

HunterDouglas 



DUETTE®

SILHOUETTE®

LUMINETTE®

VIGNETTE®

PIROUETTE®



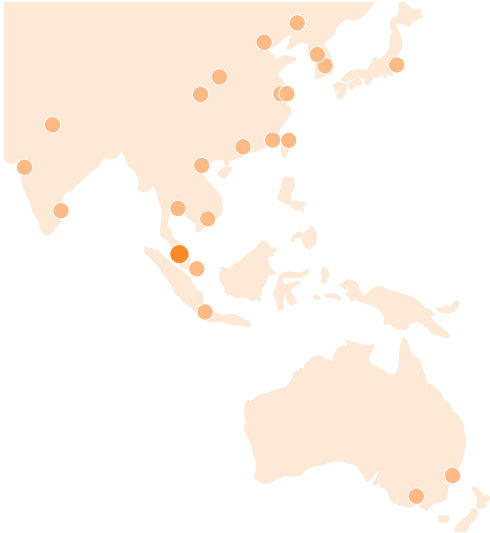
LUXALON®

™ **NBK** | ARCHITECTURAL
TERRACOTTA

Nedal®

Operational Headquarters

- **Rotterdam, The Netherlands**
World Headquarters and
European Operations
- **Lucerne, Switzerland**
Management Office
- **Pearl River, NY, USA**
North American Operations
- **São Paulo, Brazil**
Latin American Operations
- **Kuala Lumpur, Malaysia**
Asian Operations



Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products.

Hunter Douglas has its Head Office in Rotterdam, the Netherlands, and a Management Office in Lucerne, Switzerland.

The Group is comprised of 126 companies with 50 manufacturing and 76 assembly operations and marketing organizations in more than 100 countries.

Hunter Douglas employs about 16,000 people with sales in 2015 of USD 2.6 billion.

Operating Style

Hunter Douglas is professionally managed by entrepreneurial managers who run our business as their own.

Dynamic and performance oriented

Decentralized organization structure

- Global federation of small and medium-sized companies
- Guiding principle: 'Maximum accountability with minimum interference'

Innovative proprietary products

Creative marketing and promotional programs

Strong brands:

HunterDouglas® in North America, Latin America and Asia, and for Architectural Products worldwide

Luxaflex® for residential window coverings in Europe and Australia

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Financial highlights

Two-year summary

	Notes	USD millions		Notes	EUR per common share	
		2015	2014		2015	2014
Net Sales		2,552	2,695			
Earnings before interest, tax, depreciation and amortization						
(before non-recurring restructuring expenses)		317	282	3	8.19	6.12
Income from Operations (before non-recurring restructuring expenses)		237	193			
Net Profit from Operations						
(before non-recurring restructuring expenses)		175	146	3	4.53	3.18
Non-recurring restructuring expenses		-14	-23			
Net Profit from Operations						
(after non-recurring restructuring expenses)		161	123	3	4.17	2.68
Net Result Investment Portfolio		-5	2			
Total Net Result	1	156	125	3	4.04	2.71
Operating Cash flow		210	152	3	5.42	3.29
Investments in tangible fixed assets		60	73			
Depreciation property, plant and equipment		74	82			
Net Assets Employed	2	1,315	1,453			
Shareholders' equity		1,065	1,050	4	28.10	24.86
Return on equity		14.8%	11.5%			
Dividend				5	1.50	1.35
RONAE:						
(Return before interest/net assets employed)		17.1%	13.1%			
Employees (at year-end)		15,829	16,362			

1 Net Result attributable to equity shareholders

2 Total assets (excl. Investment Portfolio and deferred income tax assets) minus non-interest-bearing current liabilities

3 Based on the average number of shares outstanding during the affected year

4 Based on the number of shares outstanding at year-end, adjusted for treasury shares

5 Proposed for 2015

Chairman's letter

To our shareholders

2015 was a good year for Hunter Douglas. Sales volume increased by 3% and profits by 24.9%. Return on Net Assets Employed (RONAE) was 17.1% and on Equity 14.8%.

› **European Operations** had higher sales and profits, benefitting from a lower cost structure, a pick-up in consumer demand in most markets, and growth in new product lines.

We continued to streamline and consolidate our operations while investing in marketing, especially to grow demand for our newer products in Germany, the UK and Scandinavia.

› **North American Operations** had good sales growth bolstered by the introduction of PowerView™ Motorization, continued growth of our alternative brands and new programs to increase sales through our aligned dealer network.

Operating profit rose at a greater rate than sales as lower manufacturing costs and increased motorized product sales drove higher gross margins, despite higher investments in advertising and R&D.

› **Asian Operations** had lower sales but higher profits resulting from cost rationalization programs. More difficult economic conditions and currency depreciations affected results.

› **Latin American Operations** had lower sales and operational profits. Total profits were significantly lower due to currency devaluations throughout Latin America, especially in Brazil. Structural cost reductions implemented in Brazil, Chile, Mexico and Peru, lowered our expense ratio, as cost cuts outpaced significantly lower sales.

Sales: were USD 2.552 bln, 5% lower than in 2014. Sales volumes (excluding acquisitions and currency effects) were in total 3% higher, 6% higher in North America, 1% higher in Europe, 1% lower in Latin America, 4% lower in Asia and 5% higher in Australia.

Earnings before interest, tax, depreciation and amortization – EBITDA (before non-recurring restructuring expenses): were USD 317 mln, 12.4% higher than USD 282 mln in 2014.



Ralph Sonnenberg – Executive Chairman
David & Marko Sonnenberg –
Co-Presidents & CEOs

Income from Operations (before non-recurring restructuring expenses): was 22.8% higher at USD 237 mln compared with USD 193 mln in 2014, higher in all areas, except Latin America where results were lower.

Non-recurring restructuring expenses: were USD 14 mln compared with USD 23 mln in 2014. These relate to Asian, European and North American Operations.

Net Profit: USD 156 mln (per share EUR 4.04) compared with USD 125 mln in 2014 (per share EUR 2.71).

Acquisitions: Stevens, a leading Scottish based fabricator was acquired in October and will strengthen our position in supplying assembled blinds to the UK retail trade.

Capital Expenditures in 2015 were USD 60 mln compared with USD 73 mln in 2014. Investments were focused on new products and efficiency improvements as well as the completion of new plants in India and Colombia. In 2016, capital expenditures will be about USD 55 mln and depreciation USD 70 mln.

Operating Cash flow in 2015 was USD 210 mln compared with USD 152 mln in 2014.

Financing: All borrowings are covered by committed long term facilities.

Dividend: The Directors propose a Dividend for 2015 of EUR 1.50 per Common share, compared with EUR 1.35 in 2014.

Investment Portfolio: This was restarted in November 2014 and increased to USD 200 mln at cost. The portfolio's return was 0.8% negative (before imputed interest and expenses).

Management of these assets is delegated to a widely diversified range of independent managers.

Organization: I am very pleased to announce the appointment of my sons David and Marko, who have been with the company for about 25 years and Co-Presidents & COOs since 2007, as Co-Presidents and CEOs, assuming responsibility for the overall operation of the business. I will remain active as Executive Chairman.

Board: Mr. Harry van Tooren, who has been on our Board since 2006, will not stand for re-election. We thank him most sincerely for his many years of support and contributions to our Company.

Logomark: We are pleased to launch a new logomark to add distinction to the Hunter Douglas brand.

Outlook: We expect slow growth in the US, stable economic conditions in Europe and continued difficult conditions in Asia and Latin America.

Hunter Douglas is in a strong position in terms of its products, distribution, finances and management.

The people of Hunter Douglas are our most important and valuable asset. They create, make and market our products and are responsible for our continuing success. The Board and I express our sincere thanks and appreciation for their contributions, dedication and support.

Ralph Sonnenberg
Executive Chairman

History

Global time line 1919 - 2015

1919-1946

In 1919 Henry Sonnenberg founded a machine tool distribution and subsequently manufacturing company in Düsseldorf, Germany.

In 1933 he moved to the Netherlands and established a machine tool operation.

In 1940, he moved to the United States where he founded the Douglas Machinery Company.

In 1946 Henry Sonnenberg established a joint venture with Joe Hunter which developed new technology and equipment for the continuous casting and fabrication of aluminium. This led to the production of lightweight aluminium slats for Venetian Blinds.

Hunter Douglas, as we know it today, was born.

1946-1960

Hunter Douglas aluminium blinds quickly gained leadership in the American market. As innovative as the product was the business model for its distribution. Hunter Douglas developed a vast network of more than 1,000 independent fabricators in the United States and Canada. They sold blinds during the day and custom assembled them in their workrooms at night.

In 1956, policy differences led to the sale of the US business. Henry Sonnenberg moved Hunter Douglas' headquarters to Montreal, Canada and, using the European machinery business as a base, concentrated on building the window covering business outside the United States.

1960-1980

Hunter Douglas expanded its operations in Europe and into Australia and Latin America.

In 1969 the Hunter Douglas Group went public, and its shares were listed on the Montreal and Amsterdam Stock Exchanges.

In 1971, Hunter Douglas' Group headquarters were moved to Rotterdam, the Netherlands, and Hunter Douglas N.V., became the worldwide Group parent Company.

In 1976, Hunter Douglas reacquired its former US business.

1980-2000

Hunter Douglas continued its global growth and expanded into Asia. The innovative spirit of the Company led to the development of revolutionary new products to meet the increasing demand for fashion and functionality.

1985 - Duette® Honeycomb Shades

1991 - Silhouette® Window Shadings

1994 - Vignette® Modern Roman Shades

1996 - Luminette® Privacy Sheers and PowerRise® battery-powered remote control system

1999 - UltraGlide® retractable cord system

2000-2015

2000 - LiteRise® cordless system, EOS® hardware system

2003 - Techstyle® Acoustical Ceilings

2004 - Facette® Shades, The Alustra® Collection

2006 - Duette® Architella® Shades, Skyline™ Panels

2007 - Pirouette® Shadings, Platinum™ Technology Motorization

2008 - Nano Roller Blinds

2010 - Vignette® Architella® Shades, RB 500 Roller Shade System

2011 - Silhouette® Shadings with LiteRise®

2012 - Duette® Architella® Trielle™ Shades, Platinum™ App, Solera™ Soft Shades

2013 - Silhouette® A Deux™ Window Shadings

2014 - Pirouette® window shadings, Cordless operating system, 3form® glass offering

2015 - PowerView™ Motorization, Silhouette® Duolite™ Shadings

Innovations

About envisioning what comes next

Ever since we created the aluminium blind in 1946, we have defined our industry with products that deliver revolutionary style and functionality. What's more, our expertise in customization helps keep our customers around the world at the forefront of design.

Silhouette® Duolite™ Shadings

Winner of the 2015 Window Covering Manufacturers Assoc. (WCMA) 'Product of the Year', Silhouette® Duolite™ Shadings seamlessly blend Silhouette® shadings together with an independently operated roller shade that nests behind it in the same headrail.

The addition of the roller shade enhances the room darkening and privacy benefits of Silhouette® shadings, while still allowing consumers to enjoy the softly diffused light and view through that Silhouette® shadings are known for.

› Silhouette® Duolite™ Shadings



PowerView™ Motorization

PowerView™ Motorization is an advanced home automation system that utilizes wireless RF communication. It allows Hunter Douglas window treatments to be conveniently operated via an artfully designed Pebble™ Control, available in seven colours, or a sophisticated App-based platform that allows users to program the shades throughout the home to automatically move to the desired positions at pre-set times. PowerView™ also integrates with popular third-party whole-home automation systems.





.....
*"There is no substitute
for the beauty of natural
daylight."*

Luminette® Privacy Sheers





.....
*"Gentle translucency
for an endless variety of
moods."*

Duette® Shades

Window Coverings

Hunter Douglas is the world market leader in window coverings.

› Our strength is our ability to develop and market innovative, high quality, proprietary products, targeted primarily at upscale consumers.

› Our success is based upon trusted brand names recognized around the world: HunterDouglas®, Luxaflex®, Duette®, Silhouette® and Vignette®.

› Our proprietary fabric shades are consistently recognized for excellence in design, styling, features, quality and breadth of selection: Duette® Honeycomb Shades, Silhouette® and Pirouette® Window Shadings, Luminette® Privacy Sheers, Vignette® Modern Roman Shades and Facette® Shades.

› In addition to our proprietary design innovations, we offer a fully integrated and premium line of standard window covering styles. These include Venetian and Vertical Blinds, Roman, Roller, Pleated and Woven Wood Shades, Wood and Alternative Wood Blinds and Custom Shutters. And Exterior Venetian Blinds, Screen Products, Shutters and Awnings.

› We customize each window covering to the individual consumer's specific needs, and deliver that unique product typically within a week of ordering.

› Our proprietary operating systems are equally innovative and unique. They offer ease of use, reliable performance,

convenience and improved safety features, identified by our 'Designed with Safety in Mind' logo. They also include the EOS® modular hardware system.

LiteRise® cordless operating system

Specifically created for enhanced safety and operating convenience, the LiteRise® cordless lifting system option is available on many Hunter Douglas products, including Plissé and Duette® Shades and Roller and Venetian Blinds. Its innovative design not only makes raising and lowering window coverings easier, the elimination of operating cords also makes it especially ideal for homes with young children and pets.



› Silhouette® Window Shadings



Architectural Products

Hunter Douglas is a world-leading manufacturer of sun-control solutions, suspended ceilings, ventilated façade systems, and translucent materials.

- › We focus on high-performance architectural materials with proprietary characteristics in design, comfort, and sustainability.
- › Our strength is our ability to develop customizable product systems, which assure reliable installation and enable design flexibility with minimal custom engineering.
- › Our success is based on giving architects a high degree of technical and design assistance in applying our products. We collaborate with architects and owners to realize their design objectives while also meeting functional needs such as light control, energy efficiency, and acoustics.

› Our global network of specialized manufacturing facilities lets us deliver a broad, consistent range of solutions that can be adapted to local design requirements.

Sun-Control Solutions

Hunter Douglas offers an unparalleled breadth of solutions and expertise to manage heat and light inside and outside windowed walls. We are at the forefront of the emerging field of architectural solar-control products.

Ventilated Façade Systems

Our QuadroClad® ventilated façade system features lightweight skins fused to a honeycomb aluminium core that provides extreme strength and flatness. QuadroClad® panels are available in many specialty shapes and curves, as well as a wide range of colours.

In 2007 the Group acquired NBK, a pioneering manufacturer of terracotta façades. NBK is today the market and quality leader in size, flatness, and design options for large terracotta panels.

