**	**37 409**
Attributable to:			
Interests in joint arrangements	6	17 193	26 420
Investments in associates	7	10 436	10 989

The Group's share recognised in profit or loss in its associates and joint-ventures (see notes 6 *Interest in joint arrangements* and 7 *Investments in associates)* for the year ended 31 December 2017 was €2.8 million profit (2016: €1.3 million profit).

In 2017, the Group has disposed its interest in EDK Mineraçao S.A. (Brazil – owned 35 percent). Following schedule reflects the effect of the disposal:

In thousands of euro	Note	2017
Cash consideration received from buyers		771
Carrying value of the disposed interest		9 801
Difference recognised in net financing costs	13	**(9 030)**

19 FINANCIAL ASSETS

NON-CURRENT FINANCIAL ASSETS:

In thousands of euro	Note	2017	2016
Loans to third parties at amortised cost		40	248
Loans to associates	35	887	1 064
Other receivables non-current, 3rd parties		-	453
Derivatives forex	31	-	429
Other		2 588	2 714
Non-current financial assets		**3 516**	**4 908**

CURRENT FINANCIAL ASSETS

In thousands of euro	Note	2017	2016
Derivatives forex	31	3 833	15 598
Other		89	1 805
Current financial assets		**3 922**	**17 403**

20 DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

	Assets 2017	Assets 2016	Liabilities 2017	Liabilities 2016	Net 2017	Net 2016
Property, plant and equipment	(44 287)	(68 929)	135 114	246 546	90 827	177 617
Leased assets	-	(145)	-	358	-	213
Intangible assets	(50 748)	(55 285)	28 198	34 566	(22 549)	(20 719)
Financial assets	(8 007)	(3 342)	27 336	658	19 329	(2 684)
Inventories	(6 957)	(12 661)	2 908	1 321	(4 048)	(11 340)
Trade and Other Receivables	(4 260)	(2 154)	521	264	(3 738)	(1 890)
Interest bearing loans & borrowings	(7 380)	(565)	3 891	-	(3 490)	(565)
Provisions	(79 299)	(71 288)	8 496	4 007	(70 802)	(67 281)
Employee benefits	(25 127)	(38 976)	19	(781)	(25 108)	(39 757)
Trade and Other Payables	(6 360)	(3 049)	2 355	(537)	(4 005)	(3 586)
Deferred government grants	-	-	-	869	-	869
Other items	(1 778)	(25 533)	11 594	48 950	9 816	23 417
Tax loss carry-forwards	(60 555)	(63 327)	-	-	(60 555)	(63 327)
Tax (assets) / liabilities	**(294 756)**	**(345 254)**	**220 433**	**336 221**	**(74 322)**	**(9 033)**
Set off of tax	34 891	71 230	(34 890)	(71 230)	-	-
Net tax (assets) / liabilities	**(259 865)**	**(274 024)**	**185 543**	**264 991**	**(74 322)**	**(9 033)**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE PERIOD

In thousands of euro	Balance 31, Dec. 2015	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Divestments	Reclasses	Translation differences	Balance 31, Dec. 2016
Property, plant and equipment	226 850	(48 745)	-	1 525	-	(4 490)	2 476	177 616
Leased assets	182	25	-	-	-	-	6	213
Intangible assets	(10 912)	(12 792)	-	6 939	-	(3 401)	(553)	(20 719)
Financial assets	(959)	(2 925)	810	-	-	381	9	(2 684)
Inventories	(12 232)	1 138	-	-	-	57	(302)	(11 339)
Trade and other receivables	(1 048)	(868)	-	-	-	1	25	(1 890)
Interest bearing loans & borrowings	(613)	52	-	-	-	-	(4)	(565)
Provisions	(55 518)	(9 388)	-	(550)	-	(790)	(1 036)	(67 282)
Employee benefits	(35 657)	15	(6 395)	-	-	1 649	631	(39 757)
Trade and other payables	(9 804)	6 275	-	-	-	-	(57)	(3 586)
Deferred government grants	854	34	-	-	-	(2)	(18)	868
Other items	4 052	10 432	-	-	-	8 365	570	23 419
Tax loss carry-forwards	(96 346)	47 103	-	-	-	(12 824)	(1 260)	(63 327)
Total	**8 849**	**(9 644)**	**(5 585)**	**7 914**	**-**	**(11 054)**	**487**	**(9 033)**

In thousands of euro	Note	Balance 31, Dec. 2016	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Divestments	Reclasses	Translation differences	Balance 2017 December
Property, plant and equipment		177 616	(35 896)	-	1 897	-	(36 263)	(16 527)	90 827
Leased assets		213	-	-	-	-	(213)	-	-
Intangible assets		(20 719)	(3 421)	-	(317)	-	(675)	2 583	(22 549)
Financial assets		(2 684)	(2 896)	(240)	-	-	25 148	1	19 329
Inventories		(11 339)	1 220	-	-	-	5 415	655	(4 048)
Trade and other receivables		(1 890)	(32)	-	284	-	(2 308)	208	(3 738)
Interest bearing loans & borrowings		(565)	(3 358)	-	-	-	352	81	(3 490)
Provisions		(67 282)	(14 882)	-	(462)	-	7 776	4 048	(70 802)
Employee benefits		(39 757)	(16 025)	10 827	-	-	17 612	2 235	(25 108)
Trade and other payables		(3 586)	4 385	-	(961)	-	(4 144)	301	(4 005)
Deferred government grants		868	-	-	-	-	(868)	-	-
Other items		23 419	(641)	-	-	(21)	(11 542)	(1 397)	9 816
Tax loss carry-forwards		(63 327)	2 415	-	-	638	(1 716)	1 436	(60 555)
Total	3,14	**(9 033)**	**(69 132)**	**10 587**	**441**	**616**	**(1 426)**	**(6 375)**	**(74 322)**

UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

On 31 December 2017, a deferred tax liability relating to investments in subsidiaries and equity accounted investees has not been recognised for future dividend streams to the parent company, because management believes that this liability will not be incurred in the foreseeable future. Considering that in 2018 the participation exemption on qualifying dividends in Belgium will increase from 95 percent to 100 percent, there is in fact no longer an unrecognised deferred tax liability (2016: €4.3 million).

Deferred tax assets have not been recognised in respect of tax losses for €99.0 million (2016: €99.3 million), because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The majority of the tax losses have no legal expiry date and the legal expiry term of the rest is on average 5 years.

21 OTHER NON-CURRENT ASSETS

In thousands of euro	2017	2016
Cash guarantees, at cost	1 234	1 009
Other	9 465	13 843
Other Non-current assets	**10 699**	**14 852**

Total other non-current assets amount to €10.7 million in 2017 (€14.9 million in 2016) and consist out cash guarantees, cash deposits and royalty advances.

22 INVENTORIES

In thousands of euro	2017	2016
Raw materials	75 950	79 120
Consumables	14 982	15 414
Work in progress mining & industrial treatment	19 672	22 335
Finished goods mining & industrial treatment	164 788	197 665
Goods purchased for resale	35 108	35 608
Spare Parts	47 240	47 187
Write-downs	(23 069)	(20 703)
Inventories	**334 671**	**376 626**

The cost of raw materials and consumables was €326.7 million (€370.3 million in 2016) and of goods purchased for resale €102.1 million (2016: €91.4 million), both recognised as an expense in profit or loss.

Write-downs are related to slow moving inventories as they may be an indicator that the net realisable value is likely to be less than cost, i.e. it is likely to become obsolete before it can be sold. Write-downs are triggered whenever inventory exceeds twelve months production or sales volumes.

23 TRADE AND OTHER RECEIVABLES

CURRENT TRADE AND OTHER RECEIVABLES

In thousands of euro	Note	2017	2016
Trade receivables	31	467 368	493 500
Construction contracts receivables		695	1 256
Impairment losses	31	(9 540)	(12 740)
Trade Receivables		**458 523**	**482 016**
Other receivables		15 192	8 425
Other receivables - Impairment loss		-	(261)
Interest receivables		66	68
Tax receivables, other than income taxes		37 665	31 148
Amounts due from customers for contract work		1 919	1 761
Advance payments, prepayments and prepaid expenses		22 119	22 458
Cash guarantees, at cost		485	463
Other current assets		5 486	16 413
Other Receivables		**82 933**	**80 475**
Total		**541 456**	**562 491**

24 CASH AND CASH EQUIVALENTS

In thousands of euro	2017	2016
Deposits with banks	24 219	10 904
Cash equivalents	74 843	8 314
Bank balances - Current accounts	39 870	50 041
Cash at hand	145	155
Cash and cash equivalents in the statement of cash flows	**139 077**	**69 414**

Cash equivalents comprise cheques received and invoices sold under a factoring program that are readily convertible into known amounts of cash.

25 CAPITAL AND RESERVES

CAPITAL AND RESERVES

The various components of capital and reserves and the changes therein from 31 December 2016 to 31 December 2017 are presented in the Consolidated Statement of Changes in Equity.

SHARE CAPITAL AND SHARE PREMIUM

The issued capital of the Company as per 31 December 2017 amounts to €25.0 million, represented by 470 170 fully paid ordinary shares without par value.

In thousands of euro

Ordinary shares issued and fully paid	Number	Amount
At 1 January 2016	470 170	25 000 000
Changes	-	-
At 31 December 2016	470 170	25 000 000
Changes	-	-
At 31 December 2017	470 170	25 000 000

TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities of the Company.

HEDGING RESERVES

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

RESERVE FOR TREASURY SHARES

At 31 December 2017 the Group held 34 994 (2016: 34 994) of the Company's shares. Throughout the year no new treasury shares were acquired.

In thousands of euro

Treasury shares	Number	Amount
At 1 January 2016	34 944	64 806
Changes	50	410
At 31 December 2016	34 994	65 216
Changes	-	-
At 31 December 2017	34 994	65 216

DIVIDENDS

In March 2018 a dividend of €72.7 million (€154.56 per ordinary share) has been recommended by the Board of Directors, but has not yet been approved by the General Meeting of Shareholders of SCR-Sibelco NV. On 10 October, 2017 an interim dividend of €26.9 million gross (€57.14 per ordinary share) has already been declared and recognised in the accounts. The difference between the proposed dividend and the interim dividend has not yet been recognised.
The following dividends were declared and paid by the Group on the Company's shares, excluding dividends paid for treasury shares, for the year ended 31 December:

In thousands of euro		2017	2016
Final dividend	97.42 euro per ordinary share for 2017 (85.71 euro per ordinary share for 2016)	42 393	37 301
Interim dividend	57.14 euro per ordinary share for 2017 (54.79 per ordinary share for 2016)	24 867	23 845

26 INTEREST-BEARING LOANS AND BORROWINGS

A. INTEREST BEARING LOANS & BORROWINGS

In thousands of euro	2017	2016
Bank borrowings	12 217	69 990
Syndicated loans	148 140	187 266
Amortizing Syndicated Loan at fixed rate	*71 428*	*85 714*
Amortizing Syndicated Loan at floating rate	*76 712*	*101 552*
Finance lease obligations	3 260	2 465
Private placements	488 763	545 699
Private placement Unimin USD 100 million	*83 382*	*95 794*
Private placement Silfin USD 100 million	*83 275*	*94 685*
Private placement SCR-Sibelco NV USD 230 million	*191 779*	*218 196*
Private placement SCR-Sibelco NV AUD 200 million	*130 327*	*137 024*
Other loans & borrowings	7 566	9 568
Non-current	**659 945**	**814 988**
Bank borrowings, current portion	37 434	51 607
Syndicated loans	39 126	39 126
Amortizing Syndicated Loan at fixed rate, current portion	*14 286*	*14 286*
Amortizing Syndicated Loan at floating rate, current portion	*24 840*	*24 840*
Finance lease obligations, current portion	1 284	1 719
Other loans & borrowings	4 292	5 437
Bank overdrafts	38 693	50 087
Current	**120 829**	**147 976**
Total	**780 774**	**962 964**

The principle finance agreements do contain financial covenants. The Group's financial covenants have been set to provide the Group with a very strong buffer in case of further cash needs driven by working capital, Capex, acquisitions or pressure on its EBITDA. End of December 2017, the Group was well below any of these financial covenants.

At 31 December 2017, the Group had available €575.0 million of undrawn committed borrowing facilities.

B. RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES FOR LIABILITIES ARISING FROM FINANCING ACTIVITIES

In thousands of euro	2016	Cash flows	Non-cash changes			2017
			Acquisition / disposal	Foreign exchange translation	Foreign exchange revaluation in (profit) or loss	
Bank borrowings	121 597	(63 895)	(771)	(7 280)	-	49 651
Syndicated loans	226 392	(34 162)	-	1	(4 965)	187 266
Finance lease obligations	4 184	(1 989)	2 423	(84)	10	4 544
Private placements	545 699	(3 291)	-	(11 485)	(42 159)	488 764
Other loans & borrowings	15 005	723	(897)	(1 606)	(1 369)	11 856
Bank overdrafts	50 087	(10 757)	-	(782)	145	38 693
Gross debt	**962 964**	**(113 371)**	**755**	**(21 236)**	**(48 338)**	**780 774**

C. TERMS AND DEBT REPAYMENT SCHEDULE

In thousands of euro	2017				2016			
	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount
Bank loans					**Bank loans**			
ARS	13.57%	2017	-	-	36.50%	2016	1 726	1 726
BRL	13.64%	2017	12 146	12 146	12.00%	2016	38 948	38 948
CLP	5.36%	2017	16 724	16 724	6.70%	2016	12 787	12 787
CNY	3.93%	2017	27 464	27 464	7.57%	2016	8 243	8 243
EUR	1.95%	2019-2023	465 166	465 166	2.48%	2019-2023	636 581	636 581
GBP	3.40%	2017	30 751	30 751	4.66%	2016	54 720	54 720
IDR	10.08%	2017	33 015	33 015	13.38%	2016	3 211	3 211
INR	8.88%	2017	8 617	8 617	32.51%	2016	4 753	4 753
MYR	8.63%	2017	12 730	12 730	8.79%	2016	3 139	3 139
NOK	3.91%	2017	28 726	28 726	5.49%	2016	17 241	17 241
PHP	-	-	-	-	12.60%	2016	1 868	1 868
PLN	-	-	-	-	5.53%	2016	9 595	9 595
RUB	10.71%	2017	14 660	14 660	12.26%	2016	17 929	17 929
SEK	3.19%	2017	11 893	11 893	3.97%	2016	32 902	32 902
THB	3.20%	2017	7 269	7 269	5.49%	2016	9 326	9 326
TRY	5.95%	2017	3 814	3 814	4.24%	2016	3 136	3 136
USD	5.20%	2019	91 471	91 471	4.64%	2019	88 833	88 833
Total			**764 446**	**764 446**			**944 938**	**944 938**
Fin Lease obligations			4 470	4 470			4 184	4 184
Loans with Non-Fin Ctparties			7 566	7 566			8 405	8 405
Other			4 292	4 292			5 437	5 437
Total			**780 774**	**780 774**			**962 964**	**962 964**

D. FINANCE LEASE OBLIGATIONS

In thousands of euro	Note	2017 Minimum lease payments	2017 Interest	2017 Principal	2016 Minimum lease payments	2016 Interest	2016 Principal
Less than one year		1 284	74	1 210	1 798	79	1 719
Between one and five years		3 260	-	3 260	2 579	114	2 465
More than five years		-	-	-	-	-	-
Total	31	**4 544**	**74**	**4 470**	**4 377**	**193**	**4 184**

27 EMPLOYEE BENEFITS

Sibelco Group companies maintain retirement, post-retirement, medical and long-term benefit plans in several countries in which the Group operates.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

UNITED KINGDOM

United Kingdom represents 45 percent of the obligations as per 31 December 2017. The Sibelco UK Final Salary Pension Scheme is closed to new entrants and future accrual. All previous active members of the Scheme entered a new defined contribution section of the Scheme from 1 January 2014, while all new employees hired since 1 January 2003 have been offered entry to a separate defined contribution plan. The Scheme is formally governed by a consolidated Trust deed and rules, which ensures the assets of the Scheme are segregated from those of the sponsoring employers. The Scheme has a statutory funding objective to ensure that it has sufficient and appropriate assets to cover its technical provisions (Pension Act 2004). Liabilities are exposed to interest rate risk, inflation risk and demographic risk (mortality, turnover). Assets are exposed to interest rate risk, market risk, and credit risk. The Trustee has agreed that Scheme's defined benefit Section should have a strategic asset allocation.

