OUR MISSION

Shaping the bodies and minds of women

Our gratitude goes out to all of our employees. Their involvement in the realization of the company objectives and their dynamism enable us to achieve the reported results and to have confidence in the future.

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MARIE JO

1 | The year 2015

Message from the Chairman

Van de Velde has enjoyed 18 years of uninterrupted growth since the IPO in 1997. That has been a constant trend since 1945, with the exception of a brief period during the crisis in the 1970s.

A growth record like that is no fluke. It is the result of entrepreneurial spirit, hard work, intellectual insight, courage and the gift of making the right decisions when opportunities arise. Luck is also a factor, but one that is ranked below all those other things. It is the luck of sporting world champions who always have the best equipment and are always in the best physical and mental condition. It is not the luck of a gambler in a casino. It is not only wrong to make such a comparison but actually insulting. To the entrepreneur, to management and to the employees.

Van de Velde is facing some very big challenges. The primary reason why we are very successful is that we have achieved such a level of excellence in our core businesses and concepts that not a single direct competitor has been able to copy us. This is because we have a clear strategic vision, which we translate into operational excellence, leading in turn to outstanding financial efficiency.

That has made us neither arrogant nor reckless. Under-promise and over-deliver is part of our DNA. But we are proud of what we have achieved.

Martin Whitmarsh – CEO of McLaren F1 for 25 years, in which time the company grew from 100 to 3,000 employees – tells a story from his early years at British Aerospace. Due to the Falklands War, his team had five weeks and almost no money to convert Harrier jet fighters so that they could land and take off from an aircraft carrier. He managed it and not a single Harrier crashed. Without that state of urgency the process would no doubt have taken five years with endless committees, meetings, consultants, red tape and sky-high budget overruns.

Van de Velde is a company that is in a constant state of urgency. That is because we are a fashion company and our collections have to be ready on time every single season. 65% of our turnover is generated by products that did not exist six months earlier. The knowledge that things can go awry every six months teaches us to be modest. But it also makes us very strong, very thorough, disciplined, methodical and hardened against setbacks. We run, fall, get up and go again. Every day. Without losing sight of the long term.

Van de Velde is all about 'Sustainability' and 'Heritage'. Our 'Sustainability' is our capacity to continue our 'Heritage' unobstructed. Our state of mind is to continually upgrade the value scale of our products and services. In a creative, functional, purely technical, emotional and customer-oriented way.

Van de Velde is also about 'Focus'. In the early seventies I had a card on my desk with the text 'Simplicity is no Simple Thing'. The words are Charlie Chaplin's.

Passed on from one generation to the next that 'Simplicity is no Simple Thing' attitude has enabled us to get better and better at what we already did well and had a talent for. For that to succeed there must be a readiness to cut away everything that does not make a positive contribution, and to not accept that you need to take the bad with the good. Being able to say 'no', 'no' and 'no' again. And saying 'yes' only when the time is right and then going for it unflinchingly.

Simplicity is what should bring us to focus on the essence. Only that which is strictly necessary should be set down in rules and procedures. In a company everything that is not strictly necessary must be cut away; that is the only right way for a well functioning, affordable administration. It is the only right way to free up budgets and energy for creative projects that are truly innovative.

Today's economic world is controlled by 'Blur' and 'Disruption'. Is our attitude at odds with that? Not at all.

For consumers the range of products – the embarrassment of choice – on today's market is all an incredible blur. No wonder that the most successful companies are the ones that manage to clearly convey their range to consumers and to link it to a similarly clear brand identity. This is a basic reason why Van de Velde endeavours to build the strongest possible partnership with multi-brand shops and why we have set up our retail business unit. We now develop alternatives, but never in opposition to the interests of our independent multi-brand shops. Bottom line: we do not care whether a product is sold through an independent retailer, a franchise, one of our own stores or any other concept, as long as the fitting room is central. The shop is the final stage the product passes through before it reaches the consumer. Our number one priority is that consumers buy the product that meets their expectations fully, backed by service that offers added value, so that they are not left with any niggling doubts about their decision. In other words: the primary responsibility of our broad retail vision is removing the 'Blur'. That is a never-ending task that always adapts to modern techniques without neglecting the depth of consumer need.

'Disruption': however important our sustainability and heritage may be to us, we are not blind to the disruptive developments in our environment. But that is not really new. We have already survived a number of them. The first, life-threatening one concerned the relevance of our product. Two generations ago lingerie was still corsetry and the relevance of the product was one of 'decency and looking presentable'. The sixties turned that upside down. Bras were burned or in the best-case scenario downgraded to the status of functional underwear. By adding the aspects of luxury and fashion to the product we created a new relevance. That of self-indulgence and seduction. And we were back on track again.

Another highly radical disruption came in ready-to-wear clothes. It was one of the biggest branches of industry and unquestionably the biggest employer for women in our region after the Second World War. But business went global and Western Europe could no longer compete with the huge production capacity possibilities across the world. Labour costs were just one aspect of this. The pattern of social expectations and demographic factors, such as the falling birth rate, played a role. Needlework schools quickly started closing in every provincial town. There are none left now. Education and training went in other directions. The culture changed: no mother or father saw a future for their daughter in ready-to-wear clothes making.

Van de Velde adapted accordingly. Clothes production moved to the Far East and North Africa, although the parent company controlled every last detail by means of strict regulations and procedures. Because the primary policy demand is not simply delivering the highest quality, but also constantly raising the quality bar.

The enemy – disruption – is routine. The remedy is resilience. Internet has made knowledge and education accessible to all. No line of business can feel protected or safe. The government has no role to fulfil here. It should not protect industry. Companies need to develop from within the strength needed to survive in a disruptive society. If they cannot it is preferable that they die. However, the government must create an environment in which entrepreneurs want to work. In the past it has often shown that it can be an outstanding stimulator of tremendous economic growth. That is because it is able to set up large-scale infrastructure and macro-economic projects: in the 19th century the rail network in Europe; in the 20th NASA in the United States.

Once the government has created that context it must give entrepreneurs complete freedom to work. That is why Silicon Valley is in the United States and not in Eastern Europe.

Being an entrepreneur is about trying, failing and trying again. That has to be more than something you like doing, it is a 'Destiny'.

Entrepreneurs are doers. They do not know what the result will be when they start. They do not know what the likelihood of success is. But entrepreneurs are not speculators or gamblers. They do not do it for the money. However, the paradox is that they would not do it without the money. Those who do their best and take the risks deserve the prize. Those who go for it and get something back should be able to keep it. The right, the freedom and the incentive to create a business are inextricably linked to the right to property and the right to keep it. The entrepreneur must be able to use the money he earns as he sees fit. Being the boss, having the freedom to make decisions, is the soul of entrepreneurship. It is that freedom that makes society dynamic. That is where the most diverse projects arise. If the entrepreneur, large or small, can no longer do that he will come to a shuddering halt or he will relocate. Anyone who says otherwise is mistaken. That has been proven plenty of times throughout history.

Entrepreneurship is a matter of minimal rules. Entrepreneurship is diametrically opposed to supervision and bureaucracy.

The government constantly creates more and more rules. The more regulation we have the less we have left to regulate and the more rules we have that address trivialities. This is an illness that affects not only government. As a company grows it must be strictly on its guard to ensure this does not creep in.

Entrepreneurship is a game played by individuals and small groups of like-minded people. They are the ones that need to be encouraged. Clearly, they must follow the universal rules of human values and rights in full, without concession, and translate this vision into the policy of their company. Clearly, there must be laws to that end and there must be supervision. But preferably as little as possible.

Simplicity is no simple thing.

Lucas Laureys
Chairman of the Board of Directors


MARIE JO
L'AVENTURE

Activity report by the CEO

Companies can never think in terms of the next twelve months or the next three or five years. Budgets and multi-year plans are only snapshots on an unending path; companies need to dare to think about the never-ending strengthening of their business concept, with no more than one step in the right direction every year. Never stop growing and improving is the mission. The goal is better service every year towards a clear solution to consumer needs and customer demands; new ideas and engaged employees are other key factors here.

2015 was another very good year for Van de Velde, not only because of the year's results, but also because of the continuation and modernisation of the vision and, from that, the launch of a number of concrete initiatives that will only start to pay off in the years to come. We are building a company whose main focus is the self-image of the woman, a fitting room vision to the left of her and a brand world to the right of her. We have been building for years and we are making progress. We do that because we are convinced that going forward women will always look for confidence and high-quality, trendy lingerie linked to a contemporary fitting room concept. We have to fill that need.

2015 saw the release of Episode VII of Star Wars in which the good and the bad side of the Force confronted each other once again. Van de Velde experienced two sides of the coin this year, too. In the wholesale department performance exceeded expectation virtually across the board, in terms of both brand perception and customer management. Throughout the company we have continued to roll out a performance ethics culture that creates an ever-better balance between job satisfaction and result. Progress was unsatisfactory within the retail department, however. A number of old supply chain issues were tackled, which is expected to further improve product quality and delivery reliability in the future.

1. Brands

Marie Jo

It was a good decision to merge Marie Jo and Marie Jo L'Aventure in 2014 and run them as a single team under the same management. The Marie Jo L'Aventure collection has made great strides, following on from Marie Jo, which made similar advances the previous year. The brand team conducted an in-depth analysis of the essence of the brand, which led to the 'Created for living and loving' campaign. The vision will only lead to more improvements, based on a single starting point, providing stylists and marketers with the inspiration to develop the collections, add new categories and run incisive campaigns. 2013 and 2014 were years in which Marie Jo found new energy, confirmed in 2015 by the slightly higher turnover, better consumer comments and higher sell-out at stores.

PrimaDonna

PrimaDonna was given a strategic boost in 2010 by focus in sales and marketing, and providing additional resources and space for new categories. PrimaDonna Twist (2010) and PrimaDonna Swim (2014) have become very important parts of the total brand image. The campaign has been clearly established for many years and the brand has been given more and more resources. So growth in 2015 is not only due to time and energy invested during the year, but also the strategic vision and the work done in the preceding years. In 2015, the campaign was given the name 'Ode to Curves'. This perfectly reflects the work of past years and offers a great many opportunities going forward.

Andres Sarda

Andres Sarda has grown since the price adjustment for the lingerie collection. New point-of-sales material did its job well at customers in

2015. However, Andres Sarda is still not growing fast enough and the brand makes too marginal a contribution to Van de Velde as a whole. That was never the intention, so it is important that the growth curve continues to rise in 2016. We are very confident that it will.

Brand programmes

The three strategic programmes that have been implemented to build and grow our brands were greatly enhanced in 2015:

- Above the line communication in countries where we have sufficient distribution and are able to achieve a minimal OTS ('Opportunity to See') with our budget.
- Strengthening our visibility at the store.
- Establishing a consumer database linked to very active use of social media to enable direct communication with end consumers. In doing this we will always aim to benefit our brands (communication, collections, new styles) but never to disadvantage our customers. The retail channel remains essential and we want to serve the interests of retailers.

2. Fitting room channel (wholesale)

For decades, Van de Velde has favoured the fitting room channel. We have not allowed ourselves to be discouraged by the fact that this channel is losing market share around the world except in the Benelux.

The Lingerie Styling programme was launched in 2007 and it is Van de Velde's most successful channel programme. Lingerie Styling encourages independent retailers to make advancements with regard to their positioning and service, through training, mystery shopping and marketing incentives. There are three growth areas in our wholesale channels:

Geographic expansion

In 2015 Van de Velde grew in virtually all geographical markets. First and foremost, this is due to the quality and engagement of our people. Growth in all core markets – especially Europa and North America – was moderate or strong. Only smaller countries (Austria, Russia and Sweden) went backwards. That means that our philosophy works.

New dimensions to Lingerie Styling

New dimensions were added to Lingerie Styling in 2015 that will be important going forward:

- *Home Parties:* In France the first *'Entre Copines'* (Between Friends) home parties were held in association with independent retailers. This is a major growth vector in all Lingerie Styling markets.
- *E-commerce for independent retailers:* Van de Velde offers support to retailers that wish to develop the e-commerce channel, but strongly advises them to centre their message on their fitting room service. The first cases have been established and the programme will be rolled out further.
- *Point-of-sale visibility:* Retailers will be able to benefit eye-catching, flexible communication on Van de Velde brands through modern communication techniques.

Currently activated in three markets, the programme will be rolled out to three more (France, United Kingdom and Switzerland). The acceleration begun and tested in 2015 will have its biggest impact in 2016.

Disruptive Board

We need to think not only about today and tomorrow, but also the days after tomorrow. The disruptive board was set up in 2015. Twelve managers take the time to think about long-term possibilities, challenged by two external experts. As their starting point they take the same consumer and customer needs, but are able to approach them differently. What will the fitting room look like in 10 to 20 years? How can we combine e-commerce with the fitting room? What product developments can we expect? Which players have arrived that challenge our current fitting room model? What route do our brands take to consumers? These questions do not generate income during the first few years, but it is essential that our company stays on the ball in the long term without throwing the traditional fitting room out with the bathwater. The goal is to achieve a smooth transition between today and tomorrow, with the needs of consumers as starting point.

3. Retail

Retail is a constant process of trial and error. There is no doubt whatsoever that retail has inspired a number of new developments in wholesale, but on its own that is not enough. The goal remains to create a brand at the high end of the market with Lingerie Styling as positioning tool. However, whatever the positioning of the concept, quality, drive and teamwork are what makes the difference.

Continental Europe. Moderate progress was made in both Germany and the Netherlands after a strong 2014. There was limited organic growth (store by store). In the Netherlands the Lincherie formula is attracting new franchisees at a good pace and the first new franchises were also opened in Germany. However, geographical expansion in Germany was below expectations.

United Kingdom. The performance during the first half of the year was below expectations and even negative. The change of the local managing director in the summer of 2015 proved to be a turning point. The team has again focused on consumers and the drive of store staff, which ushered in a change of fortunes, although it was not enough to generate organic growth on an annual basis. However, growth was posted in the second half of the year.

United States. Intimacy no longer exists. The name has been changed to Rigby & Peller USA. A new country manager was appointed at the beginning of October. The consumer service was improved. It is important that our US organisation now shows that it can grow. In both 2014 and 2015 Intimacy made a negative cash contribution to our result, whereas our wholesale business is growing steadily in the United States and Canada. So the market is not to blame, we are. We need to improve our positioning and our service package to consumers.

Hong Kong and Dubai. After three reasonable years, the joint venture in China experienced an unexpected downturn. Two important locations were lost, which strongly impacted turnover growth. In Dubai a licensing contract was signed and a new location will hopefully open in 2016. Van de Velde does not manage either initiative, it does steer the concept.

4. Supply Chain

The priorities are clear in our supply chain: (i) supplying high-quality products (ii) on time (iii) in the most cost-effective way. The increase in the number of product references makes it important that our basic processes are improved. An increase in the number of stock keeping units (SKU) is comparable to a rise in the number of cars on the roads. The last 500 cars cause huge traffic jams if the road infrastructure is not upgraded.

Product quality

The quality of our products is an important issue for our company. Because of the increase in the number of references, an eye must be kept on the number of customer complaints. A problem with wires in 2014 led to a slight rise in the number of complaints, but the issue was firmly tackled in early 2015 and has now been resolved. Our teams work hard with suppliers to ensure they fully understand how vital product quality is and act accordingly. A 'passion for product' task force has been set up to work on systematic improvement and training.

Delivery reliability

Delivery reliability was above our internal expectations in the first half of the year, but fell short of expectations in the second half of the year, which means we were on target over the year as a whole. This is not

acceptable, however. We need to tackle two core problems that have their roots far in the past: (i) the internal discipline in our design department with regard to meeting agreed deadlines and (ii) the quality and delivery reliability with regard to incoming raw materials. Systematic programmes were developed in 2015 and these will be rolled out in 2016, producing better results from 2017.

Third cornerstone of production

Since the closure of Hungary a number of years ago, our product assembly is consolidated in two geographical regions, Asia (Top Form) and Tunisia (our own plant and two suppliers). We are satisfied with these cornerstones. Top Form is a dynamic, competitive company that has experienced a smooth handover to the next generation. The political situation in Tunisia is stable at the moment. Both cornerstones offer good value for money. That said, in today's geopolitical context it is wise to develop a third cornerstone. As such, tests are underway with a number of companies in Sri Lanka.

5. Culture

Culture is essential in every company and is increasingly a competitive weapon. Culture is all about 'what' and 'how'. What brings and keeps us together? What do we all want to achieve together? How do we treat each other? What do we expect from one another? What is our social contract? Under our leadership only one thing counts: 'performance ethics'. We must expect each other to improve our performance and exceed our goals, but we must do that in a transparent, open and respectful way. Customer focus, clarity, a system without excessive administration, permanent feedback, attention for implementation, open dialogue with the works council in the interests of all, speed of action, keeping promises. In this culture there can be no privileges.

Personal contact and direct communication

Besides the annual growth interviews (for the past three years management has held open group discussions with all people and departments in the company on how the values are experienced) extra informal sessions were held between the CEO and the shopfloor in 2015. The best example of this are the sandwich lunches in which the participants talk openly about what is going well and what can be improved.

The annual performance interviews have been done away with for office workers and replaced with a permanent feedback system. This way of working will be extended to the other staff in 2016.

For the first time a dedicated 'Employee Day' was scheduled to explain to the whole company where Van de Velde's future lies. That is one project we all work on together, everyone in the same room, one vision made accessible. It was followed by relaxation and teambuilding.

SA 8000

The SA 8000 label was renewed. Van de Velde is committed to treating people right not only informally but also formally.

Conversation Company

We pushed on with our customer friendliness drive. We are gradually moving in the right direction in our efforts to improve our consumer and customer service. This project now has strong support throughout the company.

Management

Nothing can be achieved without the quality and engagement of management. Various training programmes have been set up (Vlerick, Unicorn). There is extra attention for self-knowledge, feedback, entrepreneurship and teamwork. We must not think in terms of the interest of our department, but our department's role in improving the products and the customer experience. We have make short work of the concept of the 'internal customer'. There is only one customer: the external customer.

Prospects for 2016

2014 was a record year and 2015 went even further. We are very confident that 2016 will again take it to the next level.

