campine

1912 - 2012

Annual report 2011

Contents

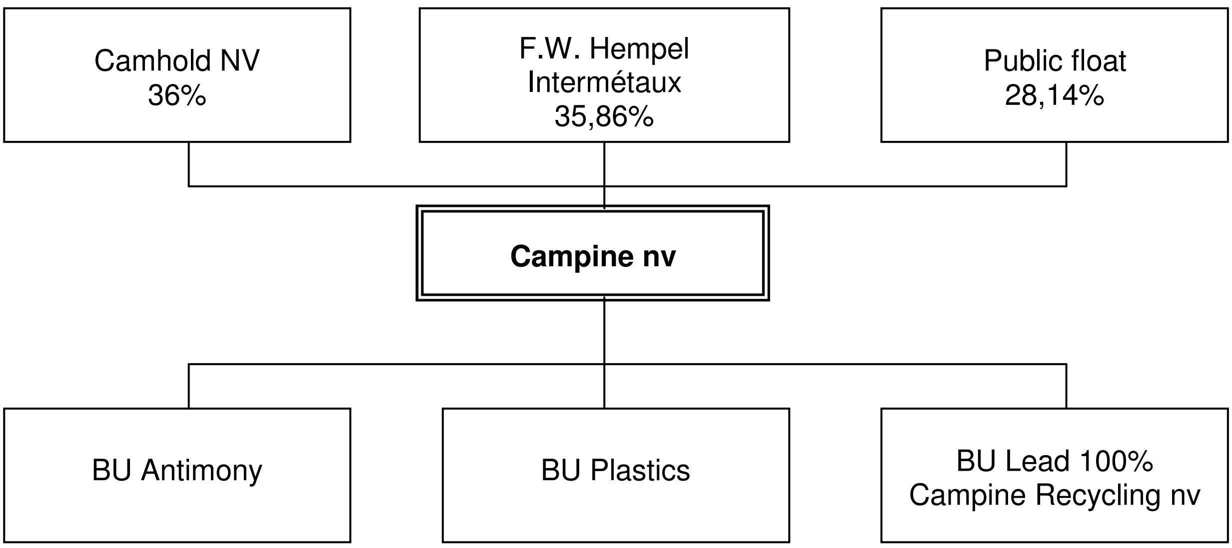
Financial highlights and business scope

Financial highlights*

	2011	2010
Revenue	181.720	137.663
Operating result	5.212	8.523
Net financial result	724	- 1.020
Result before tax	5.936	7.503
Tax expense	- 1.884	- 1.751
Result after tax for the year	4.052	5.752
Earnings per share	2,70	3,83
Current assets	69.564	62.108
Total assets	80.832	71.888
Current liabilities	45.720	41.230
Total liabilities	53.530	46.338
Total shareholders' equity	27.302	25.550

(*) 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).

100 years of Campine

If one has survived for a 100 years as we did, most of the things must have been done the right way. Our company does exist a hundred years and has seen lots of ups and downs.

Through all these years it was family controlled. The current major shareholders are already involved for several decades and contribute to its development and growth by being continuously active members of the Board.

If we look back at what we said last year at the same time we were more than right. That is to say our prognosis for a good first half and a slower and weaker second half were absolutely correct. The reasons were political disturbances in many countries as well as the continuation of the financial crises. On top it was noticed that consumers were very carefully with orders especially in the last quarter being afraid of having too high stocks at the end of the year and of course the generally weaker outlook for 2012.

So overall the result was slightly lower than last year but still very positive. All details regarding turnover, quantities etc. you can find later in the report.

We are happy to say that we will be able to pay a good dividend. Slightly less than last year but still a good return on investment.

We took great efforts in the company regarding business relations and investments to improve the net return and to guarantee a continuous flow of material. The Board is most grateful to the Management and all people working in the company on all levels.

But not only inside the company but also outside we made progress. Customer relations have been considerably improved.

Unfortunately as said above the financial crisis is still unresolved. What is also unresolved is the huge speculation in raw material. Especially in antimony we ran up to the highest price ever. Within a little more than one year the antimony price tripled and has fallen back in last quarter by more than 25%. In lead the prices continued to be high but not to the extreme as the year before.

So for the Management of Campine it has become very difficult and complicated to control these developments even more so because not only the raw material prices had these extreme movements but also the currencies and especially the USD. But it shows the strength of the company that in spite of these uncontrollable and unforeseen circumstances the company remains successful and profitable.

The prediction for this year is very difficult. The first half will still be moderate but we are confident that the situation will improve in the second semester.

As the Board has always an optimistic view we will continue this philosophy and are sure the Management and all the people in the company will do their very best to make this year of anniversary a successful one.

F.-W. Hempel
President

Working on our future in difficult times

2011 was overall a good year for Campine, with a disappointing second semester due to the weaker last quarter. In the second half of the year the global financial situation confronted everyone with complex and difficult questions. There is no shortage of money in the market, but in an atmosphere of widespread distrust, people are unwilling to spend.

In this uncertain economic climate, Campine kept its basic strategy unchanged. We maintained our outward focus, moving forward in many fields, including environmental management, organisational structure and production. The watchword is that to secure its long-term existence, Campine must invest to become better and better. "Constant improvement" is a goal in itself, and a challenge that we take up anew every year.

With this basic strategy, we worked on the implementation of SAP, further remediation work at the site, updating our equipment, innovation and new developments and a more efficient organization. Central to all this is our relationship with the outside world.