With the value of the UK Scheme's assets being less than the Trustee's technical provisions, a recovery plan has been agreed between the sponsoring companies and the Trustees of the Scheme to eliminate the difference by payment of additional "deficit" contributions. The aim is to eliminate the deficit by 31 October 2024 by making deficit contributions of £4.94 million in 2017, increasing by 3 percent each first of January thereafter. This is in addition to a contribution towards the Scheme administration of £0.4m per annum. At the latest, the next triennial valuation will be based on the Scheme results as at 31 December 2016. Any agreed changes to the recovery plan and contributions will be reflected during 2018.

Closure to future accrual will limit future growth in the defined benefit obligation. Scheme designed trigger points will automatically switch growth assets to matching assets when their values have reached pre-agreed targets. If the Scheme becomes fully funded and in surplus, "deficit" contributions to the Scheme would cease and ultimately it is possible the surplus could be refunded to the sponsoring employers once all benefits have been secured.

UNITED STATES

United States represents 24 percent of the obligations as per 31 December 2017. In the United States ("U.S."), the Company sponsors a defined benefit plan, the Unimin Corporation Pension Plan (hourly and salaried) (the "Pension Plan") and a nonqualified supplemental benefit plan, the Unimin Corporation Pension Restoration Plan (the "Restoration Plan"). The Pension Plan is a funded plan. Minimum funding and maximum tax-deductible contribution limits for the Pension Plan are defined by the Internal Revenue Service. The Restoration Plan is unfunded. Salaried participants accrue benefits based on service and final average pay. Hourly participants' benefits are based on service and benefit formula. The Pension Plan was closed to new entrants effective on 1 January 2008, and union employee participation in the Pension Plan at the last three unionized locations participating in the Plan was closed to new entrants effective on 1 November 2017. Until the Restoration Plan was amended to exclude new entrants on 15 August 2017, all salaried participants eligible for the Pension Plan were also eligible for the Restoration Plan. An independent trustee has been appointed for the Pension Plan whose responsibilities include custody of plan assets as well as recordkeeping. A pension committee consisting of members of senior management provides oversight through quarterly meetings. In addition, an independent advisor has been engaged to

provide advice on the management of the plan assets. The primary risk of the Pension Plan is the volatility of the funded status. Liabilities are exposed to interest rate risk and demographic risk (e.g., mortality, turnover, etc.). Assets are exposed to interest rate risk, market risk, and credit risk. In addition to these retirement plans in the U.S., the Company offers a retiree medical plan that is exposed to risk of increases in health care costs. The retiree medical plan covers certain salaried employees and certain groups of hourly employees.

CANADA AND MEXICO

Canada and Mexico represent 13 percent of the obligations as per 31 December 2017. In Canada, the Company sponsors three retirement plans. Two of the retirement plans are for hourly employees and one is for salaried employees. The plan for salaried employees has been closed to new entrants since 1 January 2008. In addition, there are two post-retirement medical plans. In the case of the Canadian pension plans, minimum funding is required under the provincial Pension Benefits Act (Ontario) and regulations and maximum funding is set in the Federal Income Tax Act of Canada and regulations.

The pension plan is administered by Unimin Canada. A pension committee exists to ensure proper administration, management and investment review with respect to the benefits of the pension plan through implementation of governance procedures. The medical plan is administered by an insurance company, with Unimin Canada having the ultimate responsibility for all decisions.

In Mexico, the Company sponsors four retirement plans of which two are seniority premium plans as defined by Mexican Labour Law. The remaining plans are defined benefit plans with a minimum benefit equal to severance payment by unjustified dismissal according to Mexican Labour Law. Minimum funding is not required, and maximum funding is defined according to the actuarial cost method registered with the Mexican Tax Authority. Investment decisions are made by an administrative committee of Grupo de Materias Primas pension plans. All plans in Mexico pay lump sums on retirement and pension plans pay benefits through 5 annual payments conditioned on compliance with non-compete clauses.

EUROPE

Other plans in Europe represent 17 percent of the obligations per 31 December 2017. The main defined benefit plans are located in the Netherlands, Germany and Sweden. These are all retirement plans that generally provide a benefit related to years of service and rates of pay close to retirement. The plans in the Netherlands are insured and are closed for future salary accruals and to new entrants. In case of Germany, the Netherlands and Sweden, the benefit is also paid in case of death or disability. All plans have been established in accordance with common practice and legal requirements in each country.

The Belgian defined-contribution pension plans are by law subject to minimum rates of return to be guaranteed by the employer. Pension legislation was amended at the end of 2015. This amended legislation defines the minimum guaranteed rate of return on an annual basis as a variable percentage linked to the 24 month average of the Belgian government bond yields (OLO 10Y). Minimum rates can however not be lower than 1.75 percent and not be higher than 3.75 percent. For 2016 and 2017 the minimum guaranteed rate of return is 1.75 percent on employer contributions and employee contributions. The previous rates (3.25 percent on employer contributions and 3.75 percent on employee contributions) continue to apply to the accumulated past contributions in the Group insurance per 31 December 2015. As a consequence of the legal change the defined contribution plans have been reclassified as defined benefit plans during 2016.The net liability equals €1.3 million per 31 December 2017 (€0.9 million as per 31 December 2016). Benefits in Italy and France relate to the mandatory retirement benefits of the defined benefit type.

ASIA & AUSTRALIA

Australia represents 1 percent of the obligations as per 31 December 2017. The Australian defined benefit pension plan is a closed final salary plan for Australian employees, which requires contributions to be made to a separately administered fund. The level of benefits provided depends on the member's length of service and salary at retirement age. The pension plans are exposed to Australia's inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include investments in quoted equity shares of entities across a number of sectors, Australian pension plan is also exposed to equity market risks.

The Group has complementary retirement plans in Taiwan and Japan. The plan in Taiwan is closed for new entrants.

The reported liabilities for Thailand, India, Indonesia, Malaysia, the Philippines and Korea mainly relate to mandatory retirement benefits of the defined benefit type.

Liabilities in Asia account in total for 0.3 percent of the obligations as per 31 December 2017.

TERMINATION BENEFITS

The termination benefit plans (3) are early retirement plans mainly in Belgium.

OTHER LONG-TERM EMPLOYEE BENEFITS

In 2011, the Board of Directors decided to set up long term incentive plans (LTI) for a selected number of key executives. Today the LTI plans of 2013, 2014 and 2015 and 2016 are still in force with potential cash payments in future years based on the evolution of financial KPI's. At the end of 2017, the provision for all these plans has been estimated to be €19.1 million.

The other long-term benefit plans are jubilee plans (5) in The Netherlands and Belgium.

EXPLANATION OF AMOUNTS IN THE FINANCIAL STATEMENTS

Defined benefit liabilities

In thousands of euro	2017				2016			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Present value of funded obligations	592 667	48	29	592 744	604 230	121	751	605 102
Fair value of plan assets	(467 038)	(38)	-	(467 076)	(487 914)	(33)	(795)	(488 742)
Present value of net funded obligations	**125 629**	**10**	**29**	**125 668**	**116 316**	**88**	**(44)**	**116 360**
Present value of unfunded obligations	36 692	1 617	19 365	57 674	56 223	1 874	6 162	64 259
Total defined benefit liabilities / (assets)	**162 321**	**1 627**	**19 394**	**183 342**	**172 539**	**1 962**	**6 118**	**180 619**
Liabilities	162 321	1 627	19 394	183 342	172 539	1 962	6 834	181 335
(Assets)	-	-	-	-	-	-	(716)	(716)
Net liability at 31 December	**162 321**	**1 627**	**19 394**	**183 342**	**172 539**	**1 962**	**6 118**	**180 619**

MOVEMENTS IN THE NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

In thousands of euro	2017				2016			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Net liability at 1 January	172 539	1 962	6 118	180 619	147 904	1 434	6 334	155 672
Contributions by employer	(17 928)	(330)	(929)	(19 187)	(18 337)	(351)	(165)	(18 853)
Expense recognised in the statement of income	16 737	176	14 931	31 844	16 525	855	29	17 409
Remeasurments loss (gain) included in OCI	3 238	-	-	3 238	29 105	-	1	29 106
Other movements	535	(180)	(763)	(408)	1 581	-	(74)	1 507
Exchange differences	(12 800)	(1)	37	(12 764)	(4 239)	24	(7)	(4 222)
Net liability at 31 December	**162 321**	**1 627**	**19 394**	**183 342**	**172 539**	**1 962**	**6 118**	**180 619**

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

In thousands of euro		2017				2016			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		660 453	1 995	6 913	669 361	654 371	1 457	7 161	662 989
Service cost		11 383	10	14 927	26 320	10 218	25	20	10 263
Interest cost	13	17 604	1	18	17 623	21 450	4	25	21 479
Benefits paid		(27 949)	(283)	(929)	(29 161)	(50 386)	(333)	(160)	(50 879)
Actuarial losses (gains)		11 329	(108)	(20)	11 201	77 783	14	(16)	77 781
Tax on contributions paid		-	-	-	-	(152)	-	-	(152)
Past service cost		77	234	-	311	689	812	-	1 501
Liabilities extinguished on settlement		-	-	-	-	(20 834)	-	-	(20 834)
Other movements		1 015	(180)	(1 400)	(565)	2 195	14	(79)	2 130
Exchange differences		(44 514)	(4)	31	(44 487)	(34 881)	2	(38)	(34 917)
At 31 December		**629 398**	**1 665**	**19 540**	**650 603**	**660 453**	**1 995**	**6 913**	**669 361**

THE SPECIFICATION OF THE ACTUARIAL GAINS AND LOSSES FOR 2017 IS THE FOLLOWING:

In thousands of euro	2017
Experience adjustments	(4 140)
Changes in demographic assumptions	(6 519)
Changes financial assumptions	21 860
Total	**11 201**

Total actuarial gains and losses were €11.2 million, mainly arising from the change in financial assumptions in the UK and US (€22.0 million).

CHANGES IN THE FAIR VALUE OF PLAN ASSETS

In thousands of euro		2017				2016			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		(487 914)	(33)	(795)	(488 742)	(506 467)	(23)	(827)	(507 317)
Return on plan assets	13	(13 138)	-	-	(13 138)	(16 485)	-	-	(16 485)
Actuarial (gains) losses		(8 091)	(1)	5	(8 087)	(48 678)	1	-	(48 677)
Administration costs		815	40	-	855	653	-	-	653
Assets distributed on settlements		(4)	-	-	(4)	20 834	-	-	20 834
Contributions by employer and employee		(17 586)	(330)	(1 271)	(19 187)	(18 357)	(351)	(158)	(18 866)
Benefits paid		27 607	283	1 271	29 161	50 538	341	158	51 037
Other movements		(480)	-	638	158	(593)	-	1	(592)
Exchange differences		31 714	3	6	31 723	30 641	(1)	31	30 671
At 31 December		**(467 077)**	**(38)**	**(146)**	**(467 261)**	**(487 914)**	**(33)**	**(795)**	**(488 742)**

EXPENSE RECOGNISED IN PROFIT OR LOSS

In thousands of euro		2017				2016			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Current service cost (net of employee contributions)	12	11 379	10	14 927	26 316	10 218	25	20	10 263
Administrative costs	12	815	40	-	855	653	-	-	653
Interest cost	13	17 604	1	18	17 623	21 450	4	25	21 479
Return on plan assets	13	(13 138)	-	-	(13 138)	(16 485)	-	-	(16 485)
Actuarial (gains) losses recognised in the period	12	N/A	(109)	(14)	(123)	N/A	14	(16)	(2)
Past service cost	12	77	234	-	311	689	812	-	1 501
Total		**16 737**	**176**	**14 931**	**31 844**	**16 525**	**855**	**29**	**17 409**

COMMENT ON RESULTS POST-EMPLOYMENT BENEFITS

During 2017, both Defined Benefit Obligations on post-employment benefits and Plan Assets have been decreased. The funded position, i.e. ratio of Plan Assets to Defined Benefit Obligation, has remained the same to around 74 percent (2016: 74 percent). This results from the evolution of the DBO and is due to the interest cost and service cost during 2017 (€29.0 million), the negative effect of actuarial gains (€11.3 million) and a positive exchange difference (€44.5 million), while the evolution of the assets is mainly due to the real return on plan assets (amounting to a total of €21.2 million), the employer contributions (amounting to a total of €17.6 million) and a positive exchange difference (€31.7 million). The amounts at both sides are therefore not similar taking into account the amounts involved (plan assets of about €467.0 million against a DBO of about €629.0 million). The Defined Benefit Liability has decreased during the year from €172.5 million to €162.3 million which is mainly due to the positive effect of the contribution of employer (€17.9 million), the exchange differences (€12.8 million) offset by the expenses recognised in the income statement (€16.7 million) and the re-measurement loss included in OCI (€3.2 million).

DISAGGREGATION FAIR VALUES PLAN ASSETS

The average weighing of the assets by the various asset categories are shown below (89.4 percent of the assets are quoted):

	2017	2016
Government bonds	9.38%	9.48%
Corporate bonds	15.99%	17.59%
Equity	15.73%	15.65%
Cash	3.62%	3.64%
Property	3.64%	3.30%
Insurance contracts	16.58%	16.94%
Other	35.05%	33.40%
Total	**100.00%**	**100.00%**

In the plan assets there are no own equity instruments and no property used by the Group. The real return on assets over 2017 amounts to €21.2 million or 4.3 percent (2016: €65.2 million or 12.9 percent).