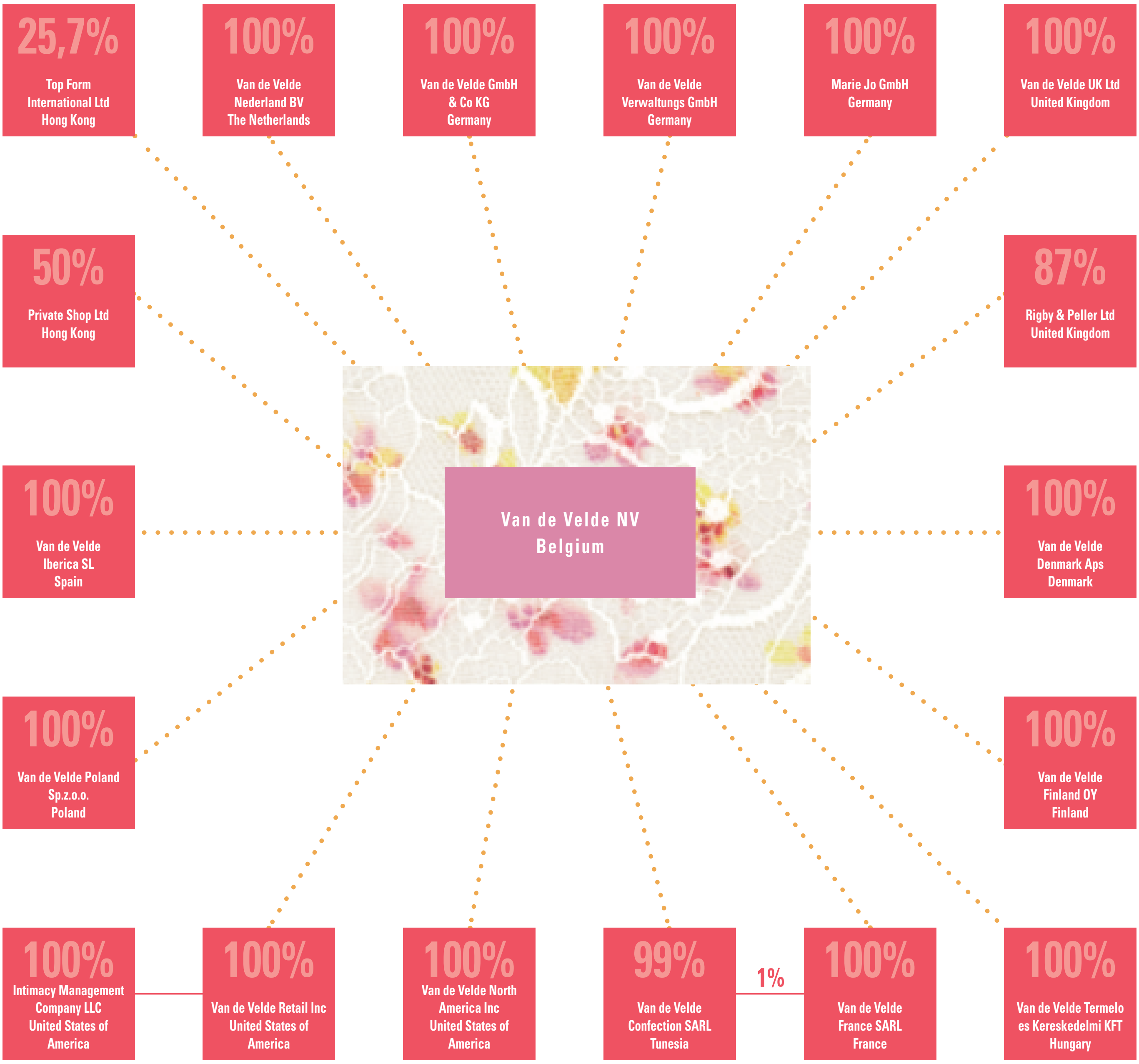
- The orders for spring/summer 2016 are comfortably higher than in 2015. It appears that there is further growth in Swimwear. All lingerie brands have posted growth. The most important growth driver is the elaboration of Lingerie Styling, through new dimensions and new countries. Marketing budgets have been raised for all brands.
- In Europe and the United Kingdom retail enters the new year with light growth, but the relaunch in the United States has not yet broken the trend. We will continue to explore alternative routes to serve United States consumers. It is the biggest market for large cups and that is our strength. In 2016 new management will be responsible for the global retail department.
- Retail and wholesale are gradually growing towards each other, with the consumer as the focal point.
- The supply chain will continue to be oriented towards improving quality and deliveries. The cornerstone in Sri Lanka will be developed further, but the relations with Top Form remain important too.
- The cultural programme is well developed further in association with Unicorn.

PRIMADONNA

2 | Description of the company and its activities

For a detailed description of the mission, core business and history, please visit our website at www.vandevelde.eu.

The current Group structure is as follows:



PrimaDonna
twist

3 | Corporate Governance

Van de Velde is a listed family company and as such it gives special attention to gearing its operations and organization to the provisions of the Corporate Governance Code.

On 18 February 2014 the Board of Directors of Van de Velde NV approved the Corporate Governance Charter, which is available on the company's website.

The company's family nature is also an important ingredient in good governance. That is because the family has an interest in the company being managed in a professional and transparent way. That is expressed among other things by the presence of experienced family members on the Board of Directors.

Corporate governance and transparency are also discussed in other chapters of this annual report.

The Board of Directors

Composition of the Board of Directors

The Board of Directors of Van de Velde NV is composed as follows:

- Herman Van de Velde NV, always represented by Herman Van de Velde, director (tenure expires at the Ordinary General Meeting of 2018);
- Lucas Laureys, nominated by means of co-optation[1], director (tenure expires at the Ordinary General Meeting of 2016);
- Bénédicte Laureys, director (tenure expires at the Ordinary General Meeting of 2018);
- EBVBA 4 F, always represented by Ignace Van Doorselaere, managing director (tenure expires at the Ordinary General Meeting of 2016);
- EBVBA Benoit Graulich, always represented by Benoit Graulich, director (tenure expires at the Ordinary General Meeting of 2016);
- BVBA Dirk Goeminne, always represented by Dirk Goeminne, director (tenure expires at the Ordinary General Meeting of 2017);
- Emetico NV, always represented by Yvan Jansen, director (tenure expires at the Ordinary General Meeting of 2019);
- Mavac BVBA, always represented by Marleen Vaesen, director (tenure expires at the Ordinary General Meeting of 2019).

Honorary director: Henri-William Van de Velde, son of the founder, Doctor of Laws.

EBVBA Benoit Graulich, BVBA Dirk Goeminne and Emetico NV are considered to be independent directors.

Lucas Laureys, Bénédicte Laureys, Mavac BVBA and Herman Van de Velde NV represent Van de Velde Holding NV, the majority shareholder of Van de Velde NV and are non-executive directors.

EBVBA 4F is managing director and also a member of the Management Committee.

As from 1 January 2016 Herman Van de Velde NV chairs the Board of Directors.

The company secretary is Nathalie De Kerpel, legal counsel.

Operation and activity report of the Board of Directors

Van de Velde's Board of Directors directs the company in accordance with the principles laid down in Belgium's Companies Code and makes decisions on the general policy. These comprise the assessment and approval of strategic plans and budgets, supervision of reports and internal controls and other tasks assigned by law to the Board of Directors.

Pursuant to Article 524bis of Belgium's Companies Code, the Board of Directors has established a Management Committee to which it has delegated its managerial powers, with the exception of general policy and all actions that are reserved to the Board of Directors by statutory provisions.

The Board of Directors has also established the following advisory committees: an Audit Committee, a Nomination and Remuneration Committee and a Strategic Committee.

For a detailed description of the operation and responsibilities of the Board of Directors we refer to the company's Corporate Governance Charter, which is published on the company's website.

In 2015 the Board of Directors met six times. There was an additional meeting of the Board of Directors attended only by the non-executive directors for the purpose of evaluating the interaction between the Board of Directors and the Management Committee. Mavac BVBA and EBVBA Benoit Graulich were excused during one board meeting. BVBA Dirk Goeminne was excused during two board meetings. For the rest, all board meetings were fully attended.

Committees within the Board of Directors

(a) Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in carrying out its control tasks with respect to Van de Velde's financial reporting process, including supervision of the integrity of the financial statements, and the qualifications, independence and performance of the statutory auditor.

The Audit Committee advises the Board of Directors on the following:

- Appointment (and dismissal) and remuneration of the statutory auditor;
- Preparation of bi-annual and annual results;
- Internal control and risk management;
- External audit.

The Audit Committee is composed as follows:

- Lucas Laureys[2];
- BVBA Dirk Goeminne, always represented by Dirk Goeminne (independent director);
- EBVBA Benoit Graulich, always represented by Benoit Graulich (independent director).

1 Nominated by means of co-optation as from 1 January 2016 as replacement of Lucas Laureys NV, who resigned as a director as of the same date.
2 Nominated as of 1 January 2016 in replacement of Lucas Laureys NV.

The members of the committee possess sound knowledge of financial management.

The chairman of the Audit Committee is EBVBA Benoit Graulich, always represented by Benoit Graulich.

The Audit Committee meets no fewer than three times a year and as often as considered necessary for its proper operation. In 2015 the Audit Committee met five times. BVBA Dirk Goeminne was excused during two Audit Committees. For the rest, all Audit Committees were fully attended.

(b) Strategic Committee

The role of the Strategic Committee is to assist the Board of Directors in establishing the company's strategic direction. Other important strategic themes can be discussed ad hoc, including:

- Mergers and acquisitions;
- Developments at competitors, customers or suppliers that may/will impact the company;
- Important regional developments for the company;
- Technological opportunities and/or threats for the company;
- Budget assessment.

The Strategic Committee is composed as follows:

- Lucas Laureys[1];
- EBVBA 4F, always represented by Ignace Van Doorselaere;
- Herman Van de Velde NV, always represented by Herman Van de Velde.

The chairman of the Strategic Committee is Lucas Laureys. Other members of the Board of Directors can be invited to participate in the Strategic Committee on an ad hoc basis.

The Strategic Committee meets no fewer than two times a year and as often as considered necessary for its proper operation.

(c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee formulates recommendations to the Board of Directors concerning the company's remuneration policy, the remuneration of the directors and members of the Management Committee and the appointment of the directors and members of the Management Committee, and is responsible for the selection of suitable candidate directors.

The Nomination and Remuneration Committee is composed as follows:

- Herman Van de Velde NV[2], always represented by Herman Van de Velde;
- EBVBA Benoit Graulich, always represented by Benoit Graulich;
- BVBA Dirk Goeminne, always represented by Dirk Goeminne.

The chairman of the Nomination and Remuneration Committee is BVBA Dirk Goeminne, represented by Dirk Goeminne. All members of the committee possess sound knowledge of remuneration policy.

The Nomination and Remuneration Committee meets as often as is needed for its proper operation, but never less than two times every year. The Nomination and Remuneration Committee met four times in 2015. All members attended these meetings.

No director attends the meetings of the Nomination and Remuneration Committee in which his or her own remuneration is discussed or may be involved in any decision concerning his or her remuneration.

For a detailed summary of the responsibilities and the operation of the various committees established by the Board of Directors, see the company's Corporate Governance Charter, which is published on the company's website.

(d) Management Committee

In accordance with Article 23.4 of the Articles of Association and Article 524bis of Belgium's Companies Code, the Board of Directors established a Management Committee on 2 March 2004.

The Management Committee meets on average every three weeks and is responsible for managing the company. It exercises the managerial powers that the Board of Directors has delegated to the Management Committee.

The Management Committee is composed as follows:

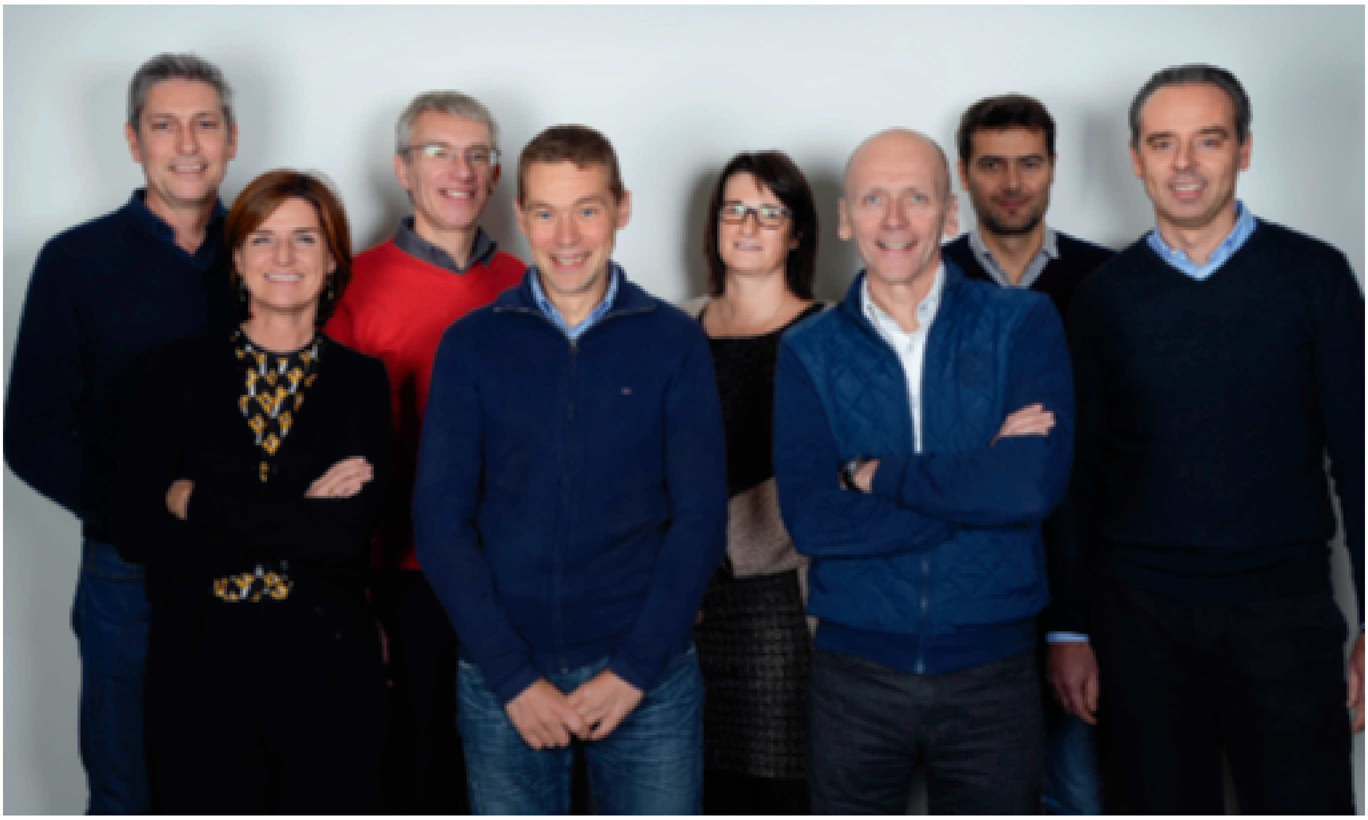
- EBVBA 4F, always represented by Ignace Van Doorselaere;
- Stefaan Vandamme, CFO;
- Isabelle Massagé, global sales director;
- Karlien Vanommeslaeghe, people & organization director;
- Hedwig Schockaert, ICT & supply chain director;
- Dirk De Vos, global retail director;
- Louis de Saint Michel, global brand director and chief marketing officer;
- Peter Bynens, production director.

As of 1 February 2016 Dirk De Vos will no longer be a member of the Management Committee.

The chairman of the Management Committee is EBVBA 4F, always represented by Ignace Van Doorselaere (CEO).

The members of the Management Committee are appointed and dismissed by the Board of Directors on the basis of the recommendations of the Nomination and Remuneration Committee. The members of the Management Committee are appointed for an indefinite period, unless the Board of Directors decides otherwise. The ending of the tenure of a member of the Management Committee has no impact on the agreements between the company and the person involved as regards additional duties over and above this tenure.

1 Nominated as of 1 January 2016 in replacement of Lucas Laureys NV.
2 Nominated as member of the Nomination and Remuneration Committee as of 1 January 2016 in replacement of Lucas Laureys NV.



(e) Daily management
In addition to the Management Committee, Van de Velde's daily management is in the hands of EBVBA 4F, always represented by Ignace Van Doorselaere, managing director.

(f) Evaluation
At least every three years, the Board of Directors, headed by its chairman, conducts an evaluation of its size, composition and performance, and the size, composition and performance of its committees, as well as the interaction with the Management Committee. The directors give their full cooperation to the Nomination and Remuneration Committee and any other persons, within or outside the company, responsible for this evaluation. Based on the findings of the evaluation, the Nomination and Remuneration Committee will, where applicable and in consultation with any external experts, submit to the Board of Directors a report of the strengths and weaknesses and any proposal to appoint new directors or refrain from renewing a directorship.

The Board of Directors evaluates the performance of the committees at least every three years.

The non-executive directors evaluate their interaction with the Management Committee annually.

The CEO together with the Nomination and Remuneration Committee evaluates the functioning and performance of the Management Committee annually.

Remuneration report

1. Introduction

The remuneration report provides transparent information on Van de Velde's remuneration policy for its directors and members of the Management Committee, in accordance with the Belgian Corporate Governance Act of 6 April 2010 and the Belgian Corporate Governance Code. The underlying remuneration report will be submitted for approval to the General Meeting of 27 April 2016 and presented to the works council, in accordance with the provisions of the Act.

The company's remuneration policy is focused on attracting and retaining profiles with the experience needed to ensure the continuity and growth of the company. The aim of the reward policy is to ensure employees are properly compensated, based on the performance of the employee and the company. The evolution of the total reward is linked to the results of the company and individual performance.

2. Remuneration of the directors

The Nomination and Remuneration Committee makes recommendations to the Board of Directors with regard to the compensation for directors, including the chairman of the Board of Directors. These recommendations are subject to the approval of the Board of Directors.

The compensation for the non-executive directors is proposed to the General Meeting. They receive only fixed remuneration for their membership of the Board of Directors and the advisory committees on which they have a seat. The amount of the remuneration will only take into account their role in the Board of Directors and various committees, the ensuing responsibilities and time spent.

The non-executive directors receive no performance-related remuneration such as bonuses, long-term payments, non-cash benefits or pension plans. Non-executive directors are not granted any options or warrants.

For his chairmanship, his membership of the Nomination and Remuneration Committee, the Audit Committee and the Strategic Committee, the chairman of the Board of Directors (Lucas Laureys NV) received an annual gross remuneration of 60,000 euro. As from 1 January 2016 Herman Van de Velde NV, permanently represented by Herman Van de Velde, was appointed as chairman. Herman Van de Velde NV will receive an annual gross remuneration of 25,000 euro for its chairmanship, his membership of the Nomination and Remuneration Committee and the Strategic Committee. The other non-executive members receive annual remuneration of 15,000 euro for their membership of the Board of Directors and 2,500 euro for their membership of the Audit and/or Nomination and Remuneration Committee respectively. BVBA Dirk Goeminne and EBVBA Benoit Graulich are both a member of the Nomination and Remuneration Committee and Audit Committee, and therefore receive a total annual remuneration of 20,000 euro.

The members of the Board of Directors who are also members of the Management Committee receive no remuneration for their membership of the Board of Directors.

A directorship may be terminated at any time without any form of compensation. There are no employment contracts or service contracts that provide for notice periods or severance payments between the company and the members of the Board of Directors who are not members of the Management Committee.

3. The remuneration of the members of the Management Committee

The level and structure of the remuneration for the members of the Management Committee must be such that qualified and expert professionals can be attracted, retained and motivated, bearing in mind the nature and scope of their individual responsibilities. To this end, an international HR consultant is given the task of proposing the job weighting and the corresponding customary salary package in the relevant market. The compensation is regularly benchmarked on the basis of a relevant sampling of listed companies.

The managing director makes proposals to the Nomination and Remuneration Committee with regard to members' remuneration on an individual basis.

Other principles on which the remuneration policy is based:

- A member of the Management Committee who is also a member of the Board of Directors shall receive no remuneration for being a member of the Board of Directors.
- A member of the Management Committee who is also a managing director shall receive no remuneration for being a managing director.
- An appropriate part of the remuneration package of the members of the Management Committee must be linked to the performance of the company and individual performance, to the extent that the interests of the Management Committee are aligned with the interests of the company and its shareholders.
- If members of the Management Committee are eligible for a bonus based on the performances of the company or its subsidiaries or on individual performance, the remuneration report will state the criteria applied to evaluate the performance against the targets as well as the evaluation period. These details shall be published in such a way that no confidential information is disclosed with regard to the company's strategy.
- In principle, granted shares or other forms of deferred remuneration are not deemed to be acquired and options may not be exercised within three years of their grant date.
- Obligations of the company in the framework of premature exit arrangements will be closely investigated to ensure poor performance is not rewarded.

A variable annual remuneration ('team bonus') is granted to the CEO and the members of the Management Committee. This is based on the attainment of annual targets relating to the fiscal year for which the variable remuneration is payable, as set by the Nomination and Remuneration Committee. These targets are based on objective parameters and are closely linked to the results of the Group. Every year, the Nomination and Remuneration Committee evaluates the degree to which the targets[1] have been met and submits this report to

1 In respect of the targets related to the results of the Group, the audited accounts are used as a basis to determine whether these targets have been reached.

the Board of Directors for approval. The maximum amount of this team bonus, not including the CEO, is 37,500 euro per member. For the CEO the maximum amount is 308,454 euro, half of the bonus shall be paid after the closing of the financial year and the other half at the latest in February 2017.

