FINANCIAL REPORT 2018

CONSOLIDATED FINANCIAL STATEMENTS 2018

SIMPLIFIED FINANCIAL STATEMENTS

SIMPLIFIED STATEMENT OF PROFIT OR LOSS

In thousands of euro	2018	2017
Revenue	**3 521 130**	**3 083 004**
EBITDA	**651 687**	**541 429**
REBIT	**328 878**	**282 690**
Net financing costs	(104 513)	(48 093)
Current tax	(53 606)	(24 080)
Share of profit of equity accounted investees (net of tax)	2 697	2 028
Recurring net result	**173 456**	**212 545**
Non-recurring result after tax	(352 364)	(109 205)
Result from discontinued operations	-	(688)
Result on disposal of subsidiaries	1 996	(3 441)
Minority interests	50 833	(3 393)
Profit (loss) for the period, Group share	**(126 079)**	**95 818**

SIMPLIFIED STATEMENT OF FINANCIAL POSITION

In thousands of euro	2018	2017
Net non-current assets (1)	3 548 321	2 178 118
Current assets	1 333 840	914 930
Other assets	292 032	301 709
Cash (2)	267 833	139 077
Total Assets	**5 442 026**	**3 533 834**
Net worth (including minority interests)	2 198 234	1 485 635
Provisions	501 298	557 205
Gross financial debt (2)	1 658 554	785 697
Other liabilities	1 083 940	705 297
Total Liabilities and shareholders' Equity	**5 442 026**	**3 533 834**
(1) Of which mining assets	1 309 552	455 615
(2) i.e. net financial debt of	1 390 721	646 620

CASH FLOW STATEMENT AND CHANGE IN NET FINANCIAL DEBT

In thousands of euro	2018	2017
REBIT	**328 878**	**282 690**
Depreciation, amortisation and depletion	322 809	258 739
EBITDA	**651 687**	**541 429**
Income taxes (paid)/received	(55 308)	(72 859)
Capex	(358 489)	(204 229)
Proceeds from sale of PPE	16 641	19 477
Working capital changes	55 116	53 356
Use of provisions	(41 946)	(24 284)
Additional provisions	3 567	2 912
Cash contributions to defined benefit plans	(28 608)	(19 187)
Add back pension expenses in EBITDA	(23 312)	31 700
Share-based payment expense	7 207	-
Other non-cash items	(92 330)	(13 419)
Free operating cash flow	**134 225**	**314 896**
Interest (paid)/received	(82 998)	(39 520)
Acquisitions of subsidiaries/non-controlling interests	(149 333)	-
Disposal of subsidiaries/associates	2 264	-
Purchase of treasury shares	(1 615)	-
Dividends received	2 115	2 344
Dividends paid	(73 905)	(63 979)
Other items	(15 297)	1 937
Net debt decrease (increase)	**(184 544)**	**215 678**

Opening net financial debt at 1 January	**646 620**	**891 173**
Change in net financial debt	184 544	(215 678)
Scope changes	540 366	-
Exchange rate fluctuations and other	19 191	(28 875)
Closing net financial debt at 31 December	**1 390 721**	**646 620**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In thousands of euro	Note	2018	2017
Revenue	8	**3 521 130**	**3 083 004**
Cost of sales (-)	8	**(2 854 571)**	**(2 461 289)**
Gross profit		**666 559**	**621 715**
Other operating income	9	37 045	35 517
SG&A expenses (-)	8	(354 568)	(355 838)
Other operating expenses (-)	10	(416 558)	(143 945)
EBIT		**(67 522)**	**157 449**
Financial income	13	6 042	12 483
Financial (expense)	13	(108 571)	(64 017)
Share of profit of equity accounted investees (net of tax)	18	2 697	2 028
Profit (loss) before income taxes		**(167 354)**	**107 943**
Income taxes	14	(9 558)	(8 044)
Profit (loss) for the period from continuing operations		**(176 912)**	**99 899**
Profit (loss) from discontinued operations	11	-	(688)
Profit (loss) for the period		(176 912)	**99 211**
Attributable to:			
Owners of the Company		(126 079)	95 818
Non-controlling interests	5	(50 833)	3 393
		(176 912)	**99 211**

The table on this page is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Note	For the year ended 31 December **2018**	For the year ended 31 December **2017**
Profit (loss) for the period		**(176 912)**	**99 211**
Other comprehensive income :			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		(1 302)	(174 710)
Hyperinflation adjustment (net of tax)		28 358	-
Effective portion of changes in fair value of cash flow hedges		863	(4 163)
Fair value reserves AFS	13	-	(31)
Equity-settled share-based payment		7 108	-
Income tax on other comprehensive income		(76)	240
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements employee benefits, net of tax		13 979	(14 065)
		48 930	**(192 729)**
Total comprehensive income for the period		**(127 982)**	**(93 518)**
Attributable to:			
Owners of the Company		(79 074)	(96 603)
Non-controlling interests		(48 907)	3 085
		(127 982)	**(93 518)**

The table on this page is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euro	Note	For the year ended 31 December **2018**	For the year ended 31 December **2017**
Assets		**5 442 026**	**3 533 834**
Non-current assets		**3 840 353**	**2 479 827**
Property, plant and equipment	16	3 332 504	1 980 629
Intangible assets other than goodwill	17	201 229	131 338
Goodwill	17	14 588	66 151
Equity accounted investees	18	27 914	27 629
Deferred tax assets	20	231 594	259 865
Non-current financial assets	19	4 031	3 516
Employee benefit assets	27	-	-
Other non-current assets	21	28 493	10 699
Current assets		**1 601 673**	**1 054 007**
Inventories	22	430 627	334 671
Current financial assets	19	2 407	3 922
Trade receivables	23	471 441	458 523
Other receivables	23	96 947	82 933
Current tax assets	15	55 218	31 325
Cash and cash equivalents	24	267 833	139 077
Assets classified as held for sale	11	277 200	3 556
Equity and liabilities		**5 442 026**	**3 533 834**
Total equity		**2 198 234**	**1 485 635**
Equity attributable to equity holders		**1 787 130**	**1 479 538**
Share capital	25	25 000	25 000
Share premium		12	12
Retained earnings and reserves		1 762 118	1 454 526
Non-controlling interests	5	**411 104**	**6 097**
Non-current liabilities		**2 320 118**	**1 371 125**
Interest bearing loans & borrowings	26	1 534 313	659 945
Non-current provisions	28	304 043	324 559
Employee benefits	27	114 843	183 342
Deferred tax liabilities	20	330 058	185 543
Trade and other payables	29	198	1 784
Other non-current liabilities	30	36 663	15 952
Current liabilities		**923 674**	**677 074**
Bank overdrafts	26, 20	40 669	38 693
Interest bearing loans & borrowings	26	78 459	82 136
Current provisions	28	82 412	49 304
Trade and Other Payables	29	598 460	471 313
Current tax liabilities	15	27 667	24 669
Other current liabilities	30	7 100	10 394
Liabilities associated with disposal groups held for sale	11	88 907	565

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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 2018	**25 000**	**12**	**(149 411)**	**(3 831)**	**(3 289)**	**(65 216)**	**1 676 273**	**1 479 538**	**6 097**	**1 485 634**
Profit for the period							**(126 079)**	**(126 079)**	**(50 833)**	**(176 912)**
Foreign currency translation differences	-	-	441	-	-	-	-	**441**	(1 742)	**(1 302)**
Hyperinflation adjustment	-	-	28 358	-	-	-	-	**28 358**	-	**28 358**
Cash flow hedges, net of tax	-	-	-	787	-	-	-	**787**	-	**787**
Fair value changes, net of tax	-	-	-	-	-	-	-	**-**	-	**-**
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	12 875	**12 875**	1 104	**13 979**
Equity-settled share-based payment	-	-	-	-	-	-	4 544	**4 544**	2 564	**7 108**
Total other comprehensive income	**-**	**-**	**28 799**	**787**	**-**	**-**	**17 419**	**47 005**	**1 926**	**48 930**
Total comprehensive income for the period	**-**	**-**	**28 799**	**787**	**-**	**-**	**(108 660)**	**(79 074)**	**(48 907)**	**(127 982)**
Own shares acquired	-	-	-	-	-	(1 530)	-	**(1 530)**	-	**(1 530)**
Dividends to equity holders	-	-	-	-	-	-	(71 903)	**(71 903)**	(702)	**(72 605)**
Capital decreases	-	-	-	-	-	-	-	**-**	-	**-**
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(1 530)**	**(71 903)**	**(73 433)**	**(702)**	**(74 135)**
Acquisition of subsidiary with NCI (note 3)	-	-	(58 472)	-	-	-	518 859	**460 387**	454 476	**914 863**
Other movements	-	-	-	(169)	-	(85)	(35)	**(289)**	141	**(148)**
Total transactions with owners	**-**	**-**	**(58 472)**	**(169)**	**-**	**(1 615)**	**446 921**	**386 665**	**453 915**	**840 580**
Balance as at 31 December 2018	**25 000**	**12**	**(179 084)**	**(3 213)**	**(3 289)**	**(66 831)**	**2 014 534**	**1 787 129**	**411 104**	**2 198 232**

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**	**-**	**(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)**
Own shares acquired	-	-	-	-	-	-	-	**-**	-	**-**
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**
Non-controlling final PPA adjustment (note 3)	-	-	-	-	-	-	-	**-**	-	**-**
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 table on this page is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euro	Note	For the year ended 31 December 2018	For the year ended 31 December 2017
Profit for the period		**(176 912)**	**99 211**
Adjustments for:			
Amortisation, depreciation and impairment	16, 17	569 386	348 573
Provisions and employee benefits	27, 28	34 742	51 279
Loss/(gain) on sale of property, plant and equipment		(8 654)	(7 676)
Share of profit of equity accounted investees	18	(2 697)	(2 028)
Financial result	13	102 529	51 534
Profit (loss) after tax from discontinued operations		-	688
Income taxes	14	9 558	8 044
Share-based payment expense		7 207	-
Other non-cash items (allowances trade receivables/write down inventories)		11 662	5 268
Operating cash flow before working capital changes		**546 821**	**554 893**
Changes in inventories		(37 011)	8 171
Changes in trade and other receivables		44 440	10 236
Changes in trade and other payables		48 257	34 162
Proceeds/payments forex risk hedges		(570)	787
Working capital changes		**55 116**	**53 356**
Use of provisions	28	(41 945)	(24 284)
Contributions pensions	27	(28 607)	(19 187)
Operating cash flow		**531 385**	**564 778**
Income taxes (paid)/received		(55 308)	(72 859)
Interest received		4 420	2 866
Net cash from operating activities		**480 497**	**494 785**
Proceeds from sale of property, plant and equipment		16 101	19 218
Proceeds from sale of intangible assets		541	259
Sale of subsidiaries, net of cash disposed of	4	2 017	8 552
Sale of associates	18	-	771
Other proceeds		954	2 798
Dividends received		2 115	2 344
Investing cash inflows		**21 728**	**33 942**
Business combinations	3	(59 186)	-
Acquisition of associates	18	-	-
Acquisition of property, plant and equipment	16	(354 437)	(195 180)
Acquisition of intangible assets	17	(4 787)	(9 049)
Changes in other non-current assets		(500)	(176)
Investing cash outflows		**(418 910)**	**(204 405)**
Net cash used in investing activities		**(397 182)**	**(170 463)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In thousands of euro	Note	For the year ended 31 December **2018**	For the year ended 31 December **2017**
Drawing of borrowings		1 404 725	12 687
Repayment of borrowings		(1 170 280)	(124 069)
Increase (decrease) of finance lease liabilities		(2 623)	(1 989)
Increase (decrease) of long term payables		-	(1 724)
Interest paid		(87 418)	(42 387)
Purchase of non-controlling interests	3	-	(3 065)
Purchase of treasury shares		(1 615)	-
Dividends paid to shareholders		(73 905)	(63 979)
Changes in other financing activities		(7 254)	(435)
Net cash used in financing activities		**61 630**	**(224 961)**
Net increase/(decrease) in cash and cash equivalents		**144 945**	**99 362**
Cash and cash equivalents at beginning of the period		**139 077**	**-**
Net increase/(decrease) in cash and cash equivalents		144 945	99 362
Scope changes		-	80
Disposal of subsidiaries and other businesses		-	8 739
Effect on exchange rate fluctuations on cash held		(9 477)	(39 094)
Difference in opening balance		-	576
Cash included in disposal group		(6 712)	-
Cash and cash equivalents at end of the period	24	**267 833**	**139 077**

The table on this page is 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, 2018 were authorized for issue by the Board of Directors on 13 March 2019.
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 thousands, 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 31 - financial instruments;
- note 28 - provisions for site restoration and plant demolition.

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

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 2018. 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 2018, 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:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.
The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as

previously reported, under IAS 18, IAS 11 and related interpretations. The application of IFRS 15 has no significant effect on the Group's financial position and performance.

IFRS 9 Financial Instruments.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.
With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018, not adjusting the comparative information for earlier periods.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.
The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The most relevant category for the Group is the financial assets at amortised cost because the Group classifies its trade receivables mainly under this category. The classification of these instruments into that category is supported because:
- The trade receivables are generally held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and
- The contractual terms of the trade receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The categorisation of the trade receivables as financial assets at amortised cost means that they are subsequently measured using the effective interest rate method (EIR), if applicable, and they are subject to the impairment model of IFRS 9 (see below). Gains and losses are recognised in profit or loss when the asset is derecognised.
There are no changes in classification and measurement for the Group's financial liabilities.

(b) Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. It applies mainly to trade receivables for which the Group decided applying the simplified approach in accordance with IFRS 9. In line with the requirements of the standard the Group does not track changes in credit risk for these assets but instead recognises a loss allowance based on lifetime ECLs at each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, when relevant.

Upon the adoption of IFRS 9, the Group recognised no significant additional impairment on the Group's Trade receivables.

(c) Hedge accounting

The Group applied hedge accounting prospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of IFRS 9, the Group designated the change in fair value of the entire forward contracts in its cash flow hedge relationships. Upon adoption of the hedge accounting requirements of IFRS 9, the Group designates only the spot element of forward contracts as hedging instrument. The forward element is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.
Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

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. Subsidiaries

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2018. 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 which is included in the carrying amount of the investments.

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.

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 are initially measured at cost. The cost of intangible assets acquired in a business combination are initially recognised at fair value on the date of acquisition.

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 Executive Committee'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 profit or loss 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 other 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.
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. The Group applied IAS 39 for the classification and measurement of financial assets during the financial year 2017 whereas for the financial year 2018 it has applied IFRS 9 in line with the transition requirements. The accounting policy described hereunder covers the requirements of IAS 39 whereas the IFRS 9 accounting policy was described above under 'Change in accounting policies and disclosures' section. 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 profit or loss. 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.
Other investments 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 profit or loss 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. In case of financial asset that is subject to impairment (all financial assets that are not subsequently measured at fair value through profit or loss), the accounting policy described hereunder covers the accounting applied during the financial year 2017 in accordance with IAS 39. With the adoption of IFRS 9 the impairment rules on financial asset has changed significantly and the relevant accounting policy is described under the section ‘Changes in accounting policies and disclosures’.

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

Revenue is recognised over time based on the cost-to-cost method. If the outcome of a construction contract could be estimated reliably, then contract revenue is recognised in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that were likely to be recoverable.

Contract expenses are recognised as they are incurred. An expected loss on a contract is recognised immediately in profit or loss.

Advances received are included in deferred revenue.

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

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a

foreign operation.
At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

I. Cash flow hedges

When a derivative is designated in a cash flow hedge relationship, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

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 profit or loss. 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 profit or loss 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 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 FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing industrial minerals to serve its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

I. Sale of goods

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration and the existence of significant financing components (if any).

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

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume rebates. The volume rebates give rise to variable consideration.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

In case the Group receives long-term advances from customers the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

II. Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

III. 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.

IV. 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.

V. 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 or future cash payments expected over the asset's or liability life to equate to the initial carrying amount of the asset or the liability.

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. SHARE BASED PAYMENTS

The Company (through its subsidiary Covia Inc.) operates several equity-settled share-based compensation plans that allow for granting of non-qualified stock options, restricted stock units, and performance restricted stock units to employees and directors. Although the award is not issued by the Company but a subsidiary within the Group, IFRS 2 requires classifying these plans as equity-settled share-based plans and therefore are accounted for using the general guidance.
The fair value of the employee services received in exchange for the grant of the share-based awards is recognized at grant date fair value in employee benefits expense (refer to note 12), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).
The cumulative expense recognized for equity-settled awards at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest, while no

expense is recognized for awards that do not ultimately vest. The Group recognises stock based compensation expense using the Black-Scholes-Merton option-pricing model, using the input of certain variables that are dependent on future expectations, including the expected lives of the options from grant date to exercise date, the volatility of the shares, and the expected dividend rate. The estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. The Group also estimates a forfeiture rate based on our historical experience, which could change over time. The fair value of the restricted stock units is measured at the closing price of the shares as of the date of issuance of the award.
In the event of modification to the terms of an equity-settled award, the expense recognized is the expense as if the terms had not been modified at all. However, additional expense is recognized for any modification which increases the fair value of the share-based payment award or is otherwise beneficial to the employee as measured as of the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is immediately recognized. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award. Any proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when options are exercised.