Suspended Ceilings

Our Luxalon® metal ceiling systems enable a wide variety of designs and applications, including curved and specialty shapes.

Our revolutionary Techstyle® acoustical panels deliver superior noise reduction; a clean, monolithic look; and easy access to the plenum.

3form®

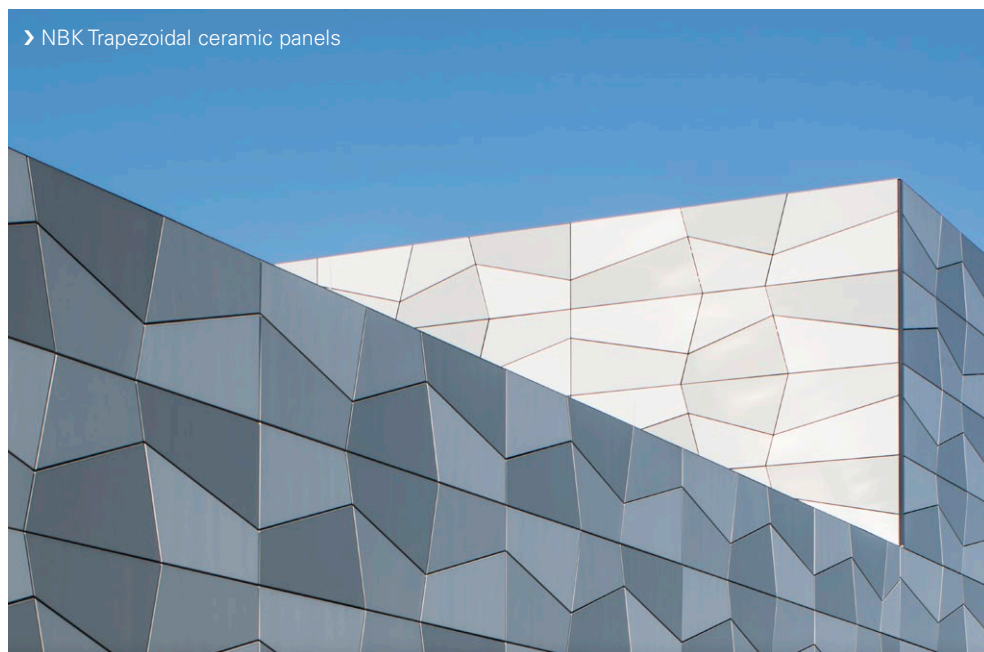
In 2007, Hunter Douglas acquired 3form®, the leading manufacturer of translucent architectural materials. 3form® panels in resin and glass give architects and interior designers the flexibility to play with colour, shape, texture, and transparency in a wide range of interior and exterior applications, including back-lit wall features, partitions, ceiling elements, horizontal surfaces, canopies, building accents and signage. Through its LightArt® division, the company also manufactures a range of lighting fixtures based on these materials.

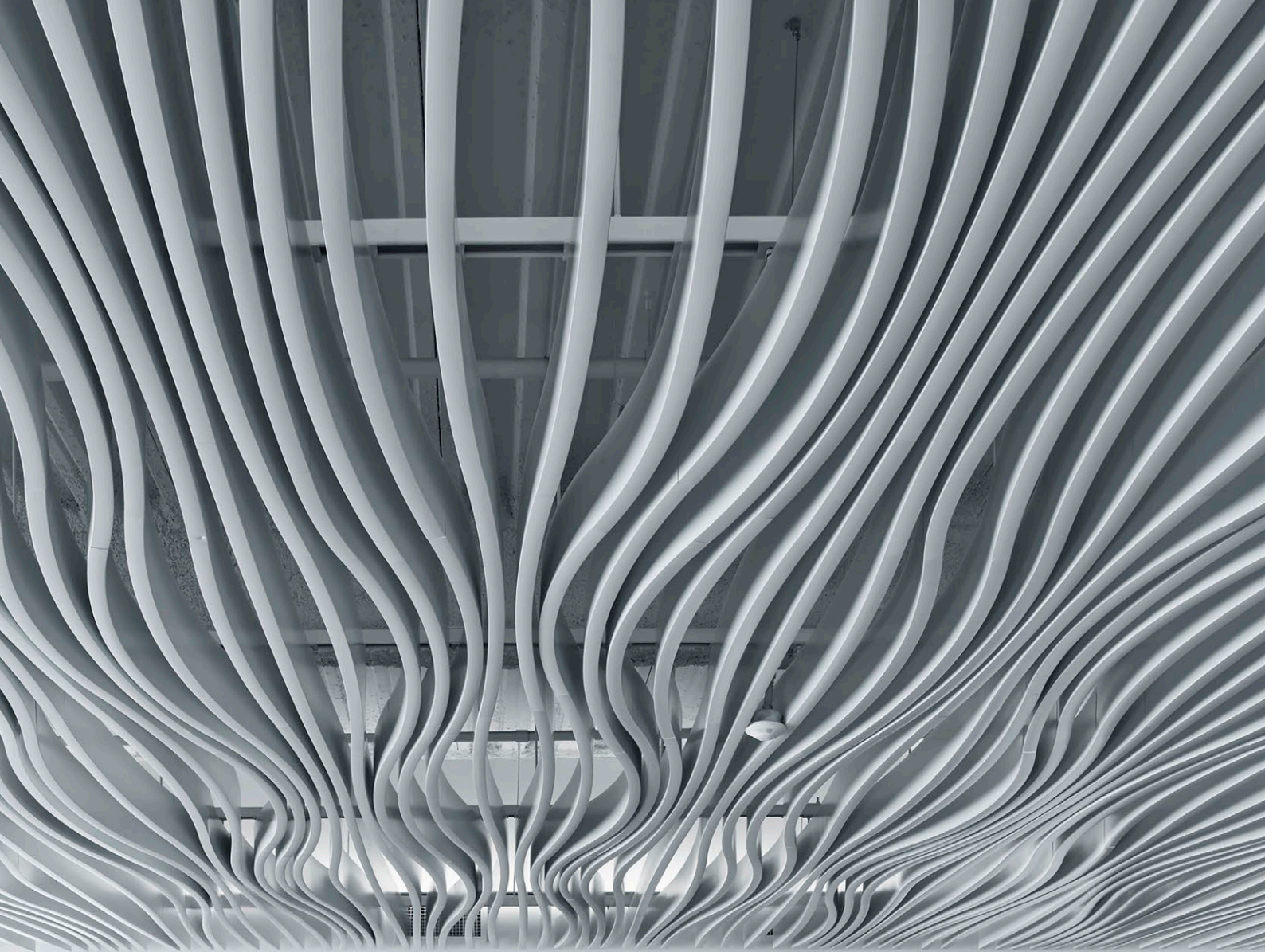
3form expanded its signature Full Circle program, a highly regarded and popular collection of products, which brings to life handcrafted materials from artisans around the world. These materials are designed and produced in collaboration with artisan communities and encapsulated in Varia Ecoresin.

3form® glass offering

Pattern+ from 3form® is a revolutionary glass customization system that works across multiple material platforms. The initial offering includes 28 dynamic patterns in customizable textures and colours with the ability to scale patterns to allow designers and architects maximum flexibility in creating diversity and dimension in their projects.

› NBK Trapezoidal ceramic panels







Our Company

Research & Development

Hunter Douglas was founded on a tradition of bringing breakthrough products to market. At the beginning of the 21st century, our new product development has accelerated with the introduction of a number of innovative products, including Facette® Shades, EOS® Hardware systems, LiteRise® cordless operating systems, Techstyle® Acoustical Ceilings and Duette® Architella® Shades.

- › We have specialized R & D Centres in the United States, the Netherlands, Germany, China and South Korea where products are currently under development for introduction in 2016, 2017 and beyond.
- › Around the world, our subsidiaries adapt products to respond to local market needs.
- › We are continually seeking, testing and developing new ideas and concepts that will enable Hunter Douglas to serve and grow our markets in future years.
- › Top priorities are the comfort and safety of the end users, the functionality and durability of our products and the evolving fashion and style needs of the marketplace.
- › We strive to simplify assembly, improve production processes, eliminate waste and reduce maintenance.
- › In 2016 we expect our R & D activities to remain at approximately the same level as in 2015.

Manufacturing

About 70 years ago, Hunter Douglas pioneered a unique, continuous casting and integrated manufacturing process for aluminium, to produce painted aluminium strip, and from that the basic materials for many of our products. That innovative thinking has been applied to all aspects of our operation.

- › We have applied the lessons learned in manufacturing metal products to our fabric shades and have set the industry standard for forming fabrics into innovative designs that trap air in cellular pockets for superior insulation, softly diffuse harsh incoming light, provide privacy while preserving outside views and help protect furnishings from damaging UV rays.
- › Our proprietary innovations include the energy-efficient cells used in Duette® and Vignette® Architella® Shades; translucent sheer fabrics used in shades, sheers and shading systems; and the process for bonding diverse fabrics to yield products like Silhouette® and Pirouette® Window Shadings, Vignette® Modern Roman Shades and Luminette® Privacy Sheers.
- › We concentrate production of our principal products in a few efficient manufacturing locations around the world.
- › Process re-engineering and automation is a critical concept in a custom business, allowing us to better manage inventory and our other assets, lower costs, and serve our customers more quickly and efficiently.

Worldwide distribution system

Our distribution system is key to our business and an essential element in our marketing strategy. It is as distinctive as it is efficient.

- › We rely upon a worldwide network of several thousand independent and 76 company-owned fabricators to sell, assemble and distribute our products in local markets.
- › We closely support fabricators to ensure they consistently offer the best quality and service.
- › We provide sophisticated sampling, merchandising and training programs to enable our fabricators to establish strong dealer networks.
- › We provide support to over 100,000 retail dealers - the second tier in our distribution network. They rely upon us for sales and marketing programs; advertising and promotional campaigns; sampling, displays and signage; product education and business-building programs; technical service and assistance in computer-supported administrative areas.
- › Proper installation of our products is key to lifetime performance and customer satisfaction. We have expanded our training to assist the thousands of professional Hunter Douglas installers around the world.
- › Strong and enduring relationships have been forged between Hunter Douglas, our fabricators and our dealers. We consider them to be our strategic partners and the principal sales and marketing arms for our products.



Marketing

We want consumers who purchase Hunter Douglas products to have a thoroughly satisfying experience throughout their process of selecting, buying and living with our products. We have built an additive-process marketing program that builds awareness of and desire for our products and creates strong brand loyalty.

- › Brand awareness is built through many channels: print,

broadcast and online advertising campaigns; a comprehensive consumer website; branded social media programs, retail merchandising and displays; relationship building with the trade and consumer press, as well as interior designers and architects; newspaper and magazine articles and editorials; sponsorship of special events and worthy charitable causes at the local, national and international levels.



- › Our messages are based upon extensive research into consumer needs, motivations and regional differences, enabling us to better understand what consumers most desire from our products and what dealers need to support and sell them.
- › Once in a retail store, the consumer will find a wealth of materials that help simplify the purchase decision: brochures, design books, sampling of the full range of colours and

options, and displays that show how actual products look and function.

- › We actively support our commercial clients with products that meet their needs and specifications, and with technical information concerning light control, motorization and climate control.

Our internet sites enable us to:

- › Give consumers the information and interactive design tools

they need to help narrow their product selections and make appropriate buying decisions when visiting our dealers' showrooms.

- › Educate and support our dealers and installers; including online learning modules and interactive features to select, measure, order and install products.

Education, Corporate Citizenship and Employment

Education

We have developed multi-level training and education programs for our fabricators, retail dealers, professional designers and installers.

- › We hold consumer seminars to help prospective buyers understand the importance of window coverings for home fashions and for light control and energy efficiency.
- › We provide training seminars and hands-on workshops for retailers, designers and installers - including CD-Roms, movies, and web-based instructions - throughout the world.
- › We have created the industry's first and only formal Retail Alliance Program, offering our very best dealers a choice of tiered partnership options that reward their brand loyalty with lucrative business-building benefits, including financial incentives and exclusive products and programs.
- › Through our exclusive partnership with Archiprix International, we build relationships with the next generation of architects as they begin their careers after college. With our support, Archiprix organizes a biennial international competition for the best graduation projects in architecture. Finalists travel to a host city with hundreds of architects from around the world, where an independent jury evaluates the student entries and recognizes the most outstanding work with the Hunter Douglas award.

- › Our 'Windows of Opportunity' seminar on the use of window fashions in interior design reaches more than 2,500 design school students and designers in major United States' markets each year.
- › At the Fashions Institute of Technology in New York and other leading design schools, we provide design students with industry overviews and a business perspective through teaching opportunities.
- › At the renowned Pratt School of Architecture, we have sponsored design studio projects that challenge students to envision new and novel ways to integrate our products and materials into architectural structures.

Corporate Citizenship

- › We actively support the communities in which we live, work and do business. Decisions about which causes to support and the form that support takes are made locally by our management in each country.
- › We provide window coverings to hospitals, research centres and healthcare facilities around the world.
- › We support educational opportunities for the families of our staff and less privileged members of our communities.
- › In the United States and Canada, we sponsor Habitat for Humanity, donating custom window coverings for the homes they have built for low-income families since 1993. Our employees have also contributed thousands of hours in sweat equity assisting with the building of these homes at the local level.

- › We stimulate students' awareness of our products and encourage their creativity through competitions in which they are judged upon the innovative application of our products in their design projects.
- › Hunter Green™ and Keen on Green are important company-wide environmental initiatives being undertaken by our Hunter Douglas branded companies to reduce energy consumption, water usage and our overall carbon-footprint. It also includes an ongoing consumer marketing effort to increase awareness of our corporate commitment to the cause as well as the superior energy-saving benefits of our products.

Employment

Employment levels decreased from 16,362 to 15,829. This is not expected to materially change in 2016.

Strategy

Our strategy remains unchanged: to grow the market and our market share by continuing to introduce innovative and proprietary products and by expanding our presence in key geographic markets.

Corporate Governance

Hunter Douglas N.V. has its statutory seat in Curaçao. Hunter Douglas is therefore not subject to the Netherlands Corporate Governance Code. However, Hunter Douglas adheres to good Corporate Governance and follows many of these recommendations.

Corporate structure

Board of Directors

Hunter Douglas has a one-tier corporate structure. Under its Charter the Board of Directors is responsible for the overall management and control of the Company. The Board is appointed by the shareholders at the annual General Meeting. The Board has four regular meetings per year and additional meetings as required. Board members may not be members of more than five boards of public companies. Mr. Ralph Sonnenberg is Executive Chairman.