There is also an individual bonus scheme for some members of the Management Committee, including the CEO, based on the attainment of individual targets relating to the fiscal year for which the variable remuneration is payable, as set down every year in writing by the Nomination and Remuneration Committee. These targets are based on objective parameters and are closely dependent on the responsibilities of the member in question. The Nomination and Remuneration Committee evaluates the degree to which these individual targets have been attained and submits this report to the Board of Directors for approval. For the CEO, this individual bonus will be paid at the latest in February 2017.

The maximum amount of the individual variable remuneration is 27% of the gross basic remuneration[2], not including one member whose maximum bonus is 45% of the gross basic remuneration. In addition to the variable remuneration system, the Board of Directors retains the discretionary power to grant an additional bonus to the CEO and one or more members of the Management Committee to reward a specific performance or merit, on the proposal of the Nomination and Remuneration Committee.

There are no special agreements or systems that entitle the company to claim back variable remuneration that has been paid out if it has been granted erroneously on the basis of data that subsequently proves to be incorrect. In such cases, the company will invoke the possibilities found in common law.

With regard to the relative importance of the variable remunerations, see below.

Plans in which members of the Management Committee are compensated in shares, share options or any other rights to acquire shares are subject to prior shareholder approval at the annual General Meeting. The approval relates to the plan itself and not to the individual grant of share-based benefits under the plan. In principle, shares are not permanently acquired and options are not exercisable within less than three years.

The total gross remuneration (in 000 euro) (including remunerations received from other companies that form part of the Group) awarded in 2015 to the members of the Management Committee and the CEO amounted to:

	Management Committee [3]	**CEO**
Basic remuneration	1,095	511
Variable remuneration	334	371 [4]
Pensions/disability/guaranteed income	37	0
Other benefits	34	0

The variable remuneration is the bonus acquired during the year under review. There are various types of grant, including cash, deferred payment and deposit into a supplementary pension plan. The members of the Management Committee who are also employees are also entitled to a company car with fuel card as per the company car policy, meal vouchers, a group insurance (pension plan including a disability and decease coverage) and hospitalization insurance.

Currently, all members of the Management Committee, with the exception of the managing director and Isabelle Massagé, are employed on the basis of an employment contract, which can be terminated, subject to the notice term calculated in accordance with the applicable labour laws. This notice term can be replaced by a corresponding termination indemnity as the company sees fit. No other termination indemnity is provided for. The employment agreement of Isabelle Massagé can be terminated by the company, with due regard for a notice term or corresponding termination indemnity of 8 months' fixed and variable salary, provided Isabelle Massagé has been employed within the Group for less than 10 years[5]. As from the moment Isabelle Massagé has been employed within the Group for 10 years or more, this notice period will be increased to 12 months. However, in the event of a termination for urgent cause, the contract can be terminated with immediate effect.

The CEO is employed on an independent basis. During the course of 2015 this agreement, which was initially for an indefinite duration, was transformed into an agreement with a fixed term which will automatically end on 31 December 2016.

In 2015 Dirk De Vos has terminated his employment agreement with the company. His notice period runs till the end of January 2016.

4. Remuneration policy for coming years

No extraordinary changes are expected to be made to the remuneration policy for coming years and the above-mentioned provisions will remain in force.

2 For some members of the Management Committee, the maximum is lower.
3 Excluding the CEO.
4 A part of this bonus (237 thousand euro) will be paid at the latest in February 2017.
5 Only the basic salary shall be taken into account for the calculation of any termination indemnity, which shall not exceed 8 or 12 months' basic salary if the employee in question has not satisfied the performance criteria established to determine entitlement to any bonus.

5. Share-based payments

The General Meeting of 29 April 2015 approved the 2015 option plan giving the Nomination and Remuneration Committee the power to grant options on the company's shares to the members of the Management Committee for a term of five years. These options are granted at no charge. The exercise price per share of the options is equal to (i) the average closing price of the share in the course of the thirty calendar days prior to the date of the offer or (ii) the closing price of the final trading day preceding the date of the offer, whichever is lowest. An option remains valid for ten years. The company and the option holder may decide by mutual agreement to reduce the terms of validity of the option below ten years but never below five years. The options cannot be exercised before the end of the third calendar year after the year in which they are offered.

In 2015 no options were granted to the members of the Management Committee. Besides, no unexercised options expired.

	Options end 2014	Granted and accepted in 2015	Exercised in 2015		Options end 2015
		Number	Number	Exercise price	
EBVBA 4F	13,500	0	0		13,500
Herman Van de Velde NV	10,000	0	0		10,000
Dirk De Vos	5,000	0	5,000	29.29	0
Hedwig Schockaert	20,000	0	10,000	5,000 to 29.29	10,000
				5,000 to 34.00	
Stefaan Vandamme	5,000	0	5,000	29.29	0
	53,500	**0**	**20,000**		**33,500**

Major characteristics of internal control and risk management systems

The Management Committee leads the company within the framework of careful and effective control, which makes it possible to evaluate and manage risks. The Management Committee develops and maintains appropriate internal controls that offer reasonable assurance on the attainment of the goals, the reliability of the financial information, compliance with applicable laws and regulations, and the execution of internal control processes.

The Board of Directors oversees the proper functioning of the control systems through the Audit Committee. The Audit Committee evaluates the effectiveness of the internal control and risk management systems at least once a year. It must ensure that significant risks are properly identified, managed and brought to its attention.

In *monitoring the financial reporting*, the Audit Committee especially evaluates the relevance and coherence of the financial statement standards applied by the company and its Group. This entails an assessment of the accuracy, completeness and consistency of the financial information. The Audit Committee discusses significant financial reporting issues with executive management and the external auditor.

The Board of Directors bears responsibility for analysis and proactive measures and plans with regard to *strategic risks*. The Board of Directors approves the strategy and goals every year. An annual growth plan for the following year is presented to the Board of Directors for approval. The growth plan is monitored systematically during the meetings of the Board of Directors, and may be adapted on the basis of changed prospects.

Operational risks are regularly identified, updated and evaluated. The operational risks were documented and a number of actions are taken to manage the risks. The financial department is responsible for monitoring and reporting these. The Management Committee bears the responsibility for analysis, proactive measures and plans with regard to operational risks.

For each process, internal controls should be in place guaranteeing, where possible, the proper functioning of this process. The effectiveness of the internal controls that are important for the completeness and correctness of the reported figures is regularly verified by the financial department, on the basis of random sampling. An example is the permanent stock system for raw materials and finished products.

Additional information is provided in the company's Corporate Governance Charter as published on the website.

With respect to risk management, we also refer to note 29 related to 'Business risks with respect to IFRS 7'.

Shareholding structure on the balance sheet date

The subscribed capital is 1,936,173.73 euro. It is represented by 13,322,480 shares.

Within the framework of Belgium's Transparency Act of 2 May 2007 stakes must be made public in accordance with the thresholds provided for by the Articles of Association. The thresholds in Van de Velde's Articles of Association are:

– 3%
– 5%
– multiples of 5%.

Van de Velde Holding NV holds 7,496,250 (56.27%) shares. It does so through the Vesta foundation as well as Hestia Holding NV and Ambo Holding NV. Vesta foundation and Hestia Holding NV together represent the interests of the Van de Velde family; Ambo Holding NV represents the interests of the Laureys family.

Information about specific safeguards

A majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares.

Miscellanea

Insider trading

The members of the Board of Directors and some employees that may possess important information ('insiders') have signed the protocol preventing abuse of privileged information. This means that anyone wishing to trade in Van de Velde shares must first request the permission of the Compliance Officer.

Insiders are not permitted to trade in securities in the following periods:

(i) The period between the final meeting of the Board of Directors prior to the end of the year and the moment the annual results are announced;
(ii) The period of two months immediately prior to the announcement of the company's half-year results or the period commencing at the time of closure of the half year in question and ending at the time of publication of the half-year results, whichever is shorter.

The Board of Directors can impose a general transaction ban on all insiders in other periods that may be considered to be sensitive.

All other staff at Van de Velde have been notified in writing of the statutory stipulations concerning abuse of insider knowledge.

Transactions between the company and its directors

The company's Corporate Governance Charter, which is published on the company's website, explains the rules applicable to transactions and other contractual links between the company, including its affiliated companies, and its directors and members of the Management Committee that are not covered by the conflict of interests scheme.

During 2015 no such transactions nor other contractual links occurred.

Statutory auditor

The General Meeting of 24 April 2013 of Van de Velde NV appointed Ernst & Young Bedrijfsrevisoren BVCBA, Moutstraat 54, 9000 Ghent, represented by Paul Eelen, as the statutory auditor. This appointment runs until the Ordinary General Meeting of 2016.

Regular consultations are held with the statutory auditor, who is also invited to the Audit Committee for the half-year and annual reporting. The statutory auditor has no relationship with Van de Velde that could impact his opinion.

The annual remuneration in 2015 for auditing of the statutory and consolidated financial statements of Van de Velde NV was 49,995 euro (excl. VAT). The total costs for 2015 for the auditing of the annual accounts of all companies of the Van de Velde Group were 187,064 euro (excl. VAT), including the aforementioned 49,995 euro.

In accordance with Article 134 of Belgium's Companies Code, Van de Velde announces that the remuneration given to the statutory auditor for exceptional and special tasks and to the persons with whom the statutory auditor has a professional relationship was 79,365 euro (excl. VAT), all of which was for tax advice and compliance tasks.

Belgian Code on Corporate Governance

Van de Velde NV complied with the principles laid down in the Belgian Code on Corporate Governance.

Conflict of Interests Scheme

In 2015 no conflicts of interests were declared in the Board of Directors within the meaning of Article 523 of Belgium's Companies Code.

Information to shareholders

Share listing

The shares of Van de Velde have been quoted on the Brussels stock exchange, currently Euronext Brussels, since 1 October 1997, under the abbreviation 'VAN' (MNENO).

Van de Velde's shares can be traded using the ISIN code BE 0003839561.

Euronext Brussels lists Van de Velde on the spot market (continuous market) of Euronext Brussels in compartment B (market capitalization between 150 million and 1 billion euro).

In line with its series of local indexes, Euronext Brussels maintains a BEL20, BEL Mid and BEL Small index, the components of which are selected on the basis of liquidity and free float market capitalization.

Van de Velde is listed in the BEL Mid index. The weight in this index was 1.49% at the end of 2015.

Liquidity provider

Van de Velde concluded a liquidity agreement with Bank Degroof in July 2002.

A liquidity provider guarantees the constant presence of bid and offer prices at which investors can conduct transactions and sets a permanent maximum spread between purchase and selling price of 5%. This allows the increase in share velocity and the reduction of the spreads between bid and offer prices. Major price fluctuations can be avoided on small traded volumes and the listing on the continuous segment of Euronext Brussels can be guaranteed.

General Meeting

The General Meeting of Shareholders is held at the seat of the company (unless other place is mentioned in the convocation) at 5 pm on the last Wednesday of April. If this day is an official holiday the meeting is held on the next working day.

An Extraordinary General Meeting can be convened whenever the interests of the company so demand it and must be convened whenever the shareholders representing one-fifth of the capital so demand it.

Authorized capital

The Board of Directors is authorized for a period of five years from the announcement in the annexes to Belgisch Staatsblad/Moniteur belge (21 May 2012) to raise the subscribed capital one or more times by a total amount of 1,936,173.73 euro, under the conditions stated in the Articles of Association.

Acquisition of own shares

On 30 April 2014 the Extraordinary General Meeting of Shareholders authorized the Board of Directors to buy or sell its own shares. This authorization is valid for a period of (i) three years as from 27 May 2014 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as from 30 April 2014 if the Board of Directors, in accordance with Article 620 of Belgium's Companies Code, acquires the legally permitted number of its own shares at a price equal to the price at which they are listed on Euronext Brussels.

In 2015 7,000 own shares were acquired by Van de Velde NV. At the end of 2015 Van de Velde NV has no own shares in its possession.

The treasury shares owned by Van de Velde NV are held with the intention of offering them to the management within the framework of a stock option programme initiated in 2005. See note 13 to the consolidated financial statements for more information.

Dividend Policy

Van de Velde's objective is to pay out a stable and gradually increasing annual dividend. In doing so, it takes the following factors into consideration:

- Appropriate payment to shareholders in comparison with other companies listed on Euronext Brussels;
- Retention of sufficient self-financing capacity to respond to attractive investment opportunities;
- Remuneration proportionate to cash flow expectations.

The dividend policy of Van de Velde consists in paying out at least 40% of the consolidated profit, Group share, excluding the result based on the equity method. Furthermore, Van de Velde does not retain excess cash in the organization.

Based on a decision of the Board of Directors of 28 August 2015 Van de Velde paid out an interim dividend of 1.3500 euro gross per share.

Financial Services

The financial services are provided by ING as main payment agent.

Proposed profit distribution

The dividend on distributable profit will be allocated to the shares with rights that are not suspended. In other words, the treasury shares held for which no profit share is retained are not taken into account to reduce distributable profit. This concerns zero own shares purchased within the framework of the option programme (see above). Reference is made to Article 622 of Belgium's Companies Code.

The number of shares with dividend rights is accordingly not reduced and amounts to 13,322,480 shares.

The application of the pay-out percentage (40% of consolidated profit, Group share, excluding result based on the equity method) produces a dividend per share of 1.22 euro.

Van de Velde has the policy of not retaining excess cash in the organization, but distributing it in one way or another to the shareholders. Cash required for operating and investing activities is evaluated on an annual basis. For 2015 this implies that the Board of Directors will propose to the General Meeting the payment of a gross dividend for the fiscal year 2015 of 3.5000 euro per share. After the payment of withholding tax, this represents a net dividend of 2.5820 euro per share. Of this amount, 1.3500 euro per share (or 1.0125 euro net per share) was paid out as an interim dividend in November 2015. After approval by the General Meeting of Shareholders, the final dividend of 2.1500 euro per share (net dividend of 1.5695 euro per share) will be paid out as from 4 May 2016.

Financial Calendar

Closing of fiscal year	31 December 2015
Announcement of 2015 turnover figures	7 January 2016
Announcement of annual results	23 February 2016
Publication of annual financial report	25 March 2016
General Meeting of Shareholders	27 April 2016
Ex-coupon date	2 May 2016
Record date	3 May 2016
Dividend payment date	4 May 2016
Announcement of H1 2016 turnover figures	7 July 2016
Publication of 2016 half-year results	31 August 2016
Closing of fiscal year	31 December 2016

4 | Consolidated key figures 2015

Profit and loss account (in millions of euro)	2015	2014	2013	2012	2011
Operating income	214.5	203.3	186.8	186.8	184.5
Turnover	209.0	198.4	182.4	181.8	179.8
Recurring EBITDA (1)	61.9	57.7	48.7	48.8	53.8
Recurring EBIT (2)	53.7	49.5	41.1	42.7	49.4
Consolidated result before taxes (3)	54.0	18.8	40.5	38.0	54.3
Consolidated result after taxes (3)	40.6	2.5	31.7	28.0	41.0
Profit for the period (4)	41.0	2.5	31.8	25.6	41.2
Operating cash flow (5)	50.3	45.9	34.8	30.8	46.7

(1) EBITDA is earnings before interest, taxes, depreciation and amortization on tangible and intangible assets. The recurring EBITDA for 2013 does not include the non-recurring restructuring cost for Eurocorset in the amount of 1.7 million euro. For 2014, the recurring EBITDA on a comparable basis (including comparable deliveries) is 55.9 million euro. For 2015, the recurring EBITDA on a comparable basis (including comparable deliveries) is 60.4 million euro.

(2) EBIT is earnings before interest and taxes. The recurring EBIT for 2013 does not include the non-recurring restructuring costs.

3) Result of the Group (Group share) before share in the profit / (the loss) of associates (equity method).

4) Result of the Group (Group share) after share in the profit / (the loss) of associates (equity method).

5) Operating cash flow is net cash from operating activities.

Balance sheet (in millions of euro)	2015	2014	2013	2012	2011
Fixed assets	70.8	68.0	100.9	109.4	103.9
Current assets	90.9	91.9	96.3	87.7	96.6
Shareholders' equity	129.2	134.0	173.5	170.0	168.1
Balance sheet total	161.7	159.9	197.2	197.1	200.4
Net debt position (1)	-27.8	-34.2	-38.9	-31.1	-40.5
Working capital (2)	35.9	37.2	42.3	39.0	35.7
Capital employed (3)	106.8	105.2	143.2	148.4	139.6

(1) Financial debts less cash and cash equivalents (a negative position refers to a cash position; a positive position refers to a debt position).

(2) Current assets (excluding cash and cash equivalents) less current liabilities (excluding financial debts).

(3) Fixed assets plus working capital.

Financial ratios (in %, except liquidity)	2015	2014	2013	2012	2011
Return on equity (1)	30.9	1.6	18.5	16.5	25.5
Return on capital employed (2)	38.4	2.0	21.7	19.4	30.7
Solvency (3)	79.9	83.8	88.0	86.3	83.9
Liquidity (4)	3.3	4.5	6.4	5.0	4.7

(1) Consolidated result after taxes / Average of equity at end of fiscal year and previous fiscal year. In case impairment in 2014 is not taken into account, the return on equity is 22.0%.
(2) Consolidated result after taxes / Average of capital employed at end of fiscal year and previous fiscal year. In case impairment in 2014 is not taken into account, the return on capital employed is 27.3%.
(3) Equity / Balance sheet total.
(4) Current assets / Current liabilities.

Margin analysis and tax rate (in %)	2015	2014	2013	2012	2011
Recurring EBITDA (1)	29.6	29.1	26.7	26.9	29.9
Recurring EBIT (2)	25.7	25.0	22.5	23.5	27.5
Tax rate (3)	24.5	32.6	24.4	24.2	25.7

(1) Recurring EBITDA on turnover.
(2) Recurring EBIT on turnover.
(3) Income taxes on Consolidated result before taxes. In 2011 the extraordinary finance gain on the Intimacy business combination was excluded from the consolidated result before taxes. In 2012 the extraordinary finance gain on the Intimacy business combination and the impairment of goodwill and intangible assets with indefinite useful life were excluded from the consolidated result before taxes. In 2013 the extraordinary finance gain on the Intimacy business combination was excluded from the consolidated result before taxes and the reversal of the tax provision is excluded from the income taxes. In 2014 the impairment is not taken into account.

Stock market data	2015	2014	2013	2012	2011
Average daily volume in pieces	8,503	6,226	6,885	6,281	5,329
Number of shares at year end	13,322,480	13,322,480	13,322,480	13,322,480	13,322,480
Number of traded shares	2,176,758	1,587,689	1,755,685	1,607,998	1,369,623
Velocity	16.3%	11.9%	13.2%	12.1%	10.3%
Turnover (in thousands of euro)	115,242	60,210	62,165	58,314	50,269
(in euro per share)					
Highest price	62.75	39.62	38.44	42.49	40.97
Lowest price	38.80	35.81	32.01	33.02	32.25
Closing price	62.75	38.94	36.40	34.20	35.33
Average price	53.58	38.16	35.36	36.30	37.47

Key figures per share (in euro)	2015	2014	2013	2012	2011
Book value (1)	9.7	10.1	13.0	12.8	12.6
Recurring EBITDA (2)	4.6	4.3	3.7	3.7	4.0
Profit for the period (3)	3.1	0.2	2.4	1.9	3.1
Gross dividend (4)	3.50	3.50	2.15	2.15	2.15
Net dividend (4)	2.58	2.63	1.61	1.61	1.61
Dividend yield (5)	4.11%	6.74%	4.43%	4.71%	4.56%

(1) Shareholders' equity / Number of shares at year end.
(2) Recurring EBITDA / Number of shares at year end.
(3) Profit for the period / Number of shares at year end. In case impairment of 2014 is not taken into account, profit for the period per share is 2.5.
(4) Gross dividend is 3.50 euro per share of which 1.35 euro per share was paid out as an interim dividend in November 2015. The net dividend is 2.58 euro per share (of which 1.01 euro per share was paid out as interim dividend).
(5) Net dividend / Closing price.