AA. 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 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 Group elected to apply 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. 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 2018, the Group estimated 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 at the date of adoption. 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 – more particular modified B approach:

In thousands of euro	
Estimated impact on the statement of financial position as at 1 January 2019	
Increase lease liability	411 947
Increase right-of-use asset	442 857
Estimated impact (increase/(decrease)) on the statement of profit or loss for 2019	
Increase depreciation expense	96 380
Increase interest expense	19 615
Decrease operating lease expenses	**(115 995)**
Deferred tax benefit	1 609

The main impact is situated in our operating segment Covia. Covia has approximately 16 000 total active long-term leased railcar assets at the date of adoption. Covia's increase represents respectively €353 million in lease liability and €384 million in right-of-use-asset.
The difference between the estimated increase of lease liability and increase of right-of-use asset originates from railcar right-of-use asset balances that reclasses previously recognized intangible assets related to favourable operating railcar lease resulting the Merger with Fairmount Santrol (see note 3 *Business combinations and acquisition of non-controlling interests*).
Due to the adoption of IFRS 16, the Group's EBIT will improve with approximately €20 million, while its interest expense will increase with the same impact. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.
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 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 in process of assessing the impact of this Interpretation.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.
The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

2. FINANCIAL RISK MANAGEMENT

A. 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.

B. 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*).

C. 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.

D. 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, the cash flows are based upon the calculation of the market value.

E. 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

On June 1, 2018 (the "Merger Date"), Unimin Corporation ("Unimin") a fully owned subsidiary of SCR-Sibelco completed a merger transaction with Fairmount Santrol Holdings Inc., a New York stock exchange listed company ("Fairmount Santrol"). Upon closing of the Merger, Fairmount Santrol was merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Unimin changed its name and began operating as Covia. Fairmount Santrol common stock was delisted from the New York Stock Exchange ("NYSE") prior to the market opening on June 1, 2018 and Covia commenced trading on the NYSE under the ticker symbol "CVIA" as of that date. Fairmount Santrol stockholders in the aggregate (including holders of certain Fairmount Santrol equity awards) received €149.4 million ($170.0 million) in cash consideration and 35% of the common stock of Covia. 65% of Covia common stock is owned by SCR-Sibelco NV, previously the parent company of Unimin.
Prior to, and as a condition to the closing of the Merger, Unimin transferred assets and liabilities of its global high purity quartz business, HPQ Co., to SCR-Sibelco NV. This transaction was between entities under common control.
The fair value of consideration transferred related to the Fairmount merger was €1 150.6 million ($1 313.7 million), which consisted of share-based awards, cash, 35% of Covia common stock and 35% of Unimin's net assets existing at transaction date. Therefore Sibelco NV is no longer the only (100%) owner of Covia, its share percentage changed from 100% to 65%. The consideration transferred to Fairmount Santrol's stockholders included cash of €149.4 milion ($170.0 million). The cash consideration for the Merger was funded through borrowings on a senior-secured term loan, as well as cash on Unimin's balance sheet. See note 26 *Interest-bearing loans and borrowings*.
Fairmount Santrol operating results are included in the consolidated financial statements since the Merger Date. The Merger qualifies as a business combination and is accounted for using the acquisition method of accounting.
The following table summarizes the purchase price allocation of the acquired assets and liabilities assumed as of June 1, 2018:

In thousands of euro	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	687 521	743 427	1 430 948
Intangible assets	17	86 675	37 596	124 271
Other non-current assets		10 393	(4 951)	5 442
Inventories		59 597	33 805	93 402
Trade receivables		136 473	-	136 473
Other receivables		9 122	(633)	8 489
Cash and cash equivalents		90 172	-	90 172
Total identifiable assets acquired		**1 079 953**	**809 244**	**1 889 197**
Interest-bearing loans and borrowings		(632 523)	(8 921)	(641 444)
Provisions	28	(3 331)	(17 462)	(20 793)
Employee benefits	27	(7 738)	627	(7 111)
Other long-term liabilities		(18 777)	928	(17 849)
Trade payables		(88 939)	-	(88 939)
Other payables		(47 712)	12 670	(35 042)
Deferred tax liabilities	20	(4 393)	(169 751)	(174 144)
Total liabilities assumed		**(803 413)**	**(181 909)**	**(985 322)**
Net identifiable assets and liabilities		**276 540**	**627 335**	**903 875**

Goodwill on acquisition at closing rate	17			160 348
Consideration				**1 064 223**
Cash paid				149 360
Fair value of shares acquired				650 783
Non-controlling interest				264 080
Cash (acquired)				(90 172)
Total net purchase consideration				**974 051**

Net identifiable assets and liabilities				**903 875**
Goodwill on acquisition at closing rate	17			160 348
35% goodwill NCI - not recognised in Group's financial statements				86 341
Total consideration (*)				**1 150 564**

(*) Total consideration is €1 150.6 million ($1 313.7 million). However the Group applied the proportionate method i.e. goodwill recognised is €160.3 million and is the difference between the consideration (€1 064.2 million) and the Group's share of identifiable net assets acquired (€903.9 million).

The fair values were based on management's analysis, including preliminary work performed by third-party valuation specialists. A number of significant assumptions and estimates were involved in the application of valuation methods, including sales volumes and prices, royalty rates, production costs, tax rates, capital spending, discount rates, and working capital changes. Cash flow forecasts were generally based on Fairmount Santrol's pre-Merger forecasts. Valuation methodologies used for the identifiable net assets acquired make use of Level 1, Level 2, and Level 3 inputs including quoted prices in active markets and discounted cash flows using current interest rates.

Trade and other receivables, trade payables, other payables, other non-current assets and other long-term liabilities were valued at the existing carrying values as they represented the estimated fair value of those items at the Merger Date based on management's judgement and estimates. The adjustment to other current liabilities includes the true-up of a pre-acquisition contingency.

Raw material inventory was valued using the cost approach. The fair value of work-in-process inventory and finished goods inventory is a function of the estimated selling price less the sum of any cost to complete, costs of disposal, holding costs and a reasonable profit allowance.

The fair value of non-depletable land was determined using the market approach which arrives at an indication of value by comparing the land being valued to land recently acquired in arm's-length transactions or land listings for similar uses. Building and site improvements were valued using the cost approach in which the value is established based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration, functional obsolescence and economic obsolescence, if applicable. Personal property assets with an active and identifiable secondary market, such as mobile equipment were valued using the market approach. Other personal property assets such as machinery and equipment, furniture and fixtures, leasehold improvements, laboratory equipment and computer software, were valued using the cost approach which is based on replacement or reproduction costs of the assets less depreciation from physical deterioration, functional obsolescence and economic obsolescence, if applicable. The fair value of the mineral reserves, which is included in property, plant, and equipment, net, were valued using the income approach which is predicated upon the value of the future cash flows that an asset will generate over its economic life.

The fair value of the customer relationship intangible assets was determined using the With and Without Method which is an income approach and considers the time needed to rebuild the customer base. The fair value of the railcar leasehold interest was determined using the discounted cash flow method ("DCF Method") which is an income approach. The fair value of the trade names and technology intangible assets was determined using the Relief from Royalty Method which is an income approach and is based on a search of comparable third party licensing agreements and discussion with management regarding the significance of the trade names and technology and the profitability of the associated revenue streams.

Goodwill is calculated as the excess of the purchase price over the fair value of net identifiable assets acquired. Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill of €160.3 million ($182.6 million) is attributable to the earnings potential of Fairmount Santrol's product and plant portfolio, anticipated synergies, the assembled workforce of Fairmount Santrol, and other benefits that the Group believes will result from the Merger. The Group applies he proportionate method i.e. goodwill is the difference between the consideration and the Group's share of identifiable net assets acquired. At the reporting date, total goodwill has been impaired based on the mandatory yearly impairment test. None of the impaired expense related to the goodwill impairment is expected to be deductible for income tax purposes.

The carrying value of the debt approximated the fair value of the debt at June 1, 2018.

The deferred tax liability primarily relates to the tax effect of fair value adjustments of the assets and liabilities acquired, including mineral reserves, property, plant and equipment and intangible assets.

Asset retirement obligations are included in provisions in the table of fair values noted above. The related asset is included in property, plant, and equipment, net in the table of fair values noted above. The asset retirement obligations assumed and related assets acquired in connection with the Merger were adjusted to reflect revised estimates of the future cost of dismantling, restoring, and reclaiming of certain sites and related facilities as of the Merger Date.

The Group assumed the outstanding stock-based equity awards (the "Award(s)") of Fairmount Santrol at the Merger Date. Each outstanding Award of Fairmount Santrol was converted to a Covia Award with similar terms and conditions at the exchange ratio of 5:1. The Group recorded €35.3 million ($40.4 million) of Merger consideration for the value of Awards earned prior to the Merger Date. In addition, in 2018, the Group recorded €7.1 million ($8.2 million) of expense for Awards whose vesting was accelerated upon a change in control and certain other terms pursuant to the Merger agreement and therefore considered a Merger related expense and recorded in personnel expenses. The final purchase price allocation is expected to be completed within 12 months from the Merger date.

The Group has not separately disclosed the revenue and earnings of Fairmount Santrol from the Merger Date through December 31, 2018. Due to the integration of Fairmount Santrol's operations and customer contracts into the Covia supply chain network and customer contracts, it is impracticable to provide a reasonable estimate of these revenue and earnings.

Merger related transaction costs and expenses that were incurred in conjunction with the Merger were €86.4 million (see note 10 *Other operating expenses*). As a result of the transaction the 2018 consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows are not comparable to those of 2017 because 2018 includes 7 months of Fairmount Santrol performance.

B. FINAL PURCHASE PRICE ALLOCATIONS OF ACQUISITIONS MADE IN 2018

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 purchase price allocation has been completed and no further adjustments were recognised in 2018:

In thousands of euro	Final	Provisional	Adjustments
Property, plant and equipment	6 988	6 988	-
Trade and other receivables	1 173	1 173	-
Cash and cash equivalents	80	80	-
Provisions	(1 699)	(1 699)	-
Trade and other payables	(3 894)	(3 894)	-
Deferred tax liabilities	(441)	(441)	-
Net identifiable assets and liabilities	**2 207**	**2 207**	**-**
Cash (acquired)	(80)	(80)	-
Contingent consideration	2 207	2 207	-
Total net purchase consideration	**2 127**	**2 127**	**-**

C. ACQUISITION OF NON-CONTROLLING INTERESTS

No acquisitions of non-controlling interests occurred during 2018.

4. DISPOSAL OF SUBSIDIARIES OR OTHER BUSINESS

In 2018, the Group has disposed its interest in Velikodvorskie peski LLC (Russian Federation – owned 100 percent). Following schedule reflects the effect of this disposal:

Disposal Velikodvorskie peski LLC

In thousands of euros	Note	2018
Cash consideration received from buyers		2 264
Carrying value of the disposed interest in Velikodvorskie peski LLC		5 704
Loss recognised in net financing costs	13	**(3 440)**

During 2018, the Group has liquidated Wollastonite Minerals (Hong Kong) Co Ltd (China).

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	2018	2017
Covia Holdings Corporation	United States	35.00%	0.00%
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%
Ecopaté S.R.L.	Italy	10.00%	10.00%
Ecopiave S.R.L.	Italy	10.00%	10.00%
Ramenskiy GOK OJSC	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%
Fineplus (M) Sdn Bhd	Malaysia	12.00%	12.00%
Unichamp Mineral Philippines Inc	Philippines	20.00%	20.00%
Unichamp Lao Co Ltd	Lao PDR	30.00%	30.00%

Summarised statement of profit or loss at 100%

In thousands of euro	2018	2017
Revenue	1 747 969	89 363
Transportation costs	(525 142)	(10 196)
Cost of Sales	(981 026)	(69 074)
SG&A-expenses	(79 340)	(12 325)
Other operating income/(expenses)	(160 339)	(27 009)
Finance income/(expenses)	(59 169)	(5 101)
Profit/(loss) before income taxes	**(57 047)**	**(34 341)**
Income taxes	(3 989)	8 973
Profit/(loss) for the period	**(61 036)**	**(25 368)**
Total comprehensive income	**(61 036)**	**(25 368)**
Attributable to non-controlling interests	(50 833)	3 393
Dividends paid to non-controlling interests	(1 033)	(378)

Summarised statement of financial position as at 31 December at 100%

In thousands of euro	2018	2017
Inventories and cash and bank balances	580 206	35 764
Property, plant and equipment and other non-current financial assets	2 805 811	88 868
Total assets	**3 386 017**	**124 632**
Trade and other payables	314 510	36 641
Interest-bearing loans and borrowing and deferred tax liabilities	1 877 316	47 629
Total liabilities	**2 191 826**	**84 270**
Total equity	**1 194 191**	**40 362**
Attributable to:		
Equity holders of parent	783 087	34 265
Non-controlling interest	411 104	6 097

Summarised cash flow information at 100%

In thousands of euro	2018	2017
Operating	268 903	12 713
Investing	(155 542)	(11 717)
Financing	(276 445)	(392)
Net increase/(decrease) in cash and cash equivalents	**(163 084)**	**604**

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.
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	2018	2017
Current assets, excluding cash and cash equivalents and prepayments	30 854	29 440
Cash and cash equivalents	731	658
Prepayments	1 809	1 778
Non-current assets	43 291	44 219
Total assets	**76 685**	**76 095**
Current liabilities, excluding tax payable	10 771	11 410
Tax payable	-	-
Non-current liabilities, excluding deferred tax liabilities and long-term borrowing	359	376
Deferred tax liabilities	457	500
Long-term borrowing	1 761	1 766
Total liabilities	**13 348**	**14 052**
Total equity	**63 337**	**62 043**
Proportion of the Group's ownership	-	-
Carrying amount of the investment	17 624	17 193

Summarised statement of profit or loss

In thousands of euro	2018	2017
Revenue	38 315	35 668
Transportation costs	(6 706)	(6 518)
Cost of Sales	(17 425)	(15 981)
SG&A-expenses	(5 750)	(5 382)
Other operating income/(expenses)	66	(9)
Finance income/(expenses)	(101)	1 312
Profit before income taxes	**8 399**	**9 089**
Income taxes	(1 729)	(1 558)
Profit for the period	**6 670**	**7 531**
Group's share of profit for the period	**2 700**	**2 434**

Ficarex SRO and Dansand A/S had no contingent liabilities or capital commitments as at 31 December 2018 and 2017. 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	2018	2017
Current assets	22 989	22 040
Non-current assets	16 920	16 509
Total assets	**39 909**	**38 549**
Current liabilities	6 346	5 441
Non-current liabilities	10 528	9 973
Total liabilities	**16 874**	**15 414**
Total equity	**23 035**	**23 135**
Group's share	10 290	10 436

Summarised statement of profit or loss

In thousands of euro	2018	2017
Revenue	32 038	18 392
Cost of Sales	(26 234)	(15 951)
SG&A-expenses	(4 806)	(2 759)
Other operating income/(expenses)	(492)	(935)
Finance income/(expenses)	(85)	(99)
Profit before income taxes	**421**	**(1 353)**
Income taxes	(244)	227
Profit/(loss) for the period	**177**	**(1 126)**
Group's share of profit for the period	**(3)**	**(406)**

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 by type

In thousands of euro	2018	2017
Sale of goods	3 483 451	3 042 626
Services	35 546	38 761
Commissions	37	241
Construction contracts	2 096	1 376
Total	**3 521 130**	**3 083 004**

Sale of good by Business unit

In thousands of euro	2018
Build environment	888 148
Coating, Polymer & Chemical Solutions	243 721
Glass Solutions	462 911
Water & Environment Solutions	108 641
Covia	1 629 201
Disposal Group Lime	166 000
Other and Intercompany	(15 171)
Total	**3 483 451**

Cost of sales

In thousands of euro	Note	2018	2017
Production expenses		2 549 546	2 214 800
Changes in provisions	28	2 973	3 551
Revisions site restoration and plant demolition provisions		7 647	(1 440)
Depreciation and impairment property, plant and equipment	16	267 895	235 146
Amortisation and impairment intangible assets	17	26 510	9 232
Total		**2 854 571**	**2 461 289**

Selling, general and administrative expenses

In thousands of euro	Note	2018	2017
Administrative expenses		325 748	337 410
Changes in allowance for uncollectible receivables	31	3 008	1 837
Changes in provisions	28	5 322	801
Depreciation and impairment property, plant and equipment	16	8 981	4 978
Amortisation and impairment intangible assets	17	11 509	10 812
Total		**354 568**	**355 838**

9. OTHER OPERATING INCOME

In thousands of euro	Note	2018	2017
By-products		581	662
Royalties and rentals		362	86
Government grants		1 030	914
Gain on disposal of property, plant and equipment		9 506	8 458
Reversal of provisions	28	350	2 213
Other operating income		25 216	23 184
Total		**37 045**	**35 517**

Other operating income amounts to €37.0 million, of which €7.6 million non-recurring (2017: €7.1 million).
Government grants are mainly related to government grants received in Belgium for the new calcinite oven in Dessel.
Gain on disposal of property, plant and equipment mainly relates to the sale of multiple properties and equipment in Australia, Russia and China.
Other operating income for the year is €25.2 million (2017: €23.2 million) and mainly originates from Luxembourg, Malaysia, Belgium and Germany. It includes income from our insurance company, rental income, insurance refunds and income from backfilling activities.