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Discount rate	2.83%	3.06%
Rate of salary increases	2.24%	2.21%
Inflation rate	2.61%	2.66%
Medical trend rate	4.67%	4.70%
Pension increase rate	2.69%	1.61%

The discount rate and the rate of salary increases were weighted by the defined benefit obligation, the expected return on assets by the assets, the medical trend rate is weighted by the Defined Benefit Obligation of the medical plans and the pension increase rate is weighted by the Defined Benefit Obligation of the plans paying pensions rather than lump sums on retirement. The medical rate shown is the ultimate rate, which is used for periods over five years. The best estimate of the employer contributions which the Group expects to pay for 2017 amounts to €14.3 million.
The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (2016: 17 years).

SENSITIVITY ANALYSIS

A 0.25 percent change in the actuarial assumptions would have the following effects (note that a positive amount refers to a decrease in the obligations or cost while a negative amount refers to an increase in the obligations or cost):

In thousands of euro	2017		2016	
Discount rate	25 basis points increase	25 basis points decrease	25 basis points increase	25 basis points decrease
Effect on the aggregate of the service cost and finance cost	622	(611)	744	(870)
Effect on the defined benefit obligation	23 406	(24 792)	25 491	(27 084)
Inflation rate	25 basis points increase	25 basis points decrease	25 basis points increase	25 basis points decrease
Effect on the aggregate of the service cost and finance cost	289	(278)	421	(263)
Effect on the defined benefit obligation	10 482	(10 251)	11 498	(11 223)
Medical cost trend rate	25 basis points increase	25 basis points decrease	25 basis points increase	25 basis points decrease
Effect on the aggregate of the service cost and finance cost	52	(49)	75	(73)
Effect on the defined benefit obligation	585	(560)	1 010	(967)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

HISTORICAL INFORMATION

In thousands of euro	2017	2016	2015	2014	2013	2012 Restated
Present value of the defined benefit obligations	(650 603)	(669 361)	(662 989)	(630 060)	(527 855)	(555 707)
Fair value of plan assets	467 261	488 742	507 317	472 594	405 916	388 862
Deficit in the plans	(183 342)	(180 619)	(155 672)	(157 466)	(121 939)	(166 845)
Experience adjustments: (increase)/decrease plan liabilities	4 140	(9 213)	(4 161)	6 299	(1 842)	1 359
Experience adjustments: increase/(decrease) plan assets	8 087	48 677	(14 802)	23 132	17 836	14 347

28 PROVISIONS

In thousands of euro	Note	Warranties and onerous contracts	Restructuring plans	Site restoration and plant demolition	Penalties, legal claims and other	2017	2016
Balance at 1 January		**14 126**	**27 282**	**225 222**	**19 343**	**285 973**	**231 464**
Movements through P&L		**5**	**390**	**41 088**	**607**	**42 090**	**60 034**
- Additional provision	8.10	5	3 207	26 190	1 187	30 589	60 115
- Unused amounts reversed	8	-	(3 095)	(3 068)	(506)	(6 669)	(9 097)
- Revisions due to change of discount and inflation rate	13	-	-	10 265	69	10 334	897
- Unwinding of discount	13	-	278	7 701	(143)	7 836	8 119
Other movements		**(12 965)**	**(15 432)**	**71 854**	**2 342**	**45 800**	**(5 525)**
Business combinations	3	-	-	-	1 699	1 699	2 294
Disposals		(3 099)	(4 378)	(206)	-	(7 684)	(1 896)
Addional provisions (variation of the asset component)	16	-	-	95 655	-	95 655	36 252
Provision used during the period		(2 239)	(6 925)	(8 746)	(6 374)	(24 284)	(45 429)
Exchange difference		(340)	(1 435)	(11 990)	(1 416)	(15 180)	2 027
Transfers		(7 287)	(2 694)	(2 859)	8 433	(4 407)	1 227
Balance at 31 December		**1 166**	**12 240**	**338 164**	**22 293**	**373 863**	**285 973**
Current		40	3 757	38 883	6 623	49 304	40 640
Non-current		1 126	8 483	299 281	15 670	324 559	245 333

RESTRUCTURING

In 2017 additional restructuring provisions have been recognised for €3.2 million in respect of restructuring programs mainly in Australia, South America and Asia - see note 10 *Other operating expenses.* The decrease in provisions for restructuring plans can be mainly explained by usage of provisions during 2017, mainly in Australia, North America and Asia. Disposals relate to the provisions included in our disposed entity PT Bhumidana and Industriele Maatchappij Geertruidenberg BV.

SITE RESTORATION AND PLANT DEMOLITION

The Group is subject to numerous environmental requirements in various countries in which it operates, including restoration and clean-up of its quarries and demolition of its plants. In order to comply with regulations, the Group has made significant expenditure and has set up provisions.

The obligation to restore the environment or dismantle an asset is provided in full at the time of the start of the operations. When the provision arises on initial recognition of an asset, the corresponding debit is treated as part of the cost of the related asset and is not recognised immediately in profit or loss but gradually through the depreciation of the related asset. Changes in the estimate of the provision generally are adjusted against the carrying amount of the asset.

Because of the long-term nature of the liability, the biggest uncertainties in estimating the provision are the costs that will be incurred. The provision is measured at the best estimate of costs to be incurred. This takes the time value of money into account, if material. The best estimate typically will be based on the single most likely cost of mine closure and takes uncertainties into account in either the cash flows or the discount rate used in measuring the provision.

In particular, the Group has assumed that its quarries will be restored using technology and materials that are currently available. The corresponding provisions have been calculated taking into account future price increases and discount factors.

2017	Currancy	Discount rates 10 Year	Inflation rates
Argentina	ARS	26.34	13.5
Australia	AUD	4.56	2.43
Belgium	EUR	2.65	1.81
Brazil	BRL	12.94	4.46
Canada	CAD	3.56	1.68
Finland	EUR	2.39	1.81
France	EUR	2.71	1.61
Germany	EUR	2.28	2.05
Italy	EUR	3.96	1.37
Malaysia	MYR	5.98	2.93
Mexico	MXN	8.94	3.28
Netherlands	EUR	2.42	1.50
Norway	NOK	3.55	2.52
Portugal	EUR	5.47	0.93
Russia	RUB	10.08	4.07
Spain	EUR	3.45	1.64
Sweden	SEK	2.52	1.85
Turkey	TRY	12.43	8.09
UK	GBP	3.15	2.24
Ukraine	UAH	17.98	6.34
United States	USD	4.21	2.37

There are many complexities in calculating an estimate of the expenditure to be incurred. Technological advances may reduce the ultimate cost of mine closure and may also affect the timing by extending the existing expected recoveries from the reserves. The estimate is updated at each reporting date.

Our active and inactive managed facilities are required to have closure plans. As from 2015, detailed closure planning requirements were introduced through our Closure Plan Policy, with each asset required to develop a closure plan as part of their life of asset plan. In addition, a new sustainability process was implemented focusing on closure planning, cost estimation and closure objectives at operating assets. Integrating closure planning in the early stages of project development and through an asset's lifecycle helps us to leave a positive legacy of sustainable development, minimize financial impacts and ensure stakeholder expectations are met. Closure plans provide the basis for estimating the financial costs of closure and the associated accounting closure and rehabilitation provisions.

Closure plans are reviewed at the following frequency:

- Every 5 years, or;
- When significant changes occur:
  - In the operation,
  - in local regulatory requirements or constructive obligations,
  - in stakeholder interests or the local environment that:
    - jeopardize the Group's long term viability (expected lifetime of the operation), or;
    - risk renewal or prolongation of necessary permits and rights to exploit, or;
- Every year when the operation has an expected lifetime of less than 5 years.

In the light of this process the Group has made additional provisions for site restoration and plant demolition to the amount of €121.8 million out of which €26.2 million was charged to profit or loss and €95.7 million has been capitalised as part of the cost of mineral assets (mainly in Europe for €71.8 million, North America €16.6 million, Australia €4.3 million) – see note 16 *Property, plant and equipment.* At the end of 2017 all our managed facilities have closure plans in place.

During 2017, one of our subsidiaries in the Netherlands has been confronted with accidental external contamination, with a recall of product as a consequence. Therefore the Group was confronted with customer complaints and in this respect a provision has been recognised in 2017 which relates to the direct operating costs of product contamination. These include costs for removal of product, cleaning costs and professional fees.

In 2018 the Group will further follow up the different aspects of the direct and indirect consequences. In case new information is received, the Group will update its current best estimate.

PENALTIES, LEGAL CLAIMS AND OTHER

Provisions for penalties, legal and other claims are mainly related to Europe and South America. In 2017 the Group has recognised an additional provision of €1.7 million relating to the acquisition of Ecopiave S.r.l. (see note *3 Business combinations)* and various small additions have been recognised for fines and litigation.

29 TRADE AND OTHER PAYABLES

NON-CURRENT TRADE AND OTHER PAYABLES

In thousands of euro	Note	2017	2016
Deferred consideration on acquisitions		169	1 044
Other payables		1 615	4 351
Trade and Other Payables - Non-current	31	**1 784**	**5 395**

CURRENT TRADE AND OTHER PAYABLES

In thousands of euro	Note	2017	2016
Trade payables		279 050	261 146
Unearned revenues and advances		4 131	1 491
Other payables		56 295	49 243
Interest payable		2 200	2 116
Non-income tax payables		13 823	12 746
Accrued liabilities		115 814	105 492
Trade and Other Payables - Current	31	**471 313**	**432 234**

30 OTHER CURRENT AND NON-CURRENT LIABILITIES

OTHER NON-CURRENT LIABILITIES

In thousands of euro	Note	2017	2016
Cash flow hedge, negative fair value	31	854	970
Other, negative fair value	31	105	-
Derivative financial instruments		**959**	**970**
Government grants		12 304	12 148
Other		2 689	-
Other Liabilities - Non-current		**15 952**	**13 118**

OTHER CURRENT LIABILITIES

In thousands of euro	Note	2017	2016
Cash flow hedge, negative fair value	31	-	-
Other, negative fair value	31	8 220	8 892
Derivative financial instruments		**8 220**	**8 892**
Government grants		-	-
Other		2 174	1 201
Other Liabilities - Non-current		**10 394**	**10 093**

Other non-current liabilities of the Group were €16.0 million, mainly relating to government grants (€12.3 million) for railroad works in the US and to Health and safety, Production improvement and R&D grants.

Other current liabilities of the Group were €10.4 million (2016: €10.1 million) and mainly consist of fair value derivatives for hedging operational risk.
The Group has still interest rate swaps (IRS) for the nominal value of €50 million, all non-current which will mature in 2019 (see note 31 *Financial instruments).*

31 FINANCIAL INSTRUMENTS

The Group uses derivate financial instruments to hedge the exposure to fluctuations in foreign exchange rates and interest rates. Some hedges qualify for hedge accounting, others are treated as 'free-standing instruments held for trading' for hedging financial assets and liabilities in foreign currencies compliant with the Group's FX policy.

The Group has decided to fix the interest rate for the majority of its debt. Following this decision, the interest rate risk is hedged by means of interest rate swaps for which cash flow hedge accounting is applied.
The FX risk related to the AUD Private Placement of SCR-Sibelco NV is hedged by cross currency swaps.

CREDIT RISK

EXPOSURE TO CREDIT RISK

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

IMPAIRMENT LOSSES

The ageing of trade receivables at the reporting date was:

In thousands of euro		2017		2016	
	Note	Gross	Impairment	Gross	Impairment
Not past due		353 110	2 469	388 507	1 918
Past due 0 - 120 days		101 328	811	90 872	1 488
Past due 120 days - one year		13 624	6 260	9 037	2 494
More than one year		2 473	2 473	6 340	6 840
Trade Receivables	23	**470 535**	**12 013**	**494 756**	**12 740**

The Group believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables not past due.
The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

In thousands of euro	Note	2017	2016
Balance at 1 January		**12 740**	**15 915**
Adjustments on prior year		258	-
Impairment loss recognised	8	1 837	1 169
Allowances used during the period		(2 055)	(3 605)
Exchange differences		(701)	(5)
Scope changes		(66)	(734)
Balance at 31 December	23	**12 013**	**12 740**

LIQUIDITY RISK

For the Interest Rate Swaps only the contractual outflows were considered. The incoming flows, related to the floating leg, are not reported as they are compensated by the interests on floating bank borrowings, which are also not reflected.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In thousands of euro	2017					
	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank borrowings	26	49 651	(53 504)	(23 952)	(17 426)	(12 126)
Amortizing Sydicated Loan	26	187 266	(189 309)	(39 876)	(120 791)	(28 642)
Finance lease obligations	26	4 544	(4 544)	(1 284)	(3 260)	-
Private placement	26	488 763	(578 264)	(24 952)	(553 312)	-
Other loans & borrowings	26	11 858	(12 186)	(2 763)	(8 712)	(711)
Bank overdrafts	26	38 693	(38 693)	(38 693)	-	-
Total		**780 775**	**(876 500)**	**(131 519)**	**(703 502)**	**(41 478)**
DERIVATIVE FINANCIAL LIABILITIES						
Interest rate swaps - hedge accounting	30	854	(942)	(338)	(604)	-
Other forward exchange contracts - no hedge accounting	30	8 325	(2 508)	-	-	-
Outflow			(107 824)	(107 824)	-	-
Inflow			105 316	105 316	-	-
Total		**9 179**	**(5 958)**	**(2 846)**	**(604)**	**-**
OTHER FINANCIAL LIABILITIES						
Trade and other payables	29	473 097	(473 097)	(471 313)	(1 784)	-
Total		**473 097**	**(473 097)**	**(471 313)**	**(1 784)**	**-**

In thousands of euro

2016

	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank borrowings	26	121 597	(121 620)	(62 521)	(59 099)	-
Amortizing Sydicated Loan	26	226 392	(229 195)	(40 092)	(160 461)	(28 642)
Finance lease obligations	26	4 184	(4 377)	(1 913)	(2 456)	(8)
Private placement	26	545 699	(687 734)	(27 565)	(296 366)	(363 803)
Other loans & borrowings	26	15 005	(14 230)	(12 529)	(1 701)	-
Bank overdrafts	26	50 087	(50 087)	(50 087)	-	-
Total		**962 964**	**(1 107 243)**	**(194 707)**	**(520 083)**	**(392 453)**
DERIVATIVE FINANCIAL LIABILITIES						
Interest rate swaps - hedge accounting	30	970	(941)	(337)	(604)	-
Other forward exchange contracts - no hedge accounting	30	8 892	(6 700)	-	-	-
Outflow		-	(54 754)	(54 754)	-	-
Inflow		-	48 054	48 054	-	
Total		**9 862**	**(7 641)**	**(7 037)**	**(604)**	**-**
OTHER FINANCIAL LIABILITIES						
Trade and other payables	29	437 629	(437 629)	(429 637)	(7 992)	-
Total		**437 629**	**(437 629)**	**(429 637)**	**(7 992)**	**-**

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur. They will be recycled through profit or loss in the same periods:

In thousands of euro

2017

	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
IRS & FORWARD EXCHANGE CONTRACTS:						
Assets - forward exchange contracts	19	-	-	-	-	-
Liabilities - IRS	30	(854)	(942)	(338)	(604)	-
Total		**(853)**	**(942)**	**(338)**	**(604)**	**-**

2016

	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
IRS & FORWARD EXCHANGE CONTRACTS:						
Assets - forward exchange contracts	19	429	617	617	-	-
Liabilities - IRS	30	(970)	(941)	(337)	(604)	-
Total		**(541)**	**(324)**	**280**	**(604)**	**-**

CURRENCY RISK

EXPOSURE TO CURRENCY RISK

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group entities, primarily the US Dollar (USD), the euro (EUR), the British Pound (GBP) but also the Australian Dollar (AUD). The currencies in which these transactions primarily are denominated are EUR and USD.

