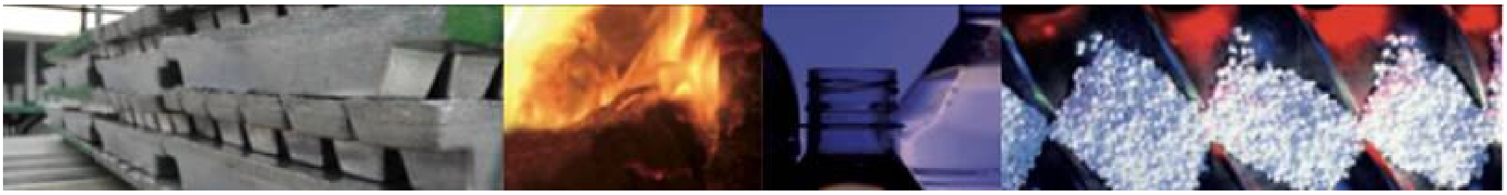
campine

Annual report 2010



Contents

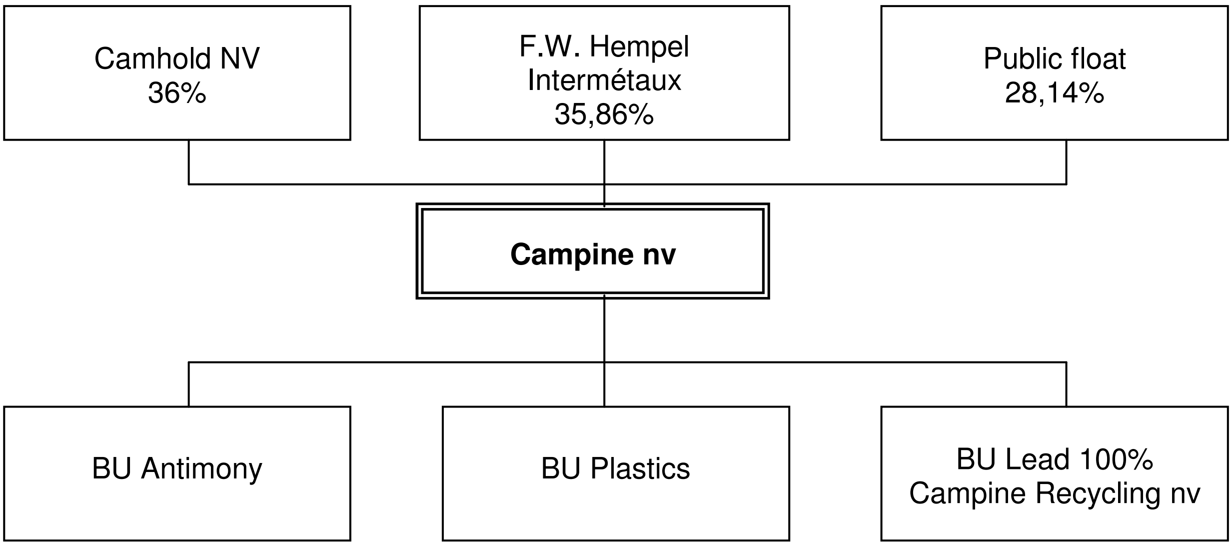
Financial highlights and business scope

Financial highlights*

	2010	2009
Revenue	137.663	80.778
Operating result	8.523	696
Net financial result	- 1.020	- 1.795
Result before tax	7.503	- 1.099
Tax expense	- 1.751	- 22
Result after tax for the year	5.752	- 1.121
Earnings per share	3,83	- 0,75
Current assets	62.108	36.489
Total assets	71.888	45.673
Current liabilities	41.230	18.483
Total liabilities	46.338	25.875
Total shareholders' equity	25.550	19.798

(*) Consolidated per year and as per 31 December in '000 EUR

Group structure



Core activities

Campine is a leading specialist in fire retardancy and concentrates, masterbatches for plastics, PET catalysts and lead recycling. The company was founded in 1912 and has been listed on the stock exchange since 1936.

In its production process, Campine processes primarily antimony and lead.
Consistent application of its marketing strategy has enabled Campine to build up significant market positions in a number of specialist markets.

Antimony trioxide (Sb_2O_3) is used as a flame retardant in the textile, plastics and cable industries and is also used as a catalyst in PET production. It also has many and varied applications in the glass, pigments and varistor industries.

In its plastics division Campine produces ready-to-use masterbatches for the plastics industry. These masterbatches are delivered in granulated form to enable customers to dose them easily and dust-free.

In the lead recycling division, Campine Recycling converts lead from spent batteries and industrial waste into lead and lead alloys. These are sold to manufacturers of batteries and lead plates (e.g. for X-ray protection).

The future looks good

What we did not expect has happened in a positive way. We were optimistic for the first half of the last year and somewhat uncertain about the second half. But as it so happened, the whole year 2010 was a complete history of recovering. For Campine the production in all areas was at a high level and so were the sales.

The result can be seen in the figures. 2010 was not only quantity-wise but also financially a very good year.

Therefore the shareholders can be happy and content as a good dividend will be paid. But most of the profit will stay in the company for future risk covering and investments into new ideas and innovations.

The Board congratulates the management and all people working for Campine for the success which was jointly achieved. We not only obtained better results in the production process but also made good progress outside the company, in particular customer relationships have improved considerably.

However there are also some negative points to be mentioned. Especially the worsening in speculation world-wide in raw materials. We have lead at extremely high prices and even more so antimony. Even plastics are concerned due to the oil prices. There is no justification for the prices to be as high as they are presently for any of these products. Producers could live with far lower prices. It will be more and more difficult for our customers to finance these prices. So the management of Campine must pay great attention to a very careful purchasing policy as well as to the strength of customers.

It can be assumed that the first half of the current year will certainly be positive while doubts are allowed for the second half especially in view of the political disturbances in the Middle East and elsewhere. A certain portion of scepticism and prudence is recommendable.

In spite of what has been we have every reason to be optimistic.

F.-W. Hempel
President

Building a model company

After two far-from-easy years, 2010 was a year of growth, with increased tonnage, revenue and profitability.

As the overall economic situation improved, so market demand increased significantly in the different business units (lead, antimony, plastics). Campine stayed consistent to its strategy. As a specialist company we are there to serve our customers through the added value of our products. Our raw materials suppliers also play an important role. They are our 'partners' having similar goals of providing quality in all its forms. This attitude clearly paid off in 2010, in which the company and its 167 employees produced a turnover of approximately EUR 140 million.

In the antimony market Campine is a global leader in the world top three of manufacturers. Our main concern is to guarantee security of supply to customers, most of them in the plastics industry. Campine antimony oxide is used primarily as a fire retardant or as a catalyst for certain products like PET bottles. In these markets, our company continued to grow in order to maintain our market position but with an emphasis on creating added value in the interest of the customer, with the help of innovation. Innovation has been a slow process in our industry. But we work steadily towards improving our quality and service and for the past five years we have been working resolutely on renewing our offering.

After several difficult years, the lead market continued its recovery in 2010. Production in Beerse is now smarter and more efficient. We got more out of our installations and our product through-time was faster.
There is a growing understanding that raw lead - in both its primary and secondary forms - is a commodity in limited supply. The continuous recycling of used batteries and other lead containing scrap into pure lead benefits customers and the environment. The challenge is therefore to be more creative with the available sources.

Plastics, our third business unit, is doing better thanks to the greatly improved economic situation in the plastics industry, particularly in West-Europe. Demand recovered and new customers and projects brought sales volumes back and we are confident for 2011.

<u>Future:</u>
In 2012 Campine will be exactly one hundred years old. The centenarian plans to be a model company in all areas - from health, safety and environmental aspects to operating facilities and processes to management and innovation - in the interests of our stakeholders. Beerse and the surrounding area have suffered a number of economic hard blows in recent years. However, Campine wants to prove a solid haven in troubled waters, offering employment and a secure value for the local economy.

Geert Krekel
Managing Director

Report of the Board of Directors to the General Meeting of Shareholders on Tuesday 10 May 2011, based on the consolidated annual financial statements of Campine

Campine Group

In 2010, the Campine Group realized a turnover of EUR 137.66 million, compared with EUR 80.78 million in 2009 (+70%).

The first half net operating profit after net financial result was EUR 5.15 million. The second half also showed a profit of EUR 2.35 million - giving a pre-tax profit for the year of EUR 7.50 million. This compares with a pre-tax loss of EUR -1.10 million in 2009. This significant increase is amongst others due to the strong rise in metal prices since early 2010.

The operating profit amounted to EUR 8.52 million (2009: KEUR 696). Antimony prices rose dramatically while volume returned to a higher level. Lead prices too revived in 2010, while volume remained stable.

Net financial result amounted to a loss of EUR -1.02 million compared with a loss of EUR -1.80 million in 2009.

The lead hedging resulted in a net loss of KEUR -435 (compared with a net loss of EUR -1.40 million in 2009). The objective of hedging is to limit the fluctuations of Campine's results due to the impact of changes in lead prices on the value of purchases and sales and of inventories. These amounts include the fair value of the LME lead hedge at December 31, which is included in the income statement in accordance with the specific IFRS standards.

Profit after taxes was EUR 5.75 million, compared with a EUR -1.12 million loss in 2009. The better earnings figures are explained by the sharp rise in metal prices, the economic upswing and the lower tax charge due to losses carried forward from previous years.