10. OTHER OPERATING EXPENSES

In thousands of euro	Note	2018	2017
Loss on disposal of fixed assets		852	782
Non-recurring impairment losses on property, plant and equipment	16	44 897	77 295
Non-recurring impairment losses on intangible assets and goodwill	17	209 594	11 109
Non-recurring transaction costs business combinations	3	86 403	-
Non-recurring additions to provisions	28	46 923	23 221
Other operating expenses		11 394	9 489
Other non-recurring		16 207	20 750
Net foreign exchange losses		288	1 299
Total		**416 558**	**143 945**

Other operating expenses amount to €416.6 million, of which €404 million non-recurring (2017: €132.4 million). A total of €209.6 million relates to the impairment loss on goodwill, driven by our subsidiary Covia. Market conditions within the Company's segment Covia triggered this impairment. Triggered this impairment. Additionally, we idled four plants and terminated a facility expansion project, which reflects an impairment expense of €44.9 million.

In the course of 2018 we concluded on our merger between our subsidiary Unimin and Fairmount Santrol (Covia). This resulted into transaction costs of €86.4 million mainly related to bank fees, consultancy and professional fees and other merger related expenses. Non-recurring additions to provisions mainly relates to restructuring provisions which were incurred across the entire Group. The majority of the additional expenses was made in North America, Australia and Europe.

11. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Throughout 2018, management committed to a plan to sell its lime and limestone assets in Asia, Australia and South America. Accordingly, at 31 December 2018, the lime and limestone assets are presented as a disposal group.

On 17 January 2019, the Group reached an agreement to sell Sibelco's lime and limestone assets in Asia, Australia and South America. This transaction is required to undergo a regulatory review process and meet customary closing conditions, which the Group anticipates completing around mid-year 2019.

The assets and liabilities of the lime and limestone assets are measured at the lower of carrying amount and fair value less costs of disposal at the date of the classification. The fair value less costs of disposal is based on the transaction price.

The major classes of assets and liabilities classified as held for sale as at 31 December are as follows:

In thousands of euro	2018	2017
Property, plant and equipment	175 663	-
Intangible assets other than goodwill	15 477	-
Deferred tax assets	15 898	-
Other non-current assets	3 876	-
Inventories	20 693	-
Trade, other and tax receivables	38 446	-
Cash and cash equivalents	6 712	-
Assets held for sale disposal group Lime	**276 765**	-
Assets held for sale Australia	**435**	**2 518**
Assets held for sale Europe	**-**	**1 038**
Total assets held for sale	**277 200**	**3 556**
Interest bearing loans & borrowings	15 978	-
Provisions	18 784	-
Deferred tax liabilities	22 564	-
Other non-current liabilities	348	-
Trade, other and tax payables	31 233	-
Liabilities directly associated with assets held for sale disposal group Lime	**88 907**	**-**
Liabilities held for sale Australia	**-**	**565**
Total liabilities held for sale	**88 907**	**565**

12. PERSONNEL EXPENSES

In thousands of euro	Note	2018	2017
Wages and salaries		509 001	437 628
Compulsory social security contributions		63 057	55 084
Other personnel costs		67 490	77 042
Contributions to defined contribution plans		10 922	9 993
Expenses for post employment benefits	27	(16 261)	12 271
Expenses for termination benefits	27	(65)	175
Expenses for other defined benefits	27	281	98
Expense for other employee benefits (non DBO related)	27	(11 729)	14 815
Total		**622 696**	**607 105**
Full time equivalents (FTE) at 31 December		10 582	9 411

Personnel expenses are recognised in the following line items in the statement of profit or loss:

In thousands of euro	Note	2018	2017
Cost of sales		424 252	387 550
Sales, administrative and general expenses		198 444	219 555
Total		**622 696**	**607 105**

The decrease in SG&A expenses is mainly driven by employee benefit related adjustments.

13. NET FINANCING COSTS

In thousands of euro	Note	2018	2017
Interest income on cash and cash equivalents		3 955	1 412
Dividend income		44	21
Gain on financial assets		1 446	9 654
Other financial income		597	1 396
Financial income		**6 042**	**12 483**
Interest expense on financial liabilities		(66 741)	(29 967)
Net foreign exchange losses		(15 343)	(4 658)
Net change in fair value of derivatives and financial assets		1 513	(1 771)
Change in fair value of net non current assets classified as held for sale	11	(23)	(719)
Unwinding of the discount rate provisions	28	(12 110)	(7 836)
Change in discount rate provisions	28	1 535	(10 334)
Net interest expense on defined benefit liability	27	(4 461)	(4 485)
Loss on disposal/liquidation of financial assets	4	(3 440)	
Other financial expenses		(9 501)	(4 246)
Financial expenses		**(108 571)**	**(64 017)**
Net finance cost		**(102 529)**	**(51 534)**

Financial income was €6.0 million, which is a decrease by €6.4 million. In 2017 there was a big impact (€9.7 million) resulting from disposal or liquidation of financial assets. The increase in Interest Income is mainly due in interest received by Covia.

Financial expenses were €108.6 million. This increase by €44.6 million compared to 2017 is mainly explained by higher interest expenses and recycling of hedges, partly offset by much favourable unwinding of the discount rates. The interest expense increase comes from Covia, where the expense amounted to €59.4 million in 2018. The impact on Recycling of Hedge reserves comes from Argentina where the devaluation of the ARS had a significantly negative impact. The decrease of €11.9 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 profit or loss

In thousands of euro	Note	2018	2017
Current year		40 796	73 831
Adjustments for prior years		(9 833)	3 345
Current tax expense		**30 963**	**77 177**
Origination and reversal of temporary differences		(10 800)	(20 784)
Utilization previously recognised tax losses		13 070	1 704
Recognition current year's losses		(10 474)	(8 657)
Change in tax rate		1 863	(43 317)
Change in unrecognised temporary differences		19 064	7 666
Recognition of previously unrecognised tax losses		(34 128)	(5 745)
Deferred tax expense (income)	20	**(21 405)**	**(69 132)**
Income taxes in the statement of profit or loss		**9 558**	**8 044**

Reconciliation of effective tax rate

In thousands of euro	2018	%	2017	%
Profit before income taxes	(167 354)	-	107 943	-
Profit (loss) from discontinued operations	-	-	(688)	-
Share of profit of associates (net of tax)	(2 697)	-	(2 028)	-
Profit before income taxes and share of profit of equity accounted investees	**(170 051)**	**-**	**105 227**	-
Income tax using the domestic corporate tax rate	(50 301)	(29.58%)	35 767	33.99%
Effect of tax rates in foreign jurisdictions	18 147	10.67%	(6 976)	(6.63%)
Change in tax rate	1 863	1.10%	(43 317)	(41.17%)
Effect of tax rate on specific gains	2	0.00%	(18 973)	(18.03%)
Non-deductible expenses	67 956	39.96%	11 180	10.62%
Withholding taxes and non-exempt part of dividends	1 366	0.80%	3 271	3.11%
Tax exempt revenues	(912)	(0.54%)	(1 812)	(1.72%)
Tax allowances	(7 381)	(4.34%)	(12 632)	(12.00%)
Utilisation of tax losses not previously recognised	(2 147)	(1.26%)	(4 396)	(4.18%)
Recognition previously unrecognised tax losses	(34 128)	(20.07%)	(5 745)	(5.46%)
Current year losses for which no deferred tax asset recognised	5 318	3.13%	36 901	35.07%
Under (over) provided in prior years	(9 833)	(5.78%)	3 345	3.18%
Change in unrecognised temporary differences	19 064	11.21%	7 666	7.29%
Other	543	0.32%	3 763	3.58%
Total	**9 557**	**5.62%**	**8 044**	**(7.64%)**

Non-deductible expenses are mainly due to impairments on goodwill for which there is no tax deduction. Recognition previously unrecognised tax losses mainly relates to Australia, which resulted into a favorable €28.5 million deferred tax income.

Tax allowances include the depletion allowances in the US. Income taxes (current and deferred) are €9.6 million compared to €8.0 million in 2017.

15. CURRENT TAX ASSETS AND LIABILITIES

The current tax assets of €55.2 million (2017: €31.3 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceed payments.

The current tax liabilities of €27.7 million (2017: €24.7 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	2018	2017
Balance at end of previous period as reported		**928 877**	**788 176**	**3 138 284**	**305 715**	**5 161 052**	**5 334 497**
Additions		1 889	600	10 966	340 982	354 437	195 180
New finance leases		-	-	-	-	-	2 422
Acquisitions through business combinations	3	150 413	928 249	258 097	94 189	1 430 948	4 781
Disposals & retirements		(1 668)	(552)	(36 616)	(2 793)	(41 629)	(79 279)
Transfers		108 707	6 513	341 367	(455 057)	1 530	(3 438)
Asset component change site rest./ plant dem	28	-	(3 070)	(9 524)	-	(12 594)	95 655
Reclassification assets held for sale	11	(47 526)	(51 179)	(221 202)	(28 063)	(347 970)	-
Exchange differences		14 860	(6 018)	16 246	4 952	30 040	(392 024)
Other changes		10 721	(8 832)	44 259	(1 154)	44 994	3 258
Balance at end of period		**1 166 273**	**1 653 887**	**3 541 877**	**258 771**	**6 620 808**	**5 161 052**
Depreciation and impairment losses							
Balance at end of previous period as reported		**(419 381)**	**(396 043)**	**(2 334 285)**	**(30 714)**	**(3 180 423)**	**(3 142 714)**
Depreciation	8	(41 754)	(41 133)	(193 557)	-	(276 444)	(227 285)
Impairment losses recognised	8, 10	(4 443)	(7 944)	(17 832)	(15 110)	(45 329)	(90 134)
Disposals & retirements		680	393	33 289	1 538	35 900	73 718
Transfers		(112)	-	111	(1 530)	(1 531)	(7 627)
Reclassification assets held for sale	11	13 675	25 260	108 453	24 919	172 307	-
Exchange differences		(410)	11 498	(5 699)	291	5 680	208 219
Other changes		(4 463)	3 263	993	1 743	1 536	5 400
Balance at end of period		**(456 208)**	**(404 706)**	**(2 408 527)**	**(18 863)**	**(3 288 304)**	**(3 180 423)**
Carrying amounts at 1 January as reported		**509 496**	**392 133**	**803 999**	**275 001**	**1 980 629**	**2 191 783**
Carrying amounts at 31 December		**710 065**	**1 249 181**	**1 133 350**	**239 908**	**3 332 504**	**1 980 629**

Additions

Additions throughout the year mainly relate to additions of assets under construction and include the construction for new plants and expansion of facilities in the US and Turkey, as well as the construction of a new kilns in Australia. Furthermore, assets under construction consist out of upgrades to existing processing lines and loading areas, water treatment projects and overall plant expansions.

Acquisitions through business combinations

As from June 1st, 2018 the Fairmount Santrol merger has been realized. The full property, plant and equipment of Fairmount has been integrated in our balance sheet. All assets were incorporated at their fair value (see note 3 *Business combinations and acquisition of non-controlling interests*).

Asset component change site rest./plant dem.

As from 2015, detailed closure planning requirements were introduced through our closure plan policy, with each plant required to develop a closure plan as part of their life of asset plan. All closure plans for the site restoration and plant demolition were set up in 2017. Therefore, 2018 only includes adjustments to these closure plans in order to further reflect their best estimate. In addition, the asset component change is impacted by the yearly update of the underlying assumptions (inflation rate and discount rate).

Reclassification assets held for sale

Reclassification assets held for sale relates to the reclass of our disposal group (see note 11 *Assets and liabilities classified as held for sale*).

Depreciation and impairment losses recognised

In thousands of euro	2018	2017
Impairment test for cash-generating units containing goodwill	-	-
Impairment based on internal and external impairment indicators	45 329	90 134
Total impairment on tangible assets	**45 329**	**90 134**

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 2018 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 €45.3 million on tangible assets (2017: €90.1 million). Out of these impairments €44.9 million occurred in Covia.
The depreciation and impairment charge is recognised in the following line items in the statement of profit or loss:

In thousands of euro	Note	2018	2017
Cost of sales	8	267 895	235 146
Sales, general and administrative expenses	8	8 981	4 978
Other operating expenses	10	44 897	77 295
Total		**321 773**	**317 419**

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 2018, the carrying amount for leased land and buildings was €0.5 million (2017: €0.6 million), plant and processing equipment €6.6 million (2017: €0.9 million) and mobile equipment €2.7 million (2017: €4.1 million).

Restrictions

As per 31 December 2018 there were no restriction on title and property, plant and equipment pledges as security for liabilities (2017: nihil).

17. INTANGIBLE ASSETS AND GOODWILL

In thousands of euro	Note	Mineral Rights and E&E costs	Goodwill	Development Costs	Other	2018	2017
Balance at end of previous period as reported		**181 765**	**209 335**	**6 891**	**152 238**	**550 229**	**616 538**
Additions		332	-	60	4 395	4 787	9 049
Acquisitions through business combinations	3	7 157	160 349	-	117 114	284 620	-
Transfers		-	1 494	-	-	1 494	(15 839)
Disposals		(3 194)	-	-	(217)	(3 411)	(17 301)
Reclassification assets held for sale	11	(1 842)	(36 468)	(967)	(29 081)	(68 358)	-
Exchange differences		(4 275)	(770)	(27)	2 453	(2 619)	(44 264)
Other changes		11 962	-	300	4 784	17 046	2 046
Balance at end of period		**191 905**	**333 940**	**6 257**	**251 686**	**783 788**	**550 229**
Depreciation and impairment losses							
Balance at end of previous period as reported		**(118 283)**	**(143 184)**	**(6 006)**	**(85 267)**	**(352 740)**	**(381 942)**
Amortisation	8	(2 066)	-	(40)	(35 896)	(38 002)	(19 384)
Impairment losses recognised	8, 10	-	(209 603)	-	(8)	(209 611)	(11 769)
Transfers		-	(933)	-	-	(933)	20 128
Disposals		-	-	-	(324)	(324)	16 466
Reclassification assets held for sale	11	356	36 468	182	15 875	52 881	-
Exchange differences		1 926	(2 100)	(35)	(705)	(914)	23 757
Other changes		(13 467)		(71)	(4 790)	(18 328)	4
Balance at end of period		**(131 534)**	**(319 352)**	**(5 970)**	**(111 115)**	**(567 971)**	**(352 740)**
Carrying amounts at 1 January as reported		**63 482**	**66 151**	**885**	**66 971**	**197 489**	**234 596**
Carrying amounts at 31 December		**60 371**	**14 588**	**287**	**140 571**	**215 817**	**197 489**

Acquisitions through business combinations

As from June 1st, 2018 the Fairmount Santrol merger has been realized. The full intangible assets of Fairmount have been integrated in our balance sheet. All assets were incorporated at their fair value. As a result of this business combination, a total of €160.3 million goodwill has been recognized, this goodwill has been impaired as a result of the yearly impairment test (see further).

Reclassification assets held for sale

Reclassification assets held for sale relates to the reclass of our disposal group (see note 11 *Assets and liabilities classified as held for sale*).