The Group uses forward exchange contracts to hedge the foreign exchange risk compliant with the policy as detailed under 'Financial risk management' (see note 2 *Financial risk management).*
The Group's exposure to foreign currency risk was as follows based on notional amounts:

In thousands of euro	2017					2016			
	EUR	USD	GBP	AUD	Other	EUR	USD	GBP	Other
Transactional Exposure									
Trade, other receivables and cash & cash equivalents	23 256	(198 252)	(57 363)	(101 812)	(28 273)	17 659	126 024	3 937	-
Interest bearing loans and borrowings	-	(15 466)	89 890	(131 101)	116 136	(1 221)	(100 057)	(1 107)	-
Trade and other payables	(28 707)	(44 582)	(5 541)	(2 134)	(6 862)	(25 260)	(29 660)	(5 480)	-
Gross balance sheet exposure	**(5 451)**	**(258 300)**	**26 986**	**(235 046)**	**81 001**	**(8 822)**	**(3 693)**	**(2 650)**	**-**
Forward exchange contracts	4 350	230 719	(24 720)	235 792	(73 476)	6 898	29 476	3 050	
Total	**(1 101)**	**(27 581)**	**2 266**	**746**	**7 526**	**(1 924)**	**25 783**	**400**	**-**
Economical Exposure									
Estimated forecast sales/ receivables	2 422	50 775	-	-	10 448	-	-	-	-
Estimated forecast purchases	(497)	(28 659)	-	-	(248)	-	(14 836)	-	-
Gross exposure	**1 925**	**22 116**	**-**	**-**	**10 200**	**-**	**(14 836)**	**-**	**-**
Forward exchange contracts	(2 000)	(21 294)	-	-	(10 200)	-	14 836	-	-
Total	**(75)**	**822**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

SENSITIVITY ANALYSIS

A 10 percent change of the euro against the other currencies at 31 December would have an insignificant impact on the hedge reserve included in equity nor on net profit (economical exposure), (2016: no risks on equity nor on net profit).

INTEREST RATE RISK

The interest rate risk of the Group is hedged by interest rate swaps for a total nominal value of €50.0 million. In addition to this, the Group also has US private placements at a fixed interest rate for a total nominal value of USD 430.0 million and AUD 200.0 million. Since almost all debt is directly or indirectly at a fixed interest rate a change in interest rates will have a minor impact.

FAIR VALUES

FAIR VALUES VERSUS CARRYING AMOUNTS

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

In thousands of euro

	Note	Carrying amount 2017	Fair value 2017 Level 2	Carrying amount 2016	Fair value 2016 Level 2
PRIVATE PLACEMENT:					
Non-current	26	(488 763)	(506 318)	(545 699)	(571 539)
FIXED RATE FINANCIAL LIABILITIES :					
Non-current	26	(71 428)	(71 428)	(85 714)	(85 714)
Current	26	(14 286)	(14 286)	(14 286)	(14 286)
FLOATING RATE FINANCIAL LIABILTIES:					
Non-current	26	(96 495)	(96 495)	(184 324)	(184 324)
Current	26	(105 259)	(105 259)	(128 757)	(128 757)
INTEREST RATE SWAPS:					
Liabilities (2017: IRS €50 million - 2016: IRS €50 million)	30	(854)	(854)	(970)	(970)
FORWARD EXCHANGE CONTRACTS:					
Assets - hedge net financial position	19	3 539	3 539	7 991	7 991
Assets - hedge transactional and economical exposure	19	294	294	8 036	8 036
Liabilities - hedge net financial position	30	(7 439)	(7 439)	(3 261)	(3 261)
Liabilities - hedge transactional and economical exposure	30	(886)	(886)	(5 631)	(5 631)
Total		**(781 576)**	**(799 132)**	**(952 615)**	**(978 455)**

HIERARCHY AND DETERMINATION OF FAIR VALUES

All above fair values have a Level 2 nature, meaning that inputs used for measurement are other than quoted prices within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

The fair value of forward exchange contracts is determined using money market interest rates and the foreign exchange spot rates at the balance sheet date.

The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the net present value of the future cash flows.

In the context of IFRS 13, the Group has made an assessment of non-performance risk in respect of derivatives. The Group assessed that no value adjustments are required, taken into account the financial strength of the counterparties (investment grade and the short term nature of the current portfolio).

For the valuation and testing of derivative financial instruments for which hedge accounting is applied, the Group is using a fair value model which meets the IFRS requirements regarding hedge effectiveness testing. For hedge effectiveness testing the dollar-offset method is applied.

32 OPERATING LEASES

The Group leases railway equipment, operating equipment, mineral properties and buildings under a number of operating lease agreements. The future minimum lease payments under non-cancellable operating leases are due as follows:

In thousands of euro	2017	2016
Less than one year	70 998	46 163
Between one and five years	173 655	165 988
More than five years	125 351	127 848
Total	**370 004**	**339 999**

In 2017, €77.7 million was recognised as an expense in profit or loss in respect of operating leases (2016: €68.2 million).
Sibelco leases mainly railcars, operating equipment and buildings under a number of operating lease/rental agreements (both non-cancellable and cancellable short-term contracts).

Under IFRS the railcar lease agreements in the US are classified as operating leases as at the inception of the lease, management concluded that the agreement did not transfer substantially all the risks and rewards incidental to ownership. The leases also include an option to buy the railcars towards the end of the lease term at its then fair value.

33 COMMITMENTS

CAPITAL COMMITMENTS

At 31 December 2017, the Group had commitments relating to property, plant and equipment amounting to €12.4 million (2016: €35.9 million), of which €4.3 million in North America, €2.7 million in Europe, €5.4 million in Australia and €0.1 million in Asia.

OTHER COMMITMENTS

On 12 December 2017, one of the Groups' wholly owned subsidiaries Unimin Corporation announced a definitive agreement under which it will combine in a tax-free, cash and stock transaction with Fairmount Santrol (NYSE: FSMA), which has been approved by the Board of Directors of both companies.
The new company, which will list on the New York Stock Exchange, will combine the two organizations' strong product portfolios and asset footprints to create an industry-leading proppant and industrial materials solutions provider, serving both energy and industrial customers.
The transaction is expected to close mid-2018, subject to the approval of Fairmount shareholders, the receipt of regulatory approvals and the satisfaction of other customary closing conditions

Under the terms of the merger agreement, at the closing of the transaction, Fairmount shareholders, including equity award holders, will receive $170.0 million in cash, or approximately $0.74 per share based on Fairmount's current diluted share count, and will own 35 percent of the combined company, with Sibelco owning the remaining 65 percent. The transaction is structured to be tax-free to Fairmount shareholders. Sibelco will maintain ownership of Unimin's high-purity quartz business, which mainly serves electronics manufacturers in Asia.
In connection with the transaction, the Group has secured fully committed financing from Barclays Bank PLC and BNP Paribas to refinance both companies' outstanding debt obligations and certain transaction expenses. The companies believe that the strong and diversified cash flow resulting from the combination will allow the combined company to pay down debt expeditiously.
Concurrent with closing, the combined company intends to list its shares on the New York Stock Exchange, while Fairmount will be delisted from the New York Stock Exchange.

34 CONTINGENCIES

The Group is defendant in a number of lawsuits filed in several jurisdictions where it operates. The Group has strong defence in these cases and the risk of material cash outflows is considered remote.

During 2017, one of our subsidiaries in the Netherlands has been confronted with external contamination, with a recall of product as a consequence. Although we are confronted with customer complaints, the Group does not have a view on the contingencies at this moment in time and any possible outflow.

35 RELATED PARTIES

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its subsidiaries (see note 39 *Group entities*), equity accounted investees (see note 18 *Equity accounted investees)* and with its directors and executive officers.

TRANSACTIONS WITH EQUITY ACCOUNTED INVESTEES

All outstanding balances with these related parties are priced at arm's length basis.

In thousands of euro	Sales	Purchases	Other costs	Accounts receivable	Accounts payable	Granted loans to associates	Dividends received from associates
Glassflake Ltd	11	-	-	5	2	-	-
SCI Les Granet	17	6	3	38	3	330	-
Maffei Sarda Silicati SRL	-	-	27	-	631	544	-
Ficarex SRO	-	-	-	-	-	-	722
Sklopisek Strelec AS	-	73	-	-	11	-	-
Dansand A/S	216	60	-	10	6	13	1 602
Total	**245**	**139**	**30**	**53**	**652**	**887**	**2 324**

The Group has outstanding loans to associates for an amount of €0.9 million (see note 19 – *Financial assets*) and has received dividends from its associates for a total amount of €2.3 million (see note 18 *Equity accounted investees).*

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The total remuneration expense recognised in profit or loss in relation to the members of the Board of Directors and to the Executive Committee amounts to €16.3 million in 2017 (2016: €9.8 million), of which €15.6 million for the members of the Executive Committee and €0.7 million to board members (2016: €9.2 million and €0,6 million respectively). The total expense includes bonus and accruals for long term incentives to be potentially paid over the next years (see note *27 Employee Benefits*) for the members of the Executive Committee. None of key management personnel are granted share options or share based payment.

36 EXCHANGE RATES

The following exchange rates have been used in preparing the financial statements:

	CLOSING RATE		AVERAGE RATE	
1 EURO EQUALS :	**2017**	**2016**	**2017**	**2016**
AED	4.4045	3.8711	4.1476	4.0503
ARS	22.2998	16.7117	18.7303	16.4818
AUD	1.5346	1.4596	1.4734	1.4706
BRL	3.9729	3.4305	3.6060	3.6548
CAD	1.5039	1.4188	1.4651	1.4485
CHF	1.1702	1.0739	1.1118	1.0866
CLP	737.1500	705.5000	732.2800	736.0600
CNY	7.8044	7.3202	7.6297	7.4006
COP	3 576.3100	3 163.8800	3 332.8200	3 293.2200
CZK	25.5350	27.0210	26.3248	27.0329
DKK	7.4449	7.4344	7.4387	7.4399
EGP	21.2636	18.9738	20.1023	12.1189
GBP	0.8872	0.8562	0.8765	0.8432
HKD	9.3720	8.1751	8.8056	8.5561
HUF	310.3300	309.8300	309.2051	311.0776
IDR	16 248.1200	14 162.8876	15 119.1700	14 599.4600
INR	76.6055	71.5935	73.5181	74.1006
JPY	135.0100	123.4000	126.6976	116.9665
KRW	1 284.9296	1 273.8799	1 276.6100	1 264.0600
LAK	9 955.3893	8 609.6991	9 308.3795	8 948.7540
MAD	11.2230	10.6606	10.9442	10.8101
MXN	23.6612	21.7719	21.3254	21.0766
MYR	4.8536	4.7287	4.8524	4.5897
NOK	9.8403	9.0863	9.3299	9.1974
NZD	1.6850	1.5158	1.5901	1.5490
PGK	3.8553	3.7685	3.6198	3.5787
PHP	59.8811	52.4099	56.9743	52.6550
PLN	4.1770	4.4103	4.2563	4.3670
RUB	69.3920	64.3000	65.9299	70.7728
SEK	9.8438	9.5525	9.6362	9.5704
SGD	1.6024	1.5234	1.5588	1.5181
THB	39.1210	37.7260	38.2927	38.7830
TND	2.9454	2.4227	2.7196	2.4412
TRY	4.5464	3.7072	4.1203	3.3989
TWD	35.5736	34.1939	34.3323	35.1486
UAH	33.4954	28.4226	30.0389	28.3522
USD	1.1993	1.0541	1.1294	1.1028
VEF	133 617.8867	3 335.9300	27 675.5181	1 430.8200
VND	27 224.1100	24 001.8600	25 551.0510	24 657.7300

37 SUBSEQUENT EVENTS

No significant subsequent events happened after the balance sheet date.

38 INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The worldwide audit and other fees in respect of services provided by EY and its network can be detailed as follows:

In thousands of euro	2017	2016
Total audit fees for SCR-Sibelco N.V. and its subsidiaries	5 256	2 406
Other audit-related services	1 190	27
Tax	436	97
Balance at 31 December	**6 882**	**2 530**

Total audit fees for 2017 were €5.3 million of which €3.0 million relates to the audit work on the restatement of the financials (to US GAAP) of our wholly owned subsidiary Unimin Corporation for the upcoming transaction with Fairmount Santrol.
Other audit-related services mainly relate to transaction advisory services performed by EY.

39 GROUP ENTITIES

CONTROL OF THE GROUP

The Group's ultimate parent company is SCR-Sibelco N.V., Antwerp / Belgium.