The Board of Directors proposes that the company pays a dividend of EUR 2.25 million (EUR 1.50 gross per share). In 2010 no dividend was paid on the basis of the 2009 result.

<u>Added value</u>

In '000 EUR	2010	2009	Difference in EUR	in %
Added value (1)	21.767	11.844	9.923	84%
Relation towards turnover (%)	16%	15%	/	1%
Average number employees	155	160	-5	-3%
Added value per employee	141	74	67	91%

(1) We define added value as the difference between turnover and the value of the purchased goods + services which can be related to production (stock adjustment included).

Working capital

In '000 EUR	2010	2009	Difference in EUR	in %
Stocks	36.997	21.427	15.570	73%
Trade debtors	22.192	12.300	9.892	80%
Other receivables	1.347	1.367	-20	-1%
Total	**60.536**	**35.094**	**25.442**	**72%**
Trade creditors	19.415	12.664	6.751	53%
Taxes	1.490	280	1.210	432%
Other short term payables	3.437	2.368	1.069	45%
Total	**24.342**	**15.312**	**9.030**	**59%**
Working capital employed	**36.194**	**19.782**	**16.412**	**83%**

Return on equity

In '000 EUR	2010	2009	Difference in EUR	in %
Result after taxes	5.752	-1.121	6.873	613%
Result after taxes per share in EUR	3,835	-0,747	4,58	613%
Gross dividend per share in EUR	1,500	-	1,50	100%
Net dividend per share in EUR	1,125	-	1,13	100%
Equity	25.550	19.798	5.752	29%
Return on equity	23%	-6%	/	29%

Volume and turnover per business unit

	Antimony			Plastics			Lead			Total		
	2010	2009	%	2010	2009	%	2010	2009	%	2010	2009	%
Volume in mT	9.909	7.948	25%	5.413	3.150	72%	42.802	41.424	3%			
Turnover (1) in '000 EUR	61.745	31.497	96%	20.533	9.626	113%	54.123	39.736	36%	136.401	80.859	69%
Unit price per mT in EUR	6.231	3.963	57%	3.793	3.056	24%	1.264	959	32%			
Margin (2) in '000 EUR	10.305	4.017	157%	3.114	1.515	106%	13.053	9.459	38%	26.472	14.991	77%

(1) Turnover as in the segment information of the Group, see note 5.4.1.
(2) The margin is the difference between the turnover and the direct cost + sales cost of the goods sold.
Direct costs include raw materials and direct salaries and wages.

Lead

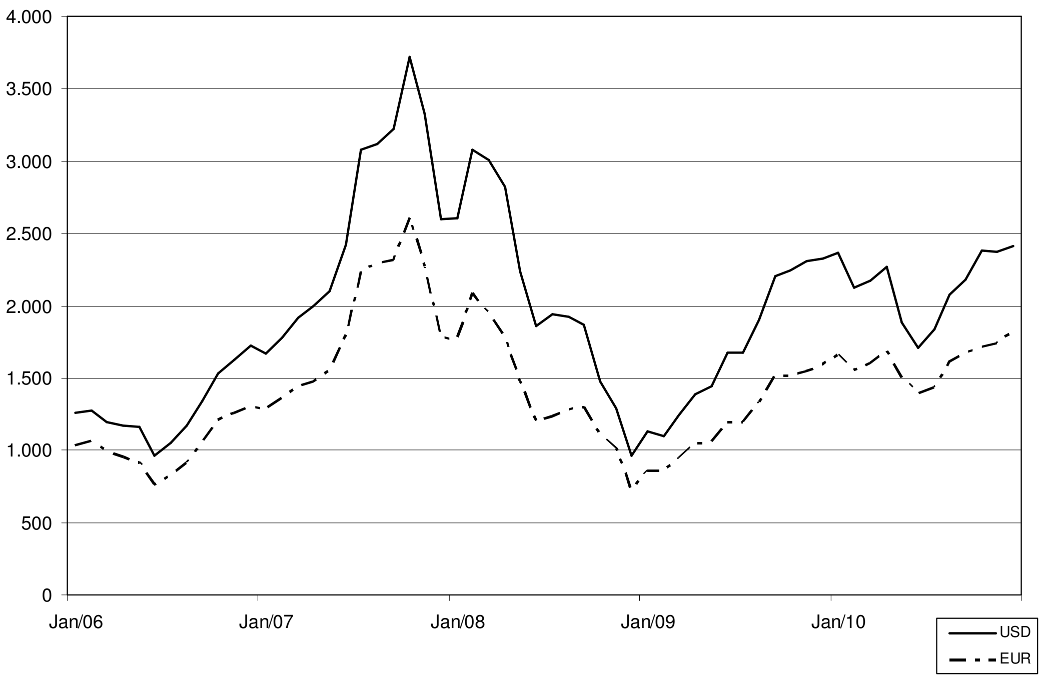
Campine Recycling processes spent lead batteries and lead-containing waste such as cable sheathing, roofing and old pipes. From this waste Campine Recycling produces a whole range of useful applications such as lead alloys and soft lead. In so doing we protect the environment against contamination.

In the lead market Campine Recycling is a significant recycler of secondary lead in the group of European companies, in a market dominated by 'majors' like battery manufacturers. End customers are primarily the automotive industry (for battery production), medicine (X-ray protection) and construction (roofing).

Results and volumes

Lead turnover rose strongly to EUR 54.12 million (EUR 39.74 million in 2009) (+36%) on a slightly higher delivered volume of 42,802 mT (41,424 mT in 2009) (+3%).

Lead LME cash/mT in USD and in EUR



LME lead prices started the year at EUR 1,650 EUR/mT in January 2010. During the year they fluctuated between EUR 1,400 and 2,000/mT, ending the year at EUR 1,936/mT.

The hedging position on the LME - which falls under financial instruments - was 3,350 mT at 31 December 2009. This was gradually increased to 3,900 mT at 30 June 2010 and lowered again to 3,650 mT at 31 December 2010.

2010 was a good year with a focus on continuous production improvement.

Sales market

Campine has always had battery producers as regular customers. There has been consolidation of battery producers. Hence, on the sales side, demand for refined lead (our final product) fell substantially, especially when compared with 2007. Even so Campine still processes over 40,000 tonnes of lead every year. Total European lead consumption is approximately 1.6 million tons.

In 2010 premiums were under pressure across the market.

Procurement market

The big challenge was to collect sufficient raw materials and lead waste at an acceptable price in the Benelux countries and in neighbouring Germany, France and England. There is a high demand for old batteries, both from primary producers and secondary lead producers. This produces upward price pressure on raw materials.

With our buying strategy and associated inventory management, we were able to schedule purchases so as to maintain our procurement prices at a reasonable level. In this way, together with our efficiency improvements, we nonetheless achieved an acceptable result.

Environment

From an environmental perspective recycling provides great added value. For almost 20 years Campine Recycling has made sure that waste lead (collected by battery collectors, scrap metal dealers and scrap processors) is practically one hundred percent recycled.

In the daily operation of the company the environmental aspect also plays a very important role. Campine goes further than strictly meeting the legal norms. With a well-founded investment programme Campine once again progressed in 2010 in environment, health and safety. We maintained our continuous reduction of dust emissions, while gaining better control of the $SO2$.
In 2010 around EUR 1 million was made available for a new afterburner installation that improves process continuity and helps further reduce the already low emissions.

To anticipate possible more stringent standards in the future, Campine has already planned new investments for 2011.

In this way Campine has more than ever demonstrated to the outside world its will to operate safely and ecologically responsible.

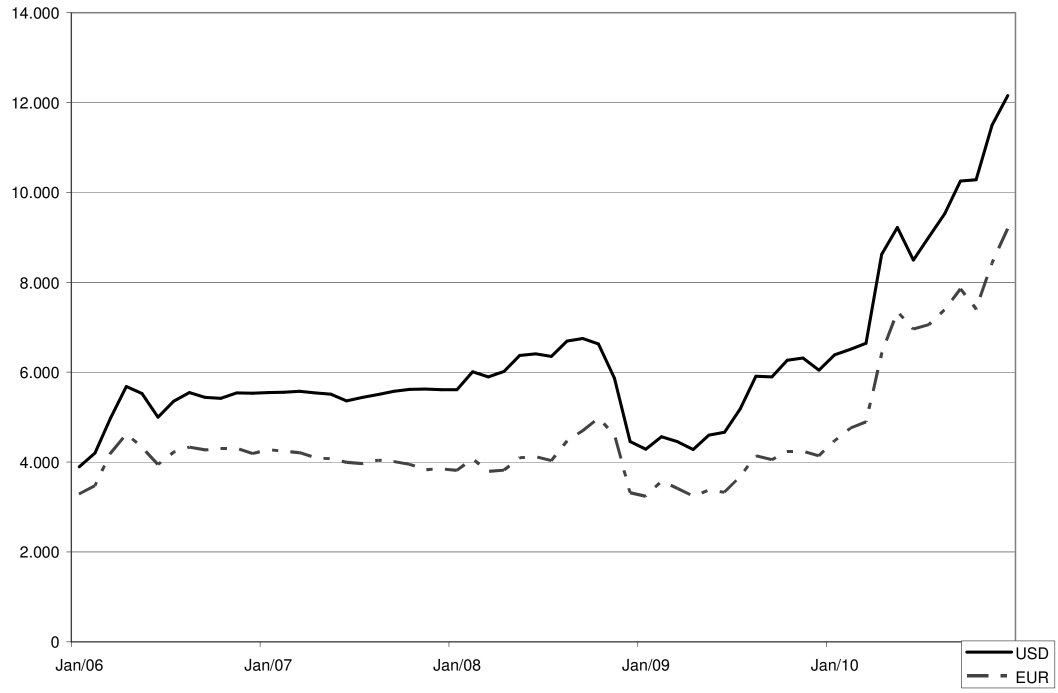
Antimony

Campine's antimony business unit converts antimony metal (Sb) into antimony trioxide (Sb2O2). This is used in flame retardant applications and in the production of PET bottles, films and industrial fibres.