Amortisation and impairment losses recognised

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 €209.6 million on intangible assets, all related to goodwill. They were recognised in North America (€196.6 million, out of which €160.3 million impairment loss related to the business combination, see note 3 *Business combinations and acquisition of non-controlling interests*), Europe (€7.5 million) and in Asia (€5.6 million) respectively.
The amortisation and impairment charge is recognised in the following line items in the statement of profit or loss:

In thousands of euro	Note	2018	2017
Cost of sales	8	26 510	9 232
Sales, general and administrative expenses	8	11 509	10 812
Other operating expenses	10	209 594	11 109
Total		**247 613**	**31 153**

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	2018
Spain	8 573
UK	4 665
France	1 350
Total	**14 588**

Goodwill acquired in a business combination shall, from the acquisition date, be allocated to a cash-generating unit (CGU) or a cluster of cash-generating units (CGUs), that is expected to benefit from the synergies of the combination.
A CGU represents an operating site, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. A site includes (a collection of) locations and facilities belonging to the same profit center.
Each CGU or cluster of CGU's to which the goodwill is so allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. A cluster of CGUs can represent a legal entity, a country, a business unit or an operating segment (IFRS 8). Goodwill is tested for impairment at a level that reflects the way the Group manages its operations and with which the goodwill would naturally be associated. A cluster of CGU's cannot be larger than an operating segment as defined by paragraph 5 of IFRS 8 which are identified as the Group's business units:

- Build environment
- Coating, Polymer & Chemical Solutions
- Glass Solutions
- Water & Environment Solutions
- Covia

Each CGU or cluster of CGUs to which the goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.
For impairment testing, the carrying amount of a CGU or a cluster of CGUs including goodwill is compared with the recoverable amount of the CGU or cluster of CGUs.
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.

When the carrying amount of an individual asset or (cluster of) CGU(s) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount factors are reviewed annually. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.
Goodwill is tested for impairment annually as at 30 September and

when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or cluster of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.
The WACC ranged between 5.60 percent and 10.64 percent in nominal terms for goodwill impairment testing conducted for 2018:

Discount rates for impairment testing

	Covia	Spain	UK	France
Group target ratio's				
% debt	17%	25%	25%	25%
% equity	83%	75%	75%	75%
Cost of debt	**6.44%**	**2.74%**	**2.66%**	**2.07%**
Risk free rate = Rt	2.69%	1.44%	1.36%	0.77%
Default spread (BBB)	3.75%	1.30%	1.30%	1.30%
Corporate tax rate	21.00%	25.00%	19.00%	33.00%
Cost of debt after tax	**5.09%**	**2.06%**	**2.15%**	**1.39%**
Cost of equity = Rt + ß . Em	**11.80%**	**7.82%**	**7.84%**	**7.01%**
Risk free rate = Rt	2.69%	1.44%	1.36%	0.77%
Beta = ß	1.33	1.06	1.08	1.04
Size premium	1.10%	-	-	-
Market equity risk premium = Em	6.00%	6.00%	6.00%	6.00%
WACC - nominal	**10.64%**	**6.38%**	**6.42%**	**5.60%**
Expected inflation	2.15%	1.76%	2.07%	1.75%
Cost of debt after tax adjusted by inflation	3.39%	0.73%	0.48%	0.22%
Cost of equity adjusted by inflation	8.55%	6.05%	5.76%	5.26%
WACC in real terms	**7.66%**	**5.14%**	**4.85%**	**4.40%**

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 have led to an additional impairment of €177 million, and as a consequence property, plant and equipment and intangibles will be impaired.

18. EQUITY ACCOUNTED INVESTEES

In thousands of euro	Note	2018	2017
Carrying amount at 1 January		**27 629**	**37 409**
Result of the period		2 697	2 028
Dividends		(2 071)	(2 324)
Disposal to third parties - EDK Mineraçao S.A.		-	(9 801)
Exchange differences		(207)	612
Other		(134)	(295)
Carrying amount at 31 December		**27 914**	**27 629**
Attributable to:			
Interests in joint arrangements	6	17 624	17 193
Investments in associates	7	10 290	10 436

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 2018 was €2.7 million profit (2017: €2.0 million profit).

19. FINANCIAL ASSETS

Non-current financial assets

In thousands of euro	Note	2018	2017
Loans to third parties at amortised cost		28	40
Loans to associates	35	557	887
Derivatives forex	31	595	-
Derivatives financial interest rate risk	31	-	1
Other		2 851	2 588
Non-current financial assets		**4 031**	**3 516**

Current financial assets

In thousands of euro	Note	2018	2017
Derivatives forex	31	2 318	3 833
Other		89	89
Current financial assets		**2 407**	**3 922**

20. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

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

In thousands of euro	Assets 2018	Assets 2017	Liabilities 2018	Liabilities 2017	NET 2018	NET 2017
Property, plant and equipment	(35 483)	(44 287)	361 148	135 114	**325 666**	90 827
Intangible assets	(49 083)	(50 748)	22 991	28 198	**(26 092)**	(22 549)
Financial assets	(2 458)	(8 007)	19 643	27 336	**17 185**	19 329
Inventories	(7 817)	(6 957)	4 162	2 908	**(3 655)**	(4 048)
Trade and Other Receivables	(2 996)	(4 260)	2 032	521	**(964)**	(3 738)
Interest bearing loans & borrowings	(5 697)	(7 380)	4 096	3 891	**(1 601)**	(3 490)
Provisions	(59 952)	(79 299)	7 461	8 496	**(52 490)**	(70 802)
Employee benefits	(18 288)	(25 127)	34	19	**(18 254)**	(25 108)
Trade and Other Payables	(3 672)	(6 360)	6 118	2 355	**2 445**	(4 005)
Other items	(14 691)	(1 778)	17 269	11 594	**2 578**	9 816
Tax loss carry-forwards	(146 353)	(60 555)	-	1	**(146 353)**	(60 555)
Tax (assets)/liabilities	**(346 489)**	**(294 756)**	**444 953**	**220 433**	**98 465**	**(74 322)**
Set off of tax	114 895	34 891	(114 895)	(34 890)	-	-
Net tax (assets)/liabilities	**(231 594)**	**(259 865)**	**330 058**	**185 543**	**98 465**	**(74 322)**

Movement in temporary differences during the period

In thousands of euro	Note	Balance 31, Dec. 2017	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Disposal group	Reclasses	Translation differences	Balance 31, Dec. 2018
Property, plant and equipment		90 827	16 350	-	214 937	(74)	1 728	1 897	325 665
Intangible assets		(22 549)	(4 610)	-	6 252	(3 487)	(352)	(1 346)	(26 092)
Financial assets		19 329	(2 153)	76	-	-	(80)	13	17 185
Inventories		(4 048)	(6 171)	-	6 620	184	(75)	(164)	(3 654)
Trade and other receivables		(3 738)	1 696	-	806	173	163	(64)	(964)
Interest bearing loans & borrowings		(3 490)	(488)	-	-	1 918	205	254	(1 601)
Provisions		(70 802)	10 885	-	(51)	6 104	(897)	2 271	(52 490)
Employee benefits		(25 108)	9 689	8 449	(11 033)	46	(53)	(244)	(18 254)
Trade and other payables		(4 005)	7 088	-	(661)	452	(524)	95	2 445
Other items		9 816	(10 459)	12 031	1 713	(12 991)	(473)	2 938	2 575
Tax loss carry-forwards		(60 555)	(43 232)	-	(44 439)	1 009	(1 668)	2 532	(146 353)
Total	3, 14	**(74 322)**	**(21 405)**	**20 556**	**174 144**	**(6 666)**	**(2 026)**	**8 182**	**98 463**

In thousands of euro	Balance 31, Dec. 2016	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Divestments	Reclasses	Translation differences	Balance 31, Dec. 2017
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	(4 049)
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)	9 818
Tax loss carry-forwards	(63 327)	2 415	-	-	637	(1 716)	1 436	(60 555)
Total	**(9 033)**	**(69 132)**	**10 587**	**441**	**616**	**(1 426)**	**(6 375)**	**(74 322)**

Unrecognised deferred tax assets and liabilities

On 31 December 2018, 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 increased from 95 percent to 100 percent, there is in fact no longer an unrecognised deferred tax liability (2017: €0 million).

Deferred tax assets have not been recognised in respect of tax losses for €74.9 million (2017: €99.0 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	2018	2017
Cash guarantees, at cost	2 285	1 234
Other	26 208	9 465
Total	**28 493**	**10 699**

Total other non-current assets amount to €28.5 million in 2018 (€10.7 million in 2017) and consist out cash guarantees, cash deposits and royalty advances.

22. INVENTORIES

In thousands of euro	2018	2017
Raw materials	89 854	75 950
Consumables	13 131	14 982
Work in progress mining & industrial treatment	53 054	19 672
Finished goods mining & industrial treatment	211 050	164 788
Goods purchased for resale	32 712	35 108
Spare Parts	58 539	47 240
Write-downs	(27 713)	(23 069)
Total	**430 627**	**334 671**

The cost of raw materials and consumables was €375.7 million (€326.7 million in 2017) and of goods purchased for resale €85.4 million (2017: €102.1 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.
The increases in inventory are mainly due to the merger in North America with Fairmount Santrol.

23. TRADE AND OTHER RECEIVABLES

Current trade and other receivables

In thousands euro	Note	2018	2017
Trade receivables	31	482 549	467 368
Construction contracts receivables		580	695
Impairment losses	31	(11 688)	(9 540)
Trade Receivables		**471 441**	**458 523**
Other receivables		21 254	15 192
Interest receivables		73	66
Tax receivables, other than income taxes		36 237	37 665
Amounts due from customers for contract work		1 367	1 919
Advance payments, prepayments and prepaid expenses		31 725	22 119
Cash guarantees, at cost		220	485
Other current assets		6 071	5 486
Other Receivables		**96 947**	**82 933**
Total		**568 388**	**541 456**

24. CASH AND CASH EQUIVALENTS

In thousands of euro	2018	2017
Deposits with banks	16 279	24 219
Cash equivalents	91 019	74 843
Bank balances - Current accounts	160 295	39 870
Cash at hand	240	145
Total	**267 833**	**139 077**

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 2017 to 31 December 2018 are presented in the Consolidated Statement of Equity.

Share capital and share premium

The issued capital of the Company as per 31 December 2018 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 2017	**470 170**	**25 000 000**
Changes	-	-
At 31 December 2017	**470 170**	**25 000 000**
Changes	-	-
At 31 December 2018	**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 2018 the Group held 35 164 (2017: 34 994) of the Company's shares. Throughout the year 170 new treasury shares were acquired.

In thousands of euro

Treasury shares	Number	Amount
At 1 January 2017	**34 994**	**65 216**
Changes	-	-
At 31 December 2017	**34 994**	**65 216**
Changes	170	1 530
At 31 December 2018	**35 164**	**66 746**

Dividends

In March 2019 a dividend of €72.7 million (€162.86 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 October 10, 2018 an interim dividend of €29.6 million gross (€62.86 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		2018	2017
Final dividend	100 Euro per ordinary share for 2018 (100 Euro per ordinary share for 2017)	43 501	43 518
Interim dividend	62.86 Euro per ordinary share for 2018 (57.14 Euro per ordinary share for 2017)	27 343	24 867

Share-based payments

Senior executives and directors of Covia are granted share options. They include restricted stock units ("RSUs") and nonqualified stock options ("Options" and, together with the RSUs, the "Awards"). These Awards are governed by various plans: the FMSA Holdings Inc. Long Term Incentive Compensation Plan (the "2006 Plan"), the FMSA Holdings, Inc. Stock Option Plan (the "2010 Plan"), the FMSA Holdings Inc. Amended and Restated 2014 Long Term Incentive Plan (the "2014 Plan"), and the 2018 Omnibus Plan (the "2018 Plan").
Options may be exercised, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires, which is typically ten years from the original grant date. All Options granted under the 2006 Plan and 2010 Plan were fully vested as of June 1, 2018 (the date of the business combination ("Merger Date", see note 3 *Business combinations and acquisition of non-controlling interests*). In addition, the Merger agreement called for the accelerated vesting of all Awards if the holder is terminated without Cause or if the holder terminates employment for Good Reason during the Award Protection Period (as such terms are defined in the related agreements), which is 12 months from the Merger Date.
The fair values of the RSUs and Options were estimated at the Merger Date. The fair value of the RSUs was determined to be the opening share price of Covia shares at the Merger Date. The fair value of Options was estimated at the Merger date using the Black Scholes-Merton option pricing model.
The total value of the outstanding Options amounts to €42.4 million ($48.6 million) and the Group recorded expense arising from equity-settled share-based payment transactions of €7.2 million ($8.2 million).

26. INTEREST-BEARING LOANS AND BORROWINGS

A. INTEREST BEARING LOANS & BORROWINGS

In thousands of euro	2018	2017
Bank borrowings	1 409 041	12 217
Syndicated loans	114 286	148 140
Amortizing Syndicated Loan at fixed rate	*57 143*	*71 428*
Amortizing Syndicated Loan at floating rate	*57 143*	*76 712*
Finance lease obligations	4 251	3 260
Private placements	-	488 763
Private placement Unimin USD 100 million	-	*83 382*
Private placement Silfin USD 100 million	-	*83 275*
Private placement SCR-Sibelco NV USD 230 million	-	*191 779*
Private placement SCR-Sibelco NV AUD 200 million	-	*130 327*
Other loans & borrowings	6 735	7 566
Non-current	**1 534 313**	**659 945**
Bank borrowings, current portion	42 928	37 434
Syndicated loans	28 571	39 126
Amortizing Syndicated Loan at fixed rate, current portion	*14 286*	*14 286*
Amortizing Syndicated Loan at floating rate, current portion	*14 285*	*24 840*
Finance lease obligations, current portion	4 667	1 284
Other loans & borrowings	2 293	4 292
Bank overdrafts	40 669	38 693
Current	**119 128**	**120 829**
Total	**1 653 441**	**780 774**

Interest-bearing loans and borrowings - Covia

On June 1st, 2018 (the "Merger Date") our US subsidiary Unimin merged with Fairmount Santrol, and Unimin's name was changed into Covia Holding Corporation (the "Merger"). Covia Holding Corporation is since the merger a 65% owned subsidiary (see note 3 *Business combinations and acquisition of non-controlling interests*).

On the Merger Date, Covia Holdings Corporation entered into a $1 650 million Term Loan to repay the outstanding debt of each of Fairmount Santrol and Unimin and to pay the cash consideration and transaction costs related to the Merger. The Term Loan was issued at par with a maturity date of June 1, 2025. Covia incurred approximately $32 million of transaction costs that were included in the initial measurement of the loan and subsequently recognised in the statement of profit or loss through the effective interest rate method. The Term Loan requires quarterly principal payments of $4.1 million and quarterly interest payments beginning September 30, 2018 through March 31, 2025 with the balance payable at the maturity date. However, the applicable interest rate may change depending on Total Net Leverage for example interest accrues at the rate of the three-month LIBOR plus 325 to 400 basis points depending on Total Net Leverage with a LIBOR floor of 1.0% or the Base Rate (hereinafter defined). Total Net Leverage is defined as total debt net of up to $150 million of non-restricted cash, divided by EBITDA.

The term loan agreement does not provide the lenders with recourse against any entity of the Sibelco group, other than Covia and certain of Covia's subsidiaries. The repayment of the loan is secured by a first priority lien in substantially all of the assets of Covia. On the other hand, the agreement imposes certain limitations and restrictions on the ability of Covia to distribute cash or other assets in the form of dividends. For example, unless it would be below certain specified leverage ratios, Covia can only distribute dividends up to the greater of $50 000 000 and 1.50% of its consolidated tangible assets without any further approval from the lenders.

The Company has the option to prepay the Term Loan without premium or penalty other than customary breakage costs with respect to LIBOR borrowings. Should the Company choose to refinance the Term Loan, it would be subject to a 1.00% premium if refinanced at a lower interest rate within six months of the Merger Date. There are no financial covenants governing the Term Loan.

In addition, the Company is permitted to add one or more incremental term loan facilities and/or increase the commitments under a new five-year revolving credit facility (the "RCF"), discussed below, in an aggregate principal amount up to the sum of (x) $250 million, plus (y) an amount of incremental facilities so that, after giving effect to any such incremental facility, on a pro-forma basis, the Total Net Leverage would not exceed 2.75:1.0 plus (z) an amount equal to all voluntary prepayments of the Term Loan. In addition to incremental term loan facilities and RCF increases, this incremental credit capacity will be allowed to be utilized in the form of (a) senior unsecured notes or loans, subject to a pro-forma Total Net Leverage ratio of up to 3.75:1.0, (b) senior secured notes or loans that are secured by the collateral on a junior basis, subject to a pro forma Total Net Leverage of up to 3.25:1.0, or (c) senior secured notes that are secured by the collateral on a pari passu basis, subject to a pro forma Total Net Leverage of up to 2.75:1.0.

At December 31, 2018, the Term Loan had an interest rate of 6.553%.