Independence

The Board has five members, of whom three are independent. It acts collectively by majority resolution.

Functions

The Board reviews the overall strategy, financial objectives, budgets, acquisitions, divestments, capital expenditures, currency and aluminium hedging, portfolio composition and returns, results and risks in the Company's business.

Audit and Compensation Committees

The Board has an Audit and a Compensation Committee, whose members are independent. The Audit Committee reviews the Company's accounts, internal

controls and meets with the Company's external Auditors at least once a year.

The Compensation Committee reviews the Directors' and Officers' compensation and stock options.

Officers

The Board annually appoints the Officers of the Company ie the Executive Chairman, Co-Presidents & CEOs and the Regional Presidents and Staff Vice Presidents.

Financial reporting

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Internal Controls

The Company has the following key internal controls.

Conflicts of Interest Policy

The Company has a 'Conflicts of Interest Policy' applicable to all key employees which covers relations with customers, suppliers and other third parties.

Insider Trading Policy

The Company has an 'Insider Trading Policy', as prescribed by the Authority Financial Markets ('AFM'), restricting trading in the Company's shares by Directors, Officers, key employees and related persons.

Internal Audit Function

Hunter Douglas' principal Operating Companies have an Internal Audit Program.

Authority limits

Every Manager, including the Regional Presidents, has clearly defined Authority Limits.

Whistleblower Policy

Hunter Douglas has a 'Whistleblower' Policy in each Company.

Compensation

Compensation is reviewed by the Compensation Committee of the Board. The Company also follows the 'best practices'.

Stock options

Stock options are granted for five years with vesting starting after two years.

Stock

The Company does not provide stock at no cost.

Loans

Loans to Directors, Officers or other employees bear market interest. There is no forgiveness of principal or interest.

Investor Relations

Hunter Douglas has an Investor Relations Website, regularly issues press releases and holds analysts' and investor meetings.

Risk Management

For risk management objectives and policies in relation to the financial instruments reference is made to note 25 of the financial statements.

Objectives

The Company's objectives are to:

- › Expand its Window Coverings and Architectural Products businesses at a growth rate exceeding that of the market while continuing to be the best Company in the industry;
 - › Develop and introduce innovative new products;
 - › Seek acquisitions that add to the Company's organic growth by expanding product lines or distribution and that meet its return targets;
 - › Have an efficient decentralized entrepreneurial organization, based on the principle of 'maximum accountability with minimum interference'.
- › Prices for raw materials, in particular: aluminium, steel, fabric, synthetics and other oil based products. Changes in material prices for our window covering and architectural products are normally passed on in our product prices.
Base commodity price risks in our Metals Trading business are substantially hedged;
 - › The Investment Portfolio risks are limited by the wide diversification of the funds. See also note 13;
 - › Exchange rates: rates of non US dollar currencies can affect the Company's results. Hunter Douglas' policy is to selectively hedge transactional earnings exposures and generally not to hedge balance sheet exposures.

The company has a low risk appetite to the above mentioned factors.

Rotterdam, 8 March 2016

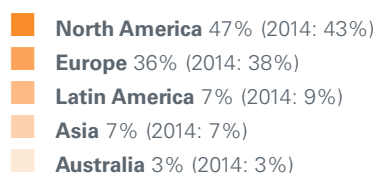
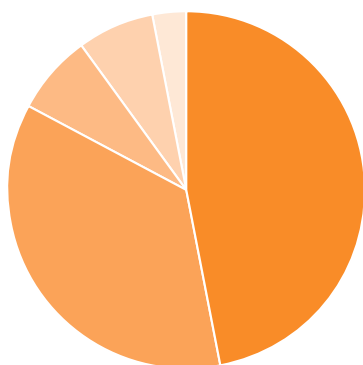
Board of Directors

Sensitivity to External Factors

The Company's results are sensitive to external factors of which the following are most influential:

- › Overall economic activity and particularly consumer confidence which affects demand for consumer durables. Our decentralized entrepreneurial organization manages these market risks as effectively as possible;

Worldwide sales



Financial information by region*

Amounts in millions	Europe		North America		Latin America		Asia		Australia		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales												
Window Coverings	748	836	1,072	1,019	142	170	78	79	80	89	2,120	2,193
Architectural Products	91	106	129	136	43	69	92	107	3	4	358	422
Other	74	80									74	80
Total***	913	1,022	1,201	1,155	185	239	170	186	83	93	2,552	2,695
Net assets employed**	605	650	394	363	85	118	103	135	33	40	1,220	1,306
of which												
Non-current assets***	284	321	375	361	41	49	81	109	14	16	795	856
Additions to tangible												
fixed assets	25	27	25	29	5	9	3	7	2	1	60	73
Depreciation tangible												
fixed assets	32	37	27	27	5	5	9	11	1	2	74	82
Employees per year-end****	6,091	6,002	6,689	6,729	1,537	1,772	1,199	1,548	313	311	15,829	16,362

(*) This table excludes the turnover of 570 (2014: 491) and net assets employed of 95 (2014: 147) of Metals Trading.

(**) Total assets (excl. Investment Portfolio and deferred income tax assets) minus non-interest-bearing current liabilities.

(***) Net sales in the Netherlands were 121 (2014: 139) and non-current assets 71 (2014: 69).

(****) Of which 14,448 employed outside the Netherlands.

Relative distribution of employees per business segment per area is in line with net sales per area.

Europe

Higher sales and profits.

European Operations had significantly improved results benefitting from a lower cost structure, a pickup in consumer demand in most markets, and growth in new product lines. Our commercial businesses continued to face a challenging construction market other than in the Middle East, where we grew significantly. We continued to streamline and consolidate our operations while investing in marketing, especially to grow demand for our newer products in Germany, the UK and Scandinavia.

Window Covering Products

- › Our company-owned blindmakers had increased sales and profits, with improved consumer demand and performance in the Benelux, Scandinavia, the UK and Ireland. Results also improved in France and Spain, but these markets remained weak for us.
- › Our efforts are focused on leveraging our increasingly centralized fabrication infrastructure to deliver wide, localized product ranges with industry leading speed and reliability across Europe. Our fabrication plants



Aad Kuiper
President & CEO
European Operations

in Czechia and Poland added assembly volumes from several of our Western European plants and improved their results.

- › We completed the implementation of our second generation custom developed blindmaker software in our main sites, and are extending it across Europe. Significant quality and delivery improvements were achieved through the continued roll-out of “Lean Manufacturing” processes supported by a new shop floor system at our main assembly operations.
- › We also made progress in increasing our market-share in textile blinds, including Duette® shades, pleated blinds and roller blinds. We are expanding our consumer marketing efforts around Duette®, which has become our most important and fastest

growing product, based on its unique combination of energy saving and decorative appeal. Our multi-media campaigns have increased brand awareness, and traffic to our allied dealers.

- › In the UK we successfully leveraged a direct response Duette® consumer marketing campaign across our network of window covering brands and channels.
- › Stevens, a leading Scottish based fabricator, was acquired in October and will strengthen our position in supplying assembled blinds to the UK retail trade.
- › Our innovative cordless lifting system LiteRise®, won the prestigious Innovation Award at the world’s leading industry trade fair. This innovative cordless system is designed with safety in mind and is unrivalled in the industry. LiteRise® can be used on all

EUR			
Amounts in millions	2015		2014
Net sales			
Window coverings	672		631
Architectural products	82		80
Other	67		60
Total	821		771
Net assets employed	556		535
Employees per year-end	6,091		6,002



› Silhouette® Shades



of our key products including pleated blinds, Duette® shades, roller blinds and venetian blinds. LiteRise® was also named Best Child Safety Product at the British Blinds and Shutters Association Awards Event.

- › Component sales to independent blindmakers increased. Duette® Shades are becoming increasingly popular and won the title Company of the Year in the category Best Brand, issued by the German trade publication "Sicht und Sonnenschutz".
- › Eclipse, our leading UK manufacturer and distributor of fabrics and window covering components, had level sales and profits.
- › Benthin, the leading Germany based developer and supplier of vertical, roller blind and pleated blind systems, continued to achieve strong results.
- › Blöcker, our market-leading supplier of pleated blind systems and fabrics, had again good results.
- › Fasadeprodukter, the fast growing Norwegian direct-selling blindmaker, acquired in 2014, has successfully been combined with our existing direct-sales operation. The combined company continued to grow and achieved excellent results.
- › Sunflex/Integra, our UK packaged window covering company, further

improved its market position and results.

- › Gardinia, the leading distributor of packaged window coverings in Germany and Eastern Europe, had a difficult year, experiencing poor market conditions and continued to streamline their cost structure.
- › Mermet, our French fiberglass sunscreen manufacturer, achieved higher sales and profits.

Luxaflex® Window Coverings

- › Our main brand in Europe continued to gain share in a challenging market as our leadership in distribution, product innovation and trade support programs continued to attract dealers. We introduced a new venetian blinds collection.
- › We are focused on improving the store experience of our allied dealer network, and on increasing our direct marketing capabilities for these dealers. We continued our integrated consumer brand campaign in key markets and expanded our on-line marketing initiatives with the launch of a new responsive Luxaflex® website.

Architectural and Project Market

- › While growth in most EMEA markets picked up, the

construction markets are still lagging, creating a challenging environment. Our ceilings business increased sales and results, especially in the Middle East. Window Covering grew modestly, while our Sun Control and Metal Façade business declined.

- › We have been increasingly successful in building up our specifying capabilities in roller blinds with high performance fabrics, geared toward sustainable buildings. Our ceiling business has been expanding its capability to design and supply specialty solutions, and secured several large projects incorporating these.
- › The NBK ceramic façades business achieved higher sales but lower results.

Manufacturing

- › Our main manufacturing facilities in the Netherlands had improved performance driven by continued investments in more efficient production processes.
- › Artex, our textile development and production center based in Aarle-Rixtel, the Netherlands, had higher sales and higher profits.

Nedal

Our Dutch based aluminum extrusion operation had higher sales and profits.

North America

Higher sales and profits.

- › 2015 Total North American sales grew by 6% (excluding the unfavorable impact of the weaker Canadian dollar), while US Window Covering sales grew by 7%. Growth was bolstered by the introduction of PowerView™ Motorization, the continued growth of our alternative brands, and new programs to increase sales through our aligned dealer network.
- › 2015 Operating Profit rose at a greater rate than revenues as lower manufacturing costs and increased motorized product sales drove higher gross margins. This, combined with actions taken to streamline SGA, resulted in strong profit growth. This was achieved despite higher investments in Advertising and R&D.
- › 2015 also included a number of restructurings to improve our ability to innovate and better serve our customers. This included organizational changes across several functions. These changes will lower our ongoing cost structure and more importantly, better enable



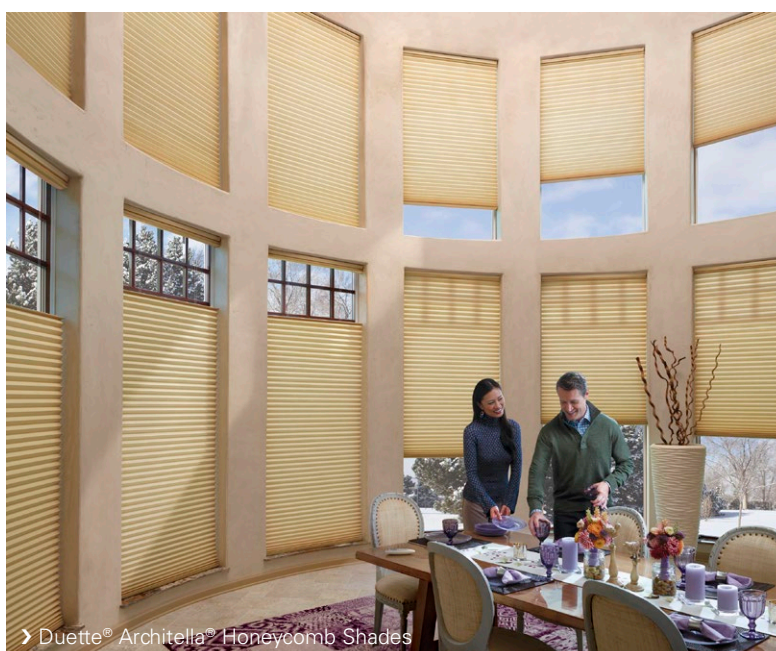
Ron Kass
President & CEO
North American Operations

organizational alignment and accelerate customer experience and innovation capabilities.

- › Canada underperformed. Sales in US dollars declined by 9%. The drastic decline in oil prices and the 16% decline of the Canadian dollar created an economic headwind that impeded sales and profit growth. While we reacted with more targeted promotional activities, pricing actions and organizational changes, the currency decline more than offset the favorable impact of operational actions taken.

- › We had another strong year in building out our Alliance Dealer Network. We ended 2015 with 6,525 Alliance Dealers – an increase of 221 versus prior year. In 2015, 83% of branded Hunter Douglas sales were sold by Alliance Dealers.
- › Within the Alliance Program we introduced a revitalized Centurion Program designed to be more rewarding and higher value for our top-performing dealers. Centurion Dealers carry Hunter Douglas products exclusively for the window treatments

Amounts in millions	USD	
	2015	2014
Net sales		
Window coverings	1,072	1,019
Architectural products	129	136
Other		
Total	1,201	1,155
Net assets employed	394	363
Employees per year-end	6,689	6,729



› Duette® Architella™ Honeycomb Shades

segment of their business. The program enhancements were introduced in July and resulted in a 16% increase in Centurion Dealers, bringing the total to 1,385.

› The major product launch for 2015 was our new PowerView™ Motorization. PowerView™ completely revamped our battery-operated motorization offering across the entire branded product line. PowerView™ includes a new and uniquely designed Pebble™ Remote, available in seven colors, an intuitive App-based programming and scheduling platform with advanced features such as Sunrise / Sunset shade activation, and RemoteConnect™, which allows homeowners to operate their window treatments from anywhere in the world.

› To support the launch of PowerView™ Motorization, Hunter Douglas deployed a comprehensive and integrated marketing program, comprising both traditional and digital media, public relations, social media, database marketing, retail displays and the new 30-second PowerView™ TV spot which was extensively advertised across network, cable, and digital media properties.

› Our alternative branded companies introduced a new cordless operating system for their honeycomb product lines. This innovative and cost-effective operating system is targeted at increasing cordless product sales across their entire portfolio.

› Hunter Douglas Contract Ceilings continued to grow its sales and market share. The Tavola™ and High Profile™ systems were expanded to include curved and non-parallel applications, bringing

organic texture and movement to the ceiling plane. Architectural Products' sales declined by 6% compared with an unusually strong 2014.