Results and volumes

2010 can best be described as year of strong profitability after the fluctuations in 2008 and 2009. Turnover rose sharply to EUR 61.75 million (EUR 31.50 million in 2009) (+96%), while volume increased to 9,909 mT (7,948 mT in 2009) (+25%).

Antimony free market 99.6% in USD/mT and in EUR/mT



Antimony metal prices more than doubled from EUR 4,300/mT in early January to almost EUR 9,650/mT at the end of December.

Market

2008 and 2009 were particularly difficult years for Campine. The general economy was in a bad way and prices fell sharply in the antimony sector, causing a downward pressure on margins.

2010 was characterized by two trends: on the one hand increased market demand and on the other hand significantly higher prices. The increased demand was encouraging.

Production

Particular attention was paid to controlling the 'impurities' in the raw materials received. The flow process is now monitored in its entirety online, and with good results to avoid all contamination in the final product.

We are reusing previously recycled waste materials, without compromising the quality of the finished product and at the same time reducing environmental impact.

Environment

The antimony business unit sought in 2010 to make progress in several areas and with excellent success.
Reducing waste / by-products was one of the priorities and the results are promising. In 2011, the company will continue its efforts undiminished.

Plastics

In its plastics business unit Campine produces ready-to-use flame retardant masterbatches and compounds for the plastics industry. These masterbatches are supplied in granular form for easy and dust-free dispensing at customer premises.

Results and volumes

The plastics business unit realized a turnover of EUR 20.53 million (EUR 9.63 million in 2009) (+113%). Volume increased to 5,413 mT (2009: 3,150 mT) (+72%).

This business unit experienced a major improvement. This reflects the greatly improved economic situation in the plastics industry, particularly in Germany and the Benelux. During the first half growth was tempered somewhat by the limited availability of raw materials on world markets. In the second half the situation improved in terms of polymer availability. The process and flame retardant additives used in the production process stayed tight while prices increased by 15 to 25%.

Market

Campine produces mainly semi-finished products using a formula combining polymers and process and flame retardant additives. This preparation is then melted in an extruder into a homogeneous substance that is processed into a granulate after cooling and cutting. These masterbatches and compounds are used in the plastics industry that delivers end products to, for example, the construction industry. This includes fire-retardant insulation panels, plastic pipes and foils that are used in buildings and which acquire fire retardant properties through the addition of Campine products. Another important application of Campine masterbatches and compounds is the plastic housings of electrical and electronic components, which have to comply with demanding fire standards.

The plastics business unit had a good year. Demand recovered, and new customers and projects brought sales volumes back.
To be able to operate even more effectively in the market, the sales channels were restructured in 2010. For the important German and French markets, sales are now organized almost entirely from Beerse rather than via distributors or agents. Maintaining direct relationships with these customers is paying off, as it permits faster service and better understanding of customers.
Internal improvement projects are also being implemented, which will lead to a higher capacity utilization of machinery. The results of these interventions will be visible in 2011.

The plastics business unit will also in the near future be focusing on expanding sales activities to Southern and Eastern European markets. If demand for our products continues to grow, production capacity will be adapted by investments in staff and machinery. We expect major steps forward in terms of both capacity and efficiency.

Support services

Environment

Concern for environment is becoming ever more marked in our rapidly changing world, and Campine is determined to take its responsibility in this area. As a token of goodwill, the 25-acre nature area has been leased to the Flemish Forest and Nature Agency. Campine continues to own the land but the Flemish government manages the woody area under a leasehold agreement. The official opening of this nature area has demonstrated Campine’s commitment in the field of ecology and ecological environment.

In 2010, Campine carried out a further range of environmental measures, aware of just how essential this is in today's society. On and around the site, deposit jars are analysed every month to measure dust levels. Emissions from the plant chimney stacks are also carefully monitored.
In June 2010, relaying of the gardens around the plant was completed and approved by OVAM, the Flemish government's environmental control agency.
Concrete in and around the plant was carefully checked and replaced where necessary. Campine is keen to prove that a metallurgical activity and ecology can indeed go hand in hand.

Campine is considered a responsible partner that works exclusively on the basis of acceptable and manageable risk.

Campine is a very active partner in LOGO, a consultative body that works with local residents, local businesses and various Government agencies on common environment and health issues.

Permit policy

The company worked during the year towards obtaining a new operating license to cover the next twenty years. In January 2010 the safety report was approved by the competent safety authorities. Preparation of the MER (environmental impact report) is now in a decisive final phase. The government has given limited extensions to current permits to a lot of companies, Campine remains committed to a renewal of the license at the original 2011 deadline.

Campine also worked on a number of other related matters. It has investigated the construction of a new access road and a new canal bridge. Both would reduce the traffic pressure on the surrounding area and increase procurement and logistics efficiency. Noise barriers are also being erected on a voluntary basis around the industrial estate. Finally, a new masterplan is being developed for the entire site.

Regulatory matters

Europe is keeping an ever stricter eye on industry with a constant flow of new regulations. 2010 was no exception. The so-called Seveso Directives and the REACH program are becoming stricter and stricter, but have long-term pay-offs. At the end of 2010, the REACH programme comes into effect. Campine is thoroughly prepared for this. Anticipation is one aspect of good governance.
What Europe prescribes is being increasingly perceived in other parts of the world as a reasonable standard.

Safety and health

In 2010 we made progress in safety and health matters.

Reduction of frequency and severity of accidents is ongoing steadily due to
- the drive to improve the awareness of employees that started a few years ago, and
- the efforts we do to reduce the chance of incidents to happen by technical, organisational and educational measures.

In the antimony business unit this year we had just two lost time accidents, and in the plastics business unit not a single accident. Only the lead department had too many - fortunately minor and less serious - little accidents, mainly grouped in the first half of the year. This gives us the confirmation that the more thorough approach we shall be applying in 2011 will yield the desired result.

The continuous health monitoring of our personnel show very good results.

A number of investments made during the summer recess also benefit the health of directly involved employees. They include the new afterburner and expansion of our sprinkler systems to reduce floating dust on the site.

Human resources

The positive economic climate enabled Campine to organize an optimal staffing level, with the workforce growing to 162 FTE (full-time equivalent), of which 55 white collar and 107 blue collar workers. Some people were recruited to strengthen the team.
2010 was a year of solid work in HR. Our people were given additional training to further improve their competences and skills.

More than ever we worked to fixed rules, accepted by everyone, employer and employee alike. These include mutual respect, constructive dialogue, a willingness to take initiatives and responsibility at all levels, and a consistent and purposeful approach to a common project. The realization has grown that all those values are in the interest of all employees, of the local community, of society at large and of the prosperity of the company.

Perspectives for 2011

The results will be strongly affected by the development of metal prices and the economic situation. There are definite signs of improvement in most sectors.

Antimony

In spite of the high raw material prices, demand is steady. Campine succeeds well in satisfying the demand at an acceptable price. The high prices imply a higher financial risk due to the increased financing need of the raw material flow but if no drastic price changes occur we anticipate a good result.

Plastics

The business in 2011 started quite well. The order intake is in line with expectations. Thanks to improved machine capacity utilization, we anticipate a positive year.

Lead

In 2011 there will remain a global overcapacity – in particular in Europe. However, Campine is well-positioned to keep its customers and to remain profitable.

Corporate matters

Fairness statement
The Board of Directors declares that to the best of their knowledge the financial statements, prepared in accordance with the IFRS, give a true and fair view of the assets, liabilities, financial position and the results of the company, including its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

Independence and competence criteria independent directors
The law of 17 December 2008 regarding the Audit committee in listed companies entered into force on 8 January 2009. The Group complies with the requirements of this law. In this respect the Group confirms that the independent director complies with the law as to independence and competence.

Significant events after the close of the year
In February 2011 an additional long term investment credit (5 years) amounting to 7.500 KEUR was obtained.

Use of financial instruments by the company, to the extent that these are significant in evaluating its assets, liabilities, financial situation and earnings
Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.

Circumstances which could significantly influence the development of the company
There were no changes in circumstances which could substantially influence the development of the company.

Research and development
Research and development is a constant theme in the improvement of the mastering of our production processes and the applicability of our products in specific markets. In each business unit research projects were started up in collaboration with customers to develop new innovative products.

Risks and uncertainties
Campine, together with all other companies, is confronted with a number of uncertainties as a consequence of worldwide developments. The management aims to tackle these in a constructive way.

Campine pays particular attention to:
- Fluctuations on the commodity markets such as energy and metals;
- Major developments in the field of environment and health / safety including legislation regarding sales (REACH) and stocking (SEVESO) of chemical substances.