Value determination (in millions of euro)	2015	2014	2013	2012	2011
Book value (1)	129.2	134.0	173.5	170.0	168.1
Market capitalization (2)	836.0	518.8	484.9	455.6	470.7
Enterprise value (EV) (3)	793.6	469.9	432.2	408.2	414.9

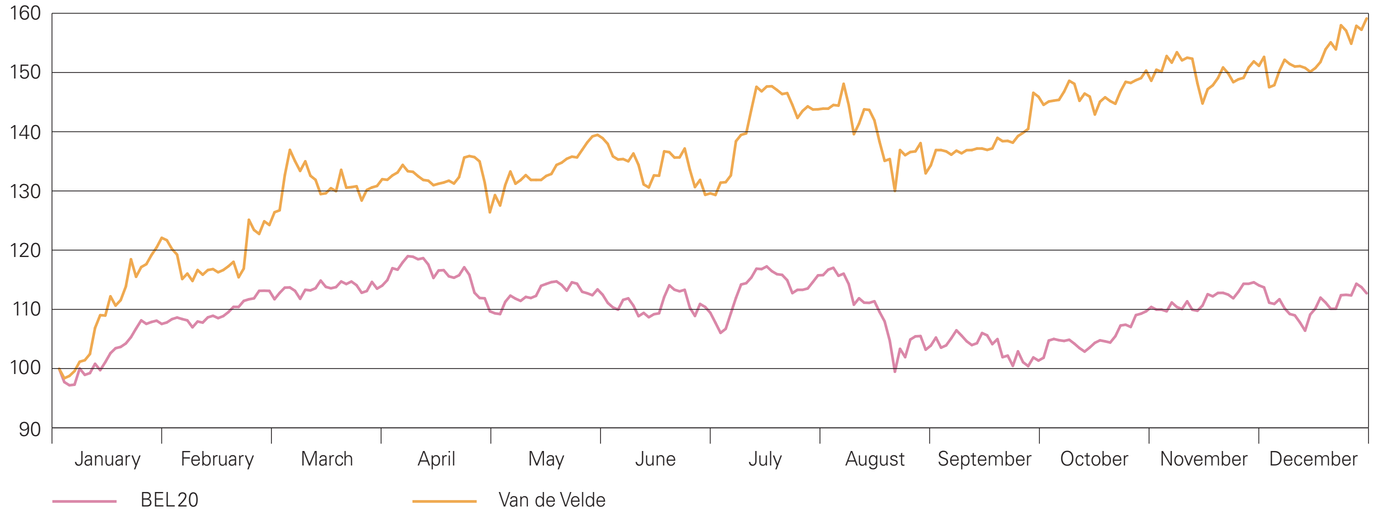
(1) Shareholders' equity.
(2) Number of shares at 31 December multiplied by the closing price.
(3) Enterprise value is equal to market capitalization plus net debt position less participations (equity method).

Multiples	2015	2014	2013	2012	2011
EV/Recurring EBITDA (1)	12.8	8.1	8.9	8.4	7.7
Price/Profit (2)	20.4	213.2	15.4	18.1	11.5
Price/Book value (3)	6.5	3.9	2.8	2.7	2.8

(1) Enterprise value / Recurring EBITDA.
(2) Closing price / Profit for the period. In case impairment in 2014 is not taken into account, the price/profit multiple is 15.3.
(3) Market capitalization / Book value.

Van de Velde and BEL20 stock market price

Stock market price in 2015



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5 | Consolidated financial statements and related notes

Consolidated balance sheet

000 euro	2015	2014	*(Note)*
Assets			
Total fixed assets	**70,836**	**67,980**	
Goodwill	4,546	4,546	3
Intangible assets	16,518	18,107	4
Tangible fixed assets	34,204	29,339	5
Participations (equity method)	14,628	14,708	6
Deferred tax asset	0	333	15
Other fixed assets	940	947	7
Total current assets	**90,898**	**91,936**	
Inventories	39,158	37,149	9
Trade and other receivables	16,733	13,570	10
Other current assets	6,859	5,945	11
Cash and cash equivalents	28,148	35,272	12
Total assets	**161,734**	**159,916**	
Equity and liabilities			
Shareholders' equity	**129,231**	**133,979**	
Share capital	1,936	1,936	13
Treasury shares	0	-833	13
Share premium	743	743	13
Other comprehensive income	-9,132	-9,063	
Retained earnings	135,684	141,196	
Non-controlling interests	**865**	**717**	**13**
Total non-current liabilities	**4,461**	**4,665**	
Provisions	841	877	14
Pensions	30	32	21
Other non-current liabilities	3,284	3,237	16
Deferred tax liability	306	519	15
Total current liabilities	**27,177**	**20,555**	
Trade and other payables	15,822	15,707	17
Other current liabilities	1,632	937	18
Income taxes payable	9,732	3,911	18
Total equity and liabilities	**161,734**	**159,916**	

Consolidated income statement

000 euro	2015	2014	(Note)
Turnover	208,958	198,366	27
Other operating income	5,537	4,889	
Cost of materials	-46,192	-46,247	
Other expenses	-62,266	-56,540	
Personnel expenses	-44,099	-42,769	21
Depreciation and amortization	-8,270	-8,158	4,5
Operating profit	**53,688**	**49,541**	
Impairment of goodwill and intangible assets with indefinite useful life	0	-31,448	3
Finance income	5,971	2,989	20
Finance costs	-5,652	-2,301	20
Share in result of associates	302	34	6
Profit before taxes	**54,289**	**18,815**	
Income taxes	-13,235	-16,382	22
Profit for the year	**41,054**	**2,433**	
Other comprehensive income			
Currency translation adjustments related to Group entities and non-controlling interests	357	546	
Currency translation adjustments related to participations (equity method)	-382	-53	
Total other comprehensive income (fully recyclable in the income statement)	**-25**	**493**	
Total of profit for the period and other comprehensive income	**41,029**	**2,926**	

000 euro	2015	2014	(Note)
Profit for the year	**41,054**	**2,433**	
Attributable to the owners of the company	40,950	2,484	
Attributable to non-controlling interests	104	-51	
Total of profit for the period and other comprehensive income	**41,029**	**2,926**	
Attributable to the owners of the company	40,881	2,923	
Attributable to non-controlling interests	148	3	
Basic earnings per share (in euro)	3.08	0.19	23
Diluted earnings per share (in euro)	3.07	0.19	23
Weighted average number of shares	13,314,477	13,295,354	23
Weighted average number of shares for diluted profit per share	13,332,203	13,304,828	23
Proposed dividend per share (in euro) (1)	3.50	3.50	24
Total dividend (in 000 euro) (2)	46,622	46,538	24

(1) For financial year 2014 and 2015, of this amount, 1.35 euro per share was paid out as interim dividend in respectively November 2014 and November 2015.
(2) For financial year 2014, of this amount, 17,951 thousand euro was paid out as interim dividend in November 2014. For financial year 2015, of this amount, 17,979 thousand euro was paid out as interim dividend in November 2015.

Consolidated statement of changes in equity

000 euro Change in equity	Attributable to the shareholders of the parent								
	Share capital	Share premium	Treasury shares	Retained earnings	Share-based payments	Other compre-hensive income	Equity	Non-controlling interests	Total equity
Equity at 31/12/2013	1,936	743	-1,182	180,942	523	-9,502	173,460	3,976	177,436
Profit for the period				2,484			2,484	-51	2,433
Other comprehensive income						492	492	54	546
Sale of treasury shares for stock options			495				495		495
Purchase of treasury shares			-146				-146		-146
Amortization deferred stock compensation					116		116		116
Granted and accepted stock options				171	-171		0		0
Reserves at Top Form				821		-53	768		768
Dividends				-46,540			-46,540		-46,540
Adjustments to non-controlling interests				2,850			2,850	-3,262	-412
Equity at 31/12/2014	1,936	743	-833	140,728	468	-9,063	133,979	717	134,696
Profit for the period				40,950			40,950	104	41,054
Other comprehensive income						313	313	44	357
Sale of treasury shares for stock options			1,200				1,200		1,200
Purchase of treasury shares			-367				-367		-367
Amortization deferred stock compensation					123		123		123
Granted and accepted stock options				301	-301		0		0
Reserves at Top Form						-382	-382		-382
Dividends				-46,585			-46,585		-46,585
Adjustments to non-controlling interests							0		0
Equity at 31/12/2015	1,936	743	0	135,394	290	-9,132	129,231	865	130,096

Consolidated cash flow statement

000 euro	2015	2014
Cash flows from operating activities		
Cash receipts from customers	260,413	251,377
Cash paid to suppliers and employees	-196,211	-191,161
Cash generated from operations	**64,202**	**60,216**
Income taxes paid	-7,235	-8,537
Other taxes paid	-6,379	-5,546
Interest and bank costs paid (note 20)	-234	-234
= Net cash from operating activities	**50,345**	**45,899**
Cash flows from investing activities		
Interest received (note 20)	144	351
Received dividends (note 20)	641	828
Purchase of fixed assets (note 4 and 5)	-10,605	-5,665
Investment / Recovery investment in subsidiary (1)	0	-412
Investments in other participating interests	0	0
Sale of treasury shares for stock options (note 13)	1,027	500
Purchase of treasury shares (note 13)	-367	146
= Net cash used in investing activities	**-9,160**	**-4,544**
Cash flows from financing activities		
Dividends paid (note 24)	-46,614	-46,567
Repayment of long-term borrowings / increase in financial debt	0	0
Repayment of short-term borrowings / increase in financial debt	-753	581
Net financing of customer growth fund	88	146
= Net cash used in financing activities	**-47,279**	**-45,840**
Net increase/(decrease) in cash and cash equivalents	**-6,094**	**-4,485**
Cash and cash equivalents at the beginning of the period (note 12)	**35,272**	**39,310**
Exchange rate differences	-1,030	447
Net increase/(decrease) in cash and cash equivalents	-6,094	-4,485
Cash and cash equivalents at the end of the period (note 12)	**28,148**	**35,272**

(1) For 2014, this relates to the acquisition of the remaining 15% of Intimacy Management Company LLC shares.

Notes to the financial statements

1. General information

The Van de Velde Group designs, develops, manufactures and markets fashionable luxury lingerie together with its subsidiaries. The company is a limited liability company, with its shares listed on Euronext Brussels.

The company's main office is located in Wichelen, Belgium.

The consolidated financial statements were authorized for issue by the Board of Directors on 23 February 2016, subject to approval of the statutory non-consolidated accounts by the shareholders at the Ordinary General Meeting to be held on 27 April 2016. In compliance with Belgian law, the consolidated accounts will be presented for informational purposes to the shareholders of Van de Velde NV at the same meeting. The consolidated financial statements are not subject to amendment, except conforming changes to reflect decisions, if any, of the shareholders with respect to the statutory non-consolidated financial statements affecting the consolidated financial statements.

This annual report is in accordance with article 119 of Belgium's Companies Code. The different components as prescribed by article 119 are spread across the various chapters in this annual report.

2. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in compliance with 'International Financial Reporting Standards (IFRS)', as adopted for use in the European Union as of the balance sheet date.

The amounts in the financial statements are presented in thousands of euro unless stated otherwise. The financial statements were prepared in accordance with the historical cost principle, except for valuation at fair value of derivative financial instruments.

Use of estimates

The preparation of financial statements in conformity with IFRS requires that management make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Estimates made on each reporting date reflect the conditions that existed on those dates (e.g. market prices, interest rates and foreign exchange rates). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

The most important application of estimates relates to:

Impairment of intangible fixed assets with indefinite useful life (including goodwill)

Intangible fixed assets with indefinite useful life, including goodwill in relation to business combinations, are subject to an annual impairment test. This test requires an estimation of the value-in-use of these assets. The estimate of the value-in-use requires an estimate of the expected future cash flows related to these assets and the choice of an appropriate discount rate to determine the present value of these cash flows. For the estimate of the future cash flows, management must make a number of assumptions and estimates, such as expectations with regard to growth in revenues, development of profit margin and operating costs, period and amount of investments, development of working capital, growth percentages for the long term and the choice of a discount rate that takes into account the specific risks. More details are given in note 3.

Employee benefits – share-based payments

The Group values the costs of the share option programmes on the basis of the fair value of the instruments on the grant date. The estimate of the fair value of the share-based payments requires a valuation depending on the terms and conditions of the grant. The valuation model also requires input data, such as the expected life of the option, the volatility and the dividend yield. The assumptions and the model used to estimate the fair value for share-based payments are explained in note 21.

Fair value measurement of a contingent consideration

A contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a derivative and so a financial liability, it is subsequently remeasured to fair value at each reporting date, based on estimations of future performances.

Gift cards and store credits

Unused gift cards and store credits are recognized in profit and loss after a period of 2 years based on estimated percentages. For gift cards and store credits without expiry date, the redemption patterns are based on historical data of the last five years and are reviewed annually.

Change in accounting policies

The accounting policies adopted are consistent with those of the previous fiscal year except for the following new, amended or revised IFRSs and interpretations effective as of 1 January 2015:

- IFRIC 21 Levies, effective 17 June 2014;
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2015.

The first adoption of these changes did not have an impact on the annual accounts of the Group.

Consolidation principles

Subsidiaries

Van de Velde NV has direct or indirect control over an entity if and only if it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. They are prepared as of the same reporting date and using the Group accounting policies. Intragroup balances, transactions, income and expenses are eliminated in full.

Associated companies

Associated companies are companies in which Van de Velde NV directly or indirectly has a significant influence. This is assumed to be the case when the Group holds at least 20% of the voting rights attached to the shares. The financial statements of these companies are prepared in accordance with the same accounting policies used for the Group. The consolidated financial statements contain the share of the Group in the result of associated companies in accordance with the equity method from the day that the significant influence is acquired until the day it ends. If the share of the Group in the losses of the associated companies is greater than the carrying amount of the participation, the carrying amount is set at zero and additional losses are recognized only insofar as the Group has assumed additional obligations.

Participations in associated companies are revalued if there are indications of possible impairment or of the disappearance of the reasons for earlier impairments. The participations valued in the balance sheet in accordance with the equity method also include the carrying amount of related goodwill.

Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is valued as the total of the fair value on the date of exchange of assets disposed of, issued equity instruments, and obligations entered into or acquired. Identifiable acquired assets, acquired obligations and contingent obligations that are part of a business combination are initially valued at fair value at the acquisition date, regardless of the existence of any minority shareholding.

Costs directly attributable to the business combination are directly recorded in the income statement.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately from the parent's shareholders' equity in the consolidated income statement and in the consolidated balance sheet.

Foreign currencies

Foreign currency transactions

The reporting currency of the Group is the euro. Foreign currency transactions are recorded at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate on the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are converted at the foreign exchange rate on the date of the transaction.

Financial statements of foreign activities

Van de Velde's foreign operations outside the euro zone are considered to be foreign activities. Accordingly, assets and liabilities are converted to euro at foreign exchange rates on the balance sheet date. Income statements of foreign entities are converted to euro at exchange rates approximating the foreign exchange rates on the dates of the transactions. The components of shareholders' equity are converted at historical rates. Exchange differences arising from the conversion of shareholders' equity to euro at year-end exchange rates are recorded in 'Other comprehensive income'. On sale or disposal of a foreign operation, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

The Group treats goodwill and intangible assets with an indefinite useful life, arising from business combinations, as assets of the parent. Therefore, those assets are already expressed in the functional currency and are treated as non-monetary items.

Intangible assets

(1) Research and development

The nature of the development costs within the Van de Velde Group is such that they do not meet the criteria set out in IAS 38 for recognition as intangible assets. They are therefore expensed when incurred.

(2) Acquired brands

Brands acquired as part of business combinations are deemed to be intangible assets with an indefinite useful life. These are measured at the value established as part of the allocation of fair value of the identifiable assets, obligations and contingent obligations on the acquisition date, less accumulated impairment losses. These brands are not amortized, but are tested annually for impairment (for more details, see note 3). The correctness of classification as intangible assets with indefinite useful life is also evaluated.

(3) Key Money

Key money refers to the 'droit au bail' or right to rent the shops in France, Germany, Denmark and Spain, and is recorded at cost. The value of the French right does not decrease in relation to the lease period but changes with the market for this type of commercial right. Therefore the useful life of this key money is considered to be indefinite, but reviewed periodically for impairment. The German key money (related to a rent agreement of 2012) is amortized over a period of 5.5 years. The Danish key money (related to a rent agreement entered into in 2013) was impaired in 2014. The Spanish key money (related to rent agreement entered into in 2014) is amortized over the tenor of the rent agreement.

(4) Other intangible assets

Other intangible assets acquired by Van de Velde are recognized at cost (purchase price plus all directly attributable costs) less accumulated amortization and accumulated impairment losses. Expenses for the registration of trade names and designs are recorded as brands with finite useful life to the extent that this relates to new registrations in the country of registration. Other expenditure on internally generated goodwill and brands are recognized in the income statement when incurred. The useful life of intangible assets other than acquired brands and key money is considered to be finite. Amortization begins when the intangible asset is available using the straight-line method. The useful life of intangible assets with a finite life is generally estimated at five years. Other intangible assets include acquired distribution rights and similar rights, which are amortized over a period of 5 years.

Goodwill

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.
Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is treated by the Group as an asset of the parent and is considered as a non-monetary item.
Goodwill is recorded at cost less accumulated impairment losses.

(2) Negative goodwill

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, Van de Velde will immediately recognize any negative difference through profit or loss.

Tangible fixed assets

(1) Initial expenditure

Tangible fixed assets are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost is determined as being the purchase price plus other directly attributable acquisition costs, such as non-refundable tax and transport.

(2) Subsequent expenditure

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Otherwise, it is recognized in profit or loss when incurred.

(3) Depreciation

The depreciable amount equals the cost of the asset less its residual value. Depreciation starts from the date the asset is ready for use, using the straight-line method over the estimated useful life of the asset. Residual value and useful life are reviewed at least at each fiscal year-end.

The depreciation rates used are as follows:

Buildings	15-50 years
Production machinery and equipment	2-10 years
Electronic office equipment	3-5 years
Furniture	5-10 years
Vehicles	3-5 years

Land is not depreciated as it is deemed to have an indefinite life.

Impairment of assets

The carrying amount of Van de Velde's fixed assets, other than deferred tax assets, financial assets and other non-current assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment test is conducted annually on intangible assets that are not yet available for use, intangible assets with an indefinite useful life and goodwill, regardless of whether there is any indication of impairment. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(1) Calculation of recoverable amount

The realizable value of an asset is the greater of its fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a 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 to which the asset belongs.

(2) Reversal of impairment

Impairment losses on goodwill and intangible fixed assets with indefinite useful life are not reversed. For any other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Inventories

Raw materials, work in progress, merchandise and finished goods are valued at the lower of cost or net realizable value. Cost of inventories comprises all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and present condition.

Purchasing costs include:

- Purchase price, plus
- Import duties and other taxes (if not recoverable), plus
- Transport, handling and other costs directly attributable to the acquisition of the goods, less
- Trade discounts, rebates and other similar items.

Conversion costs include:

- Costs directly related to the units of production, plus
- A systematic allocation of fixed and variable indirect production costs.

The provision for obsolescence is calculated consistently throughout the Group based on the age and expected future sales of the items at hand.