› For the 15th time in 18 years of the award's existence, Hunter Douglas won the Window Covering Manufacturers Association's Product of the Year award for the highly innovative Silhouette® DuoLite™ shading. This product combines the unique light-filtering characteristics of Silhouette® with a light-blocking roller shade that nests within the Silhouette® roller tube. Silhouette® DuoLite™ was introduced in select markets in 2015 and will be rolled out nationally in Spring '16.

› We celebrated our 23rd consecutive year of partnership with Habitat for Humanity (HFH), helping to support its mission to provide decent, affordable housing to deserving families by donating window treatments for the homes it builds. Over 400,000 blinds have been furnished to date, and thousands of hours in "sweat-equity" have been invested by our employees to help construct these homes.

› In 2016, we will continue to invest and focus on the development of innovative, high-design products, building even stronger dealer partnerships, and enhancing the customer experience for both dealers and consumers.

› PowerView™ Motorization
Pebble™ Controls



Latin America

Lower sales and operational profits.

Our Latin American operations had lower sales and lower operational profits. Total profits were significantly lower due to currency devaluations throughout Latin America, especially in Brazil. We implemented structural cost reductions in Brazil, Chile, Mexico and Peru, lowered our expense ratio with cost cuts which outpaced significantly lower sales.

Our Window Covering business had lower sales and operational profits while in local currency sales and profits were only slightly lower. We continued to develop the market for our products through an exclusive network of well-merchandised dealers, who are focused on serving an upscale clientele with our main Hunter Douglas® and Luxaflex® brands; and are focused on developing the market for our proprietary products. Our secondary brands, tailored to the middle class segment, continued to develop well.

Stock window covering products had slightly higher sales and significantly higher profits, despite devaluations.

Our Architectural Products business had lower sales and operational profits and was significantly affected by the slowdown in the Chilean and Brazilian economies and by devaluations throughout Latin America. Nevertheless, our business was shielded from the market contraction by increasing demand for our exterior architectural screening systems.



Renato Rocha
President & CEO
Latin American Operations

Brazil

- › Significantly lower sales and profits in view of a fast declining economy.
- › Window Coverings had lower sales and a lower but still good level of profitability.
- › Architectural Products had significantly lower sales and operational profits. Our recent buildup of localized production has enabled us to maintain a sound competitive position.

Mexico

- › Lower sales due to devaluation but significantly higher profits.
- › Window Coverings had lower sales and significantly higher profits, as we improved our product mix towards more proprietary products, and streamlined the organization.
- › Architectural Products had lower sales and profits while our Stock WCP had significantly higher sales and profits.

Chile

- › Significantly lower sales and profits due to devaluation and a sharp contraction in construction activity.

- › Window Coverings had lower sales and profits.
- › Architectural Products had significantly lower sales and profits. After restructuring this sizeable business, it remains solidly profitable on a lower level of sales.
- › Our AP export business continued to develop well and had higher sales.

Colombia

- › Lower sales and level operational profits. Results improved significantly in local currency.
- › Window Coverings had lower sales and level operational profits.
- › Architectural Products had lower sales and slightly higher operational profits.
- › Stock Products had lower sales and profits.
- › Construction of a new and larger manufacturing plant on the outskirts of Bogota was finalized.

Argentina

- › Significantly higher sales and profits despite a weak economy affected by severe import restrictions.
- › Window Coverings and Architectural Products had record sales and operational profits.
- › We continued to develop our second branded network of dealers, increasingly on an exclusive basis with complete store concepts.

Venezuela

- › Significantly lower sales and level operational profits, due to a deeply depressed economy and devaluation.

Panama & Peru

- › Panama had record sales and profits. Peru had significantly lower sales and profits.

Amounts in millions	USD	
	2015	2014
Net sales		
Window coverings	142	170
Architectural products	43	69
Other		
Total	185	239
Net assets employed	85	118
Employees per year-end	1,537	1,772

› Main Tennis Court - Olympic Games Rio 2016, Aerobrise



Asia

Lower sales but higher profits.

Our Asian Operations had lower sales but higher profits resulting from cost rationalization programs. More difficult economic conditions and currency depreciations affected results. Our Architectural Products had lower sales but higher profits. Our Window Covering Products had higher sales and higher profits.

China

- › We completed the consolidation of all our metal AP Manufacturing and Window covering assembly activities in our Shanghai plant.
- › Architectural Products had lower sales due to a slowdown in construction projects; while profits improved from cost rationalizations. Our NBK Terracotta business continues to develop slowly in face of more competitive market conditions.
- › Window Covering Products had higher sales and profits. Residential sales decreased, but profitability improved as we reduced our distribution through smaller dealers outside Tier 1 cities and centralized our fabrication operations. We are continuing to create an upscale merchandising environment for our brand and to reach out to the fast growing interior design community. Our commercial project sales and profits were higher, driven by our proprietary intelligent motorized control system and new roller blind hardware.

India

- › Architectural Products had lower sales and results. Market



G.C. Neoh
President & CEO
Asian Operations

conditions and tight liquidity caused project delays and suspensions. Severe flooding in Southern India in the last two months disrupted supplies from our manufacturing base there.

- › Window Covering Products had lower sales and results. Our fabrication activities were consolidated into a single location. We are also concentrating our dealer base in the main cities to better support fewer, more aligned dealers who can create a more exclusive merchandising environment for our brand to serve the high end market segment as well as enhancing our Interior Designer Alliance program.

Japan

- › Window Covering Products had lower sales and profits due to a slowdown in consumer demand as a result of the increase in the consumption tax. We are upgrading the merchandising environment of our dealers and expanding our distribution in the home builders channel.

- › Architectural Products had higher sales and profits, benefitting from the downsizing of the organization.

Korea

- › Window Covering Products had higher sales and profits. Sunscreen manufacturing was refocused and upgraded to include high end proprietary products for supply to our affiliates.
- › Architectural Products had lower sales and profits.

Malaysia

- › Architectural Products had strong sales and profits benefitting from major contracts for ceilings and façades for metro stations.
- › Window Covering Products had higher sales and profits.

Hong Kong, Singapore

- › Higher sales and profits.

Taiwan

- › Lower sales but higher profits.

Vietnam, Indonesia, Thailand

- › Lower results.

Amounts in millions	USD	
	2015	2014
Net sales		
Window coverings	78	79
Architectural products	92	107
Other		
Total	170	186
Net assets employed	103	135
Employees per year-end	1,199	1,548



› Shenyang Taoxian International Airport, ceiling



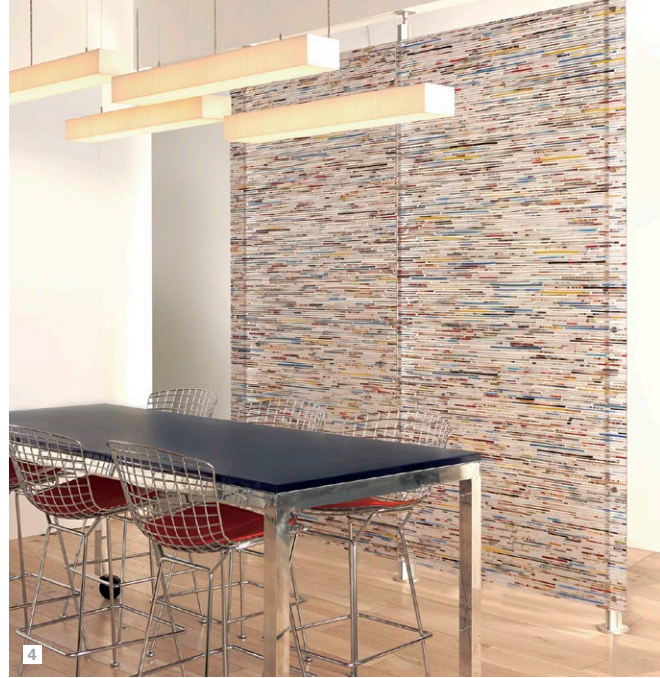
1 > China Wetland Museum



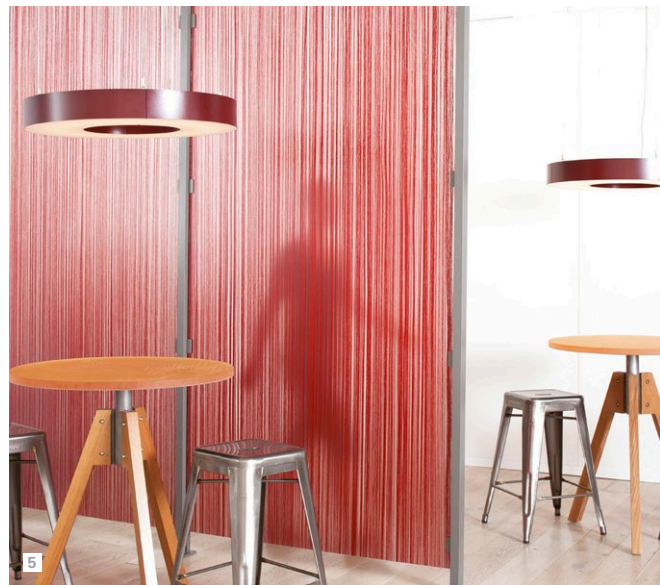
2 > Shanghai Metro Line



➤ Shanghai Oriental Blue Sea international plaza 3



4



5



➤ Minto Shopping Center Mönchengladbach 6

-
- 1 | Ceilings
 - 2 | NBK Terracotta Panel / Linear Ceilings
 - 3 | NBK Terracotta Façade
 - 4 | 3form® panels
 - 5 | 3form® panels
 - 6 | NBK Terracotta Façade

Consolidated statement of income for the year



Leen Reijtenbagh
Vice President, CFO & Secretary



Chris King
Vice President General Counsel

Amounts in millions	Notes	USD	
		2015	2014
Net sales	3	2,552	2,695
Cost of sales	4	-1,496	-1,646
Gross profit		1,056	1,049
Gross profit metals trading	3	11	21
Total gross profit		1,067	1,070
Selling and marketing expense	3	-502	-537
General and administrative expense	3	-342	-363
Income from operations (EBIT)		223	170
Finance costs	4	-20	-24
Finance income	4	3	6
Income before taxes		206	152
Taxes on income	19	-51	-27
Net profit for the year		155	125
Net profit attributable to non-controlling interest		-1	
Net profit attributable to equity shareholders		156	125
Earnings per share attributable to equity shareholders	20		
- basic for profit for the year		4.49	3.59
- fully diluted for profit for the year		4.49	3.59

Consolidated statement of comprehensive income for the year

Amounts in millions	USD	
	2015	2014
Net profit for the year	155	125
Other comprehensive income		
Actuarial gains (losses)	23	-73
Currency translation differences *)	-113	-100
Net movement in cash flow hedges *)	5	4
Tax effect on other comprehensive income	-6	26
Total comprehensive income for the year, net of tax	64	-18
Attributable to equity shareholders	67	-15
Attributable to non-controlling interest	-3	-3

* These items will be recycled thru statement of income at a future point in time. The tax effect of these items amounts to -1.
The accounting policies and explanatory notes on pages 35 through 60 form an integral part of the financial statements.

Consolidated cash flow statement for the year

Amounts in millions	Notes	USD	
		2015	2014
Net profit attributable to equity shareholders		156	125
Adjustments for:			
Depreciation property, plant & equipment	8	74	82
Amortization patents & trademarks	7	7	7
(Decrease) increase provisions		-14	12
Non-cash items on loans and borrowings		-40	-22
Other non-cash items		4	-4
Unrealized result investment portfolio		5	-2
Operating cash flow before working capital changes		192	198
Changes in working capital:			
- decrease (increase) trade and other receivables and prepayments		44	-22
- decrease (increase) inventories		17	-64
- (decrease) increase trade and other payables		-43	40
Operating cash flow		210	152
Dividend paid	21	-53	-59
Net cash from operations		157	93
Cash flow from investing activities			
Investments subsidiaries, net of cash acquired	5	-6	-32
Investment intangible fixed assets			-1
Investment property, plant and equipment	8	-60	-73
Divestment property, plant and equipment	8	17	21
Increase investment portfolio		-90	-108
Investment other financial non-current assets		-19	-11
Net cash from investing activities		-158	-204
Cash flow from financing activities			
Increase interest-bearing loans and borrowings	16	4	116
Net cash from financing activities		4	116
Net increase in cash and cash equivalents		3	5
Change in cash and cash equivalents			
Balance at 1 January		32	32
Net increase in cash and cash equivalents		3	5
Exchange difference cash and cash equivalents		-4	-5
Balance at 31 December	14	31	32

Income tax paid 32 (2014: 23), interest paid 17 (2014: 22) and interest received 1 (2014: 1) are included in net cash from operations.

The accounting policies and explanatory notes on pages 35 through 60 form an integral part of the financial statements.

Consolidated balance sheet as per 31 December

Assets

Amounts in millions	Notes	USD	
		2015	2014
Non-current assets			
Intangible fixed assets	7	302	319
Property, plant and equipment	8	435	498
Deferred income tax assets	19	113	133
Other financial non-current assets	9	60	41
Total non-current assets		910	991
Current assets			
Inventories	10	592	650
Trade and other receivables	11	359	403
Prepaid income tax		31	35
Prepayments	12	67	99
Currency derivatives	26		2
Metal derivatives	26	8	10
Investment portfolio	13	201	116
Cash and short-term deposits	14	31	32
Total current assets		1,289	1,347
TOTAL ASSETS		2,199	2,338

The accounting policies and explanatory notes on pages 35 through 60 form an integral part of the financial statements.

Consolidated balance sheet as per 31 December

Shareholders' equity and liabilities

Amounts in millions	Notes	USD	
		2015	2014
Equity attributable to equity shareholders			
Issued capital	15	9	10
Share premium		77	86
Treasury shares		-29	-29
Cash flow hedge reserve		-7	-12
Foreign currency translation		-232	-119
Retained earnings		1,247	1,114
Total equity attributable to equity shareholders of the parent		1,065	1,050
Non-controlling interest		10	14
Total equity		1,075	1,064
Non-current liabilities			
Interest-bearing loans and borrowings	16	346	373
Preferred shares	16	9	10
Provisions	17	135	177
Deferred income tax liabilities	19	1	2
Total non-current liabilities		491	562
Current liabilities			
Trade and other payables	18	531	582
Income tax payable		23	19
Restructuring provisions		8	14
Currency and interest derivatives	26	8	21
Interest-bearing loans and borrowings	16	63	76
Total current liabilities		633	712
TOTAL LIABILITIES		1,124	1,274
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,199	2,338

The accounting policies and explanatory notes on pages 35 through 60 form an integral part of the financial statements.