Information concerning the possible effects of a public take over bid
The company is represented by 1.500.000 shares. There are no different kinds of shares and every share represents one vote. There are no specific legal nor statutory limitations regarding the transfer of these shares, no specific control nor shareholders agreements.
For both, the appointment and substitution of Board members and the modification of the statutes, ordinary legislation is valid. Neither the Board of Directors, nor its individual members have a special power and / or agreement exercisable in case of a public take over bid.

Dividend
The Board of Directors proposes that the company pays a dividend of EUR 2,25 million (EUR 1,50 gross per share). In 2010 no dividend was paid on the basis of the 2009 result.

Statutory Auditor
In 2010 the statutory auditor fee for audit services reached 76.500 EUR for the Group.
The non-audit services in 2010 amounted to 28.250 EUR and were related to:
- Other attestation services (18.210 EUR)
- Tax advice (10.040 EUR)

Discharge to Directors and Statutory Auditor
The Board of Directors proposes granting discharge to all Directors and the Statutory Auditor in respect of the exercise of their mandates in 2010.

Statutory Appointments
The mandate of the Statutory Auditor of Deloitte Bedrijfsrevisoren, represented by Luc Van Coppenolle, will end. The Board would like to thank Luc Van Coppenolle for his contribution over the last 6 years.
The Board proposes to the General Meeting of Shareholders to appoint Deloitte Bedrijfsrevisoren, represented by Kathleen De Brabander, as Statutory Auditor for a period of three years. Subject to renewal, the mandate will automatically expire after the General Meeting of Shareholders in 2014.

Corporate Governance Statement 2010

I. Introduction

As a company incorporated under the laws of Belgium and listed on Euronext Brussels, Campine nv adheres to the principles and provisions of the Belgian Corporate Governance Code 2009, taking into account Campine's characteristics such as its specific business environment and its relatively limited size.

The existing Corporate Governance model of Campine structures the existing procedures and ensures the efficient and transparent operation of the Group in the interest of the Group and its stakeholders.

The Corporate Governance Charter has been adopted by the Board on March 9, 2006. It aims at providing a comprehensive and transparent disclosure of the rules and policies that together with applicable law constitute the governance framework within which the company operates. This Corporate Governance Charter has been established in accordance with the “comply or explain”-principle and mentions the parts of the Belgian Corporate Governance Code 2009 of which Campine differs and gives substantiated reasons.

This Corporate Governance Charter has been and will be further up-dated by the Board in case of further developments of, or changes to, the Belgian Corporate Governance Code 2009 or to Campine's Corporate Governance model.

The Corporate Governance Charter is mentioned on the website www.campine.be / Investor’s relations.

II. Shareholding structure on balance sheet date

Name	Number of shares	% of the share capital
1. Camhold NV Nijverheidsstraat 2, 2340 Beerse	540.000	36,00%
2. F.W. Hempel Intermétaux SA Rue de la Servette 32, 1202 Genève, Switzerland	537.900	35,86%

The remaining shares are, as far as the company knows, held by private investors. The company has until now not received any notices from other shareholders, who are compelled to disclose their shareholdings pursuant to Belgian law governing the notification of major shareholdings.

III. The Board of Directors

Composition

The Board should consist of a minimum of three and a maximum of six members according to the Articles of Association. Currently the Board is composed of six members, being one executive director and five non-executive directors, of whom are two independent directors.

Mr Friedrich-Wilhelm Hempel, Chairman of the Board
Shareholder and director of various private companies in Europe.

Mr André W. Hempel, Board member
Shareholder and director of various private companies in Europe.

Mr Richard P. Pearson, Board member
Chartered accountant.

DW Services Comm. V., Independent Board member represented by its permanent representative Mr A. De Witte
Board member with ICT and other companies in Belgium and abroad.

DELOX NV, Independent Board member represented by its permanent representative
Mr P. De Groote
Board member of various companies.

Mr Geert Krekel, Managing Director of Campine nv and Chairman of the Board of Campine Recycling nv.

Campine applies to the independence criteria as mentioned in the Corporate Governance Charter.

The Belgian Corporate Governance Code 2009 requires that the Board should comprise at least three independent directors and gender diversity. Currently the company only has male directors and two independent directors. This is explained by the fact that the number and gender of the directors has to be seen in the perspective of the size of the Company. There is diversity in general. The Board is small enough for efficient decision-making and on the other side large enough for its members to contribute experience and knowledge from different fields and for changes to be managed without undue disruption. Each director has a specific and complementary role to play on the Board.

Functioning
During the financial year which closed per 31 December 2010, the following Board meetings were held:

Date of the Board meeting	Members present
24 February 2010	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
12 May 2010	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
25 August 2010	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
24-25 November 2010	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV

The Board of Directors intends to make official the main features of the procedure to evaluate the Board of Directors, its committees and its individual directors in working methods and procedures.

Company secretary
Pursuant to the Belgian Corporate Governance Code 2009 the Board should appoint a company secretary. Due to the size of the company and the relatively limited number of Board members, the company has not yet appointed a company secretary. The Managing Director, assisted by the management assistant, currently ensures that the Board procedures are complied with and that the Board acts in accordance with its obligations under the law, the Articles of Association and the internal rules and regulations.
Furthermore the Audit committee monitors the financial reporting process, the internal control and risk management systems and the functioning of the Executive Management Team. They report all matters in respect of which it considers that action or improvement is needed to the Board.

IV. Executive Management Team

<u>Composition</u>

Jan Keuppens
Finance and Administration Manager

Ralph Vluggen
General Manager Plastics

Daniel Chéret
General Manager Lead*

Geert Krekel**
General Manager Antimony

* The official title of Daniel Chéret is Managing Director of Campine Recycling nv, but to avoid confusion with the Managing Director of Campine nv we refer to Mr. Chéret as General Manager Lead.
** The Managing Director, Geert Krekel, temporarily fills in the position of General Manager Antimony.

V. Board committees

The Board is advised by:

1. The Nomination & Remuneration committee

The Nomination & Remuneration committee assists the Board in all matters related to the appointment and remuneration of the directors and the Executive Management Team.

Up and including 2010 it consisted of the Chairman of the Board and the Managing Director.

Pursuant to the Belgian Corporate Governance Code 2009 the Board should set up a Nomination committee composed of a majority of independent non-executive directors and a Remuneration committee composed exclusively of non-executive directors of which at least a majority of members should be independent. However, due to

- the company's size and the relatively limited number of – independent – directors;
- the fact that the remuneration policy of non-executive directors is already fixed, the committee only advises on the remuneration of the Executive Management Team;
- the fact that the Board of Directors decides upon the Managing Director's - direct or indirect - financial situation;

this committee could be composed of the Managing Director and Chairman of the Board without any conflict of interest.

However to comply with the adjusted Company Code the Board confirms the appointment of Mr F.-W. Hempel and appoints the two independent directors - being DW Services Comm. V. and DELOX NV - as new members of the Nomination & Remuneration committee as of 1 January 2011. The Managing Director will participate to the committee with an advising vote.

2. The Audit committee

The Audit committee assists the Board in all matters related to the control of the financial reporting process, the annual and consolidated accounts as well as the internal control and risk management of the company.
It consists of Mr R. Pearson and the independent director DW Services Comm. V.

The law of 17 December 2008 regarding the Audit committee in listed companies entered into force on 8 January 2009. The Group complies with the requirements of this law and confirms that the independent director complies with the law as to independence and competence.

Pursuant to the Belgian Corporate Governance Code 2009 requires each committee should comprise at least three members. Currently the Audit committee only has two members. This is explained by the fact that the number of directors and hence the committee is to be seen in the perspective of the size of the company.

Pursuant to the Belgian Corporate Governance Code 2009 the majority of the members of the Audit committee should be independent. Currently only half of the Audit committee is independent as the Audit committee only has two members. The size of the Board and the committee is to be seen in the perspective of the size of the company.

3. The Strategy committee

The Strategy committee assists the Board in all matters related to the general management and general principals of the company and its subsidiaries. It consists of the independent director DELOX NV, the Managing Director and Mr A. Hempel.

Functioning

During the financial year which closed per 31 December 2010 the following Board committees meetings were held:

Board committee	Date of the meeting	Members present
Nomination & Remuneration committee	16 February 2010	F.-W. Hempel, G. Krekel
	3 November 2010	F.-W. Hempel, G. Krekel
Audit committee	23 February 2010	R. Pearson, G. Krekel, DW Services Comm. V. with Auditor
	23 April 2010	R. Pearson, G. Krekel, DW Services Comm. V.
	24 August 2010	R. Pearson, G. Krekel, DW Services Comm. V. with Auditor
	24 November 2010	R. Pearson, G. Krekel, DW Services Comm. V.
Strategy committee	23 February 2010	A. Hempel, DELOX NV, G. Krekel
	24 August 2010	A. Hempel, DELOX NV, G. Krekel

The committee's regulations can be found in annex of the Corporate Governance Charter. The Board intends to further officialise the working of the committees in compliance with the Belgian Corporate Governance Code 2009 in the coming years.

VI. Main features of the internal control and risk management system

Campine organizes the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analysing its level of control of these risks and organizing 'control of control'. It also pays particular attention to the reliability of the financial reporting and communication process.