On the Merger Date, Covia Holding Corporation entered into a RCF (Revolving Credit Facility) to replace the existing Silfin credit facility (hereinafter defined). The RCF was subject to a 50 basis point financing fee paid at closing and has a borrowing capacity of up to $200 million. The RCF requires only quarterly interest payments at a rate derived from LIBOR plus 300 to 375 basis points depending on the Total Net Leverage or from a Base Rate (selected at the option of the Company). The Base Rate is the highest of (i) Barclays's prime rate, (ii) the U.S. federal funds effective rate plus one half of 1.0%, and (iii) the LIBOR rate for a one month period plus 1.0%. While interest is payable in quarterly instalments, any outstanding principal balance is payable on June 1, 2023. In addition to interest charged on the RCF, the Company is also obligated to pay certain fees, quarterly in arrears, including letter of credit fees and unused facility fees. The RCF includes financial covenants requiring a 4.5:1.0 maximum Total Net Leverage ratio which decreased to 4.0:1.0 at December 31, 2018. Similarly to the Term Loan, the RCF agreement also does not provide the lenders with recourse against any entity of the Sibelco group, other than Covia and certain of Covia's subsidiaries and is secured by a first priority lien on substantially all of the assets of Covia. As of December 31, 2018 , Covia was in compliance with all covenants in accordance with the RCF.

At December 31st, 2018, there was $200 million of aggregate capacity on the RCF with $11.9 million committed to outstanding letters of credit, leaving net availability at $188.1 million. There were no borrowings under the RCF at December 31, 2018.

As stated above, both the Term Loan and the RCF do not provide the lenders with recourse against any entity of the Sibelco group other than Covia and certain of its subsidiaries.

Interest-bearing loans and borrowings – Sibelco Group excluding Covia

In 2018, the Group also entered into a new Syndicated Revolving Credit Facility for €500 million with termination date in 2023 and with the option to extend this two times for 1 year . This facility contains 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 2018, the Group was well below any of these financial covenants.

At 31 December 2018, the Group had available €695.0 million of undrawn committed borrowing facilities.

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

	2017	Cash Flows	Non-cash changes			2018
			Acquisition/ disposal	Foreign exchange translation	Foreign exchange revaluation in (profit) or loss	
Bank borrowings	49 651	778 610	634 559	1 877	143	1 464 840
Syndicated loans	187 266	(45 084)	-	-	675	142 857
Finance lease obligations	4 544	(2 623)	6 885	111	-	8 917
Private placements	488 764	(493 476)	-	2 249	2 463	-
Other loans & borrowings	11 856	(15 786)	-	20 752	(6 387)	10 435
Bank overdrafts	38 693	10 181	-	(602)	(5 901)	42 371
Reclassification liabilities held for sale	-	-	(15 979)	-	-	(15 979)
Gross debt	**780 774**	**231 822**	**625 465**	**24 387**	**(9 007)**	**1 653 441**

C. TERMS AND DEBT REPAYMENT SCHEDULE

In thousands of euro	2018				2017			
	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount
BRL	8.00%	2022	10 320	10 320	13.64%	2017	12 146	12 146
CLP	7.65%	2019	14 883	14 883	5.36%	2017	16 724	16 724
CNY	3.90%	2019	17 525	17 525	3.93%	2017	27 464	27 464
EUR	1.57%	2019-2023	140 323	140 323	1.95%	2019-2023	465 166	465 166
GBP	-	2018	455	455	3.40%	2017	30 751	30 751
IDR	9.00%	2018	1 158	1 158	10.08%	2017	33 015	33 015
INR	7.96%	2019	9 565	9 565	8.88%	2017	8 617	8 617
MYR	5.57%	2019	12 628	12 628	8.63%	2017	12 730	12 730
NOK	1.72%	2019	21 315	21 315	3.91%	2017	28 726	28 726
PLN	1.15%	2019	55	55	-	-	-	-
RUB	9.72%	2019	13 932	13 932	10.71%	2017	14 660	14 660
SEK	1.15%	2019	18 939	18 939	3.19%	2017	11 893	11 893
THB	2.52%	2019	7 663	7 663	3.20%	2017	7 269	7 269
TRY	15.89%	2019	7 226	7 226	5.95%	2017	3 814	3 814
TWD	2.27%	2019	5 255	5 255	-	-	-	-
USD	6.51%	2025	1 396 429	1 396 429	5.20%	2019	91 471	91 471
Total			**1 677 670**	**1 677 670**			**764 446**	**764 446**

In thousands of euro	Face value	Carrying Amount	Face value	Carrying Amount
Fin Lease obligations	8 917	8 917	4 470	4 470
Loans with Non-Fin Ctparties	10 433	10 433	7 566	7 566
Liabilities held for sale	(15 978)	(15 978)	4 292	4 292
Other	(27 601)	(27 601)	-	-
Total	**1 653 441**	**1 653 441**	**780 774**	**780 774**

Finance lease obligations

In thousands of euro		**2018**			**2017**		
	Note	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than one year		4 667	-	4 667	1 284	74	1 210
Between one and five years		4 251	-	4 251	3 260	-	3 260
More than five years		-	-	-	-	-	-
Total	31	**8 917**	**-**	**8 917**	**4 544**	**74**	**4 470**

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

The United Kingdom represents 43 percent of the obligations as per 31 December 2018. The Sibelco UK Final Salary Pension Scheme is closed to new entrants and future accruals. 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.

The last completed triennial valuation as per 31 December 2016 was finalized in 2018. 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 December 2025 by making deficit contributions of £10.30 million in 2018, increasing by around 1.55 percent each first of January thereafter until and including 2021. For the period 2022 to 2025 contributions are reduced with £5.00 million and increase with 1.00 percent per year. This is in addition to a contribution towards the Scheme administration of £0.35 million per annum.

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

The United States represents 21 percent of the obligations as per 31 December 2018. All plans in the United States are part of Covia. The Company sponsors a defined benefit plan, the Unimin Corporation Pension Plan (hourly and salaried) (the "Unimin Pension Plan"), a nonqualified supplemental benefit plan, the Unimin Corporation Pension Restoration Plan (the "Unimin Restoration Plan") and two qualified pension plans for hourly workers of Legacy Fairmount Santrol ("Fairmount Santrol Hourly Plans"). The Unimin Pension Plan is a funded plan. Minimum funding and maximum tax-deductible contribution limits for the plan is defined by the Internal Revenue Service. Salaried participants accrue benefits based on service and final average pay. Hourly participants benefits are based on service and benefit formula. The Unimin Pension Plan was closed to new entrants effective on 1 January 2008 except for three unionized participating locations. Effective 1 November 2017 the Plan was closed to new entrants for the three unionized participating locations. In 2018 the plan was frozen for future accruals for salaried employees. An independent trustee has

been appointed for the Unimin 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 Fairmount Santrol Hourly Plans are relatively small funded plans that are closed for new entrants and frozen for future accruals. The Unimin Restoration Plan is unfunded. Benefit payments for the plan are expected to end during 2019. The primary risk for the pension plans is the volatility of the net liability. 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.
The Company offers retiree medical plan for certain groups of hourly employees of legacy Unimin. The plan is mainly exposed to risk of increases in health care costs, longevity risk and interest rate risk. The retiree medical plan that was provided to certain salaried employees of legacy Unimin has been closed in 2018.

Canada and Mexico

The defined benefit plans in Canada and Mexico represent 13 percent of the obligations as per 31 December 2018. All plans in Canada and Mexico are part of Covia. 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 two retirement plans. The main plan is a defined benefit plan with a minimum benefit equal to severance payment by unjustified dismissal according to Mexican Labour Law. There is no minimum funding requirement in Mexico. 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. The pension plan pays benefits through 5 annual payments conditioned on compliance with non-compete clauses.
The other plan is the mandatory seniority premium plan as defined by Mexican Labour Law. It foresees in a lump sum payment in case of retirement, death, disability and leave.

Europe

The plans in Europe (excluding the UK plan) represent 21 percent of the obligations as per 31 December 2018. The main defined benefit plans are 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 as at 31 December 2015. Because of the legal change the defined contribution plans have been reclassified as defined benefit plans during 2016. The net liability equals €1.9 million as per 31 December 2018 (€1.3 million as per 31 December 2017).
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 2018. 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. The plan assets include investments in quoted equity shares of entities across several industries. Due to this the Australian pension plan is 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 1 percent of the obligations as per 31 December 2018.

Termination benefits

The reported termination benefits are mainly early retirement plans 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 2018, the provision for all these plans has been estimated to be €5.6 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	2018				2017			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Present value of funded obligations	525 246	61	-	525 307	592 667	48	29	592 744
Fair value of plan assets	(446 987)	(49)	-	(447 036)	(467 038)	(38)	-	(467 076)
Present value of net funded obligations	**78 259**	**12**	**-**	**78 271**	**125 629**	**10**	**29**	**125 668**
Present value of unfunded obligations	24 742	1 161	11 017	36 920	36 692	1 617	19 365	57 674
Reclassification liabilities held for sale	(348)	-	-	(348)	-	-	-	-
Total defined benefit liabilities/(assets)	**102 653**	**1 173**	**11 017**	**114 843**	**162 321**	**1 627**	**19 394**	**183 342**
Liabilities	102 653	1 173	11 017	114 843	162 321	1 627	19 394	183 342
(Assets)	-	-	-	-	-	-	-	-
Net liability at 31 December	**102 653**	**1 173**	**11 017**	**114 843**	**162 321**	**1 627**	**19 394**	**183 342**

Movements in the net liability for defined benefit obligations recognised in the statement of financial position

In thousands of euro	2018				2017			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January	**162 321**	**1 627**	**19 394**	**183 342**	**172 539**	**1 962**	**6 118**	**180 619**
Contributions by employer	(26 615)	(390)	(3 273)	(30 278)	(17 928)	(330)	(929)	(19 187)
Expense (income) recognised in the statement of profit or loss	(11 826)	(65)	(11 421)	(23 312)	16 737	176	14 931	31 844
Remeasurements loss (gain) included in OCI	(24 343)	-	-	(24 343)	3 238	-	-	3 238
Reclassification liabilities held for sale	(348)	-	-	(348)	-	-	-	-
Business combinations	700	-	6 411	7 111	-	-	-	-
Other movements	282	-	(85)	197	535	(180)	(763)	(408)
Exchange differences	2 482	1	(9)	2 474	(12 800)	(1)	37	(12 764)
At 31 December	**102 653**	**1 173**	**11 017**	**114 843**	**162 321**	**1 627**	**19 394**	**183 342**

Changes in the present value of the defined benefit obligations

In thousands of euro		**2018**				**2017**			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		**629 398**	**1 665**	**19 540**	**650 603**	**660 453**	**1 995**	**6 913**	**669 361**
Service cost		10 359	10	(11 616)	(1 247)	11 383	10	14 927	26 320
Interest cost	13	17 616	(1)	28	17 643	17 604	1	18	17 623
Benefits paid		(43 849)	(382)	(3 272)	(47 503)	(27 949)	(283)	(929)	(29 161)
Actuarial losses (gains)		(41 777)	24	8	(41 745)	11 329	(108)	(20)	11 201
Past service cost		3 120	(98)	188	3 210	77	234	-	311
Losses (gains) on curtailments		(30 147)	-	(29)	(30 176)	-	-	-	-
Business combinations		7 454	-	6 411	13 865	-	-	-	-
Other movements		307	-	(86)	221	1 015	(180)	(1 400)	(565)
Exchange differences		(2 452)	4	(9)	(2 457)	(44 514)	(4)	31	(44 487)
At 31 December		**550 029**	**1 222**	**11 163**	**562 414**	**629 398**	**1 665**	**19 540**	**650 603**

The specification of the actuarial gains and losses for 2018 is the following:

In thousands of euro	**2018**	**2017**
Experience adjustments	4 130	(4 140)
Changes in demographic assumptions	(637)	(6 519)
Changes financial assumptions	(45 238)	21 860
Total	**(41 745)**	**11 201**

Total actuarial gains and losses were €41.7 million negative, mainly arising from the change in financial assumptions in the UK and US (€45.2 million).

Changes in the fair value of plan assets

In thousands of euro		**2018**				**2017**			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		**(467 077)**	**(38)**	**(146)**	**(467 261)**	**(487 914)**	**(33)**	**(795)**	**(488 742)**
Return on plan assets	13	(13 182)	-	-	(13 182)	(13 138)	-	-	(13 138)
Actuarial (gains) losses		17 434	-	-	17 434	(8 091)	(1)	5	(8 087)
Administration costs		408	-	-	408	815	40	-	855
Assets distributed on settlements		-	-	-	-	(4)	-	-	(4)
Contributions by employer and employee		(26 615)	(391)	(3 272)	(30 278)	(17 586)	(330)	(1 271)	(19 187)
Benefits paid		43 849	382	3 272	47 503	27 607	283	1 271	29 161
Reclassification liabilities held for sale		(348)	-	-	(348)	-	-	-	-
Business combinations		(6 754)	-	-	(6 754)	-	-	-	-
Other movements		(25)	1	-	(24)	(480)	-	638	158
Exchange differences		4 934	(3)	-	4 931	31 714	3	6	31 723
At 31 December		**(447 376)**	**(49)**	**(146)**	**(447 571)**	**(467 077)**	**(38)**	**(146)**	**(467 261)**

Expense recognised in profit or loss

In thousands of euro		**2018**				**2017**			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Current service cost (net of employee contributions)	12	10 359	10	(11 616)	(1 247)	11 379	10	14 927	26 316
Administrative costs	12	408	-	-	408	815	40	-	855
Interest cost	13	17 616	(1)	28	17 643	17 604	1	18	17 623
Return on plan assets	13	(13 182)	-	-	(13 182)	(13 138)	-	-	(13 138)
Actuarial (gains) losses recognised in the period	12	N/A	24	8	32	N/A	(109)	(14)	(123)
Past service cost	12	3 120	(98)	188	3 210	77	234	-	311
(Gains) losses on curtailments & settlements		(30 147)	-	(29)	(30 176)	-	-	-	-
Total		**(11 826)**	**(65)**	**(11 421)**	**(23 312)**	**16 737**	**176**	**14 931**	**31 844**

Comment on results post-employment benefits

During 2018, 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 increased to around 81 percent (2017: 74 percent). This results from the evolution of the DBO and is due to the interest cost and service cost during 2018 (€28.0 million), the integration of the business combination (€7.5 million) and the positive effects of actuarial gains (€41.8 million) and gains on curtailments (€30.1 million), while the evolution of the assets is mainly due to the employer contributions (€26.6 million) and the integration of the business combination (€6.8 million), next to the real loss on plan assets (€4.3 million) and positive exchange differences (€4.9 million). The amounts at both sides are therefore not similar taking into account the amounts involved (plan assets of about €447 million against a DBO of about €550 million).

The Defined Benefit Liability has decreased during the year from €162.3 million to €102.7 million which is mainly due to the positive effect of the employer contributions (€26.6 million), the expenses recognised in the income statement (€11.8 million) and the remeasurement gain included in OCI (€24.3 million).

Expected benefit payments

In thousands of euro	Post-employment benefits	Termination benefits	Other	Total
Expected benefit payments due within 1 year	12 229	336	165	12 730
Expected benefit payments due between 2-5 years	55 228	776	448	56 452
Expected benefit payments due between 6-10 years	77 095	49	529	77 673

Disaggregation fair values plan assets

The average weighing of the assets by the various asset categories are shown below (72.2 percent of the assets are quoted):

	2018	2017
Government bonds	8.12%	9.38%
Corporate bonds	12.89%	15.99%
Equity	10.35%	15.73%
Cash	2.69%	3.62%
Property	3.84%	3.64%
Insurance contracts	18.06%	16.58%
Other	44.05%	35.05%
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 2018 amounts to €4.3 million negative or -0.9 percent (2017: €21.2 million positive or 4.3 percent).