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Argentina		
El Volcan S.A.	San Juan (AR)	100.00%
Minera Mercedes S.A.M.I.C.A. y F.	San Juan (AR)	100.00%
Minera Tea S.A.M.I.C.A. y F.	Buenos Aires (AR)	100.00%
Australia		
David Mitchell Lime Pty Ltd	North Sydney (AU)	100.00%
Excelsior Quarry Pty Ltd	North Sydney (AU)	100.00%
Frost Enterprises Pty Ltd	North Sydney (AU)	100.00%
Lara Lime Pty Ltd	North Sydney (AU)	100.00%
Mole Creek Limestone Pty Ltd	North Sydney (AU)	100.00%
QMAG Pty Ltd	Victoria (AU)	100.00%
QMC (Kunwarara) Pty Ltd	North Sydney (AU)	100.00%
QMC REFMAG Pty Ltd	North Sydney (AU)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
QMCH Pty Ltd	Victoria (AU)	100.00%
Queensland Construction Materials Pty Ltd	North Sydney (AU)	100.00%
Rutile Ltd Consolidated	North Sydney (AU)	100.00%
Sibelco Asia Pacific Pty Ltd	North Sydney (AU)	100.00%
Sibelco Australia Ltd	North Sydney (AU)	100.00%
Sibelco Lime (NSW) Pty Ltd	North Sydney (AU)	100.00%
Sibelco Lime (Tasmania) Pty Ltd	North Sydney (AU)	100.00%
Sibelco Lime (Victoria) Pty Ltd	North Sydney (AU)	100.00%
Sibelco Services Pty Ltd	North Sydney (AU)	100.00%
Sibelco Talc Pty Ltd	North Sydney (AU)	100.00%
South Burnett Lime Pty Ltd	North Sydney (AU)	100.00%
Stradbroke Rutile Pty Ltd	North Sydney (AU)	100.00%
Tamaree Lime Pty Ltd	North Sydney (AU)	100.00%
Westcal Pty Ltd (Hyrock)	North Sydney (AU)	100.00%
Belgium		
Cofisa NV	Antwerpen (BE)	100.00%
High Five NV	Antwerpen (BE)	50.00%
Limburgse Berggrinduitbating NV	Antwerpen (BE)	100.00%
Minérale SA	Lodelinsart (BE)	50.00%
NZM Grit NV	Dessel (BE)	100.00%
NZM NV	Dessel (BE)	100.00%
Sablières de Mettet SA	Mettet (BE)	100.00%
Silfin NV	Antwerpen (BE)	100.00%
Brazil		
Caulim Do Nordeste SA	Ipojuca-Recife (BR)	96.46%
Mineração Jundu Ltda	Descalvado (BR)	50.00%
Tansan Industria Quimica Ltda	Pedra do Indaiá (BR)	100.00%
Unimin do Brasil Ltda	São Paulo (BR)	100.00%
Unimin Mineração	São Paulo (BR)	100.00%
Canada		
909273 Ontario Inc	Toronto (Ontario. CA)	100.00%
Unimin Canada Ltd	Toronto (Ontario. CA)	100.00%
Chile		
Cales El Volcan Limitada	Santiago (CL)	100.00%
Sibelco Chile Ltda	Santiago (CL)	100.00%
Transportes Cal SpA	Santiago (CL)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Transportes Sibelco Limitada	Santiago (CL)	100.00%
China		
Sibelco Changsu Minerals Co Ltd	Suzhou City (CN)	100.00%
Sibelco China Limited	Hong Kong (CN)	100.00%
Sibelco Shanghai Minerals Co Ltd	Shanghai (CN)	100.00%
Sibelco Shanghai Minerals Trading Co Ltd	Shanghai (CN)	100.00%
Wollastonite Minerals (Hong Kong) Co Ltd	Hong Kong (CN)	100.00%
Czech Republic		
Kaolin Hlubany AS	Podborany (CZ)	100.00%
Denmark		
Sibelco Nordic A/S	Rönne (DK)	100.00%
Egypt		
Sibelco Egypt JSC	Cairo (EG)	100.00%
SinaBel for extracting and processing minerals	Cairo (EG)	49.00%
Finland		
Kalke Oy AB	Espoo (FI)	100.00%
Sibelco Nordic Oy AB	Espoo (FI)	100.00%
France		
CERES SCEA	Paris (FR)	100.00%
France Pare-Brise Recyclage SA	Crouy (FR)	50.00%
Minerais de la Mediterranée SA	Balaruc-les-Bains (FR)	100.00%
Sibelco France SAS	Paris (FR)	100.00%
Sibelco Green Solutions SAS	Crouy (FR)	100.00%
Georgia		
Georgian Minerals Ltd	Tbilisi (GE)	80.00%
Germany		
Sibelco Deutschland GmbH	Ransbach-Baumbach (DE)	100.00%
Greece		
Sibelco Hellas Mining SA	Thessaloniki (GR)	100.00%
India		
Adarsh India Mining Pvt Ltd	Hyderabad (IN)	100.00%
Sibelco India Minerals Pvt Ltd	Hyderabad (IN)	100.00%
Indonesia		
PT Bhumiadya	Bandung (ID)	100.00%
PT Sibelco Lautan Minerals	Bekasi (ID)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Italy		
Ecopate	Robilante (IT)	90.00%
Ecopiave	Venice (IT)	100.00%
Sibelco Italia SPA	Robilante (IT)	100.00%
Japan		
Sibelco Japan Ltd	Nagoya (JP)	70.00%
Laos		
Unichamp Laos Ltd	Sorm Village (LA)	70.00%
Luxembourg		
NZM Lux 1 SA	Strassen (LU)	100.00%
NZM Lux 2 SA	Strassen (LU)	100.00%
NZM Lux 3 SA	Strassen (LU)	100.00%
Sibelco Laos Invest SARL	Strassen (LU)	100.00%
Sibelux SA	Luxembourg (LU)	100.00%
Madagascar		
Ambilobe Minerals SRLU	Antananarivo (MA)	100.00%
Malaysia		
Fineplus Sdn Bhd	Petaling Jaya (MY)	88.00%
Ikatan Usaha Sdn Bhd	Petaling Jaya (MY)	100.00%
Pancing Quarry Sdn Bhd	Petaling Jaya (MY)	93.57%
Sera Kekal Sdn Bhd	Petaling Jaya (MY)	100.00%
Sibelco Malaysia Sdn Bhd	Petaling Jaya (MY)	100.00%
Sri Jaya Limestone Sdn Bhd	Petaling Jaya (MY)	100.00%
Superior Lime Sdn Bhd	Petaling Jaya (MY)	100.00%
Tinex Kaolin Corporation Sdn Bhd	Petaling Jaya (MY)	100.00%
Tinjau Makmur Sdn Bhd	Petaling Jaya (MY)	100.00%
Unichamp Mineral Sdn Bhd	Petaling Jaya (MY)	100.00%
Unichamp Resources Sdn Bhd	Petaling Jaya (MY)	100.00%
Mexico		
Grupo Materias Primas de Mexico S. de RL de CV	Monterrey (MX)	100.00%
Mat Prim Min de Ahuazotepec S de RL de CV	Monterrey (MX)	100.00%
Materias Primas de Lampazos S de RL de CV	Monterrey (MX)	100.00%
Materias Primas Minerales Benito Juarez S de RL de CV	Monterrey (MX)	100.00%
Materias Primas Minerales de San Jose S de RL de CV	Monterrey (MX)	100.00%
Materias Primas Monterrey S de RL de CV	Monterrey (MX)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Minerales Industriales El Lechugal de RL de CV	Monterrey (MX)	100.00%
Servicios Integrales Benito Juarez S de RL de CV	Monterrey (MX)	100.00%
Servicos Intergrales Lampazos S.A. de CV	Monterrey (MX)	100.00%
Unimin Specialty Minerals S de RL de CV	Monterrey (MX)	100.00%
Netherlands		
Ankerpoort NV	Maastricht (NL)	100.00%
Ankersmit Maalbedrijven BV	Maastricht (NL)	100.00%
Ecomineraal BV	Maastricht (NL)	100.00%
Eurogrit BV	Papendrecht (NL)	100.00%
Filcom BV	Papendrecht (NL)	100.00%
Grondbezit Bemelen BV	Maastricht (NL)	100.00%
Handelsonderneming Elvers BV	Geertruidenberg (NL)	100.00%
Industriele Maatschappij Geertruidenberg BV	Geertruidenberg (NL)	100.00%
Jan de Poorter BV	Geertruidenberg (NL)	100.00%
Janssen Eggels Holding BV	Maastricht (NL)	100.00%
Maasgrit NV	Maastricht (NL)	100.00%
Sibelco Benelux BV	Heerlen (NL)	100.00%
Sibelco Nederland NV	Maastricht (NL)	100.00%
Watts Blake Bearne International Holdings BV	Maastricht (NL)	100.00%
Winterwijksche Steen-en Kalkgroeve BV	Winterswijk (NL)	100.00%
World Ceramic Minerals BV	Maastricht (NL)	100.00%
New Zealand		
Sibelco New Zealand Ltd	Auckland (NZ)	100.00%
Norway		
Olivin AS	Sandvika (NO)	100.00%
Sibelco Nordic AS	Sandvika (NO)	100.00%
Philippines		
Unichamp Mineral Philippines Inc	Manila (PH)	80.00%
Poland		
Badger Mining sp.z.o.o.	Tomaszów Mazowiecki (PL)	100.00%
Sibelco Poland sp.z.o.o.	Gdańsk (PL)	100.00%
Portugal		
Sibelco Portuguesa Lda	Rio Maior (PT)	100.00%
Russian Federation		
GOK Nebolchi LLC	Nebolchi (RU)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Kvarsevye peski CJSC	Eganovo (RU)	100.00%
Nebolchi Quarry Entreprise CJSC	Nebolchi (RU)	100.00%
Ramenskiy GOK OJSC	Eganovo (RU)	99.04%
Russian Mining Company CJSC	Nebolchi (RU)	100.00%
Sibelco Latnya LLC	Posyolok Strelitsa (RU)	100.00%
Sibelco Rus LLC	Eganovo (RU)	100.00%
Trading House Hercules Moscow LLC	Moscow (RU)	100.00%
Velikodvorskie peski LLC	Gus-Khrustalny (RU)	100.00%
Voronezhskoe Rudoupravlenije OJSC	Posyolok Strelitsa (RU)	100.00%
Singapore		
Sibelco Asia Pte Ltd	Singapore (SG)	100.00%
SIKO Pte Ltd	Singapore (SG)	100.00%
South Korea		
Sibelco Korea Co. Ltd (South Korea)	Nonsan (SK)	99.96%
Spain		
Sibelco Inversiones Argentina SL	Bilbao (ES)	100.00%
Sibelco Minerales Ceramicos	Bilbao (ES)	100.00%
Sibelco Minerales SA	Bilbao (ES)	99.93%
Sibelco Participaciones SL	Bilbao (ES)	100.00%
Sibelco Ukrainian Trading SL	Núles (ES)	100.00%
Sweden		
Sibelco Nordic AB	Mölndal (SE)	100.00%
Sibelco Nordic Region AB	Mölndal (SE)	100.00%
Switzerland		
Sibelco Switzerland AG	Birsfelden (CH)	100.00%
Taiwan		
Sibelco Asia Pte Ltd, Bao Lin Branch	Taichung (TW)	100.00%
Sibelco Bao Lin Co Ltd	Taichung (TW)	100.00%
Thailand		
GTT Holdings Ltd	Amphur Muang (TH)	100.00%
Niyom and Son Ltd (Thailand)	Amphur Muang (TH)	100.00%
Ratthathum Mining Company Ltd (Thailand)	Amphur Muang (TH)	100.00%
Sibelco Minerals (Thailand) Ltd	Amphur Muang (TH)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Turkey		
Alabanda Madencilik Dis Ticaret AS	Aydin (TR)	100.00%
Alinda Madencilik Sanayi Ve Ticaret AS	Aydin (TR)	100.00%
Cine Akmaden Madencilik Tic AS	Aydin (TR)	100.00%
Ukraine		
Donbas Clays JSC	Donetsk (UA)	100.00%
LLC Silica Holdings	Kyiv (UA)	51.00%
PJSC Novoselovskoe Gok	Kharkiv (UA)	47.65%
United Kingdom		
Blubberhouses Moor Ltd	Sandbach (UK)	100.00%
Devon & Courtenay Clay Ltd	Sandbach (UK)	100.00%
Ellastone Investments	Sandbach (UK)	100.00%
Fordath Ltd	Sandbach (UK)	100.00%
Ilamian Ltd	Sandbach (UK)	100.00%
North Devon Clay Ltd	Sandbach (UK)	100.00%
Sibelco Minerals & Chemicals (Holdings) Ltd	Sandbach (UK)	100.00%
Sibelco UK Ltd	Sandbach (UK)	100.00%
The Newton Abbot Clays Ltd	Sandbach (UK)	100.00%
Viaton Industries Ltd	Sandbach (UK)	100.00%
Watts Blake Bearne & Co Ltd	Sandbach (UK)	100.00%
WBB Eastern Europe Ltd	Sandbach (UK)	100.00%
United States		
Acquila Mineral Company	Wilmington (Delaware, US)	100.00%
Blue Earth Properties LLC	Chicaco (Illinois, US)	100.00%
Blue Stem Property Holdings LLC	Chicago (Illinois, US)	100.00%
Patriot Proppants Arkansas LLC	Wilmington (Delaware, US)	100.00%
Polymorphous Minerals Investment Corp	Wilmington (Delaware, US)	100.00%
Tinaco Feldspar Company LLC	Wilmington (Delaware, US)	100.00%
Unimin Corporation	Wilmington (Delaware, US)	100.00%
Unimin Finance Company LLC	Wilmington (Delaware, US)	100.00%
Unimin Lime Corporation	Wilmington (Delaware, US)	100.00%
Unimin Minnesota Corporation	Wilmington (Delaware, US)	100.00%
Unimin Patriot Holdings LLC	Wilmington (Delaware, US)	100.00%

CONSOLIDATED COMPANIES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
Unimin Specialty Minerals Inc	Wilmington (Delaware, US)	100.00%
Unimin W Services Corp.	Wilmington (Delaware, US)	100.00%
Unimin Wisconsin Equipment Corp	Wilmington (Delaware, US)	100.00%
Unisil Corp	Jersey City (New Jersey, US)	100.00%
Winchester & Western Railroad Co	Wilmington (Delaware, US)	100.00%

EQUITY ACCOUNTED INVESTEES, 31 DECEMBER 2017	REGISTERED SEAT/LOCATION	EFFECTIVE INTEREST %
BRAZIL		
Jundu Nordeste Mineracao Ltda	Descalvado (BR)	49.54%
Portsmouth Participações Ltda	Descalvado (BR)	49.54%
Czech Republic		
Ficarex SRO	Teplice (CZ)	50.00%
Sklopisek Strelec AS	Mladejov (CZ)	32.55%
Denmark		
Dansand A/S	Braedstrup (DK)	50.00%
France		
SCI Les Granet	Cayeux Sur Mer (FR)	33.33%
Italy		
Maffei Sarda Silicati SRL	Florinas (IT)	49.90%
Malaysia		
Coremax Malaysia Sdn Bhd	Petaling Jaya (MY)	40.00%
United Kingdom		
Exilica	Covnetry (UK)	30.70%
Glassflake Ltd	Sandbach (UK)	25.10%
Prestige Sports Surfaces Ltd	Birmingham (UK)	50.00%

40 GLOSSARY OF NON-GAAP TERMS

Capex	Expenditure for the acquisition of property, plant and equipment and intangible assets
Capital employed	Working capital plus intangible assets, property, plant and equipment, leased assets and investment properties
Earnings per share	Net profit (share of the Group) divided by the number of ordinary shares outstanding during the period, net of treasury shares
EBIT	Operating result
Free cash flow	Free operating cash flow less interest paid, purchase of treasury shares, dividends paid and plus non-recurring result, interest received and dividends received
Free operating cash flow	EBITDA less income taxes paid, capex, changes in working capital, use of provisions and cash contributions to defined benefit plans, plus income tax received, proceeds from sale of PP&E, revisions and pension expenses recorded in EBITDA
Growth Capex	Capital investments which are aimed at creating growth by increasing final output of existing products, expanding outlets or distribution facilities in products and markets already served, and investments in new minerals, new products, new markets segments or new geographic area
Net (financial) debt	Non-current and current interest bearing loans & borrowings, bank overdrafts, non-current and current deferred considerations on acquisitions, non-current derivative financial liabilities (both hedge and non-hedge accounting for interest rate swaps) and non-current derivative financial assets, minus cash and cash equivalents
Net profit (loss) (share of the Group)	Profit of the period attributable to owners of the Company
Non-recurring result	Operating income or expenses that do not occur regularly as part of ordinary activities (mainly restructuring and business disposals)
Pay out ratio (%)	Gross dividend per share divided by Earnings per share
Region	A region is an "operating segment" as defined under IFRS 8 Operating Segments
Return on capital employed (%)	REBIT/average capital employed during the period
Strategic Business Segment	A Strategic Business Segment equals to a Cash Generating Unit (CGU)
Working capital	Inventories, current trade and other receivables (excl. interest receivables), less current and non-current trade payables, current other payables (excl. dividends and interest payables and deferred considerations on acquisitions)

REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Art. 119 of the Belgian Company Code - Financial Year 2017
To the Statutory General Meeting of Shareholders of SCR-Sibelco NV to be held on 18 April 2018.