1. Control environment
   a. Company organisation:
      - the company is organized into a number of departments as set out in an organization chart. Each person has a job description. There is a power of attorney procedure. The company's representation in different areas is integrated in the "internal powers" document. For fluctuating commitments due to price volatility of the product (raw materials, …) specific procedures apply.
      - the support functions are the Accounts, IT, Logistics & Procurement, Human Resources, Safety, Health & Environment and Secretariat.
      - management control is the responsibility of the controllers. The Finance & Administration Manager is in charge of organizing risk management.

   b. Organisation of internal control: The Audit committee has a specific duty in terms of internal control and corporate risk management. The role, composition and activities of the Audit committee are described in the Corporate Governance Statement.

   c. Ethics: The Board of Directors has drafted and approved a Corporate Governance Charter and a Code of Conduct (appendix of Corporate Governance Charter). They can also be consulted on the website.

2. Risk analysis and control activities
   All processes – from administration to effective production - are managed in our management house – a documented management system which is based on the different risk analyses systems. The risks regarding safety, health, environment & quality are inventorised, evaluated, managed and controlled in a dynamic way based on 'continuous improvement'.
   The Audit committee reviews the risk analysis twice a year. These risks are described in the note "market risk" in the annual report.

3. Financial information and communication
   The process of establishing financial information is organized as follows:
   A retro planning chart sets out the tasks to be completed for the monthly, half-yearly and annual closures of the company and its subsidiary, with deadlines. Campine has a check list of actions to be followed up by the financial department. The accounts team produces the accounting figures under the supervision of the chief accountant. The controllers check the validity of these figures and produce the reporting. The figures are checked using the following techniques:
   - coherence tests by comparison with historical or budget figures.
   - sample checks of transactions according to their materiality.

4. Players involved in the supervision and assessment of internal control
   The quality of internal control is assessed over the fiscal year:
   - by the Audit committee over the fiscal year, the Audit committee reviewed the half-yearly closures and the specific accounting methods. It reviewed the disputes and main risks facing the company.
   - by the Auditor in the context of their review of the half-yearly and annual accounts. When appropriate, the Auditor makes recommendations in particular concerning the keeping of the financial statements.
   - by the Board of Directors in the context of the day-to-day management.
   - occasionally by the Banking, Finance and Insurance Commission ("CBFA").

The Board of Directors supervises the performance of the duties of the Audit committee in that connection, notably through that committee's reporting.

VII. Dealing code

The dealing code – part of our Code Conduct – stipulates the rules regarding transactions of shares of the company. It sets limitations for key-persons regarding transactions in specific periods ("closed periods") and "prohibited periods" and imposes a disclosure obligation to the Compliance Officer in case of transactions outside these periods. The Board of Directors has appointed Mr. Geert Krekel as Compliance Officer who monitors the key-persons' compliance with the dealing code.

VIII. Comments on the application of the policy for transactions not covered by the legal provisions on conflicts of interest

All transactions with related parties are conducted at arm's length and in compliance with all legal requirements and the Corporate Governance Charter.

Remuneration Report 2010

1. Remuneration policy

Directors

Non-executive directors do not receive a merit pay such as bonus or any advantage in kind nor advantage related to a pension plan.
Board members who are member of a specialised committee do not receive additional remuneration for that.

The director's remuneration granted to the non-executive directors is set in the Articles of Association and specified under point 2 below. The tantième granted to the non-executive directors is set in the Articles of Association and specified under point 2 below.

Managing Director

The Board of Directors decides upon the appointment, remuneration and removal of the Managing Director. The Managing Director's remuneration for the execution of his function consisting of both a fixed and a variable compensation is based on market references. The variable part is partly result related and partly related to a system of company, BU and personal objectives.

Executive Management Team

The Nomination and Remuneration committee advises on the nomination, remuneration and removal of the members of the Executive Management Team.

The remuneration of the members of the Executive Management Team, consisting of both fixed and variable compensation, is based on a market study, using reference functions. The variable part of the remuneration is partly result-related and partly linked to a system of company, BU and personal objectives.

Terms of hiring and termination arrangements

The contractual terms of hiring and termination arrangements of the Managing Director and members of the Executive Management Team do not provide any specific compensation commitments, other than standard notice periods, in the event of early termination.

2. Remuneration 2010

Based on the above mentioned policy, the following amounts were paid:

Directors

- During the financial year closed per 31 December 2010, the non-executive directors (F.-W. Hempel, A. Hempel, R. Pearson, DW Services Comm. V., DELOX NV) received each a gross compensation of 11.750 EUR for fulfilling their duties as directors.
- During the financial year closed per 31 December 2010, the non-executive directors (F.-W. Hempel, A. Hempel, R. Pearson, DW Services Comm. V., DELOX NV) received each an amount of 10.000 EUR tantièmes.
- During the financial year closed per 31 December 2010 none of the directors received any shares, share options or other rights to acquire shares of the company or Group.
- Geert Krekel, Managing Director on an independent base, is in charge of the daily management and did not receive any compensation for his duty as mere director.

Managing Director and Executive Management Team

- The remunerations are composed as follows: a fixed remuneration and a variable remuneration based on company objectives, BU objectives and personal objectives.
- The company and BU objectives can include profit to be realised, sales, purchase, environmental, health and safety targets as well as targets in the field of process control, innovation, maintenance and possibly other areas. The objectives are set up annually and apply for the entire financial year. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors.
- The effective targets are not communicated in detail as this would reveal and make public confidential information on the strategy of the company.
- During the financial year closed per 31 December 2010 none of the members of the Executive Management Team or the Managing Director received any shares, share options or other rights to acquire shares of the company or Group.
- The company had decided not to disclose the amount of the Managing Director's and Executive Manager's remuneration on an individual basis. This information is communicated on a total basis, as prescribed by the Belgian Code, as this would violate the privacy of the respective individuals.
- The company decided to disclose the total remuneration of the Executive Management including the Board of Directors.

Consolidated financial statements 2010

1. Consolidated income statement for the year ended 31 December 2010*

'000 EUR	Notes	Year ended 31/12/2010	Year ended 31/12/2009
Revenue	4	137.663	80.778
Other operating income		1.204	701
Changes in inventories of finished goods and work in progress		7.722	1.120
Raw materials and consumables used		- 115.418	- 63.679
Employee benefits expense		- 11.243	- 10.857
Depreciation and amortisation expense		- 3.205	- 3.185
Changes in restoration cost	22	-	2.193
Other operating expenses	5	- 8.200	- 6.375
Operating result		8.523	696
Investment revenues		-	45
Hedging results	15	- 435	- 1.396
Other gains and losses		-	-
Finance costs	6	- 585	- 444
Result before tax		7.503	- 1.099
Income tax expense	7	- 1.751	- 22
Result for the year		5.752	- 1.121
Result for the year	**8**	**5.752**	**- 1.121**
Attributable to:			
Equity holders of the parent		5.752	- 1.121
Minority interest		-	-
		5.752	- 1.121
RESULT PER SHARE (in EUR)	9		
Basic		3,83	- 0,75
Diluted		3,83	- 0,75

* No consolidated statement of comprehensive income is presented as it is not relevant.

2. Consolidated balance sheet at 31 December 2010

'000 EUR	Notes	Year ended 31/12/2010	Year ended 31/12/2009
ASSETS			
Non-current assets			
Property, plant and equipment	10	9.134	8.808
Intangible assets	11	346	68
Cash restricted in its use		300	308
		9.780	9.184
Current assets			
Inventories	13	36.997	21.427
Trade and other receivables	14	23.471	13.537
Derivatives	15	68	130
Cash and cash equivalents		1.572	1.395
		62.108	36.489
TOTAL ASSETS		**71.888**	**45.673**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	4.000	4.000
Translation reserves		-	-
Retained earnings		21.550	15.798
Equity attributable to equity holders of the parent		25.550	19.798
Total equity		25.550	19.798
Non-current liabilities			
Retirement benefit obligation	28	766	868
Deferred tax liabilities	18	326	285
Bank loans	17	1.800	3.466
Obligations under finance leases	19	-	-
Provisions	22	2.216	2.773
		5.108	7.392
Current liabilities			
Retirement benefit obligation	28	201	262
Trade and other payables	20	22.253	14.659
Derivatives	15	599	373
Current tax liabilities		1.490	280
Obligations under finance leases	19	-	-
Bank overdrafts and loans	17	16.466	2.821
Provisions	22	221	88
		41.230	18.483
Total liabilities		46.338	25.875
TOTAL EQUITY AND LIABILITIES		**71.888**	**45.673**

3. Consolidated statement of changes in equity for the year ended 31 December 2010

'000 EUR	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance at 31 December 2008	**4.000**	**17.719**	**21.719**	**21.719**
Result of the year	-	- 1.121	- 1.121	- 1.121
Dividends	-	- 800	- 800	- 800
Balance at 31 December 2009	**4.000**	**15.798**	**19.798**	**19.798**
Result of the year	-	5.752	5.752	5.752
Dividends	-	-	-	-
Balance at 31 December 2010	**4.000**	**21.550**	**25.550**	**25.550**