Consolidated statement of changes in equity for the year

Amounts in millions	Attributable to equity shareholders of the parent								
	Issued capital	Share premium	Treasury shares	Cash flow hedge reserve	Foreign currency translation	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2014	12	97	-29	-16	-35	1,095	1,124	17	1,141
Net profit						125	125		125
Other comprehensive income (expense)	-2	-11		4	-84	-47	-140	-3	-143
Total comprehensive income (expense)	-2	-11	0	4	-84	78	-15	-3	-18
Equity dividends						-59	-59		-59
At 31 December 2014	10	86	-29	-12	-119	1,114	1,050	14	1,064
Net profit						156	156	-1	155
Other comprehensive income (expense)	-1	-9		5	-113	30	-88	-3	-91
Total comprehensive income (expense)	-1	-9	0	5	-113	186	68	-4	64
Equity dividends						-53	-53		-53
At 31 December 2015	9	77	-29	-7	-232	1,247	1,065	10	1,075

The accounting policies and explanatory notes on pages 35 through 60 form an integral part of the financial statements.

Notes to consolidated financial statements

1. Corporate information

The consolidated financial statements of Hunter Douglas N.V. for the year ended 31 December 2015 were authorized for issue on 8 March 2016. These financial statements will be adopted by the Annual General Meeting of Shareholders on 7 June 2016.

Hunter Douglas N.V. has its statutory seat in Curaçao. Common shares are publicly traded at Amsterdam (HDG) and Frankfurt (HUD) for the common shares; the preferred shares are traded at Amsterdam (HUNDP).

The principal activities of the Group are described in note 3.

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for the investment portfolio and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest million except when otherwise indicated.

Statement of compliance

The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the IASB.

In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented in the Company's financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Hunter Douglas N.V. and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated upon consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group, in which case the consolidated financial statements include the results for the part of the reporting year during which Hunter Douglas N.V. had control. Acquisitions have been included in

the consolidated financial statements using the acquisition accounting method. The purchase method of accounting involves allocating the costs of the business combination to the fair value of the assets acquired and liabilities assumed at the date of acquisition.

Accordingly, the consolidated financial statements include the results from the new acquisitions from the date of their acquisition.

Non-controlling interest represents the portion of profit or loss and net assets in Gardinia, Germany and in some Latin American subsidiaries not held by Hunter Douglas N.V. and are presented separately in the statement of income and within equity in the consolidated balance sheet, separately from shareholders' equity.

Foreign currency translation

The consolidated financial statements are presented in US dollars, which is the Parent company's presentation and functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange on the balance sheet dates. All differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

As at the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Group (US dollar) at the rate of exchange on the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Intangible fixed assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Business Combinations and Goodwill

Business Combinations are accounted for using the acquisition accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If the acquirer's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities is higher than the cost of the business combination, the difference is recognized as a gain in the income statement.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed

Notes to consolidated financial statements

of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Significant accounting judgement and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements in order to conform to IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgements on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results could differ from the estimates and assumptions.

Estimates significantly impact goodwill and other intangibles acquired, impairments, fair value of the investment portfolio, liabilities from employee benefit plans, other provisions and tax and other contingencies. The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill are performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows.

Assumptions used to determine pension liabilities include the interest rate and discount rate. Assumptions used to determine the fair value of the investment portfolio relate to credit risk and liquidity risk of the fund.

In various countries the Company has taken standpoints regarding its tax position which may at any time be challenged by the tax authorities because the authorities in question interpret the law differently. In determining the probability of realization of deferred tax assets and liabilities these uncertainties are taken into account.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment in value. Fixed assets are depreciated over the expected useful lives, using the straight-line method. An indication of the expected useful life is as follows:

Buildings	20 – 40 years
Machinery & equipment	5 – 10 years
Other property, plant and equipment	3 – 10 years
Land is not depreciated	

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets of cash-generating units are written down to their recoverable amount.

Other financial non-current assets

Other financial non-current assets are recorded at amortized costs. Investments in unconsolidated affiliates are recorded at equity value.

Inventories

Inventories are valued at the lower of production cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials are stated principally at the lower of cost (first-in/first-out) or net realizable value;
- Finished goods and work-in-progress are stated at cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank

and in hand and short-term deposits with an original maturity of less than three months. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event.

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pensions and other post-employment benefits

The Group operates three defined benefit pension schemes, all of which require contributions to be made to separately administered funds.

The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses for the defined benefit plans are recognized

Notes to consolidated financial statements

in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Group also operates a number of defined contribution pension plans. The cost of providing contributions under the plans is charged to the income statement in the period to which the contributions relate.

Share-based payments/option plans

Share-based payments are expensed on the basis of their value determined by using option pricing models. The share-based payments qualify as cash-settled transactions and are measured initially at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (see Note 22 employee benefits). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognized in the income statement.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Leases

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Net sales

Net sales are recognized to the extent that it is probable that the economic benefits will flow to the Group and the net sales can be reliably measured. Net sales represent the invoiced value of manufactured products delivered to customers net of freight, returns, allowances and sales tax. Net sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured. Cost of sales are recorded in the same period as sales are recognized. Other revenues and expenses are recorded in the period in which they originate.

Metals trading

Metals trading is presented on a net basis as these activities classify as broker/trader activities. Metals trading sales are excluded from net sales. Gross profit on metals trading represents the margin earned on bulk aluminium delivered to clients net of direct acquisition and trading costs.

Research and development

Research costs are expensed as incurred. Development costs are capitalized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences such as the value of inventories, fixed assets and provisions for tax purposes which differ from the value used for financial reporting purposes, except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the

temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Income taxes relating to items recognized directly in equity or other comprehensive income are recognized in equity or other comprehensive income and not in the income statement.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to consolidated financial statements

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and metals futures to hedge its risks associated with interest rate, metal commodities and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined from listed market prices, price quotations from banks or from pricing models. Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement. No hedge accounting is applied except for cash flow hedges and hedges of net investments, which are recognized in other comprehensive income. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly as a separate component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the statement of income.

Investment portfolio

The investment portfolio is reported separately on the balance sheet at fair value. Net results of the investment portfolio are reported separately. Third parties participating in the investment portfolio are presented separately under trade and other payables. The individual investments held by the various investment funds are valued at fair value by the funds, with movements in fair value recorded through profit and loss. The net asset values reported by the fund managers are adjusted (discounted) by management as management expects that it may not be able to fully realize the underlying fair values of the investments held by the investment funds. This assessment is made by individual funds and the valuation is adjusted accordingly.

IFRS accounting standards effective as from 2015

There are no standards applicable as from 2015 which are likely to materially impact the Company's financial statements.

IFRS accounting standards effective as from 2016

There are no standards applicable as from 2016 which are likely to materially impact the Company's financial statements.

Notes to consolidated financial statements

3. Segment information

The Company has determined its reportable segments based on its internal reporting practices and on how the Company's management evaluates the performance of operations and allocates resources. The segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The window coverings products segment relates to sales and manufacturing of window coverings for commercial and residential use. The architectural products segment relates to sales and manufacturing of architectural products mainly for commercial use. The metal trading segment represents trading in metals mainly in contracts on bulk aluminium. The investment segment relates to the Group's investment portfolio which is invested in marketable securities in a variety of asset classes, including hedged equities, arbitrage, financial trading and fixed income. No operating segments have been aggregated to form the above reportable business segments. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit and is measured consistently with net profit in the consolidated financial statements. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

Business segments

The following table presents revenue and income information and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2015 and 2014.

Amounts in millions	Window Coverings		Architectural Products		Metals Trading		Investment Portfolio		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue										
Sales to external customers	2,120	2,193	432	502					2,552	2,695
Segment revenue	2,120	2,193	432	502					2,552	2,695
Total gross profit	905	867	152	182	11	21			1,068	1,070
Selling and marketing expense	-417	-438	-85	-99					-502	-537
General and administrative expense	-294	-316	-42	-41	-6	-6			-342	-363
Income from operations	194	113	25	42	5	15			224	170
Finance costs	-9	-18	-5	-5	-1	-1	-5		-20	-24
Finance income	3	3		1				2	3	6
Income before taxes	188	98	20	38	4	14	-5	2	207	152
Taxes on income	-42	-5	-7	-17	-3	-5			-52	-27
Net profit	146	93	13	21	1	9	-5	2	155	125
Net profit attributable to non-controlling interest	-1								-1	
Net profit attributable to equity shareholders	147	93	13	21	1	9	-5	2	156	125
Assets and liabilities										
Segment assets	1,449	1,547	384	451	151	219	201	116	2,185	2,333
Investment in an associate	14	4		1					14	5
Total assets	1,463	1,551	384	452	151	219	201	116	2,199	2,338
Segment liabilities	863	973	204	229	57	72			1,124	1,274
Total liabilities	863	973	204	229	57	72			1,124	1,274
Net assets employed	959	987	261	319	95	147			1,315	1,453
Other segment information										
Additions property, plant and equipment	45	47	15	26					60	73
Depreciation property, plant and equipment	54	61	20	21					74	82
Intangibles	261	276	41	45					302	321
Amortization patents and trademarks	4	4	3	3					7	7
Non-recurring restructuring expenses	9	20	5	3					14	23

The financial information by region is reported separately on page 21.

Notes to consolidated financial statements

4. Revenues and expenses

Amounts in millions	2015	2014
Finance costs		
Bank loans and overdraft	-11	-19
Other loans (including non-cumulative redeemable preference shares)	-4	-5
Net result investment portfolio	-5	
Total finance costs	-20	-24
Finance income		
Bank interest receivable	3	2
Net result investment portfolio		2
Non-operational exchange result		2
Total finance income	3	6
Non-recurring restructuring expenses are included in the consolidated income statement as follows:		
Cost of sales	10	17
Selling and marketing expense	2	2
General and administrative expense	2	4
	14	23
Non-recurring restructuring expenses relate to window coverings and consist mainly of reduction of employees		
Depreciation, amortization and costs of inventories included in consolidated income statement		
Included in cost of sales:		
Depreciation of property, plant and equipment	50	55
Employee benefits expense	400	418
Costs of inventories recognized as an expense	1,046	1,173
	1,496	1,646
Included in selling and marketing expense:		
Employee benefits expense	231	241
Included in general and administrative expense:		
Employee benefits expense	204	211
Minimum lease payments recognized as an operating lease expense	9	10
Amortization other intangibles	7	7
Employee benefits expense		
Wages and salaries	656	679
Social security costs	143	154
Pension costs	36	38
Expense of share-based payments		-1
	835	870
Research costs		

Research costs consist of 37 (2014: 35) charged directly to general and administrative expense in the income statement.

Notes to consolidated financial statements

5. Business combination

In 2015 Hunter Douglas acquired the following business:

- 100% of Stevens of Scotland Ltd, a Brechin, Scotland, based fabricator of made-to-measure window covering products since October. Stevens has annual sales of about USD 11 million and employs 100 people.

In 2014 Hunter Douglas acquired the following businesses:

- 100% of a business unit of a fabricator of window covering products since March.
- 100% of Mill, a Hamden, Connecticut, based fabricator of window covering products since July. Mill has annual sales of about USD 20 million and employs 70 people.
- 100% of Tentina, a Lindenhurst, New York, based fabricator of window covering products since July. Tentina has annual sales of about USD 15 million and employs 70 people.
- 100% of Fasadeprodukter, a Molde, Norway, based direct selling and installing made-to-measure sun-protection products company since November. Fasadeprodukter has annual sales of about USD 20 million and employs 55 people.

The fair value of the identifiable assets and liabilities of these companies determined as at the date of acquisition are:

Amounts in millions	Recognized on acquisitions	
	2015	2014
Inventories	1	10
Trade and other receivables	1	8
Cash and short-term deposits	2	1
Trade and other payables	-1	-9
Property, plant and equipment	1	
Fair value of net assets	4	10
Goodwill arising on acquisitions	4	23
Total consideration	8	33
Cash outflow on acquisitions:		
Cash paid	-8	-33
Net cash acquired with acquisitions	2	1
	-6	-32

Relative profitability of the acquisitions is in line with the business segments.

Notes to consolidated financial statements

6. Impairment testing of indefinitely lived goodwill, patents and licenses

The carrying amount of goodwill is allocated to the cash-generating units within the window coverings or architectural products segment.

The recoverable amount of the units is based on value-in-use calculations. Those calculations use cash flow projections based on the budget for the coming year extrapolated with no growth to determine the termination value. A pre-tax Weighted Average Cost of Capital (WACC) of 9.9% (2014: 10.0%) has been used as a basis to discount the projected cash flows. Per unit local market conditions are accounted for in determining next year's budget. The budgets are founded on achieved results in the preceding years and expectations on local industry developments going forward. With regard to the assessment of value in use, management believes that, considering the assumptions used, no reasonably expected change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

7. Intangible fixed assets

Amounts in millions	Goodwill		Patents & Trademarks		Total	
	2015	2014	2015	2014	2015	2014
At 1 January	284	271	35	44	319	315
Additions		1				1
Acquisitions	4	23			4	23
Amortization			-7	-7	-7	-7
Exchange	-11	-11	-3	-2	-14	-13
At 31 December	277	284	25	35	302	319
At 1 January						
Cost	284	271	90	90	374	361
Accumulated amortization			-55	-46	-55	-46
Net carrying amount	284	271	35	44	319	315
At 31 December						
Cost	277	284	86	90	363	374
Accumulated amortization			-61	-55	-61	-55
Net carrying amount	277	284	25	35	302	319

Goodwill is not amortized but is subject to annual impairment testing (see note 6). Patents and trademarks are amortized between 10 and 20 years.

For the 2014 acquisitions the fair value amounts were provisional. These have been finalized in 2015 with no changes to the provisional amounts. For the 2015 acquisition the fair value amount is provisional. This will be finalized in 2016.

The carrying amount of goodwill of USD 277 mln exists mainly of goodwill paid for the following 2 cash generating units:

- The pleated blind systems distribution in Europe is mainly handled by Benthin and Blöcker in Germany and Thomas Sanderson in the UK. For those companies, acquired in the past, the Company has per balance sheet date an amount of USD 56 mln for goodwill.
- As the US window covering business is very much integrated, we see this business as one cash generating unit. For the acquired businesses in this segment, the Company has per balance sheet date an amount of USD 146 mln for goodwill.