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the financial statements for the financial year ended 31 December 2017 and reporting on the activities of the Company and its subsidiaries. For the financial year 2017, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Union.

SCR-Sibelco NV is a Belgian industrial company with a mixed character. On the one hand, it is a local Belgian industrial operator with three major silica sand production facilities and, on the other hand, a holding company with subsidiaries which are all specialized in the extraction, production and distribution of a broad range of high quality industrial minerals, located in 43 countries worldwide.

FINANCIAL RESULTS OF THE GROUP

In thousands of euro	2017	2016	% difference 2017 vs 2016
Consolidated results			
Revenue	3 083 004	2 725 702	13%
EBITDA*	541 429	428 146	26%
Recurring EBIT	282 690	145 000	95%
EBIT	157 449	(152 675)	203%
Net result (share of the Group)	95 818	(247 189)	139%
Recurring net result	212 544	33 075	543%
Cash flows	**6 882**	**2 530**	
Free operating cash flow	314 896	176 904	78%
Recurring free operating cash flow	409 004	299 194	37%
Balance at 31 December	**6 882**	**2 530**	
Net debt	646 620	891 174	(27%)
Net debt EBITDA ratio	1.19	2.08	(43%)

**As of 2017 EBITDA includes the income on government grants which was not the case in prior years. Total income on governments grants for the year was €0.9 million.*

This year we made good headway with our Vision 2020 transformation programme and the implementation of the new strategy we defined at the end of 2016. After two challenging years we paved the way to sustainable revenue, EBITDA growth and value creation, driven mainly by the recovery of the US energy market (frac sand for shale oil and gas), improved results in mineral sands in Australia and a better performance in the industrial and electronics segments in Asia. Europe had another excellent year, even outperforming 2016 results, whilst South America was significantly better than last year. Overall, we achieved improvements in all regions and business segments, supported by the positive impact of our global Value 150 optimisation Programme.
As a result, we generated EBITDA of EUR 541 million on total Revenue of almost EUR 3.1 billion. Free operating cashflow was EUR 315 million, or EUR 409 on a recurring basis.
Also during 2017, we launched our new organisational model which will support success in our chosen markets and help us to become more market-driven. As of 2018, our strategy will move from a region focused to a market segment focused organisation.

REGIONAL PERFORMANCE & REVENUE

Our group consolidated revenue reached EUR 3.1 billion compared to EUR 2.7 billion for the same period last year, an increase of EUR 357 million or 13%. At constant scope and foreign currency impact the increase was 16%.

NORTH AMERICA

Revenue in North America was EUR 1 291 million, an improvement of EUR 316 million or 32% compared to last year. This increase was mainly driven by higher demand in the energy segment as a result of increased frac drilling activities. This was amplified by a good performance in our electronics business thanks to increased volumes in the photovoltaic market.

EUROPE

Europe enjoyed another excellent year with revenues of EUR 1 187 million, a 5% increase compared to EUR 1 146 million last year. The improvement was mainly driven by increased volumes of cristobalite and olivine, and by a stronger performance in ceramics (Ukrainian clay and Turkish feldspar).

AUSTRALIA

Thanks to the mineral sands segment, revenue in Australia was 6% higher than 2016 with a total of EUR 300 million. Higher demand for mineral sands products was evident from the start of the year, hence we took the decision to cancel the foreseen closure of our Enterprise mine.

ASIA

Revenue in Asia decreased by 9% from EUR 244 million to EUR 223 million, which is fully explained by the disposal of our Gilfair Clay operations at the end of 2016. Under constant scope, revenue was in line with 2016. Throughout the year the main market dynamics remained consistent. Electronics (display glass) and industrial (lime exports) remain the main contributors to the robust performance of our Asian business.

SOUTH AMERICA

South America's revenue was EUR 118 million, 5% higher than 2016 thanks to an improved performance in the lime segment.

EBITDA

2017 EBITDA for the Sibelco Group reached EUR 541 million, EUR 113 million better than in 2016. EBITDA in all regions and business segments improved, although the increase was largely driven by the recovery of the energy market in North America and higher demand for mineral sands in Australia. These robust results were also supported by the positive impact of our Value 150 Optimisation Programme.

NET RESULT

Operational results were partly offset by non-cash impairments and one-off elements such as transaction costs related to the upcoming merger with Fairmount Santrol and provisions related to the external contamination case in the Netherlands. The impairments of certain assets are non-cash in nature and include plants in Indonesia, Brazil, India and Australia as a result of lower than expected performance, upcoming closures or a weaker outlook.

Net result for the year was EUR 99 million. However, on a "recurring" basis (excluding one-off events) we would show a net profit of EUR 213 million. The share of the group in the net profit was EUR 96 million.

CASH FLOW AND FUNDING

Free Operating Cash Flow (FOCF) was EUR 315 million, which is significantly better than last year. FOCF on a recurring basis was EUR 409 million, again an increase compared to last year. More specifically, on top of our improved EBITDA, the group generated cash from the sale of assets, including EUR 13 million cash from the sale of land in Australia (Lillydale).

As a consequence, our net financial debt of the Group decreased to EUR 647 million with a net debt ratio of 1,19.

In 2017, the group divested its shareholdings in Mineraalbewerkingsbedrijf Uikhoven (Belgium), Sibelco Colombia, MCS Mining Industry Lao Co (Laos) and EDK (Brazil) for a total consideration of EUR 9 million.

The group invested EUR 121 million in growth capex amongst - but not limited to - the construction of a new cristobalite kiln in Dessel (Belgium), some frac expansion projects in North America and a new hydrator in Galong. Additionally, we have spent EUR 5 million for the acquisition of additional shares in PT Bhumiadya (Indonesia), Eco-Paté (Italy) and Ecopiave (Italy).

LOOKING AHEAD

As of 2018, our strategy will move from a region focused to a market segment focused organisation and we anticipate organic growth in all business units/business lines across the Group. We believe that there will be further growth in the energy market in North America with volume and margin improvements, additionally strengthened by contributions from our Value 150 Optimisation Programme.

A key milestone in the implementation of our new strategy was reached in December when we announced the forthcoming merger of Unimin Corporation (our North American business) and Fairmount Santrol, a leading US provider of high-performance silica sand. This exciting deal, which we expect to be completed by mid-2018 subject to regulatory review and customary closing conditions, will create a leading new company through which we will deliver unique value.

TECHNOLOGY AND INNOVATION

Technology & Innovation (T&I) was established in June 2016. Since then a lot of discussions, initiatives and projects have been started. First successes working with overarching teams have been achieved. T&I has started the creation of a cross functional / cross regional personal development program, the Sibelco Innovation Development Program (SIDP), together with our HR partner. This program aims to develop leaders for cross functional / cross regional collaboration. Furthermore, equipment and resources of all integrated laboratories have been mapped. Together with our IT business partner, T&I has launched the Sibelco Innovation Portal (SIP) to make all this information transparently available for the Sibelco Innovation Community (SIC). The SIP provides further features to manage and utilize our global knowledge (knowledge management). The T&I project portfolio has been reviewed, narrowed down and aligned with the business strategies of our Strategic Business Segments (SBSs). This work was conducted together with all Segment Leaders and our PMO business partner.

After release of the new Business Unit (BU) / Business Line (BL) structure together with all the business leaders, T&I has conducted a concluding workshop to sign-off the projects, assign T&I business partners to each BU and BL and agree on the basic governance for cooperation and partnering. In a subsequent workshop the T&I team together with the HR business partner has immediately started to design a flexible, efficient and hence effective T&I organization fitting the needs of our BUs.

From the business strategies, T&I has established two new overarching technology platforms: “Green Solutions”, aiming for secondary raw materials and circular economy, and another one for “Synthetic Minerals” aiming for production of high purity minerals and for geopolymers due to surface activation of inorganic waste materials.

Digitalization is another focus area that T&I drives together with IT and Operational Optimization teams. Here we are aiming for automation, big data analysis, resource exploration and mine management. To support our internal efforts, the Global Excellence Teams (GET), virtual networks of experts in a specific field, were established. Examples are the GET “Lime Technology” and the GET “Smart Plant” aiming for new process technologies and plant concepts, like mobile or modular plants.

T&I is working together with many internal functional groups and people scattered across the whole group and globe regardless of reporting lines and regions.

In order to utilize external knowledge to gain new insights and experiences, T&I has started cooperation with Universities and is aiming to acquiring start-up companies to complement our technology base. Responsible for this is the T&I “Technology Partnering” team. Besides technology feasibility (technology push) it is very important to also assess the space of market opportunities (market pull). Therefore, T&I teams up with Strategic Marketing to evaluate markets and business cases for short- and mid-term horizons. Long-term opportunities will be handled by the “Strategic Innovation” team. Based on the exhaustive mega trend analysis many areas of opportunities have been identified by strategic marketing. These now need to be broken down into Sibelco’s arenas of business. T&I will support BU/BL immediate business objectives but also challenge their future ambitions.

All these efforts are made to do our projects faster and with increasing success. A few quick wins were already realized with this approach. The customer plays a key role in innovation. Therefore, T&I together with the commercial team is establishing a new Technical Support function in order to assure that voice of customer is well received and understood utilizing our global T&I pool to meet their needs and to explore new opportunities. T&I wants to become a true customer centric organization.

RISK MANAGEMENT REPORT

FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.
Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.
This kind of financial risk is managed in a decentralised way.
The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy k & note 31 Financial instruments).

CURRENCY RISK

The Group is exposed to different types of currency risks:

- translation
- economical
- transactional

The Group has currently no documented hedges in a net investment in a foreign operation.
Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements.
Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency.
The Group adopted in 2007 a policy with regard to the management of these risks.
Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied.
Transactional exposures are systematically hedged when material.

INTEREST RATE RISK

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost.
To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics.
The Group Treasury department issues regular advices to the Executive Committee in this respect.
For the Interest Rate swaps, only the contractual outflows were considered. The incoming flows, related to the floating leg, are not reported as they are compensated by the interests on floating bank borrowings, which are also not reflected.

LIQUIDITY RISK

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing needs. Further the Group has the option to use factoring as a supplementary source of liquidity.

OPERATIONAL RISK MANAGEMENT

For the protection of our assets and earnings against insurable risks, different international insurance programs are in place. These international covers enable us to benefit from optimal terms and conditions while optimising its costs. All the international insurance covers are of the "all risks except" type and are taken out with financially sound insurance companies of outstanding reputation.
The main group insurance programs are:

- General and product liability insurance, covered by a basket of different insurers
- Property damage and business interruption insurance, placed with an A-rated insurer, covering all major production plants worldwide.
- Directors' and Officers' insurance, covering the Directors and Officers of Sibelco and all its affiliates
- Marine cargo insurance, covering all transport over water.

Sibelco also reaches out to the insurance market to cover the specific risks of some of our non – recurring activities and to cover risks for which insurance is compulsory.
We also have some risks partially insured through Sibelco's reinsurance captive, as we consider those thereby to be better controlled and managed than market average. Some of the property, liability, workers' compensation and marine cargo exposures below a relevant threshold are retained within the captive.
The Group relies on information technology systems to process, transmit, and store electronic information. Although Sibelco takes various actions to prevent cyber-attacks and to minimize potential technology disruptions, such disruptions could impact our business.
For further information on Enterprise Risk Management and the way risks are identified and assessed, we refer to the Internal Audit section of the Corporate Governance report.

CORPORATE GOVERNANCE

This report covers information on governance relevant to the reporting year 2017, at the level of the different corporate bodies of the company.

NEW GOVERNANCE CHARTER

During its meeting of September 2017, the Board of Directors of the company adopted a revised set of Board and Governance Rules.

BOARD OF DIRECTORS

The Board of Directors of SCR-Sibelco NV is the highest corporate body within the Sibelco Group and it is assisted by an Audit Committee and a Nomination and Remuneration Committee.

POWERS AND MEETINGS

The Board of Directors performs all the powers conferred upon it by the law and the company by-laws. Furthermore, according to the new Board and Governance Rules, the following power are specifically reserved to the Board:

- the determination/approval of the general strategy of the Company. This includes the authority to determine the important strategic issues within the Company, to approve plans, yearly and other budgets and important structural changes (including any acquisition or disposal of shares, activities, strategic assets, a company or business), and the responsibility for the relationship between the Company and its shareholders. The general strategy shall be formulated in close co-operation with the Exco under the leadership of the CEO;
- the adoption/establishing of the statutory and consolidated annual accounts of the Company for approval by the General Meeting, and the approval of the annual report. In connection herewith, the Board should:
- approve a framework of internal control and risk management for the Company and the Group set up by the ExCo, and monitor the implementation of the framework and the use of available resources thereto;
- ensure the integrity and timely disclosure of the financial statements of the Company and the Group; and
- supervise the performance of the Statutory Auditor and supervise the internal audit function;
- the calling and organization of the Company's General Meetings;
- the election of the Chairman of the Board, and the approval of the division of responsibilities between the Chairman and the CEO;
- defining the mission, powers, composition and remuneration of the Audit Committee, Remuneration and Nomination Committee and other Board Committees they decide to create, and appointing and dismissing the members of these Board Committees;
- the monitoring and review of the effectiveness of the Board Committees;
- the determination of the structure, powers and duties of the Company's ExCo. This includes primarily the appointment, dismissal and remuneration of the CEO and the other members of the ExCo and the formulation of the criteria according to which the ExCo will manage the Group;
- the supervision of the performance of the ExCo: the Board will in its supervisory task be guided by the Chairman with the help of the Board Committees. The CEO shall inform the Board, in great detail, at the end of each quarter, about the evolution and prospects of the Company. The CEO shall provide the Board at least two times per year with follow-up reports regarding the major strategic programs of the Company;
- The co-optation of new Directors in case of vacancy.