4. Consolidated cash flow statement for the year ended 31 December 2010

'000 EUR	Notes	Year ended 31/12/2010	Year ended 31/12/2009
OPERATING ACTIVITIES			
Result for the year		5.752	-1.121
Adjustments for:			
Other gains and losses (investment grants)		-14	-14
Investment revenues		-	-45
Other gains and losses (hedging results)	15	435	1.396
Finance costs	6	585	444
Income tax expense	7	1.751	22
Depreciation of property, plant and equipment		3.205	3.185
Gain on disposal of property, plant and equipment		-	-
Change in provisions (incl. retirement benefit)		-587	-2.151
Change in inventory value reduction	13	-67	-3.065
Others		14	14
Operating cash flows before movements in working capital		11.074	-1.335
Change in inventories	13	-15.503	-1.634
Change in receivables	14	-9.934	-3.567
Change in trade and other payables	21	7.594	7.058
Cash generated from operations		-6.769	522
Hedging results		-147	-848
Interest paid	6	-585	-444
Income taxes paid		-500	-1.122
Net cash (used in) / from operating activities		***-8.001***	***-1.892***
INVESTING ACTIVITIES			
Interest received		-	45
Proceeds on disposal of property, plant and equipment		-	-
Purchases of property, plant and equipment	10	-3.483	-1.209
Purchases of intangible assets	11	-326	-
Net cash (used in) / from investing activities		***-3.809***	***-1.164***
FINANCING ACTIVITIES			
Dividends paid		-	-800
Repayments of borrowings	17	-2.121	-2.108
Repayments of obligations under finance leases	19	-	-24
New bank loans raised	17	-	-
Change in cash restricted in its use		8	-25
Change in bank overdrafts	17	14.100	700
Net cash (used in) / from financing activities		***11.987***	***-2.257***
Net change in cash and cash equivalents		***177***	***-5.313***
Cash and cash equivalents at the beginning of the year		1.395	6.708
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year		***1.572***	***1.395***
Bank balances and cash		***1.572***	***1.395***

5. Notes to the consolidated financial statement for the year ended 31 December 2010

5.1. General information

Campine nv (the Company) is a limited liability company incorporated in Belgium. The addresses of its registered office and principal place of business are disclosed in the Corporate Data. The principal activities of the Company and its subsidiaries (the Group) are described in this annual report.

5.2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU at 31 December 2010.
The Group has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2010.

Became applicable for 2010

- IFRS 3 *Business Combinations* (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS 3 Business Combinations as issued in 2004.
- Improvements to IFRS (2008-2009) (normally applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Additional exemptions* (applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* (applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IAS 27 *Consolidated and Separate Financial Statements* (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 *Consolidated and Separate Financial Statements* (revised 2003).
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 12 Service Concession Arrangements (applicable for annual periods beginning on or after 1 April 2009).
- IFRIC 15 *Agreements for the construction of real estate* (applicable for annual periods beginning on or after 1 January 2010).
- IFRIC 16 *Hedges of a net investment in a foreign operation* (applicable for accounting years beginning on or after 1 July 2009).
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (applicable for annual periods beginning on or after 1 November 2009).
- IFRIC 18 *Transfers of Assets from Customers* (applicable for annual periods beginning on or after 1 November 2009).

Issued but not yet effective

- IFRS 9 *Financial Instruments* (applicable for annual periods beginning on or after 1 January 2013).
- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011).
- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions* (applicable for annual periods beginning on or after 1 July 2010).
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011).
- Amendment to IAS 24 *Related Party Disclosures* (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 *Related Party Disclosures* as issued in 2003.
- Amendments to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (applicable for annual periods beginning on or after 1 February 2010).
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on or after 1 July 2010).
- Amendment to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (applicable for annual periods beginning on or after 1 January 2011).

At this stage, the Group does not expect first adoption of the amendments listed above to standards and new interpretations to have a material impact on the financial statements.

5.2.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

5.2.2. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5.2.3. Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

5.2.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see further). Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

5.2.6. Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in EUR, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency remain at historical rate.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period (within other operating income/expenses).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in EUR using exchange rates prevailing on the balance sheet date.
Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

5.2.7. Financial instruments

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts.
The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

Therefore these instruments are recognised on the balance sheet at fair value, while variations in the fair value of such instruments are directly recognised in the income statement.

5.2.8. Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised.

5.2.9. Government grants

Government grants are recognised in profit or loss (in other operating income) over the periods necessary to match them with the related costs.

Government grants related to later periods are presented in the financial statements as deferred income.

5.2.10. Retirement benefit costs

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.

5.2.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5.2.12. Property, plant and equipment

Property, plant & equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.2.13. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

5.2.14. Patents, trademarks and software purchased

Patents, trademarks and software purchased are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

5.2.15. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.2.16. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined at the individual purchasing price (purchasing price increased by purchasing costs). Cost of work in progress and finished products comprises raw materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Value reductions are made for the old and slow moving inventories.

5.2.17. Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

5.2.18. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are included at fair value.

5.2.19. Bank borrowings
Interest-bearing bank loans and overdrafts are measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

5.2.20. Trade payables
Trade payables are measured at fair value.

5.2.21. Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5.3. Judgement and use of estimates
The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by the Group in the preparation of the financial statements relate mainly to the evaluation of the recoverable amount of stocks, the valuation of sanitation provisions, provisions for litigation, provisions for doubtful debtors and for pension and related liabilities.

Due to the uncertainties inherent in all valuation processes, the Group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, Group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credit scan be utilised. In making its judgment, management takes into account elements such as long-term business strategy.

5.4. Business and geographical segments

5.4.1. Business segments
For management purposes, the Group is organised into three operating divisions Antimony, Plastics & Lead. These divisions are the basis on which the Group reports its primary segment information. Principal activities as follows:

- Antimony trioxide (Sb_2O_3) is used as a fire retardant in the textile, plastics, cable and pigment industries and is also applied as a high efficiency catalyst in PET-production.
- Our plastics activities enable us to offer predispersed and ready to use flame retardant masterbatches for processors and compounders to provide a dust-free handling and increase production efficiency.
- Our lead recycling business is based on converting lead from used car and truck batteries and industrial scrap into lead bullion and alloys that are marketed to battery and lead sheet producers (a.o. X-ray protection)

Segment information of the Group is presented hereafter.

'000 EUR 2010	Antimony Year ended 31/12/2010	Plastics Year ended 31/12/2010	Lead Year ended 31/12/2010	Elimination / others Year ended 31/12/2010	Total Year ended 31/12/2010
REVENUE					
External sales	61.745	20.533	54.123	1.262	137.663
Inter-segment sales	10.444	-	-	- 10.444	-
Total revenue	72.189	20.533	54.123	- 9.182	137.663
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	6.215	1.342	6.064		13.621
Unallocated expenses					- 5.098
Operating result					8.523
Investment revenues					-
Hedging results			- 435		- 435
Other gains and losses					-
Finance costs					- 585
Result before tax					7.503
Income tax expense					- 1.751
Result for the year					**5.752**

'000 EUR 2010	Antimony 31/12/2010	Plastics 31/12/2010	Recycling 31/12/2010	Others 31/12/2010	Total 31/12/2010
OTHER INFORMATION					
Capital additions	287	202	2.668	653	3.810
Depreciation and amortisation	453	298	1.932	522	3.205
BALANCE SHEET					
Assets					
Fixed assets	779	422	6.142	2.137	9.480
Cash restricted in its use	-	-	300	-	300
Stocks	23.441	2.821	9.961	774	36.997
Trade and other receivables	12.639	2.889	6.269	1.674	23.471
Derivatives	-	-	68	-	68
Cash and cash equivalent	-	-	-	1.572	1.572
Total Assets	**36.859**	**6.132**	**22.740**	**6.157**	**71.888**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	766	766
Deferred tax liabilities	-	-	-	326	326
Bank loans	-	-	-	1.800	1.800
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	2.216	-	2.216
Short term liabilities					
Retirement benefit obligation	-	-	-	201	201
Trade and other payables	9.399	670	6.941	5.243	22.253
Derivatives	-	-	599	-	599
Current tax liabilities	-	-	-	1.490	1.490
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	16.466	16.466
Provisions	-	-	221	-	221
Total liabilities	**9.399**	**670**	**9.977**	**26.292**	**46.338**

'000 EUR 2009	Antimony Year ended 31/12/2009	Plastics Year ended 31/12/2009	Lead Year ended 31/12/2009	Elimination / others Year ended 31/12/2009	Total Year ended 31/12/2009
REVENUE					
External sales	31.497	9.626	39.736	-81	80.778
Inter-segment sales	3.519	-	-	-3.519	-
Total revenue	35.016	9.626	39.736	-3.600	80.778
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	312	-63	3.149		3.398
Unallocated expenses					-2.702
Operating result					696
Investment revenues					45
Hedging results			-1.396		-1.396
Other gains and losses					-
Finance costs					-444
Result before tax					-1.099
Income tax expense					-22
Result for the year					**-1.121**

'000 EUR 2009	Antimony 31/12/2009	Plastics 31/12/2009	Recycling 31/12/2009	Others 31/12/2009	Total 31/12/2009
OTHER INFORMATION					
Capital additions	140	98	816	155	1.209
Depreciation and amortisation	550	319	1.739	577	3.185
BALANCE SHEET					
Assets					
Fixed assets	945	518	5.407	2.006	8.876
Cash restricted in its use	-	-	-	308	308
Stocks	7.879	1.767	11.064	717	21.427
Trade and other receivables	7.050	1.626	3.395	1.466	13.537
Derivatives	-	-	130	-	130
Cash and cash equivalent	-	-	-	1.395	1.395
Total Assets	**15.874**	**3.911**	**19.996**	**5.892**	**45.673**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	868	868
Deferred tax liabilities	-	-	-	285	285
Bank loans	-	-	-	3.466	3.466
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	2.773	-	2.773
Short term liabilities					
Retirement benefit obligation	-	-	-	262	262
Trade and other payables	2.608	1.069	6.919	4.063	14.659
Derivatives	-	-	373	-	373
Current tax liabilities	-	-	-	280	280
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	2.821	2.821
Provisions	-	-	88	-	88
Total liabilities	**2.608**	**1.069**	**10.153**	**12.045**	**25.875**

5.4.2. Geographical segments

The Group’s manufacturing operations are located in Belgium.
The following table provides an analysis of the Group’s sales by geographical market.