Trade and other receivables

Trade receivables are recognized at cost less impairment losses. If there is objective evidence that an impairment loss has been incurred on trade receivables, the impairment loss recognized is the difference between the carrying amount and the present value of estimated future cash flows. An assessment of impairment is made for all accounts receivable individually. If no objective evidence of impairment for individual receivables exists, a collective assessment for impairment is performed.

Leasing

Leases through which the Group acquires the right to use assets and the lessor substantially retains all the risks and the benefits of ownership of the asset are classified as operating leases. Operating lease payments (as contractually defined) are recognized as an expense in the income statement on a straight-line basis over the lease term (including the construction period). The difference between the actual cash payment to the lessor and the expense recognized in the income statement is recorded on the balance sheet as a debt. Lease incentives received as part of the lease contract are recognized over the lease term in accordance with the principles of SIC 15 and are deducted from the recorded rent expense.

Derivative financial instruments

Hedges

Van de Velde applies derivative financial instruments only in order to reduce the exposure to foreign currency risk. These financial instruments are entered into in accordance with the aims and principles laid down by general management, which prohibits the use of such financial instruments for speculation purposes.

Derivative financial instruments are initially measured at fair value. Although they provide effective economic hedges, they do not qualify for hedge accounting under the specific requirements in IAS 39 (Financial Instruments: Recognition and Measurement). As a result, at reporting date all derivatives are measured at fair value with changes in fair value recognized immediately in the income statement. The fair value of derivatives is calculated by discounting the expected future cash flows at the prevailing interest rates. All spot purchases and sales of financial assets are recognized on the settlement date.

Collateralized debt obligations (CDOs)

Investments in collateralized debt obligations (CDOs) are measured at fair value with recognition of changes in value through profit and loss. Fair value is based on market value at the balance sheet date. CDOs are recognized in the balance sheet as other fixed assets. In the fiscal year 2009 the decision was taken to impair CDOs completely, regardless of the reported fair value. This applies to 1 CDO with initial value of 1,450 thousand euros which expired in 2015.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits. Interest income is recognized based on the effective interest rate of the asset.

Share capital

(1) Change in capital

When there is an increase or decrease in Van de Velde's share capital, all directly attributable costs relating to that event are deducted from equity and not recognized in profit or loss when incurred.

(2) Dividends

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

Provisions

Provisions are recognized when Van de Velde has a present legal or constructive obligation as a result of past events, it is probable that an outflow will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

(1) Pension plan

The company has established a group insurance scheme for its Belgian employees. Considering that the company is obliged to make additional payments in case the annual return on contributions to the pension plan falls below 3.25%, the classification of the plan as defined contribution plan might change. The statutory minimum guarantee was achieved in 2014 and 2015.
The company's obligations to contribute to 'defined contribution' plans (also outside Belgium) are charged to the income statement as incurred.

(2) Share-based payments

The fair value of the share options awarded under the Group's share option plan is established on the grant date, with due consideration for the terms and conditions under which the options are granted and using a valuation technique corresponding to generally accepted valuation methods for establishing the price of financial instruments and with due consideration for all relevant factors and assumptions. The fair value of the share options is recognized as personnel expenses for the period until the beneficiary acquires the option unconditionally (i.e. vesting date).

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except insofar as it relates to items included in other comprehensive income or shareholders' equity. In that case, income tax is included in other comprehensive income or shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year, using applicable tax rates on the balance sheet date, and any adjustments to tax payables with respect to previous years.

For financial reporting purposes, deferred income tax is calculated using the liability method based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets are recognized only insofar as it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been implemented or substantively implemented at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Trade and other payables

Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of six months.

Revenue

(1) Goods sold

In relation to the sale of goods, revenue is recognized when goods have been invoiced and shipped to the buyer. The possible return of goods or non-settlement of invoices is currently not taken into account. Cash discounts granted are recorded in the income statement upon collection of the outstanding balance. These discounts are recorded as a deduction of revenue.

Sales of products to the customers of the Group's retail network are recognized at the point of sale when the transaction is entered into the cash register. Sales are recorded net of sales taxes, value-added taxes, discounts and incentives.

(2) Gift cards and store credits

The Group's retail network sells gift cards and issues credits to its customers when merchandise is returned. The cards and credits do either not expire or have an expiry date in 24 months. The Group recognizes sales from gift cards when they are redeemed by the customer and when the likelihood of the gift cards and credits being redeemed by the customer is remote (breakage). The company determines breakage income on unused gift cards and store credits based on the historical redemption pattern. Management has determined that redemption would be remote after a period of 2 years. Breakage income is recognized as part of turnover.

(3) Financial income

Financial income comprises dividend income and interest income. Royalties arising from the use by others of the company's resources are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably. Dividend income is recognized in the income statement on the date that the dividend is declared. Interest income is recognized based on the effective interest rate of the asset.

(4) Government grants

A government grant is recognized when there is reasonable assurance that it will be received and that the company will comply with the attached conditions. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the cost of an asset are recognized as income over the life of a depreciable asset by means of a reduced depreciation charge.

Expenses

(1) Interest expenses

All interest and other costs incurred in connection with borrowings and finance lease liabilities are recognized in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs, and system development costs

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and system development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization. If the development expenditure meets the criteria, it will be capitalized.

New and amended standards and interpretations, effective for fiscal years starting after 1 January 2015

The Group has not early-adopted any standards or interpretations issued but not yet effective as at 31 December 2015.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

- IFRS 9 Financial Instruments[1], effective 1 January 2018;
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception[1], effective 1 January 2016;
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016;
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15[1], effective 1 January 2018;
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016;
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016;
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016;
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015;
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements[1], effective 1 January 2016;
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015;
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016.

The Group is currently assessing the impact of these changes. Specifically in relation to IFRS 15, the impact will be further analysed in the course of 2016.

1 Not yet endorsed by the EU as per 31 December 2015.

3. Goodwill

Goodwill is allocated and tested for impairment at the cash-generating unit level that is expected to benefit from synergies of the combination the goodwill resulted from.

The carrying value of goodwill (after impairment and other adjustments) was allocated to each of the cash-generating units (in thousand euro) as follows:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail [1]	Total
Carrying value, gross					
At 01/01/2015	6,357	26,189	1,749	2,797	37,092
Acquisition through business combinations	0	0	0	0	0
At 31/12/2015	6,357	26,189	1,749	2,797	37,092
Impairment and other adjustments					
At 01/01/2015	6,357	26,189	0	0	32,546
Impairment and other adjustments	0	0	0	0	0
At 31/12/2015	6,357	26,189	0	0	32,546
At 31/12/2015					
Accumulated acquisitions	6,357	26,189	1,749	2,797	37,092
Accumulated impairment/other adjustments	6,357	26,189	0	0	32,546
Goodwill, net 31/12/2015	0	0	1,749	2,797	4,546

(1) Re-tail refers to the former Donker stores in the Netherlands.

The carrying value of brands with indefinite useful life (after impairment and other adjustments) was allocated to each of the cash-generating units (in thousand euro) as follows:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail [1]	Total
Carrying value, gross					
At 01/01/2015	11,000	7,784	6,734	0	25,518
Acquisition through business combinations	0	0	0	0	0
At 31/12/2015	11,000	7,784	6,734	0	25,518
Impairment and other adjustments					
At 01/01/2015	5,531	7,784	0	0	13,315
Impairment and other adjustments	0	0	0	0	0
At 31/12/2015	5,531	7,784	0	0	13,315
At 31/12/2015					
Accumulated acquisitions	11,000	7,784	6,734	0	25,518
Accumulated impairment/other adjustments	5,531	7,784	0	0	13,315
Brand names with indefinite useful life, net 31/12/2015	5,469	0	6,734	0	12,203

(1) Re-tail refers to the former Donker stores in the Netherlands.

Impairment test

In the fourth quarter of 2015 the Group conducted its annual impairment test for each cash-generating unit. The following intangible assets allocated to each of the cash-generating units were subject to an impairment test in 2015:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail	Total
Goodwill	0	0	1,749	2,797	4,546
Brands with indefinite useful life	5,469	0	6,734	0	12,203
Total intangible assets	**5,469**	**0**	**8,483**	**2,797**	**16,749**

In the first half of 2014, an impairment charge of 16,307 thousand euro was recorded in relation to the intangible assets of Intimacy (goodwill and brand with indefinite useful life). The impairment test conducted early 2015 indicated that the remaining goodwill balance of 15,141 thousand euro should also be written off. As a consequence, the value of both goodwill and brand with indefinite useful life related to Intimacy were recorded at zero in the balance sheet at 31/12/2014 and an impairment charge of 31,448 thousand euro was recorded in the consolidated income statement for financial year 2014. As a result of this, there are no impairment charges in the financial year 2015 and no impairment test has been carried out for the cash-generating unit Intimacy. For further details on the methodology and assumptions regarding the impairments at half-year 2014 and end of year 2014, please refer to the financial report for first half-year 2014 and the annual report for financial year 2014.

Result of the impairment test

In 2015 the impairment test showed that the realizable value for all cash-generating units (Andres Sarda, Rigby & Peller and Re-tail) exceeded the carrying value and hence no impairment was required.

As referred to above, impairment tests in 2014 resulted in impairment charges of 31,448 thousand euro, entirely related to the cash-generating unit Intimacy.

Further information on the impairment test is provided below.

Methodology applied to the impairment test

This test aims to compare the realizable value and the carrying value of each cash-generating unit:

- A model-based approach determines the realizable value on the basis of the calculated value-in-use, being the present value of the future expected cash flows from these cash-generating units:
  - For the first year in the forecast period (2016), the growth plan as approved by the Board of Directors is used as the basis.
  - For the subsequent years (2017-2019), a cash flow projection is drawn up based on realistic assumptions.
- The discount rate used to calculate the present value of the future expected cash flows is based on the market assessments and is explained below.

The calculation of the value-in-use for all cash-generating units is most sensitive to the following assumptions:

- Turnover assumptions for the forecast period;
- EBITDA development and EBITDA margins applied to the turnover forecast;
- Growth rate used to extrapolate cash flows beyond the forecast period;
- Discount rate.

The assumptions related to turnover and EBITDA developments are based on available internal data as well as historical percentages on the basis of experience, which are determined for each of the cash-generating units separately. The growth rate and discount rates are checked against external sources insofar as possible and relevant.

Turnover assumptions for the forecast period

For the three cash-generating units, the growth plan as approved by the Board of Directors is the starting point for the first year in the forecast period (2016).

For Andres Sarda, the expected average growth rate during the period 2016-2019 is a double-digit percentage, also due to the low starting point. This takes into account the turnover developments within the Andres Sarda business as well as any synergies as a result of the Andres Sarda acquisition, being a larger customer base for the Van de Velde brands in Spain.

For the planning period (2016-2019) moderate turnover growth on a like-for-like basis has been applied to the cash-generating units Rigby & Peller and Re-tail. For Rigby & Peller, one new store opening per year has been provided for starting in 2017.

Fully aligned with the segment reporting, the turnover estimates for the cash-generating units Rigby & Peller and Re-tail include the retail turnover realized by the stores as well as the wholesale turnover for the Van de Velde products sold by these retail channels. Furthermore, the turnover forecast for Rigby & Peller takes into account only further developments in the UK market and does not reflect the fact that this brand will be rolled out as Van de Velde's global retail brand (except in the Netherlands).

EBITDA development and EBITDA margins applied to the turnover forecast

A development towards the target EBITDA margin is assumed for Andres Sarda. The improved margin for Andres Sarda should mainly be achieved through turnover growth in the wholesale business and continued penetration of Andres Sarda in Van de Velde's own stores. The cost developments will also be monitored very strictly.

For the cash-generating units Rigby & Peller and Re-tail, a gradual increase in the EBITDA margin is assumed towards the target EBITDA margin for a (partially) integrated retail chain. The target EBITDA margin is achieved through high gross margins, limited cost increases and the envisioned market share of the Van de Velde products.

Growth rate used to extrapolate cash flows beyond the forecast period

The long-term percentage applied to extrapolate cash flows beyond the forecast period is assessed in line with the expected long-term inflation for all cash-generating units (1%).

Discount rate

The discount rates represent the current market assessment of the risks specific to the Van de Velde Group on the one hand and the cash-generating units on the other. The discount rates are estimated on the basis of the weighted average cost of capital after tax and are for the three cash-generating units in a range between 7.9% and 9.0%. This corresponds to a cost of capital before tax of between 10.0% and 11.1%.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the Andres Sarda, Rigby & Peller and Re-tail units, management believes that on the basis of the performed sensitivity analysis no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. This is also reflected in the reasonable headroom[1] in the three cash-generating units. The tested sensitivities related to:

- the possibility of lower than forecast turnover growth during the forecast period (2016-2019);
- the possibility of lower than forecast EBITDA margin on sales;
- a decrease in the growth rate used to extrapolate cash flows beyond the forecast period;
- an increase in the weighted average cost of capital.

1 Headroom refers to the difference between the calculated realizable value and the carrying value for a specific cash-generating unit.

4. Intangible assets

000 euro	Total	Brands with finite useful life	Brands with indefinite useful life	Distribution rights and similar rights	Software	Key money
Intangible assets, gross						
At 01/01/2014	39,618	1,719	27,193	3,734	6,669	303
Investments	700	93	0	0	534	73
Disposals	-175	0	0	0	-39	-136
Exchange adjustments	25	25	0	0	0	0
At 31/12/2014	40,168	1,837	27,193	3,734	7,164	240
Amortization and impairment						
At 01/01/2014	12,688	1,087	5,531	1,446	4,462	162
Amortization	1,756	164	0	747	777	68
Impairment	7,784	0	7,784	0	0	0
Disposals	-176	0	0	0	-40	-136
Exchange adjustments	9	9	0	0	0	0
At 31/12/2014	22,061	1,260	13,315	2,193	5,199	94
Intangible assets, net 31/12/2014	18,107	577	13,878	1,541	1,965	146
Intangible assets, gross						
At 01/01/2015	40,168	1,837	27,193	3,734	7,164	240
Investments	772	190	0	0	582	0
Disposals	0	0	0	0	0	0
Other adjustments	0	1,675	-1,675	0	0	0
Exchange adjustments	30	30	0	0	0	0
At 31/12/2015	40,970	3,732	25,518	3,734	7,764	240
Amortization and impairment						
At 01/01/2015	22,061	1,260	13,315	2,193	5,199	94
Amortization	2,391	832	0	747	784	28
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2015	24,452	2,092	13,315	2,940	5,983	122
Intangible assets, net 31/12/2015	16,518	1,640	12,203	794	1,763	118

The expenses of brands with a finite useful life relates among other things to registration costs of developed in-house brands.

Brands with indefinite useful life are:

- The Andres Sarda brand acquired in 2008. In 2012, an impairment charge of 5,531 thousand euro was recognized on this brand.
- The Intimacy brand and concept acquired in 2010 (7,784 thousand euro) is fully written off in 2014.
- The Rigby & Peller brand and concept acquired in 2011, the fair value of which was determined as part of a business combination.

These brands are deemed to be brands with an indefinite useful life because the Group considers them to be full-fledged additions to its existing brand portfolio.

Distribution rights and similar rights refer to the distribution agreement and the intangible assets that the Group acquired at the start of the Private Shop joint venture with Getz Bros. (Hong Kong) Limited ('Getz') in 2012. The investment for the acquisition of the distribution agreement and the intangible assets is estimated at 5,000 thousand American dollar, 3,000 thousand American dollar of which was settled. The remaining amount of 2,000 thousand American dollar has been recognized as a liability payable to Getz and will be settled dependent on certain milestone criteria being fulfilled. The amortization period is 5 years.

The investment in software in 2015 relates among other things to implementation of software for among other things e-commerce, exchange of information and online collaboration, integration of applications, renewal of shop management system and miscellaneous improvements to ERP software.

Key money relates to stores in Germany and Spain.

Expenditure on research activities undertaken to acquire new scientific or technical knowledge and understanding, is recognized as expense when incurred.

5. Tangible fixed assets

000 euro	Total	Land and buildings	Installations, machinery and equipment	Assets under construction
Tangible fixed assets, gross				
At 01/01/2014	**73,854**	**33,039**	**39,895**	**920**
Investments	5,028	1,155	2,461	1,412
Transfer	0	16	764	-780
Disposals	-2,602	-1,114	-1,488	0
Exchange adjustments	502	356	146	0
At 31/12/2014	**76,782**	**33,452**	**41,778**	**1,552**
Depreciation and impairment				
At 01/01/2014	**43,450**	**16,315**	**27,135**	**0**
Depreciation	6,402	3,081	3,321	0
Disposals	-2,449	-1,053	-1,396	0
Exchange adjustments	64	33	31	0
At 31/12/2014	**47,467**	**18,376**	**29,091**	**0**
Tangible fixed assets, net				
Tangible fixed assets (without grants)	**29,315**	**15,076**	**12,687**	**1,552**
Grants at 31/12/2014	0	0	0	0
Grants utilized in 2014	24	10	14	0
At 31/12/2014	**29,339**	**15,086**	**12,701**	**1,552**
Tangible fixed assets, gross				
At 01/01/2015	**76,782**	**33,452**	**41,778**	**1,552**
Investments	10,218	1,984	4,243	3,991
Transfer	0	47	44	-91
Disposals	-2,471	-993	-1,478	0
Exchange adjustments	1,190	699	491	0
At 31/12/2015	**85,719**	**35,189**	**45,078**	**5,452**
Depreciation and impairment				
At 01/01/2015	**47,467**	**18,376**	**29,091**	**0**
Depreciation	5,879	2,506	3,373	0
Disposals	-2,232	-876	-1,356	0
Exchange adjustments	401	190	211	0
At 31/12/2015	**51,515**	**20,196**	**31,319**	**0**
Tangible fixed assets, net				
Tangible fixed assets (without grants)	**34,204**	**14,993**	**13,759**	**5,452**
Grants at 31/12/2015	0	0	0	0
Grants utilized in 2015	0	0	0	0
At 31/12/2015	**34,204**	**14,993**	**13,759**	**5,452**

In 2015 the investments primarily relate to the expansion of the mini-load system and the transport installation for the distribution center and other investments in Wichelen, the renovation costs of the building in Schellebelle as well as to the opening of new stores and/or store enhancements in the United Kingdom, Germany and Spain.

In 2015, the disposals mainly relate to the closure of shops in the United States, Germany and Spain.

6. Investments in associates

Investments in associates consist of the following Group interests:

- 50.0% in Private Shop Ltd.;
- 25.7% in Top Form International Ltd.

Net carrying amount 000 euro	Top Form Ltd.	Private Shop Ltd.	Total
At 01/01/2014	11,849	2,057	13,906
Results for the fiscal year	313	-279	34
Reserves	821	0	821
Other comprehensive income (1)	-53	0	-53
At 31/12/2014	12,930	1,778	14,708
At 01/01/2015	12,930	1,778	14,708
Results for the fiscal year	459	-157	302
Reserves	0	0	0
Other comprehensive income (1)	-382	0	-382
At 31/12/2015	13,007	1,621	14,628

(1) Before intercompany eliminations.

In relation to Top Form accumulated changes to fair value in the amount of -18,306 thousand euro were in the past recognised in equity. These changes continue to be recognised in equity until the stake is sold or until the stake included in accordance with the equity method is impaired.

Key figures per participation are as follows:

Key figures	Top Form Ltd. HKD 000 (31/12/2015)	Private Shop Ltd. HKD 000 (31/12/2015)
Tangible fixed assets	95,912	3,458
Other fixed assets	117,868	4,673
Current assets	511,739	24,491
Non-current liabilities	25,122	0
Current liabilities	135,945	4,883
Total net assets	564,452	27,739
Turnover	618,047	53,756
Net result	20,030	-9,030

The figures relating to Top Form International Ltd. in the above table refer to the half-year closing at 31/12/2015 (first half-year fiscal year 2016) and therefore refer to turnover and net profit for a period of six months.