Significant actuarial assumptions

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

	2018	2017
Discount rate	3.24%	2.83%
Rate of salary increases	2.17%	2.24%
Inflation rate	2.17%	2.61%
Medical trend rate	4.50%	4.67%
Pension increase rate	2.93%	2.69%

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 2019 amounts to €26.6 million (2018: €14.3 million). The average duration of the defined benefit plan obligation at the end of the reporting period is 15 years (2017: 16 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	2018		2017	
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	535	(622)	622	(611)
Effect on the defined benefit obligation	20 068	(21 270)	23 406	(24 792)
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	393	(358)	289	(278)
Effect on the defined benefit obligation	10 564	(10 307)	10 482	(10 251)
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	25	(24)	52	(49)
Effect on the defined benefit obligation	316	(302)	585	(560)

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	2018	2017	2016	2015	2014	2013
Present value of the defined benefit obligations	(562 414)	(650 603)	(669 361)	(662 989)	(630 060)	(527 855)
Fair value of plan assets	447 571	467 261	488 742	507 317	472 594	405 916
Deficit in the plans	(114 843)	(183 342)	(180 619)	(155 672)	(157 466)	(121 939)
Experience adjustments: (increase)/decrease plan liabilities	(4 130)	4 140	(9 213)	(4 161)	6 299	(1 842)
Experience adjustments: increase/(decrease) plan assets	(17 434)	8 087	48 677	(14 802)	23 132	17 836

28. PROVISIONS

In thousands of euro	Note	Warranties and onerous contracts	Restructuring plans	Site restoration and plant demolition	Penalties, legal claims and other	2018	2017
Balance at 1 January		**1 166**	**12 240**	**338 164**	**22 293**	**373 863**	**285 973**
Movements through P&L		**27**	**37 779**	**30 484**	**4 800**	**73 090**	**42 090**
Additional provision	8, 10	27	37 955	24 281	5 110	67 373	30 589
Unused amounts reversed	8	-	(371)	(4 031)	(456)	(4 858)	(6 669)
Revisions due to change of discount rate and inflation rate	13	-	-	(1 602)	67	(1 535)	10 334
Unwinding of the discount rate	13	-	195	11 836	79	12 110	7 836
Other movements		**(775)**	**(10 697)**	**(38 035)**	**(10 991)**	**(60 498)**	**45 800**
Business combinations	3	-	-	20 793	-	20 793	1 699
Disposals		-	-	-	-	-	(7 684)
Addional provisions (variation of the asset component)	16	-	-	(12 594)	-	(12 594)	95 655
Provision used during the period		(632)	(9 442)	(23 843)	(8 028)	(41 945)	(24 284)
Exchange difference		15	(963)	(8 580)	(667)	(10 195)	(15 180)
Transfers		-	141	2 249	(163)	2 227	(4 407)
Reclassification liabilities held for sale	11	(158)	(433)	(16 060)	(2 133)	(18 784)	-
Balance at 31 December		**418**	**39 322**	**330 613**	**16 102**	**386 455**	**373 863**
Current		43	31 995	41 575	8 799	82 412	49 304
Non-current		375	7 327	289 038	7 303	304 043	324 559

Restructuring plans

The increase in provisions for restructuring plans can be mainly explained by the additional restructuring provisions that have been recognised for €38.0 million in respect of restructuring programs mainly in North America, Australia, South America and Asia - see note 10 *Other operating expenses*.
During 2018, €41.9 million of provisions has been used, mainly in North America, Australia and Europe.

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.

2018	Currency	Discount rates 10Y	Inflation rates
Argentina	ARS	28.50	11.70
Australia	AUD	4.71	2.48
Belgium	EUR	2.74	1.88
Brazil	BRL	12.28	4.08
Canada	CAD	4.15	2.10
Finland	EUR	2.61	1.88
France	EUR	2.77	1.75
Germany	EUR	2.46	2.27
Italy	EUR	4.16	1.52
Malaysia	MYR	6.02	2.56
Mexico	MXN	9.46	3.09
Netherlands	EUR	2.58	2.29
Norway	NOK	3.73	1.97
Portugal	EUR	3.98	1.86
Russia	RUB	9.50	3.92
Spain	EUR	3.44	1.76
Sweden	SEK	2.73	1.88
Turkey	TRY	15.03	8.90
UK	GBP	3.34	2.07
Ukraine	UAH	17.98	6.18
United States	USD	4.66	2.15

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.

I. Contingencies

The group has different contingencies. These are described under note 34 *Contingencies*.

II. Penalties, legal claims and other

Provisions for penalties, legal and other claims are mainly related to Europe and South America. In 2018 the Group has recognised an additional provision of €5.1 million for fines and litigations, consisting of various small additions.

29. TRADE AND OTHER PAYABLES

Non-current trade and other payables

In thousands of euro	Note	2018	2017
Deferred consideration on acquisitions		168	169
Other payables		30	1 615
Trade and Other Payables - Non-current	31	**198**	**1 784**

Current trade and other payables

In thousands of euro	Note	2018	2017
Trade payables		352 985	279 050
Unearned revenues and advances		11 456	4 131
Other payables		99 116	56 295
Interest payable		620	2 200
Non-income tax payables		31 089	13 823
Accrued liabilities		103 194	115 814
Trade and Other Payables - Current	31	**598 460**	**471 313**

30. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other non-current liabilities

In thousands of euro	Note	2018	2017
Cash flow hedge, negative fair value	31	3 596	854
Other, negative fair value	31	-	105
Derivative financial instruments		**3 596**	**959**
Government grants		13 601	12 304
Other		19 466	2 689
Other Liabilities - Non-current		**36 663**	**15 952**

Other current liabilities

In thousands of euro	Note	2018	2017
Cash flow hedge, negative fair value	31	338	-
Other, negative fair value	31	3 786	8 220
Derivative financial instruments		**4 124**	**8 220**
Other		2 976	2 174
Other Liabilities - Current		**7 100**	**10 394**

Other non-current liabilities of the Group were €36.7 million, mainly relating to government grants (€13.6 million) for railroad works in the US and to Health and safety, production improvement and R&D grants. The cash flow hedge with negative fair value relates to Covia (€3.6 million).

Other current liabilities of the Group were €7.1 million (2017: €10.4 million) and mainly consist of fair value derivatives for hedging operational risk.

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 a significant portion 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	Note	2018	
		Gross	**Impairment**
Not past due		360 742	2 523
Past due 0 - 90 days		105 919	805
Past due 91 - one year		16 351	8 360
More than one year		2 647	2 357
Trade Receivables	23	**485 659**	**14 045**

In thousands of euro	Note	2017	
		Gross	**Impairment**
Not past due		353 110	2 469
Past due 0 - 120 days		101 328	811
Past due 120 days - one year		13 624	6 260
More than one year		2 473	2 473
Trade Receivables	23	**470 535**	**12 013**

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 euro	Note	2018	2017
Balance at 1 January		**12 013**	**12 740**
Adjustments on prior year		-	258
Impairment loss recognised	8	3 008	1 837
Allowances used during the period		(1 744)	(2 055)
Exchange differences		(64)	(701)
Reclassification assets held for sale		(237)	-
Scope changes		1 069	(66)
Balance at 31 December	23	**14 045**	**12 013**

Liquidity risk

For the Interest Rate Swaps the cash flows reported are based upon the future cash flow consideration as part of the fair value calculation. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		2018				
In thousands of euro	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	26	1 451 969	(1 848 161)	(109 294)	(369 665)	(1 369 202)
Amortizing Sydicated Loan	26	142 857	(144 320)	(29 017)	(115 303)	-
Finance lease obligations	26	8 918	(8 918)	(4 668)	(4 251)	-
Other loans & borrowings	26	9 028	(11 346)	(1 663)	(9 372)	(311)
Bank overdrafts	26	40 669	(41 713)	(41 713)	-	-
Total		**1 653 441**	**(2 054 458)**	**(186 355)**	**(498 591)**	**(1 369 513)**
Derivative financial liabilities						
Interest rate swaps - hedge accounting	30	3 934	(6 835)	(976)	(5 656)	(203)
Other forward exchange contracts - no hedge accounting	30	3 786	(3 587)	-	-	-
Outflow		-	(53 961)	(53 961)	-	-
Inflow		-	50 374	50 374	-	-
Total		**7 720**	**(14 009)**	**(4 563)**	**(5 656)**	**(203)**
Other financial liabilities						
Trade and other payables	29	598 658	(598 658)	(598 460)	(198)	-
Total		**598 658**	**(598 658)**	**(598 460)**	**(198)**	**-**

In thousands of euro	Note	2017 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)**	**(131 520)**	**(703 501)**	**(41 479)**
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)**	**-**

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	Note	2018 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	(3 934)	(6 835)	(976)	(5 656)	(203)
Total		**(3 934)**	**(6 835)**	**(976)**	**(5 656)**	**(203)**

In thousands of euro	Note	2017 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)**	**-**

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.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2018					2017				
In thousands of euro	EUR	USD	GBP	AUD	Other	EUR	USD	GBP	AUD	Other
Transactional Exposure										
Trade, other receivables and cash & cash equivalents	26 682	7 315	(183 408)	(71 786)	(8 204)	23 256	(198 252)	(57 363)	(101 812)	(28 273)
Interest bearing loans and borrowings	4 975	11 991	109 108	(4 731)	55 412	-	(15 466)	89 890	(131 101)	116 136
Trade and other payables	(50 849)	(31 699)	(2 680)	(65)	(16 332)	(28 707)	(44 582)	(5 541)	(2 134)	(6 862)
Gross balance sheet exposure	**(19 192)**	**(12 393)**	**(76 980)**	**(76 582)**	**30 876**	**(5 451)**	**(258 300)**	**26 986**	**(235 046)**	**81 001**
Forward exchange contracts	14 237	9 076	76 867	78 277	(45 269)	4 350	230 719	(24 720)	235 792	(73 476)
Total	**(4 955)**	**(3 317)**	**(113)**	**1 695**	**(14 393)**	**(1 101)**	**(27 581)**	**2 266**	**746**	**7 525**
Economical Exposure										
Estimated forecast sales/receivables	7 109	25 686	-	-	7 526	2 422	50 775	-	-	10 448
Estimated forecast purchases	(6 587)	(15 256)	(28)	-	(77)	(497)	(28 659)	-	-	(248)
Gross exposure	**522**	**10 430**	**(28)**	**-**	**7 449**	**1 925**	**22 116**	**-**	**-**	**10 200**
Forward exchange contracts	(3 246)	(11 797)	-	-	(7 910)	(2 000)	(21 294)	-	-	(10 200)
Total	**(2 724)**	**(1 367)**	**(28)**	**-**	**(461)**	**(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), (2017: 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 €697.8 million. Further the Group has a term loan at fixed rate for €71.0 million. In total this means that almost 50% of the debt is at fixed rate.
The Floating part is mainly influenced by changes in the USD Libor 3 months. A shift in interest rate of 1% has an impact of €8.3 million on interest result.

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 euro	Note	Carrying amount 2018	Fair value 2018 Level 2	Carrying amount 2017	Fair value 2017 Level 2
Private placement:					
Non-current	26	-	-	(488 763)	(506 318)
Current	26	-	-	-	-
Fixed rate financial liabilities :		-	-	-	-
Non-current	26	(57 143)	(57 143)	(71 428)	(71 428)
Current	26	(14 286)	(14 286)	(14 286)	(14 286)
Floating rate financial liabilties:		-	-	-	-
Non-current	26	(1 472 919)	(1 472 919)	(96 495)	(96 495)
Current	26	(100 175)	(100 175)	(105 529)	(105 259)
Interest rate swaps:		-	-	-	-
Assets		-	-	-	-
Liabilities	30	(3 934)	(3 934)	(854)	(854)
Forward exchange contracts:		-	-	-	-
Assets - hedge net financial position	19	1 950	1 950	3 539	3 539
Assets - hedge transactional and economical exposure	19	963	963	294	294
Liabilities - hedge net financial position	30	(2 941)	(2 941)	(7 439)	(7 439)
Liabilities - hedge transactional and economical exposure	30	(845)	(845)	(886)	(886)
Total		**(1 649 330)**	**(1 649 330)**	**(781 577)**	**(799 132)**

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	2018	2017
Less than one year	110 655	70 998
Between one and five years	292 703	173 655
More than five years	147 583	125 351
Total	**550 941**	**370 004**

In 2018, €101.3 million was recognised as an expense in profit or loss in respect of operating leases (2017: €77.7 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 and intangible assets amounting to €42.0 million (2017: €12.4 million), of which €24.9 million in Covia, €14.6 million in Europe, €1.8 million in Australia and €0.8 million in Asia.

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 accidental external contamination, with a recall of product as a consequence. We are confronted in relation to that incident with customer complaints and we are defendants in a limited number of court cases.

35. RELATED PARTIES

I. 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.

II. Transactions with equity accounted investees

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

2018

In thousands of euro	Sales	Purchases	Other costs	Accounts receivable	Accounts payable	Granted loans to associates	Dividends received from associates
Glassflake Ltd	60	-	-	15	1	-	-
SCI Les Granet	9	4	3	8	3	-	-
Maffei Sarda Silicati SRL	-	-	27	-	611	544	-
Ficarex SRO	-	-	-	-	-	-	727
Sklopisek Strelec AS	-	85	-	-	-	-	-
Dansand A/S	208	90	-	13	9	13	1 344
Total	**277**	**179**	**30**	**35**	**624**	**557**	**2 071**

2017

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
EDK Mineraçao S.A.	-	-	-	-	-	-	-
Total	**245**	**139**	**30**	**53**	**652**	**887**	**2 324**

The Group has outstanding loans to associates for an amount of €0.6 million (see note 19 *Financial assets*) and has received dividends from its associates for a total amount of €2.1 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 €5.6 million in 2018 (2017: €16.3 million), including 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 payments.

36. EXCHANGE RATES

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

	Closing rate		Average rate	
1 euro equals:	2018	2017	2018	2017
AED	4.2049	4.4045	4.3325	4.1476
ARS	43.1436	22.2998	32.8926	18.7303
AUD	1.6220	1.5346	1.5796	1.4734
BRL	4.4440	3.9729	4.3061	3.6060
CAD	1.5605	1.5039	1.5298	1.4651
CHF	1.2690	1.1702	1.1553	1.1118
CLP	793.5766	737.1500	756.9654	732.2800
CNY	7.8751	7.8044	7.8061	7.6297
COP	3 715.5250	3576.3100	3 487.0551	3 332.8200
CZK	25.7240	25.5350	25.6444	26.3248
DKK	7.4673	7.4449	7.4531	7.4387
EGP	20.4268	21.2636	20.9686	20.1023
GBP	0.8945	0.8872	0.8846	0.8765
HKD	8.9675	9.3720	9.2605	8.8056
HUF	320.9800	310.3300	318.7787	309.2051
IDR	16 580.745 0	16 248.1200	16 799.7742	15 119.1700
INR	79.7298	76.6055	80.7026	73.5181
JPY	125.8500	135.0100	130.4306	126.6976
KRW	1 279.1600	1 284.9296	1 298.9963	1 276.6100
MXN	22.4921	23.6612	22.7109	21.3254
MYR	4.7317	4.8536	4.7637	4.8524
NOK	9.9483	9.8403	9.5994	9.3299
NZD	1.7056	1.6850	1.7063	1.5901
PHP	60.2041	59.8811	62.2168	56.9743
PLN	4.3014	4.1770	4.2605	4.2563
RUB	79.7153	69.3920	74.0204	65.9299
SEK	10.2548	9.8438	10.2571	9.6362
SGD	1.5591	1.6024	1.5928	1.5588
THB	37.0520	39.1210	38.1684	38.2927
TND	3.4334	2.9454	3.1081	2.7196
TRY	6.0588	4.5464	5.6947	4.1203
TWD	34.9981	35.5736	35.5710	34.3323
UAH	31.7141	33.4954	32.1227	30.0389
USD	1.1450	1.1993	1.1816	1.1294
VND	26 552.5500	27 224.1100	27 184.6042	25 551.0510

37. SUBSEQUENT EVENTS

On 17 January 2019, the Group reached an agreement to sell Sibelco's lime and limestone assets in Asia, Australia and South America. This transaction is required to undergo a regulatory review process and meet customary closing conditions, which the Group anticipates completing around mid-year 2019.