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Europe	115.582	63.925
North America	16.647	8.762
Asia	3.139	1.412
Others	2.295	6.679
	137.663	**80.778**

5.5. Other operating expense

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Office expenses	748	733
Fees	692	550
Insurances	226	278
Transportation costs	945	692
Interim personnel	970	311
Carry-off of waste	1.716	1.836
Others	2.903	1.975
	8.200	**6.375**

5.6. Finance costs

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Interest on bank overdrafts and loans	585	444
Interest on obligations under finance leases	-	-
Total borrowing costs	585	444
Less amounts included in the cost qualifying assets	-	-

5.7. Income tax expense

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Current tax	1.710	286
Deferred tax	41	- 264
Income tax expense for the year	**1.751**	**22**

Domestic income tax is calculated at 33,99% (2009: 33,99%) of the estimated assessable result for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting result as follows:

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Result before tax	7.503	-1.099
	7.503	-1.099
Tax at the domestic income tax rate of 33,99% (2009: 33,99%)	2.550	-374
Tax effect of expenses that are not deductible in determining taxable result	83	83
Tax effect of Notional Interest Deduction (NID)	-241	-146
Tax settlement previous years	-	5
Tax effect of utilisation of tax losses not previously recognised	-666	436
Tax penalty (unsufficient prepayments)	25	18
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Tax expense and effective tax rate for the year	**1.751**	**22**

5.8. Result for the year

Result for the year has been arrived at after charging:

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
Net foreign exchange gains/(losses)	-280	-3
Lead hedging on LME-exchange (London Metal Exchange) (see note 15)	-435	-1.396
Research & development costs	-313	-295
Amortisation of capital grants	14	14

5.9. Dividends

No dividend was paid in 2010.
In respect of the current year, the directors propose that a dividend of 1,50 EUR per share will be paid to the shareholders on 31 May 2011. This dividend is subject to approval by the shareholders at the General Meeting of Shareholders and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders. The total estimated dividend to be paid is 2,25 million EUR.

5.9.1. Result per share

As no potential shares – which could lead to dilution – were issued and no activities were ceased, the diluted result per share equals the basic result per share.
The calculation of the basic and diluted result per share attributable to the ordinary equity holders of the parent is based on the following data:

'000 EUR	Year ended 31/12/2010	Year ended 31/12/2009
RESULT		
Result for purposes of basic and diluted results per share (result for the year attributable to equity holders of the parent)	5.752	-1.121
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic and diluted results per share	1.500.000	1.500.000

5.10. Property, plant and equipment

'000 EUR	Land and buildings	Properties under construction	Fixtures and equipment	Total
COST OR VALUATION				
At 31 December 2008	11.759	-	38.810	50.569
Additions	270	83	856	1.209
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	12.029	83	39.666	51.778
Additions	368	56	3.059	3.483
Transfers	-	- 83	83	-
Disposals	-	-	-	-
At 31 December 2010	12.397	56	42.808	55.261
ACCUMULATED DEPRECIATION				
At 31 December 2008	7.626	-	32.208	39.834
Deprecation charge for the year	891	-	2.245	3.136
Eliminated on disposals	-	-	-	-
At 31 December 2009	8.517	-	34.453	42.970
Deprecation charge for the year	880	-	2.277	3.157
Eliminated on disposals	-	-	-	-
At 31 December 2010	9.397	-	36.730	46.127
CARRYING AMOUNT				
At 31 December 2010	**3.000**	**56**	**6.078**	**9.134**
At 31 December 2009	**3.512**	**83**	**5.213**	**8.808**

The following rates are used for the depreciation of property, plant and equipment:

Industrial, administrative, commercial buildings	5%
Furniture	20%
Vehicles	25%
Installations, machinery and equipment	min 10% – max 33% depending on the life time

There are no assets based on finance leases. The Group has not pledged land and buildings to secure banking facilities granted to the Group.

5.11. Intangible assets

'000 EUR	Patents, trademarks and software purchased
COST	
At 31 December 2008	297
Additions	-
At 31 December 2009	297
Additions	327
At 31 December 2010	624
AMORTISATION	
At 31 December 2008	180
Charge for the year	49
At 31 December 2009	229
Charge for the year	49
At 31 December 2010	278
CARRYING AMOUNT	
At 31 December 2010	**346**
At 31 December 2009	**68**

The intangible assets included in the table have finite useful lives, over which the assets are amortised.

In order to optimise the use of our data for our business we opted to transfer our data system to SAP. This transaction has already been prepared in 2010 and will effectively take place in 2011. In 2010 we incurred already a cost of 327 KEUR. This will be depreciated over a period of 10 years.

5.12. Subsidiaries

Details of the Group's subsidiaries at 31 December 2010 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Campine Recycling nv	Belgium	99,99%	100%	Lead recycling

5.13. Inventories

'000 EUR	31/12/2010	31/12/2009
Raw materials	19.549	11.701
Work-in-progress	3.248	3.464
Finished goods	14.200	6.262
	36.997	**21.427**

The inventory per year-end includes a value reduction of 682 KEUR (2009: 749 KEUR) to value inventory at the lower of cost and net realisable value.

5.14. Financial assets

5.14.1. Trade and other receivables

'000 EUR	31/12/2010	31/12/2009
Amounts receivable from the sale of goods	22.192	12.300
Other receivables	1.279	1.237
	23.471	**13.537**

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 598 KEUR (2009: 602 KEUR). This allowance has been determined on a case-by-case basis. Balances are written-off when sufficiently certain that the receivable is definitely lost. The Board of Directors confirms that the carrying amount of trade and other receivables approximates their fair value as those balances are short-term.

5.14.2. Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

5.14.3. Credit risk

The Group’s principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group’s credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are after allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Concentrations of credit risk with respect to trade receivables are limited due to the Group’s customer base being large and unrelated. Due to this, the Board of Directors believes that there is no further credit risk provision required in excess of the allowance for bad and doubtful debts.

Roll-forward of the allowances for doubtful debtors

'000 EUR	31/12/2010	31/12/2009
Opening allowance doubtful debtors	602	681
Additions	-	11
Reversals	- 4	-
Write-offs	-	- 90
Closing allowance doubtful debtors	**598**	**602**

Included in the Group’s trade receivable balance are debtors with a carrying amount of 515 KEUR (2009: 508 KEUR) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group has taken out a credit insurance for these amounts. The average age of these receivables is 21 days past due (2009: 3 days).

5.15. Other financial assets and liabilities

5.15.1 Derivatives

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine’s net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as “fair value hedge of firm commitment” and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as “fair value hedge of firm commitment” and fulfil the criteria of IAS39 (hedge accounting).

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.

The table below summarizes the net change in fair value – realised and unrealised – of -435 KEUR included in the income statement during the year ended 31 December 2010. (31 December 2009: -1.396 KEUR).

'000 EUR	Fair value of current instruments	Underlying open positions (tons)	Change in fair value in income statement
At 31 December 2009	- 243	3.350	- 1.396
At 31 December 2010	- 531	3.650	- 435

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for 68 KEUR and current liabilities – derivatives for 599 KEUR. The amount of 68 KEUR is related to the open position of the fixed price contracts on 31 December 2010.

On the financial side this open position represents a loss of 68 KEUR whereas on the operational side the transaction represents a profit of 68 KEUR.

5.16. Share capital

'000 EUR	31/12/2010	31/12/2009
Authorised		
1.500.000 ordinary shares of par value 2,67 EUR each	4.000	4.000
Issued and fully paid	4.000	4.000

The Company has one class of ordinary shares which carry no right to fixed income.

5.17. Bank borrowings (finance lease obligations not included)

'000 EUR	31/12/2010	31/12/2009
Bank loans	3.466	5.587
Bank overdrafts	14.800	700
	18.266	**6.287**

The borrowings are repayable as follows:

'000 EUR	31/12/2010	31/12/2009
Bank loans after more than one year	1.800	3.466
Bank loans within one year	1.666	2.121
Bank overdrafts on demand	14.800	700
	18.266	**6.287**

The average interest rates paid were as follows:

	Year ended 31/12/2010	Year ended 31/12/2009
Bank overdrafts	2,90%	2,82%
Bank loans	5,50%	5,41%

To fulfill the potential increased need of working capital, the credit facilities amounting to EUR 10,5 million were increased again to EUR 15 million. In February 2011 an additional long term investment credit (5 years) amounting to 7.500 KEUR was obtained.

Bank loans are arranged at fixed interest rates. Other borrowings (bank overdrafts: 14.800 KEUR per 31 December 2010 (per 31 December 2009: 700 KEUR)) are arranged at floating rates, thus exposing the Group to an interest rate risk. At 31 December 2010, the Group had available 1.772 KEUR (31 December 2009: 11.195 KEUR) of undrawn committed borrowing facilities.

The credit agreements contain a number of covenants regarding solvability, liquidity and profitability. On 31 December 2010 the Group complied with the covenants as agreed upon with the financial institutions.