Notes to consolidated financial statements

8. Property, plant and equipment

Amounts in millions	Land & Buildings		Machinery & Equipment		Other fixed assets		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
At 1 January	288	315	187	221	23	24	498	560
Additions	9	21	48	50	3	2	60	73
Acquisitions	1					1	1	1
Disposals	-13	-15	-4	-7			-17	-22
Depreciation charge for the year	-18	-18	-53	-61	-3	-3	-74	-82
Exchange	-17	-15	-15	-16	-1	-1	-33	-32
At 31 December, net of accumulated depreciation	250	288	163	187	22	23	435	498
At 1 January								
Cost	532	568	1,007	1,089	60	64	1,599	1,721
Accumulated depreciation	-244	-253	-820	-868	-37	-40	-1,101	-1,161
Net carrying amount	288	315	187	221	23	24	498	560
At 31 December								
Cost	480	532	932	1,007	56	60	1,468	1,599
Accumulated depreciation	-230	-244	-769	-820	-34	-37	-1,033	-1,101
Net carrying amount	250	288	163	187	22	23	435	498

Included in Property, plant and equipment at 31 December 2015 is an amount of 31 (2014: 22) relating to expenditure in construction.

9. Other financial non-current assets

Amounts in millions	Receivables from key management employees	Other long-term receivables	Investments in associates	Other	Total
At 1 January	4	25	5	7	41
Additions		21	10		31
Deductions	-2	-9	-1		-12
At 31 December	<u>2</u>	<u>37</u>	<u>14</u>	<u>7</u>	60

10. Inventories

Amounts in millions	2015	2014
Raw materials (at cost)	377	450
Work-in-progress (at cost)	38	42
Finished goods:		
- At cost	301	289
- Provision	-124	-131
	<u>592</u>	<u>650</u>

Notes to consolidated financial statements

11. Trade and other receivables (current)

Amounts in millions	2015	2014
Trade receivables	348	380
Financial institutions	4	7
Short-term advances	7	16
	<u>359</u>	<u>403</u>

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

As at 31 December 2015, trade receivables at nominal value of 25 (2014: 29) were impaired and fully provided for and relate to the past due trade receivables.

Movements in the provision for impairment of trade receivables were as follows:

Amounts in millions	2015	2014
At 1 January	29	30
Additions	12	13
Utilized	-13	-12
Exchange	-3	-2
At 31 December	25	<u>29</u>

As at 31 December the ageing of trade receivables that were not impaired is as follows:

Amounts in millions	Not due		Past due		
	< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
2015	257	52	15	8	16
2014	288	50	18	8	16

12. Prepayments

Amounts in millions	2015	2014
Prepaid expenses	55	81
Prepaid taxes (no income tax)	7	9
Other	5	9
	<u>67</u>	<u>99</u>

The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a monthly basis.

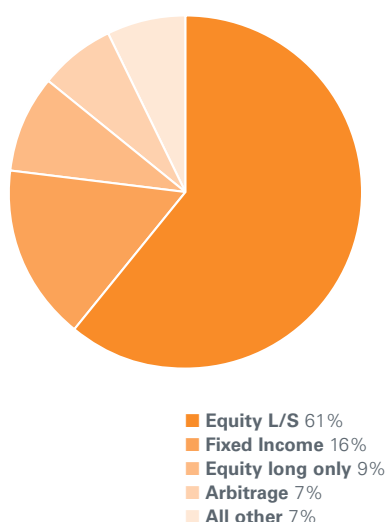
Notes to consolidated financial statements

13. Investment portfolio

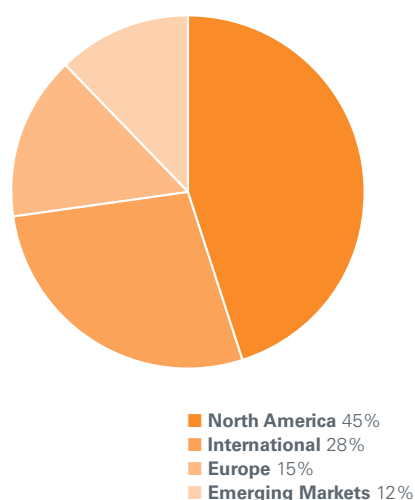
Hunter Douglas restarted an investment portfolio in November 2014. Management of the investments is delegated to a widely diversified range of independent managers. The Net Asset Value (NAV) of the investments is determined each month by the funds' administrators and monitored by Hunter Douglas. At the end of 2015 Hunter Douglas had investments in 68 funds in a wide range of asset classes, industries, geographies and with different risk profiles. The fair value of the investment portfolio at year-end 2015 was 201 million. The return of the investment portfolio in 2015 was 0.8% negative (before imputed interest and expenses).

The liquidity of the portfolio is 95.6% within 90 days and 4.4% within 180 days. The breakdown of the investment portfolio per year-end 2015 by asset class and geography is shown below:

% Funds by Sector



% Funds Geographic Allocation



14. Cash and short-term deposits

Cash at bank and in hand earns interest at floating rates based on market conditions. Short-term deposits are made for varying periods of between one day and 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. At 31 December 2015 the fair value of cash and cash equivalents is 31 (2014: 32).

At 31 December 2015, the Group had available 334 (2014: 386) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Amounts in millions	2015	2014
Cash at bank and in hand	28	30
Short-term deposits	3	2
	31	32

Funds in certain countries in which the Group operates are subject to varying exchange regulations. No material restrictions exist for transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature, which are immaterial to the Group.

Notes to consolidated financial statements

15. Issued capital and reserves

Numbers x 1,000	Ordinary shares	
	2015	2014
	€ 0.24 each	€ 0.24 each
Issued and fully paid-in		
At 1 January	35,432	35,432
At 31 December	35,432	35,432
Treasury shares		
At 1 January	646	646
At 31 December	646	646

The Sonnenberg Family owns at year-end 2015 28,764,039 (2014: 28,764,039) common shares of Hunter Douglas N.V. representing 81.18% (2014: 81.18%) of the common shares of the Company.

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (note 22).

Share premium: under present Dutch Law, substantially all share premium may be distributed as stock dividend free from Dutch dividend withholding tax.

The foreign currency translation reserve and the cash flow hedge reserve are legal reserves and when negative the retained earnings cannot be distributed for this amount.

Retained earnings: this reserve is freely distributable. There are no external capital requirements.

16. Interest-bearing loans and borrowings

Amounts in millions	Currency	Interest rate	Maturity date	2015	2014
Current					
Bank overdraft		Various *	N/A	23	43
Short-term bank loans		Various *	N/A	40	33
				63	76
Non-current					
Commerzbank	EUR	Various *	2017	54	60
RABO	EUR	Various *	2017		30
Bayerische Landesbank	EUR	Various *	2017	82	91
ABN AMRO	EUR	Various *	2017	53	
RBS	USD	Various *	2018		110
CIC	EUR	Various *	2018	54	
Svenska Handelsbanken	EUR	Various *	2019	70	
ING	EUR	Various *	2019	33	82
				346	373
Preferred shares					
Preferred shares	EUR	Various *	N/A	9	10

* Mostly at Interbank rates plus a margin

Average life of long-term loans is 2.25 years (2014: 2.94 years); all loans are at variable rates of interest. The balance consists mainly of Euro lines of credit at Interbank interest rates with varying spreads. All loans are unsecured.

Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year.

Notes to consolidated financial statements

17. Provisions

	Pensions	Other Employee Benefits	Other	Total
Amounts in millions				
	(note 22)			
At 1 January	139	23	15	177
Additions from income statement	11	6		17
Actuarial gains	-23			-23
Utilized	-31			-31
Exchange	-2		-3	-5
At 31 December	<u>94</u>	<u>29</u>	<u>12</u>	<u>135</u>
Non-current 2015	94	29	12	135
Non-current 2014	139	23	15	177

18. Trade and other payables (current)

Amounts in millions	2015	2014
Trade payables	155	176
Accrued wages, social charges and other compensation	174	188
Other payables and accrued expenses	136	145
Commissions, discounts and allowances	28	36
Other	<u>38</u>	<u>37</u>
	531	582

Terms and conditions of the above financial liabilities:

Trade payables are non-interest-bearing and are normally settled on 45-day terms.

Other payables are non-interest-bearing and have an average term of 6 months.

Notes to consolidated financial statements

19. Income tax

Major components of income tax expense for the years ended 31 December 2015 and 2014 are:

Amounts in millions	2015	2014
Consolidated income statement		
Current income tax		
Current income tax charge	34	26
Adjustments in respect of current income tax of previous years	4	-1
Deferred income tax		
Relating to origination and reversal of temporary differences and recognition of tax losses	13	2
	51	27

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2015 and 2014 is as follows:

Amounts in millions	2015	2014
Accounting profit before income tax	206	152
At Dutch statutory income tax rate of 25% (2014: 25%)	52	38
Tax loss carry forward (not) valued in prior years	8	-3
Adjustments in respect of current income tax of previous years	4	-1
Impact different tax rates per country	-3	-2
Impact foreign exchange Dutch fiscal unity	-10	-5
At effective income tax rate of 24.8% (2014: 17.8%)	51	27
Income tax expense reported in consolidated income statement	51	27

Notes to consolidated financial statements

Deferred income tax at 31 December relates to the following:

Amounts in millions	Consolidated Balance Sheet		Consolidated Income Statement		Via O.C.I.	
	2015	2014	2015	2014	2015	2014
Deferred income tax assets						
Losses available for offset against future taxable income	61	62	-1	-2		
Temporary valuation differences	52	71	-13		-6	26
	<u>113</u>	<u>133</u>				
Deferred income tax liabilities						
Other	1	2	1			
	<u>1</u>	<u>2</u>				
Deferred income tax income (expense)			<u>-13</u>	<u>-2</u>	<u>-6</u>	<u>26</u>

Deferred tax assets have been only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available, against which the temporary differences can be utilized.

The Group has unused tax losses of 104 (2014: 70), of which 8 expires within 5 years, that are available for offset against future taxable profits of the companies in which the losses arose.

20. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

The income and share data used in the basic and diluted earnings per share computations is as follows:

Amounts in millions	2015	2014
Net profit attributable to equity shareholders	156	125

Numbers x 1,000	2015	2014
Weighted average number of ordinary shares for basic earnings per share	34,786	34,786
Effect of dilution:		
Adjusted weighted average number of ordinary shares for diluted earnings per share	<u>34,786</u>	<u>34,786</u>

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Notes to consolidated financial statements

21. Dividends paid and proposed

Amounts in millions	2015	2014
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2014: EUR 1.35 (2013: EUR 1.25)	53	59
	53	59
Proposed for approval at AGM (not recognized as a liability as at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2015: EUR 1.50 (2014: EUR 1.35)	57	57
	57	57

22. Employee benefits

Employee share incentive plans

At year-end, directors, officers and employees of the Hunter Douglas Group had the following options to buy common shares of Hunter Douglas N.V. The table below illustrates the number and prices of share options:

Issued in	Number of share options		Price per share (EUR)*	Year of expiration
	2015	2014		
2013	500,000	500,000	31.00	2018
	500,000	500,000		

* These prices equal the trading price of the common shares of Hunter Douglas N.V. on the Amsterdam Stock Exchange on the dates when these options were granted. One option represents the right to buy one common share.

Hunter Douglas has for many years operated a stock option plan. The purpose of the plan and of the stock options granted under it is to foster long-term employment of valued executives and employees of the Hunter Douglas Group, to associate them with the financial results of the Group and to interest them in the development of the public market for the shares of the Company. Under the plan, stock options are granted in each case for a period of five years with vesting starting after two years. Options granted which have vested are exercisable as long as the beneficiary of the option remains in the employment of the Hunter Douglas Group. In the event of death, the option remains exercisable by the executor of the decedent within a period of three months. Balance treasury shares at year-end 2015: 646,089 (2014: 646,089). The carrying amount of the liability relating to the cash-settled options at 31 December 2015 is 3 (2014: 4). During 2015 there was no statement of income impact.

Notes to consolidated financial statements

22. Employee benefits (continued)

Year Option Grant	Year Option Expiry	Option Price per share	Option Shares (HDNV common shares)		
			Outstanding 01-01-14	Balance 31-12-14	Balance 31-12-15
Officers					
2013	2018	€ 31.00	500,000	500,000	500,000
			500,000	500,000	500,000

The fair value of the cash-settled options is calculated by using the Black-Scholes formula based on the following value input parameters:

Amounts in millions	2015	2014
Share price (in EUR)	36.20	34.48
Dividend yield (%)	3.58	3.70
Volatility (%)	18.00	25.00
Interest rates (%):		
1 month	NA	NA
1 year	NA	NA
2 years	NA	NA
3 years	-0.01	NA
4 years	NA	0.23
5 years	NA	NA
Average expected life of options (years)	2.23	3.23

Notes to consolidated financial statements

22. Employee benefits (continued)

Pension plans

Defined benefit plans

Employee pension plans have been established in many countries in accordance with the legal requirements, customs and the local situation in the countries involved. The majority of employees in the Netherlands, United Kingdom and North America are covered by defined benefit plans. The defined benefit plans in the Netherlands and North America are based on average wage earned, in the United Kingdom is the defined benefit plan based on last wage earned. The benefits provided by these plans are based on employees' years of service and compensation levels. The measurement date for defined benefit plans is 31 December.

Contributions are made by the Company, except for the Netherlands, as necessary, to provide assets sufficient to meet the benefits payable to defined benefit pension plan participants. These contributions are determined based upon various factors, including funded status, legal and tax considerations as well as local customs. For the Netherlands the annual contribution is limited to a maximum of 35% of the pension basis combined for the employer and employees and with no obligations to make up a deficit. The US pension plan was frozen as of 31 December 2012. No future benefits accruals and no new participants are allowed.

The following tables summarize the components of the net benefit expense recognized in the consolidated income statement and the funded status and amounts recognized in the consolidated balance sheet, as well as the principal assumptions applied.

The principal assumptions used for the purpose of the actuarial valuation are as follows:

%	Pension plans					
	NL		US		UK	
	2015	2014	2015	2014	2015	2014
Discount rate	2.63	1.80	4.53	4.25	3.90	3.60
Future salary increase	2.00	2.00	NA	NA	3.00	2.90
Inflation assumption	2.00	2.00	NA	NA	3.00	2.90

Sensitivity analysis: If the discount rate in the US increases (decreases) with 0.25% the pension provision will decrease (increase) with around 11, for the other plans changes are not expected to have a material effect on equity or profit-and-loss.