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 euro	2018	2017
Total audit fees for SCR-Sibelco N.V. and its subsidiaries	5 220	5 256
Other audit-related services	1 773	1 190
Tax	241	436
Total	**7 234**	**6 882**

39. GROUP ENTITIES

Control of the Group

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

Consolidated companies. December 31. 2018	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.	Mercedes (AR)	100.00%
Minera Tea S.A.M.I.C.A. y F.	Buenos Aires (AR)	100.00%
Australia		
Sibelco 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%
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 Lime Australia 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		
Mineração Jundu Ltda	Descalvado (BR)	50.00%
Tansan Industria Quimica Ltda	Pedra di Indaia (BR)	100.00%
Unimin do Brasil Ltda	Barueri (BR)	100.00%
Unimin Mineração	Barueri (BR)	100.00%
Canada		
909273 Ontario Inc	Toronto (CA)	100.00%
Covia Canada Ltd.	Toronto (CA)	65.00%
Lake Shore Sand Company (Ontario) Ltd.	Hamilton (CA)	65.00%
Chile		
Cales El Volcan Limitada	Santiago (CL)	100.00%
Sibelco Chile Ltda	Santiago (CL)	100.00%
Transportes Cal SpA	Santiago (CL)	100.00%
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%
Santrol (Yixing) Proppant Co., Ltd.	Yixing (CH)	45.50%
Czech Republic		
Kaolin Hlubany AS	Podborany (CZ)	100.00%

Denmark		
Sibelco Nordic A/S	Rönne (DK)	100.00%
Covia Europe ApS	Fredericia (DK)	65.00%
Egypt		
Sibelco Egypt JSC	Caïro (EG)	100.00%
SinaBel for extracting and processing minerals	Cairo (EG)	49.00%
Finland		
Kalke Oy AB	Vihiti (FI)	100.00%
Sibelco Nordic OY AB	Nummela (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%
Sibelco Minerals 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	Jakarta (ID)	100.00%
Italy		
Ecopaté S.R.L.	Robilante (IT)	90.00%
Ecopiave S.R.L.	Venice (IT)	90.00%
Sibelco Italia S.p.A.	Robilante (IT)	100.00%
Japan		
Sibelco Japan Ltd	Nagoya (JP)	70.00%
Loa PDR		
Unichamp Lao Co 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 (M) Sdn Bhd	Petaling Jaya (MY)	88.00%
Ikatan Usaha Sdn Bhd	Petaling Jaya (MY)	100.00%
Sera Kekal Sdn Bhd	Kuala Lumpur (MY)	100.00%
Sibelco Malaysia Sdn Bhd	Pasir Gudang (MY)	100.00%
Sri Jaya Limestone Sdn Bhd	Kuantan (MY)	100.00%
Superior Lime Sdn Bhd	Petaling Jaya (MY)	100.00%
Tinex Kaolin Corporation Sdn Bhd	Kuala Lumpur (MY)	100.00%
Tinjau Makmur Sdn Bhd	Petaling Jaya (MY)	100.00%
Unichamp Mineral Sdn Bhd	Selangor (MY)	100.00%
Unichamp Resources Sdn Bhd	Petaling Jaya (MY)	100.00%
Mexico		
Fairmount Minerals Sales de Mexico, S. de R.L. de C.V.	Mexico City (MX)	65.00%
Grupo Materias Primas de Mexico S. de R.L. de C.V.	Monterrey (MX)	65.00%
Grupo Materias Primas, S. de R.L. de C.V.	Monterrey (MX)	65.00%
Materias Primas Minerales de Ahuazotepec S. de R.L. de C.V.	Monterrey (MX)	65.00%
Materias Primas Monterrey S. de R.L. de C.V.	Monterrey (MX)	65.00%
Santrol de Mexico, S. de R.L. de C.V.	Mexico City (MX)	65.00%
Netherlands		
Ankerpoort NV	Maastricht (NL)	100.00%
Ankersmit Maalbedrijven BV	Maastricht (NL)	100.00%
Ecomineraal BV	Maastricht (NL)	100.00%
Eurogrit BV	Vreeswijk (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	Papendrecht (NL)	100.00%

Watts Blake Bearne International Holdings BV	Amsterdam (NL)	100.00%
Winterwijksche Steen-en Kalkgroeve BV	Winterswijk (NL)	100.00%
World Ceramic Minerals BV	Maastricht (NL)	100.00%
Maasgrit B.V.	Maastricht (NL)	100.00%
New Zealand		
Sibelco New Zealand Ltd	Auckland (NZ)	100.00%
Norway		
Olivin AS	Rud (NO)	100.00%
Sibelco Nordic AS	Rud (NO)	100.00%
Philipines		
Unichamp Mineral Philippines Inc	Manila (MY)	80.00%
Poland		
Badger Mining sp.z.o.o.	Tomaszow Mazowiecki (PL)	100.00%
Sibelco Poland sp.z.o.o.	Gdansk (PL)	100.00%
Portugal		
Sibelco Portuguesa Lda	Rio Maior (PT)	100.00%
Russian Federation		
GOK Nebolchi LLC	Nebolchi (RU)	100.00%
Kvarsevye peski CJSC	Eganovo (RU)	99.04%
Nebolchi Quarry Entreprise CJSC	Nebolchi (RU)	100.00%
Ramenskiy GOK OJSC	Eganovo (RU)	99.04%
Russian Mining Company CJSC	Nebochi (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%
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)	Chungnam (SK)	99.96%
Spain		
Sibelco Inversiones Argentina SL	Bilbao (ES)	100.00%
Sibelco Minerales Ceramicos SA	Castellon (ES)	100.00%
Sibelco Minerales SA	Bilbao (ES)	99.93%
Sibelco Participaciones SL	Bilbao (ES)	100.00%
Sibelco Ukrainian Trading SL	Barcelona (ES)	100.00%
Inversiones Indonesia S.L.	Bilbao (ES)	100.00%

Sweden		
Sibelco Nordic AB	Göteborg (SE)	100.00%
Sibelco Nordic Region AB	Göteborg (SE)	100.00%
Switzerland		
Sibelco Switzerland GmbH	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%
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)	48.36%
United Kingdom		
Blubberhouses Moor Ltd	Sandbach (UK)	100.00%
Ellastone Investments	Sandbach (UK)	100.00%
Fordath Ltd	Sandbach (UK)	100.00%
Ilamian Ltd	Sandbach (UK)	100.00%
Sibelco Minerals & Chemicals (Holdings) Ltd	Sandbach (UK)	100.00%
Sibelco UK 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		
Alpha Resins, LLC	Cleveland (Ohio, US)	65.00%
Best Sand Corporation	Cleveland (Ohio, US)	65.00%
Best Sand of Pennsylvania, Inc.	Cleveland (Ohio, US)	65.00%
Bison Merger SUB I, LLC	Wilmington (Delaware, US)	65.00%
Black Lab LLC	Cleveland (Ohio, US)	65.00%
Cheyenne Sand Corp.	Bingham Farm (Michigan, US)	65.00%
Construction Aggregates Corporation of Michigan, Inc.	Bingham Farm (Michigan, US)	65.00%
Covia Holdings Corporation	Wilmington (Delaware, US)	65.00%
Covia Lime LLC (d/b/a Southern Lime)	Wilmington (Delaware, US)	65.00%
Covia Specialty Minerals Inc.	Wilmington (Delaware, US)	65.00%
Fairmount Logistics LLC	Dallas (Texas, US)	65.00%
Fairmount Minerals, LLC	Cleveland (Ohio, US)	65.00%
Fairmount Santrol Inc. (f/k/a Fairmount Minerals, Ltd.)	Wilmington (Delaware, US)	65.00%
FML Resin, LLC	Cleveland (Ohio, US)	65.00%
FML Sand, LLC	Cleveland (Ohio, US)	65.00%
FML Terminal Logistics, LLC	Cleveland (Ohio, US)	65.00%
FMSA Inc. (f/k/a Fairmount Minerals Holdings, Inc.)	Wilmington (Delaware, US)	65.00%
Mineral Visions Inc.	Cleveland (Ohio, US)	65.00%
Self-Suspending Proppant LLC	Wilmington (Delaware, US)	65.00%
Shakopee Sand LLC	Minneapolis (Minnesota, US)	65.00%
Sibelco North America, Inc	Charlotte (North Carolina, US)	100.00%
Specialty Sands, Inc.	Bingham Farm (Michigan, US)	65.00%
Standard Sand Corporation	Bingham Farm (Michigan, US)	65.00%
Technimat LLC	Cleveland (Ohio, US)	58.50%
TechniSand, Inc.	Wilmington (Delaware, US)	65.00%
Unimin Finance Company LLC	Wilmington (Delaware, US)	65.00%
Unisil Corporation	Jersey City (New Jersey, US)	65.00%
Wedron Silica Company	Cleveland (Ohio, US)	65.00%
West Texas Housing LLC	Wilmington (Delaware, US)	65.00%
Wexford Sand Co.	Bingham Farm (Michigan, US)	65.00%
Winchester & Western Railroad Company	Wilmington (Delaware, US)	65.00%
Wisconsin Industrial Sand Company, L.L.C.	Wilmington (Delaware, US)	65.00%
Wisconsin Specialty Sands, Inc.	Dallas (Texas, US)	65.00%

Equity accounted investees , December 31, 2018	Registered seat/location	Effective interest %
Brazil		
Jundu Nordeste Mineracao Ltda	Descalvado (BR)	50.00%
Portsmouth Participações Ltda	Descalvado (BR)	50.00%
Czech Republic		
Ficarex SRO	Teplice (CZ)	50.00%
Sklopisek Strelec AS	Mladejov (CZ)	32.55%
Denmark		
Dansand A/S	Silkeborg (DK)	50.00%
France		
SCI Les Granet	Cayeux Sur Mer (FR)	33.33%
Italy		
Maffei Sarda Silicati SRL	Florinas (IT)	49.90%
United Kingdom		
Exilica	Covnetry (UK)	30.70%
Glassflake Ltd	Leeds (UK)	25.10%
Prestige Sports Surfaces Ltd	Birmingham (UK)	50.00%
Glassflake Ltd	Leeds (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 2018 TO THE STATUTORY GENERAL MEETING OF SHAREHOLDERS OF SCR-SIBELCO NV TO BE HELD ON 17 APRIL 2019.

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the financial statements for the financial year ended 31 December 2018 and reporting on the activities of the Company and its subsidiaries. For the financial year 2018, 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-based global leader in material solutions. The company sources, transforms and distributes an extensive portfolio of specialty industrial minerals. Sibelco's solutions support the progress of modern life and serve industries as diverse as glass, ceramics, construction, coatings, polymers, metals, agriculture and water purification. In addition, Sibelco is a majority shareholder in Covia, a leading NYSE-listed provider of minerals and material solutions for the industrial and energy markets in North America. The Sibelco Group operates 195 production sites in 34 countries*, with a team of some 10 500 people.

**Sibelco has a presence in 42 countries in total.*

FINANCIAL RESULTS OF THE GROUP

	2018	2017	% Difference 2018 vs 2017
Consolidated results			
Revenue	**3 521 130**	3 083 004	**14%**
EBITDA	**651 687**	541 429	**20%**
Recurring EBIT	**328 878**	282 690	**16%**
EBIT	**(67 522)**	157 449	**(143%)**
Net result (share of the Group)	**(126 079)**	95 818	**(232%)**
Recurring net result	**173 456**	212 544	**(18%)**
Cash flows			
Free operating cash flow	**134 225**	314 896	**(57%)**
Recurring free operating cash flow	**436 607**	409 004	**7%**
Funding (at year end)			
Net debt	**1 390 721**	646 620	**(115%)**
Net debt / adj EBITDA ratio[1,2]	**1.84**	1.19	**(54%)**

[1] *The 2018 adjusted EBITDA for 2018 is EUR 757 million. We add the 5 first months of Fairmount, being EUR 105 million to our EBITDA of 652 million.*
[2] *Net debt excluding Covia amounts to EUR 89 million with a net debt/adj. EBITDA ratio of 0,18.*

2018 marked the midway point in the execution of Sibelco's Vision 2020 strategy and our ambition to become *the best global material solutions company, market-driven, operationally excellent, with a compelling culture.*

We made good progress across all aspects of our strategy over the course of the year. The merger of our North American Unimin activities with those of Fairmount Santrol was finalised with the launch of Covia on 1st June, creating one of the world's leading providers of high-performance material solutions for the energy and industrial markets. The creation of Covia (which is 65% Sibelco-owned) signified a key milestone on our journey and was the culmination of many months of intensive teamwork across countries and functions. In early 2019 we also reached an agreement to sell our lime and limestone assets to Graymont and Grupo Calidra, a transaction that further increases Sibelco's portfolio focus and adds flexibility for future growth opportunities.

In 2018 we added the final elements to a new operating model. This model is built around our Global Business Units and Business Lines to ensure a strong market focus, whilst Global Functional Support Teams drive efficiency and effectiveness in everything we do. A sharp focus on excellence continues to deliver positive results via our global value program built around operations optimisation, commercial excellence, procurement excellence and supply chain management. This year we began to expand the program into other functional domains to help us create an even leaner, more responsive business.

FINANCIAL PERFORMANCE

Our group consolidated revenue reached EUR 3.5 billion compared to EUR 3.1 billion in 2017, an increase of EUR 438 million or 14%. This increase is partly explained by the incorporation of the former assets and business activities of Fairmount as of June 2018.

At the beginning of 2018 we implemented a new market-focused business structure based on four business units – Build Environment, Coatings, Polymers & Chemical Solutions, Glass Solutions and Water & Environmental Solutions. In addition, the activities of Covia are also incorporated in the Sibelco Group results.

BUILD ENVIRONMENT

Revenues in the Build Environment business unit reached EUR 888 million. This represented an almost 3% increase on 2017.

Business Line Sanitaryware & Structural Ceramics, benefited from the continued growth in the global ceramics market in 2018, driven by the increased pace of urbanisation and a buoyant construction sector.

In Business Line Tiles, Engobes & Engineered Stone, the ongoing consumer trend for large-format white tiles once again saw high demand for Sibelco's plastic clays and feldspars. Continued growth in the engineered stone market ensured that Sibelco's cristobalite production facilities once more operated at full capacity throughout the year. Sales in the Metallurgy business were robust and in line with expectations. The Optimised Materials business experienced a slowdown in demand from the agricultural and energy sectors counterbalanced by increased sales for construction applications in Europe.

COATINGS, POLYMERS & CHEMICAL SOLUTIONS

The Coatings, Polymers & Chemical Solutions business unit recorded revenues of EUR 244 million, 8% lower than in 2017.

Sales in Business Line Coatings showed a contrasting regional evolution. Sales in Asia and South America were lower as a result of slower economic growth and increased competition while sales evolved positively in the European and North American markets.

Working closely with customers across a range of segments and regions, Sibelco saw a significant increase in demand for ATH (alumina trihydrate), wollastonite and nepheline. Revenues grew in Business Line Polymers with particularly strong performance in flame retardants. Sales in Business Line Chemicals increased, due mainly to growing demand for Sibelco's kaolin in the paper market, and for mineral sands in the pigments sector.

GLASS SOLUTIONS

Glass Solutions delivered a solid performance across all sectors. Revenues reached EUR 463 million which was almost 3% higher than in 2017.

Business Line Float Glass maintained a steady performance throughout the year in a highly-competitive market. Sales in Business Line Container Glass were also solid with a stronger than expected performance in Russia. Growth in the Business Line Display Glass continued, driven by the ongoing trend towards larger TV screens. Sales in the Business Line Fibreglass & Speciality Glass were significantly up on 2017. This was driven by demand for fibreglass in the wind turbine, automotive and electronics markets, whilst the increase in specialty glass was fuelled by growing demand for lithium-bearing minerals for ceramic-glass cooker tops. The Business Line High Purity Glass benefited from strong demand for high-end solutions such as monocrystalline solar panels and semiconductors.

WATER & ENVIRONMENTAL SOLUTIONS

The Water & Environmental Solutions Business Unit grew its market presence in 2018. Revenues reached EUR 108.6 million, 4% lower than in 2017.

The reduction in revenues was attributable to a change in operational scope in the abrasives business. Business Line Filtration & Performance Reactants delivered a strong performance in an expanding global market for water treatment. Sibelco increased sales from its existing product portfolio of calibrated sands and made progress in the development of innovative new specialty solutions focused on the removal of specific water pollutants such as organics, pharmaceuticals and metals. Business Line Recycling also delivered a solid performance in 2018, despite a number of industry-specific challenges in the waste processing sector (including waste sourcing, regulatory changes and high capital intensity).

COVIA

Revenue for Covia was EUR 1 873 million and consists of the combined revenues of the merged Unimin- Fairmount Santrol business from June 2018.

While 2018 started off well, the second half proved to be a challenging year for Covia in the US energy market due to overcapacity in proppant supply as a result of oil operators in the Permian Basin switching away from Northern White sand in favour of regional sand. Both of these factors had an impact on volumes and revenues in the second half of the year. The volatility of the energy sector contrasted with a steady performance across Covia's industrial markets which include foundry, building products, ceramics, sports and recreation, water filtration and glass.

EBITDA

2018 EBITDA for Sibelco Group reached EUR 652 million, EUR 111 million higher than in 2017. Part of the increase is attributable to the integration of the results of the Covia activities. In addition the remainder was driven primarily by the improved performance of our Lime & Limestone, Mineral Sands and Magnesia operations in Australia, Asia and South America.

NET RESULT

Net loss for the year was EUR 177 million. However, on a "recurring" basis (excluding one-off events) we would show a net profit of EUR 173 million. The share of the Group in the net loss was EUR 126 million.

The total result of the group was negatively impacted by EUR 396 million non-recurring items. The main portion of these non-recurring items were non-cash in nature and comprised impairments to goodwill booked as part of the Unimin-Fairmount Santrol merger. These impairments were triggered by the negative evolution of the energy market in North America. Other non-recurring results included transaction costs related to the Unimin-Fairmount Santrol merger, restructuring costs and "make whole" costs for the early repayment of loans triggered by the Covia transaction.

CASH FLOW AND FUNDING

Free Operating Cash Flow (FOCF) was EUR 134 million, impacted by EUR 358 million Capex.

On a recurring basis Recurring FOCF was EUR 437 million.