5.18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

'000 EUR	Timing differences on fixed assets	Full costing inventories	Retirement benefit obligations	Others	Total
At 31 December 2008	**262**	**73**	**- 19**	**232**	**548**
Charge/(credit) to result for the year	- 182	52	16	- 149	- 263
At 31 December 2009	**80**	**125**	**- 3**	**83**	**285**
Charge/(credit) to result for the year	- 17	119	- 62	1	41
At 31 December 2010	**63**	**244**	**- 65**	**84**	**326**

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy.

The fiscal losses and notional interest deduction carried forward of Campine nv per 31 December 2009 amounted to 2.525 KEUR, of which 561 KEUR was recognised to compensate deferred tax liabilities related to this company. No deferred tax asset was recognised for the balance of 1.964 KEUR as the future realisation was uncertain.
In view of the strong result over 2010 all fiscal losses carried forward were used per 31 December 2010.

5.19. Obligations under finance leases

The Group has no finance leases at 31 December 2010.

5.20. Trade and other payables

'000 EUR	31/12/2010	31/12/2009
Trade creditors and accruals	19.415	12.664
Other payables and accruals	2.838	1.995
	22.253	**14.659**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates their fair value as those balances are short-term.

5.21. Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.
The table includes both interest and principal cash flows.

'000 EUR	31/12/2010			31/12/2009		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Trade and other liabilities	22.253	-	-	14.659	-	-
Bank overdrafts	14.800	-	-	700	-	-
Bank loans	1.824	1.936	-	2.377	3.760	-
Finance lease obligations	-	-	-	-	-	-

5.22. Provisions

'000 EUR	Soil sanitation cost	Concrete plan sanitation cost	Others	Total
At 31 December 2009	1.650	1.211	-	2.861
Additional provision in the year			-	-
Utilisation of provision	- 300	- 124	-	- 424
At 31 December 2010	**1.350**	**1.087**	**-**	**2.437**

'000 EUR	31/12/2010	31/12/2009
Analysed as:		
Current liabilities	221	88
Non-current liabilities	2.216	2.773
	2.437	**2.861**

Status provisions at 31 December 2010:

- In June 2010 the relaying of the gardens around the plant was completed and approved by OVAM, the Flemish government's environmental control agency. The costs amounted to 300 KEUR in 2010. At 31 December 2010 the remaining provision for soil sanitation amounts to 1.350 KEUR. This will be executed in a later phase.
- In 2010 124 KEUR was executed in the framework of the "concrete plan". At 31 December 2010 the provision foreseen for the sanitation in the framework of the "concrete plan" amounts to 1.087 KEUR. This will be executed in the period 2011-2014.

5.23. Non-cash transactions

No additions to fixtures and equipment were financed by new finance leases during the year.

5.24. Contingent liabilities

The power to pledge the goodwill was granted to the banks for an amount of 3.850 KEUR.

5.25. Commitments

In the normal course of business the Group has commitments to buy and sell metals in the future.

5.26. Operating lease arrangements

The Group as lessee:

'000 EUR	31/12/2010	31/12/2009
Minimum lease payments under operating leases recognised as an expense in the year	89	109

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

'000 EUR	31/12/2010	31/12/2009
Within one year	85	64
In the second year to fifth year inclusive	118	59
After five years	-	-
	203	**123**

Operating lease payments represent rentals payable by the Group for vehicles and equipment. Leases are negotiated for an average term of four years.

5.27. Share-based payments

During the financial year closed per 31 December 2010 none of the members of the Executive Management Team received any shares, share options or other rights to acquire shares of the company or Group.

5.28. Retirement benefit plans

5.28.1. Defined benefit plan

The Group operates a funded defined benefit plan for qualifying employees of Campine and its subsidiary in Belgium. The defined benefit plan foresees a retirement benefit based on the salary and seniority attained at the retirement age of 60. For the financed plans, plan assets consist of mixed port-folio's of shares, bonds or insurance contracts. The plan assets do not contain direct investments in Campine shares or in fixed assets or other assets used by the Group.

Major actuarial assumptions in use at balance sheet date:

	Valuation at	
	31/12/2010	31/12/2009
Discount rate	5,0%	5,5%
Expected return on plan assets	3,6%	3,6%
Expected rate of salary increases	3,0%	3,0%

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

'000 EUR	31/12/2010	31/12/2009
Present value of funded obligations	1.571	1.579
Fair value of plan assets	- 1.381	- 1.428
Unrecognised actuarial results	2	37
Unrecognised past service cost	-	- 121
Net liability recognised in the balance sheet	**192**	**67**

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

'000 EUR	31/12/2010	31/12/2009
Current service cost	99	96
Interest on obligation	73	78
Expected return on plan assets	- 50	- 52
Actuarial losses recognised in the year	-	-
Past service cost	-	-
Net periodical benefit cost	**122**	**122**

The charge for the year is included in the employee benefits expense in the income statement.
The actual return on plan assets was 3,75% (2009: 3,75%).

Changes in the present value of the defined benefit obligation are as follows:

'000 EUR	31/12/2010	31/12/2009
Opening defined benefit obligation	67	57
Service cost	99	96
Interest cost	73	78
Calculated return on plan assets	- 50	- 52
Actuarial losses	-	-
Exchange differences	-	-
Past service cost	121	-
Benefits paid	- 118	- 112
Closing defined benefit obligation	**192**	**67**

The Group expects to contribute approx. 120 KEUR to its defined benefit plan in 2011.

5.28.2. Disclosure regarding early retirement provision

Early retirement provisions are set up based on agreements with those affected on amounts to be paid until the age of 65 year. The provision at 31 December 2010 amounts to 775 KEUR (at 31 December 2009 provision amounted to 1.063 KEUR).

5.29 Market risk

5.29.1. Interest risk

Funding of the Company is done through bank loans and bank overdrafts. On 31 December 2010 bank loans amounted to 3.466 KEUR and bank overdrafts amounted to 14.800 KEUR. Bank loans are arranged at fixed rates whereas bank overdrafts are arranged at floating rates. As a result, the Company is not exposed to interest rate risk on the bank overdrafts.

5.29.2. Foreign Exchange risk

The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows.

An increase or decrease of the USD/EUR rate with 10% would have an impact on the income statement of +539 KEUR (in case of 10% increase) or -539 KEUR (in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2010.

5.29.3. Price risk

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account (see note 5.15.1. Derivatives).

There is no price risk on the fixed price contracts as the impact of price fluctuation on respective fixed purchase and sell contracts are compensated by the impact on the respective sell and purchase contracts on the LME.

A movement in 2011 of the LME lead futures price by 10% would have impacts on the income statement. The immediate effect based on the underlying open position at 31 December 2010 of a price fall of 10% would be +970 KEUR or of a price raise -970 KEUR.

5.30. Events after the balance sheet date

In February 2011 an additional long term investment credit (5 years) amounting to 7.500 KEUR was obtained.

5.31. Related parties

The controlling party of the Group is Camhold NV (incorporated in Belgium). F.W. Hempel Intermétaux SA (incorporated in Switzerland) is the other major shareholder. 71,86% of the company's shares are held by two companies as follows:

Name	Number of shares	% of the share capital
1. Camhold NV Nijverheidsstraat 2, 2340 Beerse	540.000	36,00%
2. F.W. Hempel Intermétaux SA Rue de la Servette 32, 1202 Genève, Switzerland	537.900	35,86%

Transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

5.32. Related party transactions

5.32.1. Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:
- Purchase of antimony metal from F.W. Hempel Intermétaux SA for an amount of 19.372 KEUR.
- Sales of antimony metal to F.W. Hempel Intermétaux SA for an amount of 342 KEUR.

5.32.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of 60 KEUR (2009: 60 KEUR) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.
AGW Commodity Holdings Ltd performed certain administrative/management services for the Campine Group, for which a management fee of 40 KEUR (2009: 40 KEUR) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

5.33. Rights and obligations not included in the balance sheet

Commercial commitments:
There are firm commitments to deliver or receive metals to customers or from suppliers at fixed prices.

'000 EUR	31/12/2010	31/12/2009
Commercial commitments for commodities purchased (to be received)	8.494	4.946
Commercial commitments for commodities sold (to be delivered)	17.794	12.279

5.34. Compensation of key management personnel

For the financial year 2010, the total remuneration of the Executive Management Team including the Board members amounts to 1.107 KEUR (2009: 703 KEUR).

During the financial year closed per 31 December 2010 none of the above mentioned persons received any shares, share options or other rights to acquire shares of the company or Group. The remuneration of the members of the Executive Management Team is decided upon by the Nomination and Remuneration committee, based on market trends and individual performances.

5.35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2011.

Auditor's report

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

To the Shareholders
As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Campine nv ('the company') and its subsidiary (jointly 'the group'), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 71.888 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 5.752 (000) EUR.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated 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 group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to include in our report the following additional comment which do not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Antwerp, 24 February 2011

The statutory auditor
DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA
Represented by Luc Van Coppenolle

Corporate Data

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Auditor

Deloitte Bedrijfsrevisoren:
Represented by Luc Van Coppenolle until 10 May 2011

Financial calendar

10 May, 2011	General Meeting of Shareholders
31 May, 2011	Payment of dividend
3rd week of April, 2011	Announcement intermediate information 1st semester
Last week of August, 2011	Announcement of half-year results
3rd week of November, 2011	Announcement intermediate information 2nd semester
Last week of February, 2012	Announcement of 2011 annual results