7. Other fixed assets

Other fixed assets consist of the following:

000 euro	2015	2014
Security deposits for VAT	217	217
Other security deposits	404	272
Other participating interests	25	25
Prepaid rent expenses	52	113
Borrowings	242	320
Other fixed assets, net	940	947

Prepaid rent expenses are recorded in the income statement on a straight-line basis over the lease term.

8. Grants

Grants for investments in assets

Grants that compensate the company for the cost of an asset are recognized in the income statement as a deduction of the depreciation charge on a straight-line basis over the useful life of the asset.

000 euro	2015	2014
At 1 January	0	24
Received during the year	0	0
Released to the income statement	0	24
Exchange rate adjustments	0	0
At 31 December	0	0

Other grants

In 2015 an amount of 87 thousand euro was recorded as other operating income related to other grants. In 2014 no amount was recorded as other operating income related to other grants.

9. Inventories

Inventories by major components are as follows:

000 euro	2015	2014
Finished and merchandise goods	21,495	21,744
Work in progress	9,288	8,271
Raw materials	13,321	12,404
Inventories, gross	**44,104**	**42,419**
Less: Allowance for obsolescence	-4,946	-5,270
Inventories, net	**39,158**	**37,149**

The allowance for obsolescence in 2015 relates to finished products (2,165 thousand euro) and raw materials (2,781 thousand euro). The allowance for obsolescence in 2014 relates to finished products (2,461 thousand euro) and raw materials (2,809 thousand euro).

The additional write-down on inventories amounted to 2,659 thousand euro in 2015, compared with 3,613 thousand euro in 2014. The additional write-down relates to raw materials (1,739 thousand euro in 2015 and 2,309 thousand euro in 2014) and finished products (920 thousand euro in 2015 and 1,304 thousand euro in 2014).

The allowance for obsolescence and the additional write-downs are recorded in the income statement under 'Cost of materials'.

10. Trade and other receivables

Accounts receivable are as follows:

000 euro	2015	2014
Trade receivables, gross	17,322	14,029
Less: allowance for doubtful debtors	-589	-459
Trade receivables, net	**16,733**	**13,570**

Trade and other receivables are non-interest bearing. Standard payment terms are country-defined. In addition to payment terms, Van de Velde also applies customer-defined credit limits in order to assure proper follow-up. In the event of overdue invoices, a reminder procedure is initiated.

In 2015 there was a loss of 172 thousand euro with respect to trade receivables (125 thousand euro in 2014).

The allowance for doubtful debtors is recorded in the income statement under 'Other expenses'.

The aging analysis of the trade receivables at year-end is as follows:

000 euro	Total	Neither past due nor impaired	Past due but not impaired 1-60 days	Past due but not impaired 60-90 days	Past due and an impairment has been recorded > 90 days
2015	17,322	12,649	2,769	611	1,293
2014	14,029	9,109	2,963	588	1,369

11. Other current assets

Other current assets consist of the following:

000 euro	2015	2014
Prepaid expenses	4,567	4,322
Tax receivables (VAT & corporate income tax)	1,428	1,198
Accrued income	80	47
Sundry	161	318
FX forward contracts (note 19)	623	60
Other current assets, net	6,859	5,945

12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

000 euro	2015	2014
Cash at banks and in hand	7,819	13,600
Marketable securities	20,329	21,672
Cash and cash equivalents	28,148	35,272

Marketable securities consist only of saving accounts and short-term investments at financial institutions.

Cash and cash equivalents recognized in the cash flow statement comprise the same elements as presented above.

13. Share capital

Authorized and fully paid	2015	2014
Nominative shares	7,497,684	7,497,676
Dematerialized shares	5,824,796	5,822,369
Bearer shares	0	2,435
Total number of shares	13,322,480	13,322,480

At 31 December 2015 Van de Velde NV's share capital was 1,936 thousand euro (fully paid), represented by 13,322,480 shares with no nominal value and all with the same rights insofar as they are not treasury shares, whose rights have been suspended or cancelled. The Board of Directors of Van de Velde NV is authorized to raise the subscribed capital one or more times by a total amount of 1,936 thousand euro under the conditions stated in the Articles of Association. This authorization is valid for five years after publication in the annexes to Belgisch Staatsblad/Moniteur belge (21 May 2012).

The distributions from retained earnings of Van de Velde NV, the parent company, is limited to a legal reserve, which was built up, in previous years in accordance with Belgium's Companies Code, to 10% of the subscribed capital.

Treasury shares

At the end of 2014 Van de Velde held 26,000 of its own shares with a total value of 833 thousand euro.

In accordance with Article 620 of Belgium's Companies Code, the Extraordinary General Meeting of Shareholders of 30 April 2014 gave the Board of Directors the power to acquire the company's own shares. In 2015 7,000 treasury shares were purchased to meet the commitments regarding the exercise of stock options in 2015.

Within the framework of the stock option plan a total of 33,000 options were exercised and the same number of treasury shares was made available to the option holders.

At the end of 2015 Van de Velde NV held no own shares.

000 euro	2015	2014
Share capital	1,936	1,936
Treasury shares	0	-833
Share premium	743	743

Non-controlling interests

At the end of 2015, non-controlling interests include the 13% stake of the Kenton family in the equity and the net income of Rigby & Peller Ltd.

14. Provisions

000 euro	Provisions
At 01/01/2014	1,034
Arising during the year	18
Utilized	-175
Provisions 31/12/2014	877
At 01/01/2015	877
Arising during the year	7
Utilized	-43
Provisions 31/12/2015	841

At the end of 2014 a provision of 877 thousand euro was outstanding in relation to termination fees for sales agents and other planned measures. In 2015, 43 thousand euro of the provision was used (49 thousand euro in 2014) and an additional provision of 7 thousand euro (18 thousand euro in 2014) was recognized. The expected timetable of the corresponding cash outflows depends on the progress and duration of the negotiations with the sales agents.

In 2012 a provision for expenses to be incurred going forward (376 thousand euro) was recorded in relation to the contribution of know-how in Private Shop Ltd. This provision was used over a period of 3 years; one third of it was used during 2014 (126 thousand euro). At the end of 2014, the provision was fully used.

Intimacy has been named as defendant in a potential class action suit alleging violation of FACTA ("Fair and Accurate Credit Transactions Act"). This Act stipulates the credit card details that can be stated on a cash receipt. In this case, Intimacy has reached a settlement with the opposing party and this settlement was approved by the US court on 1 September 2015. The settlement is in execution from 1 October 2015 till 31 May 2016. It is impossible at this point in time to assess whether this case will result in any cash outflow, however, management will do what it takes to avoid a possible cash outflow. It is expected that this settlement agreement will not have a material impact on the financial situation of the Group.

15. Deferred taxes

The deferred taxes consist of the following:

000 euro	Deferred tax liabilities on fixed assets	Deferred tax assets on assets	Deductible losses	Total
At 01/01/2014	-1,498	973	333	-192
Changes	-113	119	0	6
At 31/12/2014	-1,611	1,092	333	-186
At 01/01/2015	-1,611	1,092	333	-186
Changes	-41	254	-333	-120
At 31/12/2015	-1,652	1,346	0	-306

The net deferred tax liability of 306 thousand euro consists of the following components:

- Regarding the deferred tax liabilities on fixed assets, the depreciable amount of an item of property, plant and equipment should be allocated on a straight-line basis over its useful life. In the statutory financial statements, the double declining depreciation method is applied, which is restated for consolidation purposes. The deferred taxes were valued at the theoretical tax rate of 33.99%.
- Deferred tax assets on assets relate to differences between the statutory accounting policies and the accounting policies in accordance with IFRS.

The deductible losses are related to different entities and taxation authorities than the other components and are therefore reported separately as an asset.

16. Other non-current liabilities

Other non-current liabilities consist of the following:

000 euro	2015	2014
Deferred rent and lease incentives	1,454	1,781
Liabilities from acquisition of a participation in joint venture	1,830	1,456
Other non-current liabilities	3,284	3,237

Deferred rent and lease incentives relate to both the difference between the actual cash payment to the lessor and the expense recognized in the income statement and lease incentives received as part of the lease contract, which are recognized over the lease term as a deduction from the recorded rent expense.

The liabilities from acquisition of a participation in joint venture relate to Private Shop Ltd. The amount of 1,830 thousand euro (2,000 thousand American dollar) is a liability payable to Getz for the acquisition of a distribution agreement and intangible assets at the start of the joint venture in 2012. The change in 2015 is only due to a currency effect. This amount will be settled when certain milestone criteria are fulfilled. The Group is of the opinion that this amount will not be settled until after 2016.

17. Trade and other payables

Trade and other payables consist of the following:

000 euro	2015	2014
Trade payables	5,640	4,505
Payroll, social charges	5,177	5,031
Gift cards and credits issued	710	889
Accrued charges	3,755	3,540
Sundry	185	673
Short-term borrowings	355	1,069
Trade and other payables	15,822	15,707

18. Other current liabilities and taxes payable

000 euro	2015	2014
Other current liabilities: taxes (VAT payable, local taxes, withholding taxes)	1,632	937
Taxes payable: corporate income taxes	9,723	3,911

The increase in current liabilities and taxes payable in 2015 mainly relates to the outstanding payable of corporate income taxes covering income years 2014 and 2015 compared to income year 2014 only last year.

19. Financial instruments

The Group applies derivative financial instruments to limit the risks of unfavourable exchange rate fluctuations originating from operations and investments.

Derivatives that do not qualify for hedge accounting

The company applies FX forward contracts to manage transaction risks. These have a maturity date between 15/01/2016 and 15/12/2016 (maturities at 31 December 2014: between 15/01/2015 and 15/12/2015). As these contracts do not meet the hedging criteria of IAS 39, they are valued at fair value and recognized as trading contracts through profit or loss.

On 31 December the fair value of these FX forward contracts was 593 thousand euro, comprising an unrealized income of 623 thousand euro and an unrealized loss of 30 thousand euro.

By way of a summary, the various fair values are shown in the following table:

000 euro	2015	2014
Derivatives that do not qualify for hedge accounting:		
Other current assets	623	60
Other current liabilities	-30	-322

The valuation technique used to determine the fair value is level 2-compliant, with the various levels and related valuation techniques defined as follows:

- Level 1: quoted (and not adjusted) prices on active markets for identical assets and liabilities;
- Level 2: other techniques, in which all inputs that have a major impact on the recognized fair value are observable (directly or indirectly);
- Level 3: techniques, using inputs with a major impact on the fair value and for which no observable market data is available.

20. Financial result

The financial result breaks down as follows:

000 euro	2015	2014
Interest income	138	336
Interest costs	-27	-13
Interest result, net	**111**	**323**
Exchange gains	5,192	1,738
Exchange losses	-5,117	-2,056
Exchange result, net	**75**	**-318**
Income from investments (dividends)	641	828
Other financial income	0	87
Other financial costs	-508	-232
Financial result	319	688

21. Personnel expenses

Personnel expenses are as follows:

000 euro	2015	2014
Wages (1)	8,581	8,712
Salaries (2)	27,031	25,334
Social security contributions	7,506	7,565
Other personnel expenses	981	1,158
Personnel expenses	44,099	42,769

(1) Figures for 2014 were adjusted to enhance comparibility with 2015.
(2) Figures for 2014 were adjusted to enhance comparibility with 2015.

Workforce at balance sheet date	2015	2014
White collars	574	608
Blue collars	787	764
Total	1,361	1,372

At the moment the Group primarily has pension plans of the ‘defined contribution’ type. The cost of this plan amounted to 815 thousand euro in 2015 (818 thousand euro in 2014). A provision of 30 thousand euro (32 thousand euro in 2014) of the ‘defined benefit’ type remains.

Share-based payments

The Group applies IFRS 2 Share-based payments since 2008. The fair value of the options on the grant date is recognized for the period until the beneficiary acquires the option unconditionally in accordance with the gradual acquisition method.

The impact of IFRS 2 on the result of the year 2015 was 123 thousand euro versus 116 thousand euro in 2014.

The option plans were valued using the Black-Scholes-Merton model for call options. The following assumptions were used to determine the weighted average fair value at grant date:

	PLAN 2012	PLAN 2013	PLAN 2014	PLAN 2015
Grant date	24/09/12	11/10/13	13/10/14	12/10/15
Dividend right as of the grant date	no	no	no	no
Contractual term of the options	5-10	5-10	5-10	5-10
Exercise price	34.88	34.89	37.85	55.87
Expected volatility	35.00%	35.00%	35.00%	35.00%
Risk-free interest rate	0.90% - 2.06%	1.08% - 2.16%	0.33% - 1.01%	0.07%
Fair value of the share options (in euro)	9.62	10.26	9.97	14.45

The share option plan has developed as follows:	Option plan 2005 - 2015
Outstanding at 01/01/2014	**75,000**
Exercisable at 01/01/2014	**42,000**
Movements during the year	
Accepted	14,500
Forfeited	0
Exercised	16,000
Expired	0
Outstanding at 31/12/2014	**73,500**
Exercisable at 31/12/2014	**26,000**
Movements during the year	
Accepted	1,000
Forfeited	0
Exercised	33,000
Expired	0
Outstanding at 31/12/2015	**41,500**
Exercisable at 31/12/2015	**0**

22. Income taxes

The major components of income tax expense for the years ending 31 December 2015 and 2014 are:

000 euro	2015	2014
Current income tax	**12,929**	**16,388**
Current income tax charge	12,929	16,398
Adjustments in respect of current income tax of previous years	0	-10
Deferred income tax	**306**	**-6**
Relating to the origination and reversal of temporary differences	306	-6
Income tax expense reported in the consolidated income statement	**13,235**	**16,382**

The reconciliation of income tax expense applicable to income before taxes at the statutory income tax rate and income tax expense at the Group's effective income tax rate for each of the past two years ending 31 December is as follows:

000 euro	2015	2014
Profit before taxes (1)	**53,987**	**50,229**
Parent's statutory tax rate of 33.99%	18,350	17,073
Higher income tax rates in other countries	41	115
Lower income tax rates in other countries	-3,462	-3,317
Utilization tax losses and unrecognized losses	-1,945	1,388
Disallowed expenses	300	234
Notional interest deduction	-313	-110
Other	93	-562
Dividend received reduction ('DBI')	171	1,561
Total income taxes	**13,235**	**16,382**
Effective income tax rate	**24.52%**	**32.61%**

(1) Profit before taxes excluding the share in the result of associates and impairment charges.

The decrease in the effective income tax rate is due to the following reasons:

- As a consequence of administrative restructuring, the tax rate for 2014 rose on an annual basis.
- Utilization tax losses and unrecognized losses in 2015.

23. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the shares purchased by the Group and held as treasury shares (note 13).

Diluted earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares (stock options).

	2015	2014
Profit attributable to shareholders (in 000 euro)	40,950	2,484
Weighted average number of ordinary shares	13,314,477	13,295,354
Dilutive effect of stock options	17,726	9,474
Weighted average number of shares after impact of dilution	13,332,203	13,304,828
Basic earnings per share (euro)	**3.08**	**0.19**
Diluted earnings per share (euro)	**3.07**	**0.19**

In 2014 all stock options granted over the period 2007-2013 were dilutive. In 2015 all stock options granted over the period 2007-2015 were dilutive.

24. Dividends paid and proposed

000 euro	2015	2014
Dividend paid	46,618	46,526
Dividend proposed	46,622	46,538

Dividend paid:
- in 2015:
  - 1.35 euro per share as interim dividend for fiscal year 2015.
  - 2.15 euro per share for fiscal year 2014.
- in 2014 :
  - 1.35 euro per share as interim dividend for fiscal year 2014.
  - 2.15 euro per share for fiscal year 2013.

Dividend proposed:
- 3.50 euro per share for fiscal year 2015 of which 1.35 euro per share was paid as interim dividend in November 2015.
- 3.50 euro per share for fiscal year 2014 of which 1.35 euro per share was paid as interim dividend in November 2014.
- No dividend rights are attached to treasury shares.

25. Commitments and contingent liabilities

The Group rents sites for the shops of its own retail network and showrooms to present collections to customers. These rent contracts are operational leases with a contract term of one year or more. Rental expenses in respect of these operating leases amounted to 7,410 thousand euro in 2015 (6,982 thousand euro in 2014).

Future minimum lease payments under operating leases were as follows at 31 December 2015:

000 euro	2015
Within one year	6,792
After one year but not more than five years	18,108
More than five years	6,034
Total	**30,934**

26. Related party disclosures

Full consolidation

The consolidated financial statements include the financial statements of Van de Velde NV and the subsidiaries listed in the following table.

Name	Address	(%) equity interest 2015	Change on previous year
VAN DE VELDE NV	Lageweg 4 9260 SCHELLEBELLE, Belgium VAT BE0448.746.744	Parent company	
VAN DE VELDE GMBH & Co KG	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE VERWALTUNGS GMBH	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE TERMELO ES KERESKEDELMI KFT	Selyem U.4 7100 SZEKSZARD, Hungary	100	0
VAN DE VELDE UK LTD	Cannon Place, 78 Cannon Street, EC4N 6AF LONDON United Kingdom	100	0
VAN DE VELDE FRANCE SARL	16, Place du General De Gaulle 59000 LILLE, France	100	0
MARIE JO GMBH	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE IBERICA SL	Calle Santa Eulalia, 5 08012 BARCELONA, Spain	100	0
VAN DE VELDE CONFECTION SARL	Route De Sousse BP 25 4020 KONDAR, Tunisia	100	0
VAN DE VELDE FINLAND OY	Yliopistonkatu 34, 4 krs huone 401 20100 TURKU, Finland	100	0
VAN DE VELDE NORTH AMERICA INC	171 Madison Avenue, Suite 201 NY 10016, NEW YORK, United States of America	100	0
VAN DE VELDE DENMARK APS	Lejrvejen 8 6330 PADBORG, Denmark	100	0
VAN DE VELDE RETAIL INC	171 Madison Avenue, Suite 201 NY 10016, NEW YORK, United States of America	100	0
INTIMACY MANAGEMENT COMPANY LLC	3980 Dekalb Technology Parkway 775 GA 30340 ATLANTA, United States of America	100	0

Name	Address	(%) equity interest 2015	Change on previous year
RIGBY & PELLER LTD	Second Floor, 37 North Row W1K 6DH, LONDON United Kingdom	87	0
VAN DE VELDE NEDERLAND BV	Corellistraat 27 1077 HB AMSTERDAM, Netherlands	100	0
VAN DE VELDE POLAND SP ZOO	Ul. Al Wyzwolenia 10 - lok 171 00570 WARSZAWA, Poland	100	0

Sales of goods and services are at arm's length between Group companies.

Effective beginning of 2015 Eurocorset SA and Su Distribuidora Sul Tu Corpo SL have been merged into Van de Velde Iberica SL.

Companies to which the equity method is applied

The equity method is applied to the following companies:

Name	Address	(%) equity interest 2015	Change on previous year
TOP FORM INTERNATIONAL LTD	15/F., Tower A, Manulife Financial Centre, No. 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	25.7	0
PRIVATE SHOP LTD	Wyler Centre I, 8th Floor 202-210 Tai Lin Pai Road Kwai Chung, Hong Kong	50	0

Top Form International Ltd ("TFI")

In 2015 transactions between the Group and TFI totalled 10,387 thousand American dollar. On 31 December 2015 the Group had trade payables to TFI in the amount of 654 thousand American dollar. In 2014 transactions between the Group and TFI totalled 9,434 thousand American dollar. On 31 December 2014 the Group had trade payables to TFI in the amount of 124 thousand American dollar.