Our net debt increase of current activities for the year was EUR 185 million, being additionally impacted by the interest payments and dividend payments of the year, and by EUR 236 million cash and transaction costs related to the Unimin - Fairmount Santrol merger.

Our net financial debt position at the end of 2018 was EUR 1 391 million, compared to EUR 647 million at the end of 2017. The increase was due to the inclusion of Fairmount Santrols's net debt position at the moment of the transaction, being EUR 540 million, as well as the net increase of our activities for the year (EUR 334 million) and some FX impacts.

As a consequence the net debt to EBITDA ratio (at constant scope) increased to 1.84.

In 2018, the group divested its shareholdings in Velikodvorskie peski LLC (Russia), for a total consideration of EUR 2 million.

The group invested EUR 231 million in growth capex –including expansion projects in Covia (Texas, Oklahoma and Canoitas, Mexico), a new as well as Sibelco's new silica plant in Turkey and a new hydrator in Galong (Australia). Additionally, we have spent EUR 149 million cash for the merger transaction with Fairmount Santrol.

LOOKING AHEAD

With most of the building blocks of a global and market-focused organisation now in place, our focus in 2019 will be on driving further improvements in performance in the Sibelco Group. Long term trends remain favorable for Sibelco's industrial minerals businesses across all markets and regions. However, we expect the margin pressure in the US frac sand market to continue as a result of general overcapacity and the replacement of Northern White sand by local sands.

In terms of operational scope, we will continue to screen for potential acquisition targets during 2019 and we also expect to close the sale of our Lime & Limestone business towards the middle of the year – subject to regulatory review and customary closing conditions. Based on the terms of a multi-stakeholder agreement we will actively manage the last year of our mineral sands operation on North Stradbroke Island, Australia, and we will prepare for a well-managed closure and restoration of the activities on the island.

TECHNOLOGY & INNOVATION

Technology and innovation (T&I) plays a central role in Sibelco's growth strategy as the company looks to develop its portfolio of material solutions with new value-added technologies, mineral functionalities and business models to meet the customers' changing needs. Technology & Innovation (T&I) serves our business by providing integrated global networks of laboratories and specialists to support Sibelco's operations, sales teams and customers. At the end or 2018 Sibelco operated 20 technical centres around the globe.

In light of Sibelco's move to a global organization, T&I progressively developed and adapted a new structure during 2018 to provide even stronger support for Sibelco's growth ambitions for Vision 2020 and beyond. This was organized around three innovation domains. The first is the Process Technology Platform, which is about securing and improving Sibelco's traditional minerals business through the most efficient and effective exploration, processing and plant technologies. This supports the 'operationally excellent' element of Vision 2020. The second domain is the Advanced Materials Platform, through which we are extending our traditional minerals business in line with our Vision to become a leading material solutions provider, for example in polymers, coatings, construction and electronics.

Our third domain is the Business Innovation Platform - this is about creating new business models utilising both internal and external know-how. 'Intrapreneurship' is important within this third platform, which means supporting small teams of employees with entrepreneurial ideas and talent to turn concepts into new business streams within what we call the Technology & Innovation Business Incubator. Through the Incubator we are also leveraging external know-how with corporate venturing focused on innovative start-ups that fit with our business strategies, and new technology platforms.

Each of our fifteen Business Lines developed T&I roadmaps in 2018.

The company further grew its innovation community made up of over 350 people from different business functions, connected via a dedicated web-based innovation portal through which we share ideas, information and resources.

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 advice 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. Furthermore, 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. This international coverage enables enable us to benefit from optimal terms and conditions while optimising costs. All international insurance coverage is of the "all risks except" type and is 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.
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 2018, at the level of the different corporate bodies of the company.

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 Board and Governance Rules, the following powers 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 2018, the Board of Directors convened six times.

Election of Board members and Composition of the Board

Members of the Board are appointed for a period of three years.
In April 2018, the mandate of M. Frans Corpeleijn was not renewed and came to an end during the Ordinary General Assembly. The Board expressed its gratitude towards Mr. Frans Corpeleijn for the decades of valued dedication and contribution to its work and to the development of the Company.
The mandates of Calavon Finance SAS, having as permanent representative M. Jean-Pierre Labroue, IDw Consult bvba, having as permanent representative M. Bert De Graeve, Mrs. France de Sadeleer and M. Walter Emsens were renewed for another term of 3 years.
Mrs. Lilia Jolibois was newly elected as a Board Member for a term of 3 years.
Due to these changes, the composition of the Board of Directors of SCR-Sibelco NV as per 31 December 2018 was as follows:

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

Honorary Chairmen

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

Audit Committee

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

1. monitor the financial reporting process;
2. monitor the effectiveness of the company's system of internal control and risk management;
3. monitor the internal audit function and its effectiveness;
4. 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;
5. 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 2018, 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: Calavon Finance SAS, having as permanent representative M. Jean-Pierre Labroue (Chairman of the Committee), Walter Emsens, Paul de Lasteyrie du Saillant and Evrard van Zuylen.
The Committee convened six 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 ensure sustainable returns for 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.

Following the transformational deal out of which was created Covia Holdings Corporation, M. Campbell Jones resigned from the Sibelco Executive Committee. Following this change, the composition of the Executive Committee looks as follows as per 31 December 2018:
- Jean-Luc DELEERSNYDER
  Chief Executive Officer
- Laurence BOENS
  Group General Counsel & Company Secretary
- Tom CUTBUSH
  Chief Operating Officer
- Kurt DECAT
  Chief Financial Officer
- John VAN PUT
  Chief Commercial Officer

All meetings of the ExCo were attended by Phil Dibley, Chief Human Resources Officer, 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.

Audit Function

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 2018, Minimum Internal Control Standards (MICS) were defined and rolled out for every function. As from 2019 Minimum Internal Control Standards will be assessed across the organisation through a bi-yearly self-assessment exercise.

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 focusses 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

On 17 January 2019, the Group reached an agreement to sell Sibelco's lime and limestone assets in Asia, Australia and South America. This transaction is required to undergo a regulatory review process and meet customary closing conditions, which the Group anticipates completing around mid-year 2019.

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.

Antwerp, 13 March 2019

Signed by the Members of the Board

Building a better working world

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Independent auditor's report to the general meeting of SCR-Sibelco NV for the year ended 31 December 2018

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 2018, 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 2018 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 following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2018. We have been performing the audit of the Consolidated Financial Statements during 6 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 2018, 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 2018 and the disclosures, which show a consolidated balance sheet total of € 5.442.026.000 and of which the consolidated statement of income shows a loss for the year of € 176.912.000.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, and of its consolidated results for the year then ended, prepared 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 to 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 and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of 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 objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and 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 resulting from fraud is higher than when such misstatements result from errors, 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 Company'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 the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within 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 Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Company 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 Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide reasonable assurance regarding the Board of Directors' report and other information included in the annual report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 134 of the Belgian Company Code were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- During the year, an interim dividend has been distributed in respect of which we have prepared the report in accordance with the legal requirements.
- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 19 March 2019

Ernst & Young Bedrijfsrevisoren CVBA
Statutory auditor
Represented by

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

19PR0025

STATUTORY FINANCIAL STATEMENTS 2018

BALANCE SHEET

as per 31 December 2018

Assets

In thousands of euro	2018	2017
FIXED ASSETS	**3 022 092**	**2 255 685**
Intangible assets	**15 438**	**18 780**
Tangible assets	**42 122**	**42 147**
Land and buildings	14 947	16 270
Plant, machinery and equipment	13 565	16 414
Furniture and vehicles	1 559	1 085
Other tangible assets	1 723	1 895
Assets under construction and advance payments	10 328	6 483
Financial assets	**2 964 532**	**2 194 758**
Affiliated enterprises	2 964 377	2 194 612
Participating interests	2 963 416	2 193 643
Amounts receivable	961	969
Other financial assets	155	146
Shares	98	97
Amounts receivable and cash guarantees	57	49
CURRENT ASSETS	**114 741**	**153 036**
Stocks and contracts in progress	**4 569**	**3 853**
Stocks	4 569	3 853
Raw materials and consumables	2 277	1 626
Work in progress	124	125
Finished goods	1 861	1 994
Goods purchased for resale	42	38
Advance payments	265	70
Amounts receivable within one year	**90 273**	**121 606**
Trade debtors	77 748	78 685
Other amounts receivable	12 525	42 921
Investments	**6 613**	**5 673**
Own Shares	3 971	3 971
Other investments and deposits	2 642	1 702
Cash at bank and in hand	**7 198**	**7 536**
Deferred charges and accrued income	**6 088**	**14 368**
TOTAL ASSETS	**3 136 833**	**2 408 721**

BALANCE SHEET

as per 31 December 2018

Liabilities

In thousands of euro	2018	2017
CAPITAL AND RESERVES	**1 665 995**	**1 091 896**
Capital	**25 000**	**25 000**
Issued capital	25 000	25 000
Share premium account	**12**	**12**
Revaluation surplus	**641**	**641**
Reserves	**1 639 801**	**1 065 243**
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	1 613 730	1 039 172
Investment grants	**541**	**1 000**
PROVISIONS AND DEFERRED TAXATION	**3 831**	**4 147**
Provisions for liabilities and charges	**3 831**	**4 147**
Pensions and similar obligations	1 055	1 481
Environmental liabilities	2 776	2 666
CREDITORS	**1 467 007**	**1 312 678**
Amounts payable after more than one year	**350 936**	**385 099**
Financial debts	350 936	385 099
Other loans	350 936	385 099
Amounts payable within one year	**1 113 297**	**917 061**
Current portion of amounts payable after more than one year	569 685	679 426
Financial debts	14 725	109 110
Other loans	14 725	109 110
Trade debts	63 954	60 950
Suppliers	63 954	60 950
Taxes, remuneration and social security	15 591	16 473
Taxes	1 787	1 908
Remuneration and social security	13 804	14 565
Other amounts payable	449 342	51 102
Accrued charges and deferred income	**2 774**	**10 518**
TOTAL LIABILITIES	**3 136 833**	**2 408 721**

INCOME STATEMENT

from 1 January to 31 December 2018

In thousands of euro	2018	2017
Operating income	**197 039**	**193 997**
Turnover	124 582	115 526
Increase (+), decrease (-) in stocks of finished goods, work and contracts in progress	(133)	22
Produced fixed assets	1 831	4 399
Other operating income	70 743	73 818
Non-recurring operating income	16	232
Operating charges	**(223 403)**	**(192 152)**
Raw materials, consumables and goods for resale	16 796	15 680
Purchases	17 435	15 735
Increase (-), decrease (+) in stocks	(639)	(55)
Services and other goods	104 435	85 526
Remuneration, social security costs and pensions	39 240	43 110
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	14 821	10 433
Increase (+), decrease (-) in amounts written off stocks, contracts in progress and trade debtors	(13)	189
Increase (+), decrease (-) in provisions for liabilities and charges	(316)	(136)
Other operating charges	48 084	37 350
Non-recurring operating charges	356	0
Operating profit	**(26 364)**	**1 845**
Financial income	**777 479**	**150 861**
Income from financial fixed assets	62 444	81 884
Income from current assets	4 521	18 899
Other financial income	69 505	50 078
Non-recurring financial income	641 009	0
Financial charges	**(99 398)**	**(147 135)**
Interest and other debt charges	18 760	41 097
Other financial charges	69 592	50 075
Non-recurring financial charges	11 046	55 963
Profit on ordinary activities before taxes	**651 717**	**5 571**
Profit for the period before taxes	**651 717**	**5 571**
Income taxes	**(4)**	**110**
Income taxes	(31)	(27)
Adjustment of income taxes and write-back of tax provisions	27	137
Profit for the period	**651 713**	**5 681**
Profit for the period available for appropriation	**651 713**	**5 681**

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 2018 TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SCR-SIBELCO NV TO BE HELD ON 17 APRIL 2019.

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the statutory financial statements for the financial year ending 31 December 2018 and of reporting on the activities of the Company and its subsidiaries.
For the financial year 2018, 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 42 countries worldwide.
The financial year 2018 ends with a net profit of EUR 651 712 619 compared to EUR 5 680 685 in 2017. The increase of the net profit is explained by the added value realized through the merger between Unimin Corporation and Fairmount Santrol. Higher operational costs are attributed to the break fee related to ending the USPP and an important increase of IT costs.

BELGIAN OPERATING RESULT (EXCLUDING CORPORATE ACTIVITIES)

The revenue of 2018 increased by 7.84% to EUR 124 582 057 compared to EUR 115 526 189 in 2017.
During 2018, we invested an amount of EUR 11 471 477 mainly in IT projects and a water treatment installation in our Lommel site.

REAL ESTATE TRANSACTIONS

During the financial year 2018, no notable real estate transactions occurred.

TECHNOLOGY & INNOVATION

During the year, the global T&I function booked its further 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. 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 2018 the portfolio of financial investments of the mother company (SCR-Sibelco NV or Sibelco) increased by a total amount of EUR 769.8 million, mainly through the participation in the Covia and Sibelco North America transaction and through the subscription of capital increases in subsidiaries across different regions.
Our dividend income amounted to EUR 62 444 132 in 2018, compared to EUR 81 884 281 in 2017.
The purchase of Unimin Corporation shares on the one hand,

and the share exchange of Sibelco North America shares against Unimin Corporation shares on the other hand, led to a capital gain of EUR 634 024 311.

The total financial debts decreased by EUR 218.3 million to EUR 955.3 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 2018.

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 2018. 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 2018, no notable events have occurred.

PORTFOLIO OF OWN SHARES

At the end of December 2018, 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 35 164 shares or 7.48 % 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 2018, the Ordinary Annual Meeting of Shareholders will as a consequence take place on Wednesday 17 April 2019.

The Board of Directors of SCR-Sibelco NV invites the shareholders for the Annual General Meeting of Shareholders to be held on 17 April 2019 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 financial statements of the year 2018, statutory and consolidated
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. Nomination of auditors

For the conditions of admission to the ordinary general meeting of 17 April 2019, we refer to p. 97 of the published 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:

In euro	2018	2017
Reserves available for distribution	**574 558 077**	**(67 664 643)**
Gross dividend	**76 570 542**	**72 669 328**
Directors share of profit	**584 000**	**676 000**
Net income for the financial year	**651 712 619**	**5 680 685**

The proposed gross dividend amount of EUR 76 570 542 corresponds to a total dividend per share of EUR 162.86 which is higher than the dividend paid in 2018 for the 2017 financial year. On 10 October 2018, an interim dividend of EUR 62.86 gross per share was payable. Once approved at the shareholders meeting, the balance of the dividend of EUR 100.00 gross per share will be paid out as of 25 April 2019. The record date has been set on 24 April 2019. The System Paying Agent designated for the payment of the 2018 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 Cytifinance SA, perm. repr. M. Michel Delloye, M. Paul de Lasteyrie du Saillant, M. Jacques Emsens and M. Jean-Marc Ueberecken will expire at this Annual General Meeting. The mandates of M. Paul de Lasteyrie du Saillant and M. Jacques Emsens will not be renewed and come to an end at this Annual General Meeting. The Board wishes to thank M. Paul de Lasteyrie du Saillant and M. Jacques Emsens for their valued contribution and loyal dedication to the functioning of the Board over the past years.
The following Board members will present themselves to be re-elected as a Board member for a mandate of 3 years: Cytifinance SA, permanent representative M. Michel Delloye and M. Jean-Marc Ueberecken. Their renewed mandates will expire at the General Meeting of 2022.
It is proposed to elect Stalusa BVBA, permanent representative M. Jacques Emsens, as a new Board member for a mandate of 3 years which will expire at the General Meeting of 2022.
It is also proposed by the Board of Directors to elect M. Svein Brandtzæg as a new Board member for a mandate of 3 years which will expire at the General Meeting of 2022.
The Board was informed of the resignation of Mrs. Lilia Jolibois as Board Member of Sibelco, as per 17 April 2019. The Board wishes to thank Mrs. Lilia Jolibois for her valued contribution.
In order to fulfil this vacancy, the Board proposes to elect M. Stefan Borgas as a new Board member for a mandate of 3 years which will expire at the General Meeting of 2022.

The mandate of the external auditor, Ernst & Young, having as permanent representative M. Patrick Rottiers, coming to an end at the present General Assembly, and upon recommendation of the Audit Committee, the Board proposes to re-elect Ernst & Young for another term as external auditor of the company which mandate will expire at the General Meeting of 2022. Upon acknowledgment of the Audit Committee, EY confirms M. Patrick Rottiers and M. Christoph Oris as permanent representatives.

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, 13 March 2019

Signed by the Members of the Board

CONDITIONS FOR ADMISSION TO THE ORDINARY GENERAL MEETING OF 17 APRIL 2019

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 17 April 2019 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 12 April 2019, 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 12 April 2019 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 12 April 2019 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

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