The amount recognized in the balance sheet in respect of the Group's defined benefit retirement plans is as follows:

Amounts in millions		NL Pension plan				
		2015	2014	2013	2012	2011
Defined benefit obligations	-358	-382	-391	-338	-290	
Fair value of plan assets	352	375	386	332	290	
Funded status	-6	-7	-5	-6	0	
Net liability in balance sheet	-6	-7	-5	-6	0	

No economic benefits are available to the Company in the form of refunds from the NL pension plan or reduction in future contributions to the NL pension plan.

Notes to consolidated financial statements

22. Employee benefits (continued)

Amounts in millions	US Pension plan				
	2015	2014	2013	2012	2011
Defined benefit obligations	-305	-322	-249	-274	-266
Fair value of plan assets	227	204	202	183	170
Funded status	-78	-118	-47	-91	-96
Net liability in balance sheet	-78	-118	-47	-91	-96

Amounts in millions	UK Pension plan				
	2015	2014	2013	2012	2011
Defined benefit obligations	-62	-68	-63	-62	-55
Fair value of plan assets	52	54	50	45	42
Funded status	-10	-14	-13	-17	-13
Net liability in balance sheet	-10	-14	-13	-17	-13

Amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

Amounts in millions	Pension plans					
	NL		US		UK	
	2015	2014	2015	2014	2015	2014
Current service cost	5	5			1	1
Interest cost on benefit obligation	6	11	14	12	2	2
Interest return on plan assets	-6	-11	-9	-10	-2	-2
Net benefit expense	5	5	5	2	1	1
Actual return on plan assets	21	41	1	8	3	4

Notes to consolidated financial statements

22. Employee benefits (continued)

Changes in the fair value of the defined benefit obligations are as follows:

Amounts in millions	Pension plans					
	NL		US		UK	
	2015	2014	2015	2014	2015	2014
Opening defined benefit obligations	382	391	322	249	68	63
Current service cost and received employee contributions	7	8			1	1
Interest cost on benefit obligation	6	11	14	12	2	2
Benefits paid	-9	-11	-8	-7	-3	-2
Actuarial loss (gain)	11	32	-21	68	-3	7
Exchange differences on plans	-39	-49			-3	-3
Closing defined benefit obligations	358	382	307	322	62	68

The liability in respect of the pension obligations of Hunter Douglas Europe (NL) is based on and calculated pursuant to IAS 19. Pursuant to the Dutch Pension and Savings Law (Pensioen- en Spaarfondsenwet), Hunter Douglas Europe is required to provide all pension benefits through a regulated pension fund.

Hunter Douglas Europe has contracted with a single-employer fund (Stichting Pensioenfonds Hunter Douglas) to provide these benefits. As of the date of the financial statements, Hunter Douglas Europe has satisfied all its liabilities to the fund and has no further financial obligations to the fund.

Changes in the fair value of the plan assets are as follows:

Amounts in millions	Pension plans					
	NL		US		UK	
	2015	2014	2015	2014	2015	2014
Opening fair value of plan assets	375	386	204	202	54	50
Interest return on plan assets	6	11	9	10	2	2
Contributions	6	8	26	1	1	1
Benefits paid	-9	-11	-9	-7	-3	-2
Actuarial gain (loss)	13	30	-3	-2		6
Exchange differences	-39	-49			-2	-3
Closing fair value of plan assets	352	375	227	204	52	54
Of which:						
Bonds	149	148	30	54		
Equities	185	210	135	118	50	51
Other	18	17	62	32	2	3
The actual return on plan assets amounts	6.4%	12.0%	0.3%	4.2%	5.5%	9.6%

For the next years we expect the contributions to remain at the same level as in 2015.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied or other assets used by the Group. The Group expects to contribute approximately 4 to its defined benefit plans in 2016. Contribution by employer will not materially differ from previous years.

Defined contribution plans

The expense of the defined contribution plans for 2015 amounts to 30 (2014: 30).

Notes to consolidated financial statements

23. Commitments and contingencies

Operating lease commitments - Group as lessee

The Group has entered into commercial leases on certain premises, motor vehicles and items of small machinery. These leases have an average life of between 5 and 10 years with renewal terms included in the contracts. Renewals at market conditions are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancelable operating leases at 31 December are as follows:

Amounts in millions	2015	2014
Within one year	18	22
After one year but not more than five years	43	46
More than five years		3

Capital commitments

At 31 December 2015, the Group has commitments for capital expenditures of 6 (2014: 13).

Legal claims

Legal claims have been filed against the Company in the course of its normal business. Management together with their legal counsel have only recognized a provision if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Guarantees

Hunter Douglas N.V. has the following contingent liabilities at 31 December 2015:

- The Company is contingently liable for guarantees given mainly for its subsidiaries (guarantees under article 2:403 of Dutch Civil Code), on which no material losses are expected.
- The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and severally liable for the liabilities of the whole fiscal unity.

24. Related party disclosure

The consolidated financial statements include the financial statements of Hunter Douglas N.V. and the subsidiaries as listed on page 66 and 67.

Compensation of key management employees (directors and officers) of the Group

Amounts in millions	2015	2014
Short-term employee benefits	18	16
Share-based payments		-1
Total compensation paid to key management employees	18	15

As per year-end loans and advances amounted to associates 20 (2014: nil) and key management employees amounted to 2 (2014: 4), bearing market interest.

Notes to consolidated financial statements

25. Capital management and risk management objectives and policies

The financing of the Group is based on a conservative capital structure.

The Group has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Group's senior management takes an active role in the risk management process. In addition, the geographical spread of the Company's activities limits the exposures to concentrations of credit or market risk.

The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their high credit ratings.

The Company does not have significant credit risk exposure to any individual customer or counterparty. A substantial part of trade receivables is covered by securities obtained, credit insurance or letters of credit. The Company invests in an investment portfolio. Also, the Company has concluded netting arrangements with some counterparties to offset financial instruments. Given their credit ratings, the remaining credit exposure with these counterparties is not considered of significance.

The following instruments are used:

a. Interest derivatives

Interest derivatives are used to manage exposure to movements in interest rates and to assume trading positions.

b. Foreign exchange derivatives

Foreign exchange derivatives are used to manage the exposure of currency exchange rate risks resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies and to assume trading positions.

c. Commodity derivatives

Commodity derivatives all relate to aluminum and are used to manage the exposure of the price and timing risks on underlying (anticipated) business activities and to assume trading positions. The contract amounts of financial instruments are indicative of the Company's use of derivatives but are not necessarily a measure for the exposure to market or credit risk through its use of financial instruments.

Interest, commodity and foreign exchange derivatives are carried at their fair value. The interest, commodity and foreign exchange derivatives generally mature within one year. All changes in the fair value of derivatives are taken directly to the income statement as no hedge accounting is applied, with the exception of interest derivatives for which cash flow hedge accounting is applied. The cash flow hedges of the expected future interest payments were assessed to be highly effective and a net unrealized gain of 5 (net of taxes) relating to the hedging instruments is included in other comprehensive income. The major part of the cash flow hedges expires in 2017.

The Company also enters into forward sales and purchase contracts for commodities that are settled by physical delivery of receipt of the commodity. These sales and purchases qualify under the normal purchase, sale or usage requirements and are therefore not accounted for as derivatives.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variances held constant, of the Group's profit before tax (through the impact on floating rate borrowings). The effect on equity excludes the effect on profit before tax which ends up in equity.

Amounts in millions	Increase/decrease in basis points	Effect on profit before tax	Effect on equity
2015			
Euro	50	2	1
US dollar	50		
2014			
Euro	50	1	1
US dollar	50	1	

Notes to consolidated financial statements

25. Capital management and risk management objectives and policies (continued)

Foreign currency risk

As a result of significant operations in Europe, the Group's balance sheet can be affected significantly by movements in the US dollar / Euro exchange rates. The Group seeks to mitigate the effect of its structural currency exposure by borrowing in Euros. Between 20% and 50% of the Group's investment in non-USD operations will be hedged in this manner.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variances held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the net investments, excluding the effect on profit before tax which ends up in equity).

Amounts in millions	Increase/decrease Euro exchange rate	Effect on profit before tax	Effect on equity
2015	5%		35
	-5%		-35
2014	5%	14	34
	-5%	-12	-34

26. Financial instruments

Derivative financial instruments

Amounts in millions	Face amount	Fair value
Currency forward		
Buy	16	
Sell	-38	
	-22	0
Currency options		
Buy - call	209	8
Buy - put	-24	
Sell - call	-228	-6
Sell - put	228	-2
	185	0

Currency forwards are valued at existing forward rates at the balance sheet date.
Currency options are valued at their market value at the balance sheet date.

Amounts in millions	Tonnage	Assets	Liabilities
Metal derivatives			
Physical forwards	40,846	7	
Futures	-41,353	1	
		8	0

The value of the metal derivatives is based on quoted metal market prices. Commodity contracts that are used for trading by Hunter Douglas Metals Inc. are also considered as derivatives and also valued based on quoted metal market prices.

Notes to consolidated financial statements

26. Financial instruments (continued)

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of other financial assets has been calculated using the market interest rates. For financial instruments at fair value, the fair value hierarchy is indicated.

Amounts in millions	Carrying amount		Fair value	
	2015	2014	2015	2014
Financial assets				
Non-current				
Other financial assets - loans and receivables	37	41	37	41
Current				
Trade receivables - loans and receivables	348	380	348	380
Financial institutions and brokers - fair value through P&L	4	7	4	7
Currency derivatives - held for trading		2		2
Metal derivatives - held for trading (level 1)	8	10	8	10
Investment portfolio - fair value through P&L (level 3)	201	116	201	116
Cash and short-term deposits - loans and receivables	28	30	28	30
Short-term advances - loans and receivables	3	2	3	2
	<u>592</u>	<u>547</u>	<u>592</u>	<u>547</u>
Financial liabilities				
Non-current - loans and receivables				
Preferred shares - floating rate*	9	10	9	10
Other borrowings - floating rate*	346	373	346	373
	<u>355</u>	<u>383</u>	<u>355</u>	<u>383</u>
Current				
Trade payables - loans and receivables	155	176	155	176
Interest derivatives - held for trading (level 2)	8	13	8	13
Currency derivatives - held for trading		8		8
Bank overdraft - floating rate* - loans and receivables	23	43	23	43
Short-term bank loans - floating rate* - loans and receivables	40	33	40	33
	<u>226</u>	<u>273</u>	<u>226</u>	<u>273</u>

* For interest-bearing loans and borrowings with a floating rate their fair value approximates their carrying value.

Notes to consolidated financial statements

26. Financial instruments (continued)

Liquidity risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments as per 31 December:

Amounts in millions	Within 1 year		1-2 years		2-3 years		3-4 years		4-5 years		More than 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Trade payables	155	176											155	176
Currency derivatives	8	21											8	21
Floating rate														
Bank loans	63	76	190		54	291	102	82					409	449
Preferred shares											9	10	9	10
Interest	8	9	3	5	2	3	1	1		1			14	19
	<u>234</u>	<u>282</u>	<u>193</u>	<u>5</u>	<u>56</u>	<u>294</u>	<u>103</u>	<u>83</u>	<u>0</u>	<u>1</u>	<u>9</u>	<u>10</u>	<u>595</u>	<u>675</u>

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Assets measured at fair value

Amounts in millions	2015 Fair value measurement at the end of the reporting period using:				2014 Fair value measurement at the end of the reporting period using:			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Description								
Financial assets at fair value through profit and loss								
Trading securities			201	201			116	116
Trading derivatives	8			8	10	2		12
Total	<u>8</u>	<u>0</u>	<u>201</u>	<u>209</u>	<u>10</u>	<u>2</u>	<u>116</u>	<u>128</u>

Notes to consolidated financial statements

26. Financial instruments (continued)

Liabilities measured at fair value

Amounts in millions	2015			2014		
	Fair value measurement at the end of the reporting period using:			Fair value measurement at the end of the reporting period using:		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Description						
Financial liabilities at fair value through profit and loss						
Trading derivatives		8	8		21	21
Total		<u>8</u>	<u>8</u>		<u>21</u>	<u>21</u>

Assets measured at fair value based on Level 3

Amounts in millions	2015		2014	
	Fair value measurement at the end of the reporting period		Fair value measurement at the end of the reporting period	
	Trading securities	Total	Trading securities	Total
Financial assets at fair value through profit and loss				
Opening balance	116	116	2	2
Total (loss) gain in profit or loss	-5	-5	2	2
Investments	90	90	112	112
Closing balance	<u>201</u>	<u>201</u>	<u>116</u>	<u>116</u>
Total (loss) profit for the period included in profit or loss for assets held at the end of the reporting period	<u>-5</u>	<u>-5</u>	<u>2</u>	<u>2</u>

27. Events after balance sheet date

There are no material subsequent events after balance sheet date.

Balance sheet* & statement of income – Hunter Douglas N.V.

		USD	
Amounts in millions	Notes	2015	2014
ASSETS			
Non-current assets			
Financial fixed assets			
- Investments in subsidiaries	2	1,638	2,094
- Advances to subsidiaries	2	377	451
- Other		13	8
Total non-current assets		2,028	2,553
Current assets			
Accounts receivable		44	19
Accounts receivable - affiliated companies		38	152
Cash and short-term deposits		2	
Total current assets		84	171
TOTAL ASSETS		2,112	2,724
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	3	9	10
Share premium		77	86
Treasury shares		-29	-29
Cash flow hedge reserve		-7	-12
Foreign currency translation		-232	-119
Retained earnings		1,091	989
Net result for the year		156	125
Total shareholders' equity		1,065	1,050
Provisions			
Provision for pensions		4	4
Total provisions		4	4
Non-current liabilities			
Long-term loans - other	4	355	383
Long-term loans - affiliated companies		283	896
Total non-current liabilities		638	1,279
Current liabilities			
Short-term borrowings		38	76
Accounts payable - other		16	39
Accounts payable - affiliated companies		351	276
Total current liabilities		405	391
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,112	2,724
STATEMENT OF INCOME			
Income from subsidiaries and affiliates after taxation		123	153
Other income (expense), net		33	-28
Net profit		156	125

* before appropriation of net profit

Notes to financial statements

1. Accounting policies

General

The Company's financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. As permitted by Article 2:362 paragraph 8 of this code, the Company's financial statements have been prepared applying the same IFRS accounting policies as used in the consolidated financial statements in order to maintain consistency between the figures in the consolidated and Company's financial statements. In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except that investments in subsidiaries are stated at net asset value as the Company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the accounting principles applied by the Company.