Private Shop Ltd

In 2015 sales between the Group and Private Shop Ltd totalled 587 thousand euro. On 31 December 2015, the Group had no accounts receivable to Private Shop Ltd. In 2014 sales between the Group and Private Shop Ltd totalled 752 thousand euro. On 31 December 2014, the Group had no accounts receivable to Private Shop Ltd.

Related to the acquisition of a distribution agreement and a number of intangible assets in relation to Private Shop Ltd, the Group had a debt to Getz of 2.0 million American dollar as per 31 December 2015. This amount will be paid to Getz as certain milestone criteria are achieved.

Relationships with shareholders

43.73% of the shares of Van de Velde NV are held by the general public. These shares are traded on Euronext Brussels. Van de Velde Holding NV, which groups the interests of the Laureys and Van de Velde families, holds the remainder of the shares.

Relationship with key management personnel

See the remuneration report in chapter 3.

Director Remuneration

For his chairmanship, his membership of the Nomination and Remuneration Committee, the Audit Committee and the Strategic Committee, the chairman of the Board of Directors (Lucas Laureys NV) received an annual gross remuneration of 60,000 euro. As from 1 January 2016 Herman Van de Velde NV, permanently represented by Herman Van de Velde, was appointed as chairman. Herman Van de Velde NV will receive an annual gross remuneration of 25,000 euro for its chairmanship, his membership of the Nomination and Remuneration Committee and the Strategic Committee. The other non-executive members receive annual remuneration of 15,000 euro for their membership of the Board of Directors and 2,500 euro for their membership of the Audit and/or Nomination and Remuneration Committee respectively. The members of the Board of Directors who are also members of the Management Committee receive no remuneration for their membership of the Board of Directors. The total remuneration for the directors (excluding the managing director) was 160 thousand euro in 2015 and 145 thousand euro in 2014. The directors have not received any loan or advance from the Group.

Management Committee Remuneration

For the year ended 31 December 2015, a total amount of 2,382 thousand euro (2,745 thousand euro in 2014) was awarded to the members of the Management Committee, including the managing director. See the remuneration report in chapter 3 for more details.

These total amounts include the following components:

- Basic remuneration: base salary earned in their position during the year under review;
- Variable remuneration: bonus acquired in the year under review. There are various pay-out forms, including cash, deferred payment or a complementary pension plan;
- Group insurance premiums: insurance premium (invalidity, death, pension plan) paid by the Group;
- Other benefits are the private use of a company car and hospitalization insurance.

000 euro	2015	2014
Basic remuneration	1,606	1,946
Variable remuneration	705	736
Group insurance premiums	37	30
Other benefits	34	33
Total	2,382	2,745

In addition to these pecuniary advantages, share-based benefits have been granted to the Management Committee through stock option plans. The members of the Management Committee had the opportunity to participate in an employee stock option plan, through which they were granted 5,000 share options in 2015 (idem in 2014). There was no calculated cost of the options accepted by the Management Committee in 2015.

27. Segment information

Van de Velde is a single-product business, being the production and sale of luxury lingerie. Van de Velde distinguishes two operating segments: Wholesale and Retail. No segments have been combined.

Van de Velde Group has identified the Management Committee as having primary responsibility for operating decisions and has defined operating segments on the basis of information provided to the Management Committee.

Wholesale refers to business with independent specialty retailers (customers external to the Group), retail refers to business through our own retail network (stores and franchisees). The integrated margin is shown within the retail segment for Van de Velde products sold through Van de Velde's own retail network. In other words, the retail segment comprises the wholesale margin on Van de Velde products and the results generated within the network itself.

Management monitors the results in the two segments to a certain level ('direct contribution') separately, so that decisions can be taken on the allocation of resources and the evaluation of performance. Performance in the segments is evaluated on the basis of directly attributable revenues and costs. General costs (such as overhead), financial result, the result using the equity method, tax on the result and minority interests are managed at Group level and are not attributed to segments. Costs that are not attributed benefit both segments and any further division of the costs, such as general administration, IT and accountancy, would be arbitrary.

Assets that can be reasonably attributed to segments (goodwill and other fixed assets as well as inventories and trade receivables) are attributed. Other assets are reported as non-attributable, as are liabilities. Assets and liabilities are largely managed at Group level, so a large part of these assets and liabilities are not attributed to segments.

The accounting policies of the operating segments are the same as the key policies of the Group. The segmented results are therefore measured in accordance with the operating result in the consolidated financial statements.

Van de Velde does not have any transactions with a single customer in Wholesale or Retail worth more than 10% of total turnover.

Transactions between operating segments are on an arm's length basis, comparable with transactions with third parties.

In the following tables, the segmented information is shown for the periods ending on 31 December 2015 and on 31 December 2014:

Segment Income Statement	2015				2014			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Segment revenues	164,093	44,865	0	**208,958**	155,015	43,351	0	**198,366**
Segment costs	-79,298	-40,797	-26,925	**-147,020**	-75,911	-39,098	-25,658	**-140,667**
Depreciation	0	-4,135	-4,135	**-8,270**	0	-4,141	-4,017	**-8,158**
Segment results	84,795	-67	-31,060	**53,668**	79,104	112	-29,675	**49,541**
Net finance profit				**319**				**688**
Impairment				**0**				**-31,448**
Result from associates				**302**				**34**
Income taxes				**-13,235**				**-16,382**
Non-controlling interest				**104**				**-51**
Net income				**40,950**				**2,484**

Segment Balance Sheet	2015			2014		
000 euro	Wholesale	Retail	Total	Wholesale	Retail	Total
Segment assets	55,575	26,220	81,795	50,046	28,704	78,750
Unallocated assets			79,939			81,166
Consolidated total assets	55,575	26,220	161,734	50,046	28,704	159,916
Segment liabilities	0	0	0	0	0	0
Unallocated liabilities			161,734			159,916
Consolidated total liabilities	0	0	161,734	0	0	159,916

Capital expenditure	2015				2014			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Tangible fixed assets	0	1,596	8,622	10,218	0	2,240	2,788	5,028
Intangible assets	0	52	720	772	0	112	588	700
Depreciation	0	4,135	4,135	8,270	0	4,141	4,017	8,158

Breakdown by region – turnover	2015			2014		
000 euro	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	146,552	62,406	208,958	128,941	69,425	198,366

The most important markets, determined on the basis of the quantitative IFRS criteria, are:

– Belgium, Germany and the Netherlands for the Eurozone;
– United States for Elsewhere.

Further information about the assets of the company – location (000 euro)	Belgium	Elsewhere	Total
Tangible fixed assets	25,665	8,539	34,204
Intangible assets	9,385	7,133	16,518
Inventories	34,155	5,003	39,158

28. Events after balance sheet date

No events after the balance sheet date had a major impact on the financial position of the company.

29. Business risks with respect to IFRS 7

Besides the strategic risks described in detail in the activity report, Van de Velde has identified the following risks with respect to IFRS 7:

Currency risk

Due to its international character, the Group is confronted with various exchange rate risks on sale and purchase transactions.

The transaction risk is mainly centralized within Van de Velde NV. In 2015 Van de Velde NV invoiced 25% to 30% of sales in currencies other than euro. In addition, a significant proportion of purchases are in foreign currency (e.g. purchases raw materials and subcontractors).

Where possible, currency risks are managed by offsetting transactions in the same currency or by fixing exchange rates through forward contracts. These risks are managed at the level of the parent company. The Group is aware that exchange risks cannot always be fully hedged.

Foreign operations increase the translation risk of the Group. Financial instruments are not used to hedge this risk.

The Group performed a sensitivity analysis in 2015 with regard to changes in foreign currencies for the positions EUR/GBP, EUR/CAD, EUR/DKK, EUR/NOK and EUR/USD. The outstanding trade receivables and trade payables of the Group at the balance sheet date have been converted with a sensitivity of 10%. In the event of a 10% rise or fall in the exchange rate, the impact on the financial statements will be presented as follows:

000 euro	+10%	-10%
GBP	91	-91
CAD	76	-76
DKK	49	-49
NOK	28	-28
USD	22	-22
	266	**-266**

Credit risk

As a consequence of the large diversified customer portfolio, the Group does not have a significant concentration of credit risks. The Group has developed strategies and additional procedures to monitor and to limit credit risk at its customers. Wholesale sales are generated through more than 5,000 independent retailers and a small number of luxury department stores. No single customer accounts for more than 2.0% of the annual turnover of the Group.

The insolvency risk is also covered by credit insurance. The part of trade receivables not covered by the credit insurer is considered to be impaired as soon as the due date exceeds 90 days.

With respect to e-commerce activities, the credit risk is limited by using country-specific payment methods and an external partner is cooperated with monitoring the creditworthiness of potential e-commerce customers.

Liquidity and cash flow risk

The liquidity and cash flow risk is rather limited thanks to the large operational cash flow and the net cash position (28.1 million euro). Credit lines worth more than 10 million euro are also available.

Risk of interruptions in the supply chain

Adequate measures have been taken in several areas to minimize interruptions in the supply chain and deal with any such interruptions that do occur. Examples of such measures are:

- The IT department has a disaster recovery plan designed to minimize the risk of damage from the failure of the computer infrastructure. Investments are also made to limit the risk of failure of the computer infrastructure.
- The risks of interruption in deliveries by a supplier and the possible alternatives (if available) have been identified and are regularly monitored. The creditworthiness of suppliers is also monitored.
- As far as possible, the concentration risk from suppliers is managed by sufficient diversification. The ten leading material suppliers account for approximately 60% of purchase costs. The largest supplier accounts for 25% of purchase costs, whereas all other suppliers account for less than 10%.
- Assembly capacity is mainly spread over China and several sites in Tunisia.
- From August 2012, the raw materials warehouse and the distribution centre are located at the same site. These warehouses are in separate buildings. Both comply with high safety standards.

Moreover, business risks as a consequence of a potential interruption are covered by insurance. Adequate measures have been taken in consultation with insurers who also regularly inspect the various locations.

Risk of overvalued stock

Van de Velde's business model entails risks with regard to raw materials and finished products. Raw materials are ordered and production launched before we have full insight into the orders. As far as possible, Van de Velde attempts to concentrate this risk at the level of raw materials rather than finished products.

Van de Velde also applies a strict policy regarding write-downs on inventories:

- The value of finished products for which sales are declining is written down at the end of the season or during the following season. These finished products are fully written off in the subsequent year.
- If there is no further need for additional production, the related raw materials are written off completely.

Product risk

Sales are spread over about 50,000 stock references, over 10,000 of which are changed every season. Therefore, sales do not depend on the success of any one model.

Compliance and regulatory risks

Van de Velde Group is subject to federal, regional and local laws and regulations in each country in which it operates. Such laws and regulations relate to a wide variety of matters, such as data security, privacy, product liability, health and safety, import and export, occupational accidents, employment practices and the relationship with associates (regarding overtime and work place safety among other things), tax matters, unfair competitive practices and similar regulations, etc.

Compliance with, or changes in, these laws could reduce the revenues and profitability of the Group and could affect its business, financial conditions or the results of operations.

Van de Velde Group has been subject to and may in the future be subject to allegations of violating certain laws and/or regulations. Such allegations or investigations or proceedings may require the Group to devote significant management resources to defending itself against. In the event that such allegations are proven, Van de Velde may be subject to significant fines, damages awards and other expenses, and its reputation may be harmed.

Van de Velde Group actively strives to ensure compliance with all laws and regulations to which it is subject. A degree of insurance has been taken out to cover some of the above-mentioned risks.

As referred to in note 14, Intimacy has been named as defendant in a potential class action suit alleging violation of FACTA ("Fair and Accurate Credit Transactions Act"). This Act stipulates the credit card details that can be stated on a cash receipt. In this case, Intimacy has reached a settlement with the opposing party and this settlement was approved by the US court on 1 September 2015. The settlement is in execution from 1 October 2015 till 31 May 2016. It is impossible at this point in time to assess whether this case will result in any cash outflow, however, management will do what it takes to avoid a possible cash outflow. It is expected that this settlement agreement will not have a material impact on the financial situation of the Group.

Other operational risks

The Group is also faced with other operational risks which (if possible) are monitored and for which (if available) correcting actions are taken.


ANDRES SARDA
Designed in Barcelona

6 | Statutory auditor's report to the general meeting of shareholders of Van de Velde NV on the consolidated financial statements for the year ended 31 December 2015

As required by law and the Company's by-laws, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2015, the consolidated statement of the realized and non-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended at 31 December 2015 and the disclosures (all elements together "the Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Van de Velde NV ("the Company") and her subsidiaries (together "the Group") as of and for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of € 161,734 thousand and of which the consolidated income statement shows a profit for the year (attributable to the equityholders of the parent) of € 40,950 thousand.

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

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Annual Accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Annual Accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2015 give a true and fair view of the net equity and financial position of the consolidated whole, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

– The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ghent, 23 February 2016
Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by
Paul Eelen*
Partner

* acting on behalf of a BVBA

7 | Concise version of the statutory financial statements of Van de Velde NV

Statutory financial statements

In accordance with Article 105 of Belgium's Companies Act, the statutory financial statements are hereinafter presented in abbreviated form. The annual report and financial statements of Van de Velde NV and the auditor's report will be filed at the National Bank of Belgium within the month following approval by the General Assembly. A copy is available free of charge at the registered office.

The valuation rules applied for the statutory financial statements differ from accounting principles used for the consolidated financial statements: the statutory annual accounts are prepared in accordance with Belgian legal requirements, while the consolidated financial statements are prepared in accordance with International Financial Reporting Standards. There are no material changes to the accounting principles used for the statutory accounts.

The statutory auditor has issued an unqualified opinion in regard to the statutory financial statements of Van de Velde NV.

Concise balance sheet

000 euro	31/12/2015	31/12/2014 (1)
Fixed assets	**102,449**	**102,022**
Intangible fixed assets	5,297	4,112
Tangible fixed assets	20,836	15,896
Financial fixed assets	76,316	82,014
Current assets	**87,362**	**95,444**
Amounts receivable after one year	2,013	5,261
Stocks and orders in production	36,712	33,485
Amounts receivable within one year	18,804	20,494
Financial investments	7,832	2,478
Cash at banks and in hand	18,478	31,078
Accrued income and deferred charges	3,523	2,648
Total assets	**189,811**	**197,466**
Shareholders' equity	**120,896**	**138,542**
Issued capital	1,936	1,936
Share premium	743	743
Reserves	118,217	135,863
Provisions, deferred taxes and tax liabilities	**739**	**782**
Provisions for risks and costs	739	782
Liabilities	**68,176**	**58,142**
Amounts payable after one year	0	0
Amounts payable within one year	64,870	54,853
Accrued charges and deferred income	3,306	3,289
Total liabilities	**189,811**	**197,466**

(1) Figures for 31/12/2014 were aligned with the filed accounts.

Concise income statement

000 euro	31/12/2015	31/12/2014
Operating income	**194,189**	**178,914**
Turnover	186,056	175,298
Changes in stocks unfinished goods and finished goods	2,279	-1,210
Other operating income	5,854	4,826
Operating costs	**153,727**	**133,560**
Goods for resale, raw materials and consumables	39,340	40,297
Services and other goods	71,741	65,091
Salaries, social charges and pension costs	25,741	24,640
Depreciations	4,732	5,599
Write-downs and provisions	229	-2,295
Other operating costs	11,944	228
Operating profit	**40,462**	**45,354**
Financial result	**7,112**	**88,903**
Finance income	15,173	94,478
Finance costs	-8,061	-5,575
Profits on ordinary activities before tax	**47,574**	**134,257**
Exceptional result	**-5,654**	**-11**
Exceptional income	52	0
Exceptional costs	-5,706	-11
Pre-tax profit for the fiscal year	**41,920**	**134,246**
Tax on the profit	-12,944	-16,105
Profit for the year	**28,976**	**118,141**

Appropriation account

000 euro	31/12/2015	31/12/2014
Distributable profit	**28,976**	**118,141**
Distributable profit for the fiscal year	28,976	118,141
Addition to reserves	0	71,555
Transfer from reserves	17,646	0
Profit to be distributed	**46,622**	**46,586**

Statutory annual report Van de Velde NV
Fiscal year 1/1/2015 - 31/12/2015

The statutory report is in accordance with article 96 of Belgium's Companies Code.

1. Comments on the financial statements

The financial statements show a balance sheet total of 189,811 thousand euro and a profit after tax for the fiscal year of 28,976 thousand euro.

2. Important events after balance sheet date

No events after the balance sheet date had a major impact on the financial position of the company.

3. Expected developments

We refer readers to 'Prospects for 2016' in the chapter 'The year 2015'.

4. Research and development

The design department of Van de Velde also comprises a research and development unit. The design department is responsible for the launch of new collections, whereas the research and development unit and the design department investigate new materials, new production technologies, new products and so on.

5. Additional tasks of the statutory auditor

The General Meeting of Shareholders of 24 April 2013 of Van de Velde NV appointed Ernst & Young Bedrijfsrevisoren BVCBA, Moutstraat 54, 9000 Ghent, represented by Paul Eelen, as statutory auditor. The auditor is appointed until the annual meeting of 2016.

The annual remuneration in 2015 for auditing the statutory and consolidated annual accounts of Van de Velde NV was 49,995 euro (excl. VAT). The total costs for 2015 for the auditing of the annual accounts of all companies of the Van de Velde Group was 187,064 euro (excl. VAT), including the 49,995 euro mentioned above.

In accordance with Article 134 of Belgium's Companies Code, Van de Velde announces that the remuneration of the statutory auditor for exceptional and special tasks and to the persons with whom the statutory auditor has a professional relationship was 79,365 euro (excl. VAT), all of which relates to tax advisory and compliance tasks.

6. Description of risks and uncertainties

The following risks at Group-level were examined and where necessary possible coverage or preventive measures were taken:

– Currency risk;
– Credit risk;
– Liquidity and cash flow risk;
– Risk of interruptions in the supply chain;
– Risk of overvalued stock;
– Product risk;
– Compliance and regulatory risks;
– Other operational risks.

7. Acquisition of own shares

At the end of 2014 Van de Velde held 26,000 of its own shares with a total value of 833 thousand euro.

In accordance with Article 620 of Belgium's Companies Code, the Extraordinary Meeting of Shareholders of 30 April 2014 gave the Board of Directors the power to acquire the company's own shares. In 2015 7,000 treasury shares were purchased.

Within the framework of the stock option plan a total of 33,000 options were exercised and the same number of treasury shares was made available to the option holders.

At the end of 2015 Van de Velde NV held no own shares.

000 euro	2015	2014
Share capital	1,936	1,936
Treasury shares	0	-833
Share premium	743	743

8. Conflict of interests

In 2015 the procedure laid down in Article 523 of Belgium's Companies Code was not applied as no such events occurred in the Board of Directors.

9. EBVBA Benoit Graulich, always represented by Benoit Graulich, was first appointed director at the annual meeting of 2007 and, in his capacity of independent director within the meaning of article 526ter of Belgium's Companies Code, is a member of the Audit Committee. Benoit Graulich, who is currently a partner at Bencis Capital Partners and was previously a partner at Ernst & Young and a supervisor in the tax department at Price Waterhouse, has appropriate accounting and auditing knowledge.

10. Branches

On 19 July 2011 Van de Velde formed a branch in Sweden (organization number 516407-5078), named "Van de Velde NV Belgium Filial Sweden".

