



Campine NV

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

The original text of this report is in Dutch

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

(Annual accounts)

In the context of the statutory audit of the annual accounts of Campine NV (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 9 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2019. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the annual accounts of Campine NV for at least 20 consecutive periods.

Report on the audit of the financial statements

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2017 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 39,879 (000) EUR and the income statement shows a profit for the year ended of 3,958 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2017 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<p>Exposure of the economic performance to evolution in market prices</p> <p>The company's earnings are highly dependent on the market prices of raw materials and metals, which are subject to (significant) fluctuations because of changing supply and/or demand of raw materials and end products, or because of speculation on the market. This can affect the company's financial statements in the following areas:</p> <p><u>Inventory valuation:</u> Inventories are valued according to the FIFO method due to which they are closely aligned with the evolution of market prices. Consequently, significant price evolutions have a direct impact on the valuation of inventory.</p> <p>As a result of frequent price changes in the market, the company performs a monthly Lower of Cost or Market analysis. The provision for Lower of Cost or Market is mainly calculated on the raw materials and the byproducts as the finished goods are manufactured when a client order is received. During its analysis of the Lower of Cost or Market provision, the company reviews the valuation of its inventory against independent market benchmarks for lead and antimony prices.</p> <p>The valuation rules for inventory are further described in the overview of valuation rules in disclosure VOL 6.19 of the annual accounts.</p>	<p>During our audit procedures, we have performed the following with respect to inventory valuation:</p> <p><u>Inventory valuation:</u> We have reviewed the valuation of raw materials as well as the valuation of these raw materials in work in progress and finished goods in order to conclude on the correct valuation of the inventory following the FIFO principle.</p> <p>Additionally, we also verified the calculations and challenged the analyses and judgments made by management in determining the provision for Lower of Cost or Market against independent market benchmarks for lead and antimony prices.</p>

Responsibilities of the board of directors for the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the statutory auditor for the audit of the annual accounts

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

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

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

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code and the company's articles of association.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the annual accounts and compliance with certain obligations referred to in the Companies Code and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for the same year and it has been established in accordance with the requirements of article 95 and 96 of the Companies Code.

In the context of our statutory audit of the annual accounts we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express any kind of assurance on the directors' report.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Companies Code, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mandate.

Statements regarding independence

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

Other statements

- J Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- J The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- J We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code.
- J This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.

Antwerp, 13 April 2018

The statutory auditor

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Deloitte.

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