During 2017, the Board of Directors convened seven times.

ELECTION OF BOARD MEMBERS AND COMPOSITION OF THE BOARD

Members of the Board are appointed for a period of three years. In April 2017, the mandate of M. Alexandre Grosjean was not renewed and came to an end during the Ordinary General Assembly. The mandates of Messrs Hans-Josef Grehl, Christoph Grosspeter, Evrard van Zuylen and Michel Verhaeghe were renewed for another term of 3 years. M. Pascal Emsens was newly elected as a Board Member for a term of 3 years. After the Ordinary General Meeting, M. Marcel van Poecke resigned as a Board Member which resignation ended his mandate. During the meeting of 26 June 2017, Calavon Finance SAS, with as permanent representative M. Jean-Pierre Labroue, was co-opted as a Board Member for a mandate until the next Ordinary General Meeting.

Due to these changes, the composition of the Board of Directors of SCR-Sibelco NV as per 31 December 2017 was as follows:

Bert DE GRAEVE (perm. repr. of IDw Consult bvba)	Non-Executive Chairman
Frans CORPELEIJN	
France de SADELEER	
Michel DELLOYE (perm. repr. of Cytifinance SA)	
Jacques EMSENS	
Pascal EMSENS	
Walter EMSENS	
Hans-Josef GREHL	
Christoph GROSSPETER	
Jean-Pierre LABROUE (perm. repr. of Calavon Finance SAS)	
Paul de LASTEYRIE du SAILLANT	
Jean-Marc UEBERECKEN	
Evrard van ZUYLEN VAN NYEVELT	
Michel VERHAEGHE van de NAEYER	

HONORARY CHAIRMEN

Stanislas EMSENS (+ 19/01/2018)
Gaëtan EMSENS

To our regret, M. Stanislas Emsens Sr., passed away in his home in Lommel, on Friday 19 January 2018, at the age of 91.

Baron Stanislas Emsens Sr. was responsible for the international expansion of Sibelco as a market player of world renown in the global markets of industrial minerals and mineral solutions. As such, he is considered the father of Sibelco.

A son of Walter Emsens, he started his career within the company in 1949, at the age of 23, when he was appointed general manager. In 1958, he was nominated member of the Board and managing director. Some decades later, in 1990, when the international expansion of Sibelco was a fact, he would succeed to Baron Louis de Sadeleer as Chairman of the Board.

Stanislas Emsens Sr. pursued the tradition of the Belgian family enterprise of renown in an impressive way, a tradition shaped by stable relations with the work force, special care for health and safety of the workers, respect and care for the environment long before these became an integral part of entrepreneurship, as is the case today.

Stanislas Emsens Sr. continued the work of his ancestors as pioneers in sustainable development with a long-term vision, recognizing social responsibility towards people and nature. Under his decade-long influence and inspiration, his philosophy of sustainability has pervaded all Sibelco companies world-wide as from their start or from the moment they entered Sibelco. The concept of operational excellence characterizing Sibelco quarries and plants, finds its root in this vision which is the corner stone of Sibelco's success. This, his life's work was crowned in 2006, when he received the title of Baron, a well-deserved honour for this visionary and entrepreneur pur sang.

Until the very last moment, Mr. Emsens talked enthusiastically about the importance and the future of Sibelco, its workers and its goal, with the same passion and pride. Sibelco was his life.

The brilliant career he accomplished and the life he lived, would not have been possible without the unconditional and steady support of his spouse and pillar, Marie-Claire Boël.

AUDIT COMMITTEE

The Audit Committee's primary duties and responsibilities are to:

- monitor the financial reporting process;
- monitor the effectiveness of the company's system of internal control and risk management;
- monitor the internal audit function and its effectiveness;
- monitor and assess the statutory audit of the company's annual and consolidated accounts and follow up on questions and recommendations made by the external auditors;
- review the independence of the external auditor in particular where he is providing the company with additional services.

The three non-executive Board members who composed the Audit Committee are: Cytifinance SA having M. Michel Delloye as a permanent representative (Chairman of the Committee), Jacques Emsens and Michel Verhaeghe de Naeyer, and with this composition it has the financial knowledge and experience required by the Charter of the Audit Committee.

The following persons attended these meetings on a regular basis: IDw Consult bvba having M. Bert De Graeve as permanent representative, Jean-Luc Deleersnyder, Group CEO; Kurt Decat, Group CFO; Frederic Guilmin, VP Group Internal Audit and Risk Management and Patrick Rottiers as permanent representative of the external auditor, Ernst & Young Bedrijfsrevisoren.

In 2017, the Audit Committee convened four times.

NOMINATION AND REMUNERATION COMMITTEE

This Committee advises the Board in connection with:

- the appointment and re-appointment of Board members and ExCo members, after due evaluation;
- the most appropriate remuneration policy and benchmarking as well as compensation of Board members and ExCo members including rules on bonuses and long-term incentives and main terms of employment and termination of employment;
- the disclosure on the amounts of Directors' and Executives' compensation;
- the appropriate budget for training of employees and follow up of career development and succession planning applied in the company.

The Nomination and Remuneration Committee was composed of the following Board members: Frans Corpeleijn (Chairman of the Committee), Walter Emsens, Paul de Lasteyrie du Saillant and Evrard van Zuylen.

The Committee convened three times during the year. The persons attending these meetings on a regular basis were: IDw Consult BVBA having M. Bert De Graeve as a permanent representative, Chairman of the Board, Jean-Luc Deleersnyder, Group CEO, and Phil Dibley, Group HR.

EXECUTIVE COMMITTEE

Since 2006, the Board has delegated its management and operational powers to the Executive Committee (ExCo) or Directiecomité as defined in Article 524 of Belgian corporate law. The ExCo operates under the leadership of the CEO.

The objectives of the ExCo are:

- To maximize the return to our shareholders;
- To ensure the continued growth of the Group.

The responsibilities of the ExCo include, among others:

- the development, implementation and monitoring of the strategy of the Group and each of its components and business segments;
- the development and monitoring of the short and long term plans, and the monitoring of the results of the various business segments and regional operations of the Group;
- the implementation of internal controls based on the internal control and risk management framework approved by the Board;
- the preparation of the annual accounts for presentation to and timely disclosure by the Board.

The ExCo acts under the supervision of the Board, and is in charge of implementing the decisions of the Board.

The CEO functions as the prime interface between the Board and the ExCo.

The composition of the Executive Committee remained the same during the year, so that it was composed of the following members as per 31 December 2017:

Jean-Luc DELEERSNYDER	Chief Executive Officer
Laurence BOENS	Group General Counsel & Company Secretary
Tom CUTBUSH	Managing Director Asia Pacific
Kurt DECAT	Chief Financial Officer
Campbell JONES	Chief Operations Officer & Managing Director North America
John VAN PUT	Chief Commercial Officer & Managing Director Europe

All meetings of the ExCo were attended by Phil Dibley, Group HR, as a permanent invitee.

The ExCo exercises the powers of management of the company and the Group's components within the limits of the corporate purpose and subject to the powers expressively vested by law in the Shareholders' General Meeting and Board of Directors. The CEO is supported in the exercise of his duties by the other members of the Exco.

For matters belonging to the authority of the ExCo, the Company shall be validly represented towards third parties by the joint signature of two members of the ExCo.

The ExCo convened either in Antwerp, on site or via teleconferences for a total of sixteen times during the commented year.

INTERNAL AUDIT

The Internal audit and risk approach has been revisited in 2016 and Frédéric Guilmin was appointed as VP Group Internal Audit and Risk Management.

Sibelco Group's external auditors are BCBVA ERNST & YOUNG (IRE N° B00160), with permanent representative Patrick Rottiers (IRE N° A01365).

ENTERPRISE RISK MANAGEMENT

At the request of the Board of Directors and the Audit Committee, management has developed a permanent global enterprise risk management (ERM) framework and transposed it into a global Risk Management Policy. A Global Risk Management function has been created to ensure that the ERM framework is implemented and becomes embedded in the day to day operations across the different functions (e.g. legal risk assessments, HS&E risk assessments…). The framework consists in the identification, assessment and prioritisation of the key risks for Sibelco and the continued monitoring and reporting of those risks.

The identified risks have been organised on a global and functional level into four different categories: strategy, operations, legal and financial/reporting. Key risks are then classified by impact and likelihood on basis of a standardised scale. Ownership is assigned and action plans (including deadlines) defined to further mitigate the identified risks. The identification and evaluation of risks, and the definition of the mitigating actions was done through interviews and a workshop with ExCo and the respective functional heads.

INTERNAL CONTROLS FRAMEWORK

At the request of the Board of Directors and the Audit Committee, management, in collaboration with internal audit, has designed a global internal controls framework. The global internal controls framework consist of 6 core fundamentals:

- Group Policies and Standards,
- definition of roles and responsibilities,
- segregation of Duties (SOD),
- documented processes and related controls in procedures
- execution and evidencing of a defined set of control activities covering specific risks and periodic monitoring
- and documentation of compliance with these 6 core fundamentals

In addition, Minimum Internal Control Standards (MICS) have been defined for every function. Minimum Internal Control Standards are currently roll out and assessed across the organisation.

GLOBAL INTERNAL AUDIT

At the request of the Audit Committee, a new global internal audit strategy has been defined in 2016. The global internal audit strategy is focussing on:

- improvement of the internal controls and risk management maturity;
- adding value and improving Sibelco's operations through sharing best practices based on internal and external experiences / competencies;
- continuous communication and sharing with all stakeholders within the organisation;
- focus on key company activities and increase risk based auditing;

- embedding 'cost-benefit realisation' in its audit missions and advisory approach : pragmatic with focus on risk mitigation, internal controls, process standardization/harmonisation and efficiency.

In order to realise the strategy, four different types of audits have been defined on top of the advisory role: theme/functional audits, plant reviews, process audits and ad hoc management requests. Based upon the group risk assessment (see ERM section) a global internal audit plan has been defined and validated by the Audit Committee.

EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

After the closing of the financial year 2017, no notable events have occurred.

The Members of the Board wish to thank all Sibelco Group staff and employees all over the world for their dedicated efforts in achieving the commented results during this year.

Antwerp, 15 March 2018
Signed by the Members of the Board

EY
Building a better working world

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Réviseurs d'Entreprises
Bedrijfsrevisoren
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Independent auditor's report to the general meeting of SCR-Sibelco NV for the year ended 31 December 2017

As required by law and the Company's articles of association, we report to you as statutory auditor of SCR-Sibelco NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement of equity and the consolidated statement of cash flows for the year ended 31 December 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 20 April 2016, in accordance with the proposition by the Board of Directors and on recommendation of the workers council. Our mandate expires at the date of the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2018. We performed the audit of the Consolidated Financial Statements of the Group during 5 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of SCR-Sibelco NV, which consists of the consolidated statement of the financial position as at 31 December 2017, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement ofequity and the consolidated statement of cash flows for the year ended 31 December 2017 and the disclosures, which show a consolidated balance sheet total of €3.533.834.000 and of which the consolidated income statement shows a profit for the year of €99.211.000.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

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

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This

responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate to the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report, and report any matters.

Aspects relating to Board of Director's report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report on the Consolidated Financial Statements is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report on the Consolidated Financial Statements contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the individual elements included in the Board of Director's report

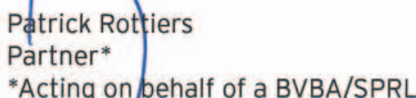
Independence matters

Our auditor's office and our network has not performed any services that are not compatible with the statutory audit of the Annual Accounts and has remained independent of the Company during the course of our mandate.

The fees for additional services that are compatible with the statutory audit of the Annual Accounts intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures of the Annual Accounts.

Diegem, 23 March 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
Represented by



Patrick Rottiers
Partner*
*Acting on behalf of a BVBA/SPRL

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STATUTORY FINANCIAL STATEMENTS 2017

BALANCE SHEET

as per 31 December 2017

ASSETS

In thousands of euro	2017	2016
FIXED ASSETS	**2 255 685**	**2 283 476**
Intangible assets	**18 780**	**16 370**
Tangible assets	**42 147**	**32 118**
Land and buildings	16 270	17 723
Plant, machinery and equipment	16 414	2 814
Furniture and vehicles	1 085	918
Other tangible assets	1 895	2 086
Assets under construction and advance payments	6 483	8 577
Financial assets	**2 194 758**	**2 234 988**
Affiliated enterprises	2 194 612	2 234 839
Participating interests	2 193 643	2 187 538
Amounts receivable	969	47 301
Other financial assets	146	149
Shares	97	97
Amounts receivable and cash guarantees	49	52
CURRENT ASSETS	**153 036**	**172 575**
Stocks and contracts in progress	**3 853**	**4 046**
Stocks	3 853	4 046
Raw materials and consumables	1 626	1 625
Work in progress	125	120
Finished goods	1 994	1 971
Goods purchased for resale	38	33
Advance payments	70	297
Amounts receivable within one year	**121 606**	**74 057**
Trade debtors	78 685	65 695
Other amounts receivable	42 921	8 362
Investments	**5 673**	**5 907**
Own Shares	3 971	3 971
Other investments and deposits	1 702	1 936
Cash at bank and in hand	**7 536**	**1 563**
Deferred charges and accrued income	**14 368**	**87 002**
TOTAL ASSETS	**2 408 721**	**2 456 051**

BALANCE SHEET

as per 31 December 2017

LIABILITIES

In thousands of euro	2017	2016
CAPITAL AND RESERVES	**1 093 110**	**1 160 775**
Capital	**25 000**	**25 000**
Issued capital	25 000	25 000
Share premium account	**12**	**12**
Revaluation surplus	**641**	**641**
Reserves	**1 066 457**	**1 134 122**
Legal reserve	2 500	2 500
Reserves not available for distribution	4 223	4 223
For own shares	3 971	3 971
Other	252	252
Untaxed reserves	19 348	19 348
Reserves available for distribution	1 040 386	1 108 051
Investment grants	**1 000**	**1 000**
PROVISIONS AND DEFERRED TAXATION	**4 147**	**4 282**
Provisions for liabilities and charges	**4 147**	**4 282**
Pensions and similar obligations	1 481	1 616
Environmental liabilities	2 666	2 666
CREDITORS	**1 311 464**	**1 290 994**
Amounts payable after more than one year	**385 099**	**436 662**
Financial debts	385 099	436 662
Other loans	385 099	436 662
Amounts payable within one year	**915 847**	**844 792**
Current portion of amounts payable after more than one year	679 426	685 384
Financial debts	109 110	7 352
Other loans	109 110	7 352
Trade debts	60 950	53 940
Suppliers	60 950	53 940
Taxes, remuneration and social security	16 473	11 223
Taxes	1 908	2 366
Remuneration and social security	14 565	8 857
Other amounts payable	49 888	86 893
Accrued charges and deferred income	**10 518**	**9 540**
TOTAL LIABILITIES	**2 408 721**	**2 456 051**

INCOME STATEMENT

From 1 January 2017 to 31 December 2017

In thousands of euro	2017	2016
Operating income	**193 997**	**181 307**
Turnover	115 526	111 215
Increase (+), decrease (-) in stocks of finished goods,	22	(262)
work and contracts in progress		
Produced fixed assets	4 399	4 148
Other operating income	73 818	66 149
Non-recurring operating income	232	57
Operating charges	**(192 152)**	**(166 680)**
Raw materials, consumables and goods for resale	15 680	15 834
Purchases	15 735	16 178
Increase (-), decrease (+) in stocks	(55)	(344)
Services and other goods	85 526	79 069
Remuneration, social security costs and pensions	43 110	31 760
Depreciation of and other amounts written off formation	10 433	10 900
expenses, intangible and tangible fixed assets		
Increase (+), decrease (-) in amounts written off	189	(46)
stocks, contracts in progress and trade debtors		
Increase (+), decrease (-) in provisions for liabilities and charges	(136)	(1 267)
Other operating charges	37 350	30 429
Non-recurring operating charges	0	1
Operating profit	**1 845**	**14 627**
Financial income	**150 861**	**146 125**
Income from financial fixed assets	81 884	105 989
Income from current assets	18 899	19 672
Other financial income	50 078	1 867
Non-recurring financial income	0	18 597
Financial charges	**(147 135)**	**(110 434)**
Interest and other debt charges	41 097	46 547
Other financial charges	50 075	1 674
Non-recurring financial charges	55 963	62 213
Profit on ordinary activities before taxes	**5 571**	**50 318**
Profit for the period before taxes	**5 571**	**50 318**
Income taxes	**110**	**(132)**
Income taxes	(27)	(137)
Adjustment of income taxes and write-back of tax provisions	137	5
Profit for the period	**5 681**	**50 186**
Profit for the period available for appropriation	**5 681**	**50 186**

NOTES

SUMMARY OF THE VALUATION REGULATIONS

The valuation regulations were determined in accordance with the provisions of the Royal Decree of 30/01/2001 with regard to the annual accounts of the company.