11. Enumeration, within the framework of Article 34 of Belgium's Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments that may be traded on a regulated market

- 43.73% of the shares of Van de Velde NV are held by the general public. The remainder of the shares are held by Van de Velde Holding NV, which groups the interests of the Laureys and Van de Velde families. Different types of shares do not exist.
- There are no restrictions on the transfer of securities laid down by law or the Articles of Association.
- Holders of securities linked to special control: A majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares.
- There are no employee share plans in which the controlling rights are not directly exercised by the employees.
- There are no restrictions on the exercise of voting rights laid down by law or the Articles of Association.
- Van de Velde NV is not aware of any shareholder agreements.
- Notwithstanding the abovementioned fact that a majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares, there are no rules for the appointment or replacement of the members of the administrative bodies or restrictions on the exercise of voting rights laid down by the Articles of Association.
- With regard to the power of the administrative body to issuing shares, the Board of Directors is authorized, for a period of five years from announcement in the annexes to Belgisch Staatsblad/Moniteur belge (21 May 2012), to raise the subscribed capital one or more times by a total amount of 1,936,173.73 euro, under the conditions stated in the Articles of Association.
- The power of the administrative body with respect to the possibility of purchasing shares: see point 7 above.
- There are no major agreements to which Van de Velde NV is party that come into effect, are amended or expire in the event of a change in control of the issuer after a public offer.
- No agreements have been concluded between the issuer and its directors and/or employees that provide for a payment if the relationship is ended as a consequence of a public offer.

12. Corporate Governance

We refer to chapter 3 of the annual report for the Corporate Governance statement.

13. Remuneration Report

The remuneration report provides transparent information on Van de Velde's reward policy for its directors and members of the Management Committee, in accordance with the Belgian Corporate Governance Act of 6 April 2010 and the Belgian Corporate Governance Code. Please see chapter 3 (Corporate Governance).

14. Proposed profit distribution

The Board of Directors proposes to the General Meeting of Shareholders payment of a gross dividend of 3.5000 euro per share. After payment of withholding tax, this represents a net dividend of 2.5820 euro per share. Of this amount, a gross interim dividend of 1.3500 euro per share (net dividend of 1.0125 euro per share) was paid in November 2015. The final dividend of 2.1500 euro per share (net dividend of 1.5695 euro per share) will be paid out after approval by the General Meeting from 4 May 2016.

Proposed profit distribution in thousands of euro:

Distributable profit	28,976
Transfer from reserves	17,646
Gross dividend of 3.50 euro per share on 13,322,480 shares	46,622
– Of this amount, 1.35 euro per share was paid as interim dividend in November 2015	17,979
– Of this amount, 2.15 euro per share as final dividend	28,643

15. Bearer shares

Within the framework of the dematerialisation of bearer shares, the statutory auditor has in accordance with article 11 of the Act of 14 December 2005 made a report to the Board of Directors. This report will be submitted in accordance with this same article to the 'Caisse des Dépôts et Consignations'.

Herman Van de Velde NV
Represented by
Herman Van de Velde
Director

EBVBA 4F
Represented by
Ignace Van Doorselaere
Managing Director

8 | Statement of responsible persons

The undersigned declare that, to the best of their knowledge:

A) The financial statements, which have been prepared in compliance with the applicable standards, faithfully reflect the equity, the financial situation and the results of Van de Velde and the companies included in the consolidation.

B) The annual report faithfully reflects the developments and the results of Van de Velde and the companies included in the consolidation, as well as providing a description of the main risks and uncertainties it faces.

EBVBA 4F, always represented
by Ignace Van Doorselaere
CEO

Stefaan Vandamme
CFO

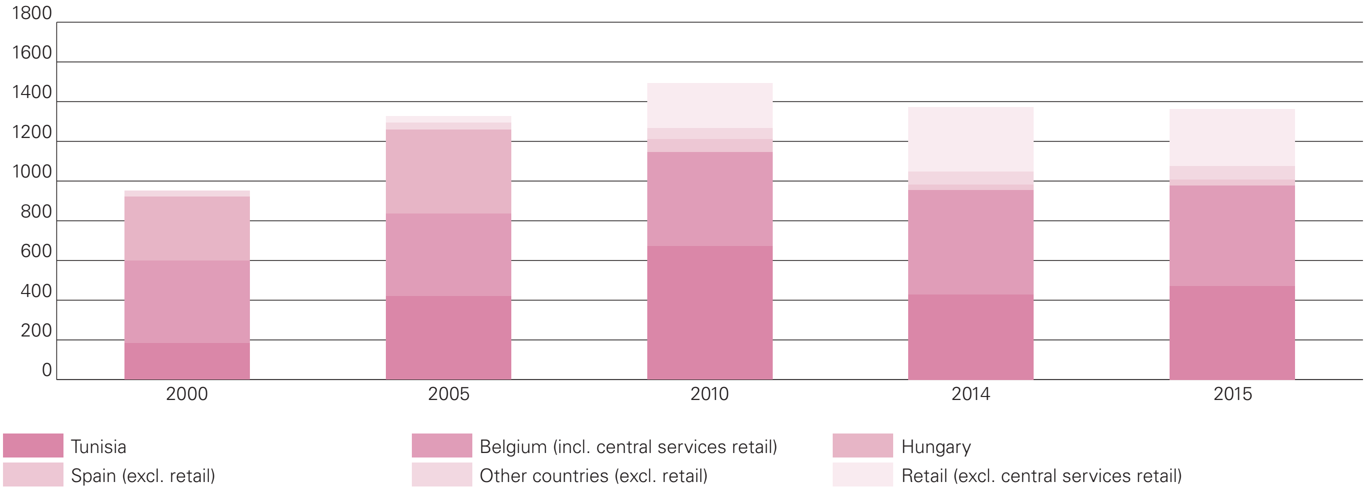

ANDRES SARDA
Designed in Barcelona

Social report

1. Headcount (Group)

The total number of employees of Van de Velde Group in 2015 was virtually unchanged compared with 2014.

Headcount	2000	2005	2010	2014	2015
Tunisia	183	420	672	429	471
Belgium (including retail)	417	416	474	526	507
Hungary	322	422	0	0	0
Spain (excluding retail)	0	1	65	27	29
Other countries (excluding retail)	29	35	56	65	69
Retail (excluding Belgium)	0	34	227	325	285
Total	**951**	**1,328**	**1,494**	**1,372**	**1,361**



2. Working with passion at Van de Velde

We pursue a culture that encourages winning, benefits customers and employees and fosters passion in their work.

2.1. Conversation Company[1]: customer first

Van de Velde is a Conversation Company.
We want to truly connect with our customers and consumers. We create a community of brand ambassadors by listening to their needs and desires, by excelling in our service and exceeding their expectations, by creating authentic stories customers love to share.

We do that in all our businesses and channels:

In retail
– By achieving excellence on the shop floor: Satisfaction = Reality – Expectations.
– Our customers are our best consultants: dare to ask, dare to act upon it.
– By creating relevant content, telling our story, helping spread the word.

1 Based on "The Conversation Company", Steven Van Belleghem, Kogan Page Publishers, 3 May 2012.

In wholesale
- By listening actively and responding fast.
- By checking our customers' reality: do our tools, our flows, our systems work as intended?
- By actively involving customers when taking decisions or redesigning flows.
- By creating a lot of opportunities – not just one big one. By working on made-to-measure solutions when the opportunity arises.

With our brands
- By inspiring consumers to talk about our brands offline and online.
- Through internal PR: our employees are our first ambassadors.
- Through external PR: by identifying influencers and getting them to talk about our brands and company.

2.2. "Groei"-culture as driver

Our corporate values are expressed in the acronym GROEI (Growth), which stands for:

- Game (drive, passion),
- Respect,
- Opportunity (entrepreneurship),
- Efficiency,
- International (openness).

We want to reinforce an open culture:
- that strengthens people, passion, customer focus and winning mindset.
- in which ambition and trust prevail.
- where managers have the attitude, credibility and competence to create the whole chain from clarity to implementation.
- that adds energy and stimulates communication and collaboration.
- where we embrace innovation.

In 2015 we strengthened this culture in our ambitious "People For Groei, Groei For People"- program.

Leadership@Van de Velde

"We want to continuously support leadership development"

The members of the executive team and the group of 35 leaders followed leadership and entrepreneurship training run by Vlerick Management School.

We held two hotdog sessions for all managers, in which an inspiring guest told us his or her story, giving us new insights and enabling outward thinking. The sessions were rounded off with a networking opportunity – with hotdogs.

New managers were trained in people management skills and the team leaders at our production departments received intensive training and coaching from an external trainer.

Community@Van de Velde

"We want to build a community of Van de Velde Ambassadors"

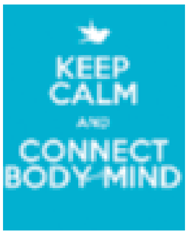
Conversation Room and "Working at Van de Velde" Facebook group

In May 2015 we launched our internal communication platform, the Conversation Room.
In the Conversation room news, calendars and more are shared with the whole group. Employees without access to a computer can read the newsletters on monitors.

In September 2015 we created the closed "Working at Van de Velde" Facebook group, where all group employees can share their news and views – however modest. Meanwhile, the group brings more than 300 colleagues from the whole world closer together.

Meeting on the company's results every six months and targeted communication
On the day of publication of the annual and interim figures all employees are given the opportunity to attend an information meeting. The aim of this meeting is to tell them about Van de Velde's results and on-going projects. We want to keep employees informed and involved on what is going on in our organization.
We also expect all managers to regularly share the department and company results with their team.

Employee Day



We held our first Van de Velde Employee Day in Belgium on 29 September 2015. The theme was "Body and Mind". We closed the premises and took off for Ghent, for a day combining information and fun.

The morning was devoted to an inspiring interactive presentation on what kind of company we are building. After lunch, the focus shifted to the Body and Mind workshops, including yoga, games of kubb, a barista workshop, a pillow fight, kickboxing and a boat trip.

The day ended with a standing dinner, followed by a fabulous unexpected jam and dance party.

Work@Van de Velde

"We want to build a modern company"

From formal evaluations to permanent dialogue and feedback

In mid 2015, after consulting our employees we decided to drop the compulsory annual employee Groei conversations with line managers in favour of permanent dialogue and feedback.

Our goal is to eliminate needless procedures and focus on what is really important: genuine feedback, dialogue and coaching. Managers will provide context and direction, but they will not control. This will put more emphasis on natural leadership: meetings will become an opportunity to show appreciation and give people constructive feedback.

We ask every manager to hold frequent work sessions and informal 'check-ins' with all their team members. Besides, we expect every employee to be a self-starter and to actively ask for and give feedback.

No time registration for white collars, a step towards greater flexibility

In consultation with our employees we decided to scrap the time registration for all white collar workers as part of our ambition to promote a result and responsibility-oriented culture, in which managers focus on providing context and coaching rather than control.

A pass-based activity time registration system remains in place for our blue collar workers in the production departments.

More flexible working hours have been introduced in those departments where possible, depending on the job. Start and end times and the length of the lunch break are flexible.

Van de Velde4Community

"We want to be involved in the community around us"

Van de Velde has taken a conscious decision to support a limited number of local charity projects, focusing on vulnerable women and children.

Antikankerfonds

Our fight against breast cancer: In Belgium alone, every day 26 women are told they have breast cancer. Considering our product range and the fact that more than 90% of our employees are female, no other disease is more relevant to our company.

With that in mind, we have given support to the Anticancer Fund for the publication of a brochure on breast cancer treatments.

time 4society.com

We give time to society. We give our employees the opportunity to invest time in social projects. In 2015 our employees invested 220 working hours in projects organized by Time4Society.

These include putting together educational materials for special needs children, arranging an active afternoon for children from deprived families and preparing an open day at a centre for disabled people.

Ethical and social enterprise

The ethical and social commitments of Van de Velde Group are published in the Ethical and Social Charter. This charter can be accessed at www.vandevelde.eu. These commitments have earned the SA8000 label in Belgium (Wichelen and Schellebelle) since 2003. The label was renewed in November 2015.

SA8000

Among other things, the SA8000 label (www.sa-intl.org) draws on the basic conventions of the International Labour Organization, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. The standard was drawn up in consultation between NGOs, collective industrial organizations, industry and labelling bodies. Label holders are subject to two social audits per year.

SA8000 certification is not without obligation for the company. The whole company and all employees are closely involved in the audits and must observe the principles. On the other hand, the award is a commitment to the future. All business aspects covered by the SA8000 label are subject to discussions in the Management Committee. Under the conditions of award of the label, the company is obliged to regularly look itself in the mirror and systematically evaluate and fine-tune staff policy, health and safety policy and the monitoring of suppliers.

Interim audits

Our certified sites are audited twice a year, once in May and once in November, by independent auditors SGS (www.sgs.be).

The auditor's activities are not limited to contacts with HR, management and administration, but also extend to workplace visits and talks with employees. The auditor also spends a lot of time on supplier control and monitoring procedures.

Vitality@Van de Velde

"We want our employees to work safely and be healthy"

Fire safety and first aid

A fire drill is held at all sites every year. As well as being an opportunity to test all procedures, these fire drills enable our employees to refresh their knowledge of the fire safety instructions.

The persons responsible for safety and the employees responsible for first aid follow regular courses to brush up and improve their knowledge and skills.

Fire fighting exercise for our store managers:

Occupational accidents

In 2015 there were 12 minor occupational accidents at work in Belgium, as well as 4 accidents on the way to and from work (primarily falls). Although these were mainly very minor incidents, all accidents and near-accidents were thoroughly investigated by the risk prevention advisor. Where necessary, adaptations were made to our risk prevention policy, the use of personal protective equipment (such as safety boots and auditory protection) and employee training (such as lifting).

Safety is an issue that is given daily attention. The risk prevention advisor arranges weekly 'safety discussions' with employees to talk about any accidents and near-accidents and focus attention on the specific safety risks in their work.

Ergonomics

Ensuring that employees adopt a good work posture that does not put undue stress on the body continues to be a priority. After a study by the ergonomist at the external medical service, we replaced all chairs in our stitching studio and adapted the tables and the way the work is organized in the quality control department.

Healthy body, healthy mind

In 2015 we again offered our employees the opportunity to improve their physical condition together with their colleagues in a number of sports initiatives. The weekly supervised runs continue to be a big success.

Focus on prevention with regard to absenteeism and reintegration of sick employees

The Vitality workgroup made up of P&O staff, members of the prevention and protection at work committee and the prevention advisor establishes the main points of the policy and ensures it is properly implemented.

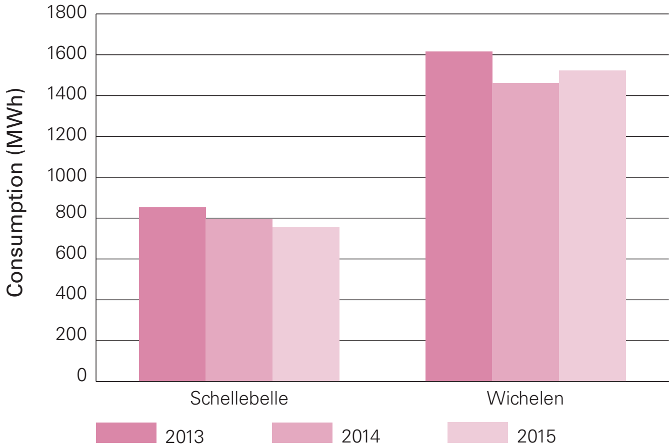
The absenteeism figures are analysed by P&O at least twice a year and discussed with the line managers. The focus is on preventing long-term absence and grey absenteeism.

When an employee resumes work after a long absence, a reintegration plan is drawn up together with the employee, the line manager, the external medical service and, where possible, the doctor.

Environmental report

In 2015 we cut electricity consumption at our Schellebelle site by 5.3% compared with the 2014 figure. This is a positive result bearing in mind the renovation work at Schellebelle, which meant that we had to heat a part of the building electrically. The work premises also provide electricity for the building site.

In Wichelen electricity consumption increased by 4.2% compared to 2014. That is mainly due to the new automated order picking system in the distribution centre. Electricity consumption over the two sites increased by 0.8%.

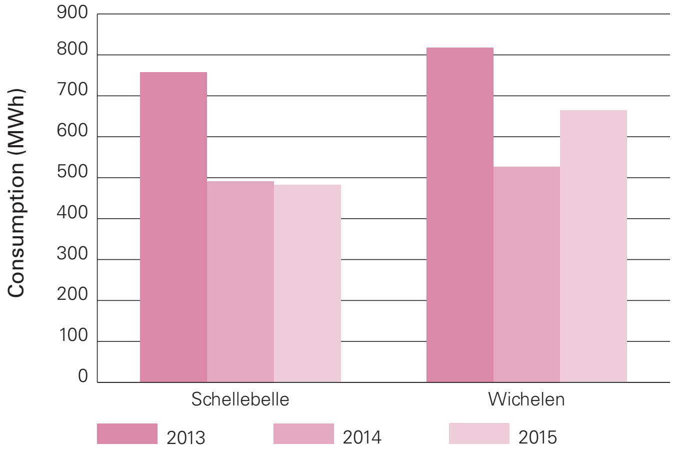


The cooling units are the biggest electricity consumers in Schellebelle. A cascade system was introduced during the first phase of the renovation, which will have a positive effect on energy consumption. The 18 kW compressor was another big electricity consumer. In March 2015 it was replaced by an 11 kW variable-frequency compressor.

These changes, together with a brand new eco-friendlier controller for the HVAC system should decrease electrical consumption in 2016. The warehouse will be relocated from Schellebelle to Wichelen in summer 2016, which will also cut power consumption (especially the Kardex system) in Schellebelle.

The cooling units in Wichelen are big electricity consumers too, but a cascade system will be set up there as in Schellebelle. Installation of the new HVAC system with an eco-friendlier controller began at Meerbos 22 at the end of 2015.

In 2015 gas consumption for heating purposes fell by 1.6% in Schellebelle, but increased by 26.2% in Wichelen compared to 2014. Gas consumption across the two sites increased by 12.8%. Gas consumption particularly depends on climatic conditions but the HVAC system controller also has a significant effect. The controller at Meerbos 24 was new in 2012 and the controller at Meerbos 22 will be replaced in early 2016. Insulation of the whole building in Schellebelle will be upgraded during the renovation project and a brand-new HVAC controller will be installed.



As part of the renovation project in Schellebelle the entire drainage system will be modernised to meet the new standards for a separate sewer system. We will also harvest and store rainwater, some of which will be used in the sanitary system. A similar system is already in place at Meerbos 24.

Waste will be sorted and collected separately within the company as much as possible. Paper, cardboard and residual waste are the largest waste flows from both production and the offices. Foil and films are collected and removed separately, as is PMD waste (plastic bottles, metal packaging and drink cartons). The small quantities of iron waste, electronics, strip lights, batteries and prunings are also sorted and collected separately.

In early 2015 the paper/cardboard compactor was decommissioned in Schellebelle and a new baler was taken into use in Wichelen, where most paper and cardboard waste is produced. This will reduce transports of this type of waste, which also cuts carbon emissions.

The class 2 environmental permit for Schellebelle was valid until January 2016. The renewal application has already been submitted. The following application will be for Meerbos 22, when its permit comes up for renewal in June 2017.

An external energy audit was also conducted on our Wichelen and Schellebelle premises in 2015, as well as on our shops in Germany. The focus was on the efficiency of our systems and how we manage the energy. The auditors recommendations will be implemented during 2016 as part of ongoing activities.

Contribution to the Belgian Treasury

The total contributions made to the Belgian Treasury represent 73.6% of the operating profit of Van de Velde that was generated in Belgium. This operating profit is based on the statutory financial statements and amounted to 40,462 thousand euro at 31 December 2015.

000 euro	Total	Expense for Van de Velde	Withheld by Van de Velde
Social security contribution	5,221	5,221	0
Withholding tax on wages	3,513	0	3,513
Income tax	12,932	12,932	0
Difference between recoverable and deductible VAT	2,276	0	2,276
Withholding taxes	4,504	20	4,484
Property taxes	162	162	0
Provincial and municipal taxes and other federal taxes	65	65	0
Taxes on insurance premiums	81	81	0
Import duties	1,035	1,035	0
Total	**29,789**	**19,516**	**10,273**