2. Financial fixed assets

Investment in subsidiaries

Amounts in millions	2015	2014
Beginning of the year	2,094	3,696
Change during the year		
Share in results, net	123	153
Actuarial gains (losses)	17	-50
Received dividends	-509	-5
Increase, net	1	
Contribution	39	
Waiver of loans	55	-1,527
Exchange differences	-182	-173
Net change	-456	-1,602
End of year	1,638	2,094

The waiver of loans is the result of a legal restructuring within Dutch fiscal unity. Affiliated companies amount to nil (2014: nil).

Advances to subsidiaries

Amounts in millions	2015	2014
Beginning of the year	451	385
Change during the year		
Additions	27	183
Deductions	-101	-117
Net change	-74	66
End of year	377	451

3. Shareholders' equity

Details are given in note 15 to the consolidated financial statements.

Notes to financial statements

4. Long-term loans - other

Amounts in millions	2015	2014
Unsecured loans maturing in various installments through 2017	346	373

Average life of long-term loans is 2.25 years (2014: 2.94 years); all loans are at variable rates of interest. Maturities until 2020 are 2017: 190, 2018: 54 and 2019: 102.

Amounts in millions	2015	2014
Preferred shares	9	10

For the conditions in respect of preferred shares: see page 64.

5. Contingencies

The Company is contingently liable for guarantees given mainly for its subsidiaries, on which no material losses are expected. The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and separately liable for the liabilities of the whole fiscal unity.

6. Employee benefits

	Year Option Grant	Year Option Expiry	Option Price per share	Option Shares (HDNV common shares)			
				Outstanding 1 January	Granted	Exercised	Balance 31 December
Officers							
2015							
R. Sonnenberg	2013	2018	€ 31.00	500,000			500,000
				500,000			500,000
2014							
R. Sonnenberg	2013	2018	€ 31.00	500,000			500,000
				500,000			500,000

Compensation* paid to directors was: R. Sonnenberg nil (2014: nil), J.T. Sherwin 790 (2014: 1,065) as compensation and all other directors 44 (2014: 53) as directors fee. No pension contributions were paid. The share option expense for the officers was nil (2014: -1).

* Amounts in thousands

7. Remuneration of the auditor

	2015	2014
Audit of financial statements	2.4	2.5
Non-audit services	0.2	0.2
	<u>2.6</u>	<u>2.7</u>

8. Employees

The number of employees at year-end amounts 19 (2014: 18), all employed in the Netherlands.

Rotterdam, 8 March 2016

Board of Directors

1. Independent auditor's report

**To: the shareholders of
Hunter Douglas N.V.**

Report on the financial statements

We have audited the financial statements 2015 of Hunter Douglas N.V., Curaçao (as set out on pages 30 to 63). The financial statements include the consolidated financial statements and the Company's financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information. The Company's financial statements comprise the Company's balance sheet as at 31 December 2015, the Company's statement of income for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by IASB and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2015, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by IASB and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the Company's financial statements

In our opinion, the Company's financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, the Netherlands,
8 March 2016

Ernst & Young Accountants LLP
/S/ J.J. Vernooij

2. Events after balance sheet date

There are no material subsequent events after balance sheet date.

3. Appropriation of profits

Common shares

Hunter Douglas N.V.'s Articles of Association require the general meeting of common and preferred shareholders to determine the value of the annual common share dividend and the meeting of common shareholders to decide that the dividend will be distributed in cash or, alternatively, shares. The directors recommend a cash dividend of EUR 1.50 per common share.

Preferred shares

Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year. The general meeting of preferred shareholders is to decide whether such dividend is distributed in cash or, alternatively, shares.

4. Shareholders' meetings

The shareholders' meetings will be held on 7 June 2016 at the Avila Beach Hotel, Penstraat 130, Willemstad, Curaçao, starting at 9.00 a.m. for the common shareholders, 9.30 a.m. for the preferred shareholders and 10.00 a.m. for the common and preferred shareholders.

5. Dividends

Cash dividends will be distributed on all shares. Dividends declared pursuant to the preceding paragraphs will be distributed on 16 June 2016.

6. Audit and Compensation Committees

The members for both committees are:

H.F. van den Hoven
A. van Tooren
F. Wagener

Five-year summary

Millions, except per share data	Notes	USD				
		2015	2014	2013	2012	2011
Net sales		2,552	2,695	2,636	2,588	2,573
Earnings before interest, tax, depreciation and amortization						
(before non-recurring restructuring expenses)		317	282	261	257	230
Income from Operations						
(before non-recurring restructuring expenses)		237	193	170	165	143
Net Profit from Operations						
(before non-recurring restructuring expenses)		175	146	118	131	127
Non-recurring restructuring expenses		-14	-23	-12	-45	-31
Net Profit from Operations						
(after non-recurring restructuring expenses)		161	123	106	86	96
Net Result Investment Portfolio		-5	2	1	15	-18
Total Net Result		156	125	107	101	78
Operating cash flow		210	152	220	154	180
Investments in tangible fixed assets		60	73	69	77	111
Depreciation of tangible fixed assets		74	82	83	86	81
Net Assets Employed		1,315	1,453	1,510	1,688	1,588
Shareholders' equity		1,065	1,050	1,124	1,075	1,069
Per common share						
- Total Net Result	1	4.49	3.59	3.08	2.90	2.19
- Operating cash flow	1	6.03	4.37	6.32	4.40	5.10
- Shareholders' equity	2	30.60	30.19	32.30	30.90	30.50
- Dividend in EUR (proposed for 2015)		1.50	1.35	1.25	1.25	1.25
Average annual exchange rate EUR/USD		1.11	1.33	1.33	1.29	1.39
Year-end exchange rate EUR/USD		1.09	1.21	1.38	1.32	1.29
Average number of outstanding common shares (thousands)	3	34,786	34,786	34,785	34,917	35,315
Year-end number of outstanding common shares (thousands)	3	34,786	34,786	34,786	34,783	35,066

1 Based on average number of shares outstanding during affected year, adjusted for stock dividends and treasury shares, where applicable.

2 Based on number of shares outstanding at year-end, adjusted for stock dividends and treasury shares, where applicable.

3 Adjusted for stock dividends and treasury shares, where applicable.

Hunter Douglas Principal Operating Companies

Europe, Middle East and Africa

www.hunterdouglasgroup.com

Belgium

Hunter Douglas Belgium, Lokeren
Luxaflex Belgium, Bruges
Helioscreen, Lokeren

Bulgaria

Hunter Douglas Bulgaria, Sofia

Croatia

Hunter Douglas Croatia, Zagreb

Czechia

Hunter Douglas Czechia, Prague
Hunter Douglas Kadan, Kadan

Denmark

Luxaflex Scandinavia, Risskov, Hornum
W.H. Produkter, Odense

Finland

Luxaflex Scandinavia, Helsinki

France

Hunter Douglas, Paris
Luxalon Plafonds France, Bonneuil, Lille
Filtersun, La Loupe
Luxaflex France, Tourcoing
Mermet, Veyrins-Thuellin

Germany

Benthin, Bremerhaven
Blöcker, Bremen
Hunter Douglas, Düsseldorf, Bremerhaven, Kassel
Hunter Douglas Architektur-Systeme, Düsseldorf
Gardinia, Isny (74%)
NBK, Emmerich

Hungary

Hunter Douglas Hungary, Budapest

Ireland

T.M. Blinds, Newcastle

Italy

Hunter Douglas Italia, Milan

Netherlands

Hunter Douglas, Rotterdam
Hunter Douglas Europe, Rotterdam, Leek, Oudenbosch
Buismetaal III, Rotterdam
Artex, Aarle-Rixtel
Asco, Roermond
HCI Holland Coating Industries, Hoogeveen
Luxaflex Nederland, Hardinxveld-Giessendam
Luxaflex Outdoor, Eindhoven
3form, Rotterdam
Multisol Raambekleding, Nijmegen
Nedal, Utrecht
Schellekens en Schellekens, Beuningen
Sunway (Benelux), Nieuwegein

Norway

Hunter Douglas Norge, Gjøvik, Oslo
Fasadeprodukter, Molde
Luxaflex Scandinavia, Oslo

Poland

Hunter Douglas Fabrication, Chludowo
Hunter Douglas Polska, Warsaw
Magnum Metal, Zdunska Wola

Portugal

Luxaflex Portugal, Albergaria-a-Velha, Fajozes
NBK, Figueira da Foz

Romania

Hunter Douglas Romania, Bucharest, Cluj

Russia

Hunter Douglas, Moscow

Serbia

Hunter Douglas, Belgrade

South Africa

Hunter Douglas South Africa, Johannesburg

Spain

Hunter Douglas España, Llagostera, Madrid

Sweden

Hunter Douglas Scandinavia, Alingsås, Hillerstorp
Hunter Douglas Assembly Automation, Stenungsund
Nibrol, Angered
Luxaflex Scandinavia, Helsingborg, Anderstorp, Falköping

Switzerland

Hunter Douglas Management, Lucerne
Hunter Douglas (Schweiz), Root, Wängi

Turkey

Hunter Douglas, Istanbul

United Arab Emirates

Hunter Douglas Middle East, Dubai

United Kingdom

AMO Blinds, Liversedge, Hartlepool
Apollo Blinds, Glasgow
Eclipse, Glasgow
Faber Blinds, Northampton
Hunter Douglas, Sunninghill, Luxaflex Stockport, Birmingham
Stevens, Brechin
Sunflex, Cannock
Thomas Sanderson Blinds, Waterlooville
Turnils, Glasgow

North America

www.hunterdouglas.com

Canada

Hunter Douglas Canada, Brampton (ON)
Shade-O-Matic, Toronto
Turnils, Toronto

U.S.A.

Hunter Douglas North America, Pearl River (NY)
Hunter Douglas Window Fashions Division, Broomfield (CO)
Hunter Douglas Window Designs Division, Bessemer City (NC)
Hunter Douglas R&D Centre, Whitesville (KY)
Hunter Douglas Metals and Distribution Centre, Tupelo (MS)
Hunter Douglas Plastics and Casting Centre, Owensboro (KY)
Hunter Douglas Custom Shutter Division, Tempe (AZ)
Hunter Douglas Horizontal Blinds Division, Tempe (AZ)
Hunter Douglas Fabrication: Cumberland (MD), Salt Lake City (UT), West Sacramento (CA)
Lamtec, Natick (MA)
3form, Salt Lake City (UT)
Architectural Window Shades/Nysan Specialty Shades, El Monte (CA)
Carole Fabrics, Augusta (GA)
Century Blinds, Corona (CA)
Comfortex Window Fashions, Maplewood (NY)
Contract Window Coverings, Poway (CA)
Custom Brands Group, Cerritos (CA)
Eclipse Shutters, Suwanee (GA)
Flexo Solutions, Appleton (WI)
HD Hospitality, Las Vegas (NV)
LightArt, Seattle (WA)
Luxalon Metal Ceilings, Norcross (GA)
Mermet, Cowpens (SC)
Nibrol, Lancaster (SC)
Techstyle Ceilings, Denver (CO)
Timber Blinds Manufacturing, McKinney (TX)
Turnils, Suwanee (GA)
Vista Products, Jacksonville (FL)

Hunter Douglas Metals, Homewood (IL)

Hunter Douglas Principal Operating Companies

Latin America

www.hunterdouglas.cl

Argentina

Hunter Douglas Argentina, Buenos Aires

Brazil

Hunter Douglas do Brasil (98.5%), São Paulo, Campinas

Chile

Hunter Douglas Chile (95%), Santiago
Persianas Andina (95%), Santiago

Colombia

Hunter Douglas de Colombia (95%), Bogotá

Curaçao

Hunter Douglas International, Willemstad

Mexico

Hunter Douglas de Mexico, Mexico City
ILM, Playas de Rosarito

Panama

Hunter Douglas Panama, Panama City

Peru

Hunter Douglas Peru, Lima

Venezuela

Hunter Douglas Venezuela, Caracas

Asia

www.hunterdouglas.asia

China

Hunter Douglas Architectural Products, Shanghai, Beijing, Shenyang, Suzhou, Xian, Chengdu, Shenzhen, Wuhan
Hunter Douglas Window Covering Products, Shanghai, Beijing, Shenzhen, Chengdu, Xian
Turnils/Mermet, Shanghai

Hong Kong

Hunter Douglas China/Hong Kong

India

Hunter Douglas India, Chennai, Mumbai, New Delhi, Bangalore, Silvassa, Kolkata

Indonesia

Hunter Douglas Indonesia, Jakarta, Cikarang

Japan

Hunter Douglas Japan, Tokyo, Ibaraki

Korea

Hunter Douglas Korea, Seoul, Gumi City

Malaysia

Hunter Douglas Malaysia, Kuala Lumpur
Turnils-Mermet Asia, Kuala Lumpur

Singapore

Hunter Douglas Singapore, Singapore

Taiwan

Hunter Douglas Taiwan, Taipei

Thailand

Hunter Douglas Thailand, Bangkok

Vietnam

Hunter Douglas Vietnam, Ho Chi Minh City, Hanoi, Danang, Can Tho

Australia

www.hunterdouglas.com.au

Hunter Douglas Components, Sydney
Hunter Douglas Blindmaker, Sydney, Brisbane
Hunter Douglas Architectural Products, Sydney
Bricos Group, Melbourne
Turnils, Sydney

Directors

R. Sonnenberg

Executive Chairman
Hunter Douglas N.V.

H.F. van den Hoven

Chairman Unilever N.V. (retired)

J.T. Sherwin

Executive Vice President
Hunter Douglas N.V. (retired)

A. van Tooren

Former Senior Executive ING Group

F.N. Wagener

Chairman Bourse Luxembourg

Officers

R. Sonnenberg

Executive Chairman

D.H. Sonnenberg

Co-President & CEO

M.H. Sonnenberg

Co-President & CEO

R.R. Kass

President & CEO
North American Operations

C. King

Vice President General Counsel

A. Kuiper

President & CEO European Operations

G.C. Neoh

President & CEO Asian Operations

L. Reijtenbagh

Vice President, CFO & Secretary

R. Rocha

President & CEO Latin American
Operations

Registered office

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Willemstad
Curaçao

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Stock listings

Common shares:

- › Amsterdam (HDG)
- › Frankfurt (HUD)

Preferred shares:

- › Amsterdam (HUNDP)

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R. Sonnenberg

President & CEO

C. King

Vice President, General Counsel &
Secretary

Investor relations

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L. Reijtenbagh

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Depositories and dividend disbursement agents

- › ABN AMRO BANK N.V.: Amsterdam,
Rotterdam - The Netherlands
- › ING BANK: Amsterdam, Rotterdam -
The Netherlands