I. INTANGIBLE FIXED ASSETS

- Software: is entered at purchase value. Depreciation is entered according to the linear method over a period of 5 years.
- Emission rights: according to the Belgian annual accounts law, the emission rights assigned or obtained are entered as intangible fixed assets.
- If they were purchased on the market, they are valued at their purchase value. If they were obtained at a lower value or free of charge, they may be entered at nominal value or zero value. No depreciation is entered. However, an impairment test is performed.

II. TANGIBLE FIXED ASSETS: ARE VALUED AT PURCHASE VALUE. DEPRECIATION IS ACCORDING TO THE LINEAR OR DEGRESSIVE METHOD.

The annual depreciation percentages are:

- Buildings: 5 – 14.28%
- Sites for development: 7.14%
- Machines and installations: 10 – 14.28%
- Computer equipment: hardware 20%
- Furniture and office equipment: 20%
- Rolling stock: 20 – 33.33%
- Furnishing leased property: 5%
- Advance operating costs for running quarry: 7.14%

III. FINANCIAL FIXED ASSETS

Participating interests are valued at purchase price. Losses are applied in the case of sustained downward value adjustments.

IV. IN ABSENCE OF LEGAL CRITERIA WHICH ALLOW TO IDENTIFY THE TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS, NO INFORMATION COULD BE INCLUDED UNDER VOL.6.15.

V. STOCKS:

- Finished products: are valued at direct production costs except if these are higher than the net selling price.
- Consumer goods, ancillary materials and commercial goods are entered at purchase value (FIFO), except if this is higher than the market price.

VI. ACCOUNTS RECEIVABLE

Accounts receivable are valued at nominal value.
Downward value adjustments for doubtful debtors are entered and deducted from the items of the asset to which they relate.

VII. CONVERSION OF FOREIGN CURRENCY

Outstanding accounts receivable and debts in foreign currency are valued at the exchanges rates that apply on the balance sheet date. Transactions in foreign currency included in the profit and loss account are converted using rates that approximate the actual exchange rates at the time of the payment.
Exchange rates results are booked as net financial results.

VIII. PROVISIONS.

In order to fulfil the statutory obligations, provisions are made for pensions and similar obligations.
Restructuring of the quarry: various authorities impose obligations on us to restore operated sites to their original condition; provisions are made for these restorations based on a very detailed estimate.

IX. CASH POOLING: MOST AVAILABILITIES (CURRENT ACCOUNT) ARE SUBJECT TO DAILY ZERO BALANCING. THEY ARE PRESENTED ON THE BALANCE SHEET 41 AND 439 ACCOUNTS.

X. FINANCIAL INSTRUMENTS:

Financial instruments are used to cover interest risks and exchange rate risks.
With regard to interest hedging, in accordance with the accounting principles of hedging transactions, neither positive nor negative fluctuations in the market value of the hedging instrument at the end of the period are included in the result. Where free-standing (speculative) financial instruments are concerned, only the deferred debts are included in the result according to the lower of cost or market method. These deferred losses are entered on the accrued liabilities and other financial costs account. Taking into account the principle of caution, deferred surplus values are not qualified as fixed income and are consequently not included in the result.

The forward contracts to hedge exchange rate fluctuations of foreign currencies are revalued at the end of the financial year in line with the official exchange rate at the end of the financial year.

REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS

In accordance with Art. 96 of the Belgian Company Code - Financial Year 2017
To the Annual General Meeting of Shareholders of 18 April 2018 of NV SCR-Sibelco

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the statutory financial statements for the financial year ending 31 December 2017 and of the reporting on the activities of the Company and its subsidiaries. For the financial year 2017, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Commission. The statutory financial statements were established according to Belgian GAAP.

SCR-Sibelco NV is a Belgian company which combines its domestic industrial operations in three major silica sand production facilities and its shareholding and management of subsidiaries all specialized in the extraction, production and distribution of a broad range of high quality industrial minerals, located in 43 countries worldwide.

The financial year 2017 ends with a net profit of € 5 680 685 compared to € 50 185 868 in 2016. The decrease in net profit is explained by higher operating charges and lower income on ordinary activities. The increase in operating charges relates to higher personnel expenses. Other income on ordinary activities decreased as a result of lower income on received dividends compared to prior year. On top of that, we generated an exceptional income on some redemption of shares of Unimin in 2016 which was not the case in current year.

BELGIAN OPERATING RESULT (EXCLUDING CORPORATE ACTIVITIES)

Revenue of 2017 increased by 3,88% to € 115 526 189 compared to € 111 214 646 in 2016.

During 2017 we invested an amount of € 22 976 902 mainly in a new kiln and IT projects.

REAL ESTATE TRANSACTIONS

During the financial year 2017, no notable real estate transactions occurred.

TECHNOLOGY & INNOVATION

During the year, the global T&I function booked its first successes with overarching teams developing multiple cross functional and cross regional T&I development programs in the fields of HR, knowledge management, basic governance for cooperation and partnering within the new commercial organization structured along the lines of Business Unit/Business Line, strategic marketing, technology and digitalization. The programs were Furthermore, our efforts in the field of cooperation with universities were pursued by a Technology Partnering team. All programs were developed with special aims to markets and businesses for the short and mid-term horizons.

PORTFOLIO AND FINANCIAL INCOME

During 2017 an increase of € 2.9 million occurred in the portfolio of financial investments of the mother company (SCR-Sibelco NV or Sibelco) mainly related to subscription of capital increases in subsidiaries across different regions.

Our dividend income amounted to € 81 884 281 in 2017, compared to € 105 988 677 in 2016.

The disposal of Fairland International Pte Ltd. led to a loss of € 8 365 764.

The total financial debts increased with € 44.2 million to € 1 173.6 million.

FINANCIAL INSTRUMENTS

SCR-Sibelco uses derivative financial instruments – such as interest swaps and foreign exchange swaps – exclusively to manage the exposure to interest rates and foreign exchange rates. SCR-Sibelco does not use derivative financial instruments for speculative trading, nor issues them for that purpose.

FINANCIAL RISK MANAGEMENT

Other than the credit risk related to trade and other receivables held by the Company, no material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables).

The Company is exposed to currency risks resulting from trade and other receivables/payables and loans received/granted in foreign currency. Currency exposures are systematically hedged when material.

Interest rate risk is managed for the Company's net financial debt with the primary objective of guaranteeing medium-term cost.

To ensure liquidity and financial flexibility at all times, the Company, in addition to its available cash, has several credit lines at its disposal in amounts considered adequate for current and near-future financing needs.

CIRCUMSTANCES WHICH CAN HAVE A SIGNIFICANT INFLUENCE ON THE DEVELOPMENT OF THE COMPANY

We do not see any notable conditions which may have an important impact on the future evolution of the company.

RISK PROFILE

The mixed character of SCR-Sibelco, its activities as a holding company and as an industrial Group, the geographical spread of its participations and investments, together with the broad product portfolio and diversification, result in a healthy and well-balanced risk profile, notwithstanding the volatility in the US oil and gas market. No changes have occurred in this situation during 2017.

The board of directors has no knowledge of any material risk or material uncertainty the company is confronted with, for which no provision or clarification has been included in the annual accounts of 31 December 2017. We refer to the risk management report that is part of the consolidated accounts for a more detailed description of the risk analysis and risk management.

EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

After the closing of the financial year 2017, no notable events have occurred.

PORTFOLIO OF OWN SHARES

At the end of December 2017, the total number of own shares held by the company, either directly or through 100 % subsidiaries of the Sibelco Group incorporated in Belgium and in Luxemburg, amounted to 34 994 shares or 7.44 % of the outstanding share capital, equal to the previous year.

PAYMENTS TO GOVERNMENTS

A report on Payments to Governments has been established in accordance with legal provisions and was approved and signed by the members of the Board.

CONVENING ORDINARY GENERAL MEETING

Article 25 of the company's by-laws stipulates that the Ordinary Annual Meeting of Shareholders will be held on the penultimate Wednesday of April, at 2.00 pm. For the financial year 2017, the Ordinary Annual Meeting of Shareholders will as a consequence take place on Wednesday 18 April 2018.

The Board of Directors of SCR-Sibelco NV invites the shareholders for the Annual General Meeting of Shareholders to be held on 18 April 2018 at 14.00h in the corporate seat in Antwerp, Plantin en Moretuslei 1A.

AGENDA

1. Report of the Board of Directors and the company auditor to the shareholders
2. Approval of the audited statutory financial statements of the year 2017 and presentation of the consolidated results
3. Attribution of the profit and declaration of the dividend
4. Discharge to the directors
5. Discharge to the auditors
6. Nomination of directors
7. Approval according to art. 556 of the Code on Companies

For the conditions of admission to the ordinary general meeting of 18 April 2018, we refer to p. 104 of this Financial Report.

ATTRIBUTION OF THE PROFIT OF SCR-SIBELCO N.V.

The shareholders will be asked to vote for the attribution of the profit of SCR-Sibelco NV, along with the following proposal:

		2017	2016
Reserves available for distribution	€	(67 664 643)	(16 479 648)
Gross dividend	€	72 669 328	66 063 016
Directors share of profit	€	676 000	602 500
Net income for the financial year	€	**5 680 685**	**50 185 868**

The proposed gross dividend amount of € 72 669 328 corresponds to a total dividend per share of EUR 154.5597 which is higher than the dividend paid in 2017 for the 2016 financial year.
On 10 October 2017, an interim dividend of € 57.1428 gross per share was payable. Once approved at the shareholders meeting, the balance of the dividend of € 97.4168 gross per share will be paid out as of 26 April 2018. The record date has been set on 25 April 2018. The System Paying Agent designated for the payment of the 2017 final dividend is ING Bank, Marnixlaan 24, 1000 Brussels with Bank Degroof Petercam, Nijverheidsstraat 44, 1000 Brussels as co-agent.

DISCHARGE IN FAVOR OF BOARD MEMBERS AND AUDITORS

After approval of the annual accounts, shareholders will be asked to pronounce themselves by means of a special vote on the discharge to be granted individually to the members of the Board of Directors and to the auditor.

NOMINATIONS OF DIRECTORS

The mandates of the following Board members will expire at this Ordinary General Meeting: Calavon Finance SAS, perm. repr. M. Jean-Pierre Labroue, Mrs. France de Sadeleer, M. Frans Corpeleijn, IDw Consult BVBA, perm. repr. M. Bert De Graeve and M. Walter Emsens. The mandate of Mr. Frans Corpeleijn will not be renewed and comes to an end at this Annual General Meeting. Mr. Marcel van Poecke having given his resignation as a Board member on 20 April 2017, this resignation will also have to be formalised by the shareholders at the upcoming Annual General Meeting.

The following Board members will present themselves to be re-elected as a Board member for a mandate of 3 years: Calavon Finance SAS, perm. repr. M. Jean-Pierre Labroue, Mrs. France de Sadeleer, IDw Consult BVBA, perm. repr. M. Bert De Graeve and M. Walter Emsens. Their renewed mandates will expire at the General Meeting of 2021.

It is proposed to elect Mrs. Lilia Jolibois as a new Board member for a mandate of 3 years which will expire at the General Meeting of 2021.

The Members of the Board wish to thank all SCR-Sibelco staff and employees all over the world for their dedicated efforts in achieving our goals during this year.

Antwerp, 15 March 2018

Signed by the Members of the Board

CONDITIONS FOR ADMISSION TO THE ORDINARY GENERAL MEETING OF 18 APRIL 2018

Pursuant to Article 536 of the Belgian Companies Code and to Article 28 of the articles of association, the board of directors has decided that the shareholders will be admitted to, and can vote at, the ordinary general meeting of 18 April 2018 if the company can determine, on the basis of the evidence submitted in accordance with the procedure described below, that they were holding on Friday 13 April 2018, before the close of business (Belgian time) (the "Record Date"), the shares of which they intend to exercise the voting rights at the ordinary general meeting.
In order to establish towards Sibelco that they hold their shares on the Record Date, the shareholders must proceed as follows:

FOR HOLDERS OF REGISTERED SHARES:

A confirmation of the number of shares for which they want their shareholding to be established on the Record Date, must reach SCR-Sibelco NV at the latest on Friday 13 April 2018 at close of business (Belgian time) by ordinary letter.
The holding of the shares on the Record Date will be assessed by SCR-Sibelco NV on the basis of the entries in the register of registered shares.

FOR HOLDERS OF DEMATERIALIZED SHARES:

Holders of dematerialized shares will have to notify one of the banks listed below of the number of shares for which they want their shareholding to be established on the Record Date, at the latest on Friday 13 April 2018 at close of business (Belgian time). The holding of the dematerialized shares on the Record Date will be established on the basis of a confirmation sent to SCR-Sibelco NV by the below banks.

ING BANK
BANK DEGROOF PETERCAM

WWW.SIBELCO.COM