From the previous crisis Campine has learned that when hard times come, it is vital to maintain one's calm and to hold on to one's basic strategy. Unlike in 2009 - when restructuring was the order of the day - we have now opted for a proactive approach. In 2011 we strengthened our organization in the conviction that Campine will be among the winners when the economy fundamentally picks up.

In turbulent times it is more than ever important to invest in skills, expertise and innovation. For this reason we invested around 3.5 million euros for new machinery, improving our logistics flow and optimizing peripherals. Our factory will become "state of the art". This is the best guarantee for our long-term existence.

2011 was characterized by particularly volatile commodity markets. Demand for our products remained quite stable, though with a downturn in the last quarter. Campine can nonetheless present solid and stable figures. Our added value, profitability and return are good, especially at a time of global uncertainty and commodity y price volatility. The good relationship with our banks demonstrates that Campine is operating in a particularly mature market.

Our new operating permit was a highlight of the past year. Campine, which is classified as a Seveso company, will continue its operations for a twenty-year period from 2011 to 2031.

In 2012, Campine will celebrate its hundredth anniversary. This is indeed a historic landmark. The company can rightly be proud of its record. Successive management teams have remained successful for an entire century, in dialogue with their immediate environment.

The future is bright, especially with the ongoing reorganization of our site. Campine is keen to play its part in a global strategy for the Kempen region of Belgium. Our region will offer a future for generations to come only if economic prosperity is also created. Campine wants to have more than just a minor part in this. Better yet: Campine will play a pioneering role and serve as a role model.

Geert Krekel
Managing Director

Report of the Board of Directors to the General Meeting of Shareholders on Tuesday 8 May 2012, based on the consolidated annual financial statements of Campine

Campine Group

In 2011, the Campine Group realized a turnover of EUR 181.72 million, compared with EUR 137.66 million in 2010 (+32%).

The pre-tax profit of the first semester was EUR 7.50 million. However, the second half resulted in a loss of EUR 1.56 million - giving a pre-tax profit for the year of EUR 5.94 million. This compares with a pre-tax profit of EUR +7.50 million in 2010.

The operating profit amounted to EUR 5.21 million (2010: EUR 8.52 mio). 2011 was characterized by particularly volatile commodity markets. Demand for our products remained quite stable, though with a weaker last quarter.

Net financial result amounted to a profit of 724 KEUR compared with a loss of 1,020 KEUR in 2010.

The lead hedging resulted in a net profit of 1,808 KEUR (compared with a net loss of -435 KEUR in 2010). 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 4.05 million, compared with a EUR 5.75 million profit in 2010. The lower earnings figures were effected by the disappointing second semester with volatile raw material prices, the uncertain financial markets and the reduced economic activity.

The Board of Directors proposes that the company pays a dividend of EUR 1.875 million (EUR 1.25 gross per share) against presentation of coupon no. 6, with payment date 31 May 2012 (ex-date: 28 May 2012 and record date 30 May 2012). In 2011 a dividend of EUR 2.25 million (EUR 1.50 gross per share) was paid on the basis of the 2010 result.

Our new operating permit was a highlight of the past year. Campine, which is classified as a Seveso company, will continue its operations for a twenty-year period from 2011 to 2031. We see this as a sign of confidence in our sense of responsibility.

<u>Added value</u>

In '000 EUR	**2011**	**2010**	**Difference in EUR**	**in %**
Added value (1)	20.493	22.971	-2.478	-11%
Relation towards turnover (%)	11%	17%		0%
Average number of employees	167	155	12	8%
Added value per employee	122	149	-27	-18%

(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	2011	2010	Difference in EUR	in %
Stocks	42.524	36.997	5.527	15%
Trade debtors	22.961	22.192	769	3%
Other receivables	3.031	1.347	1.684	125%
Total	**68.516**	**60.536**	**7.980**	**13%**
Trade creditors	15.051	19.415	-4.364	-22%
Taxes	3.276	1.490	1.786	120%
Other short term payables	3.351	3.437	-86	-3%
Total	**21.678**	**24.342**	**-2.664**	**-11%**
Working capital employed	**46.838**	**36.194**	**10.644**	**29%**

Return on equity

In '000 EUR	2011	2010	Difference in EUR	in %
Result after taxes	4.052	5.752	-1.700	-30%
Result after taxes per share in EUR	2,701	3,835	-1,13	-30%
Gross dividend per share in EUR	1,250	1,500	-0,25	-17%
Net dividend per share in EUR	0,938	1,125	-0,19	-17%
Equity	27.302	25.550	1.752	7%
Return on equity	15%	23%		-8%

Volume and turnover per business unit

	Antimony			Plastics			Lead			Total		
	2011	2010	%	2011	2010	%	2011	2010	%	2011	2010	%
Volume in mT	9.748	9.909	-2%	5.083	5.413	-6%	42.117	42.802	-2%	56.948	58.124	-2%
Turnover (1) in '000 EUR	94.671	61.745	53%	24.127	20.533	18%	61.356	54.123	13%	180.154	136.401	32%
Unit price per mT in EUR	9.712	6.231	56%	4.747	3.793	25%	1.457	1.264	15%			
Margin (2) in '000 EUR	11.851	10.305	15%	3.755	3.114	21%	10.447	13.053	-20%	26.053	26.472	-2%

(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 help in protecting the environment.

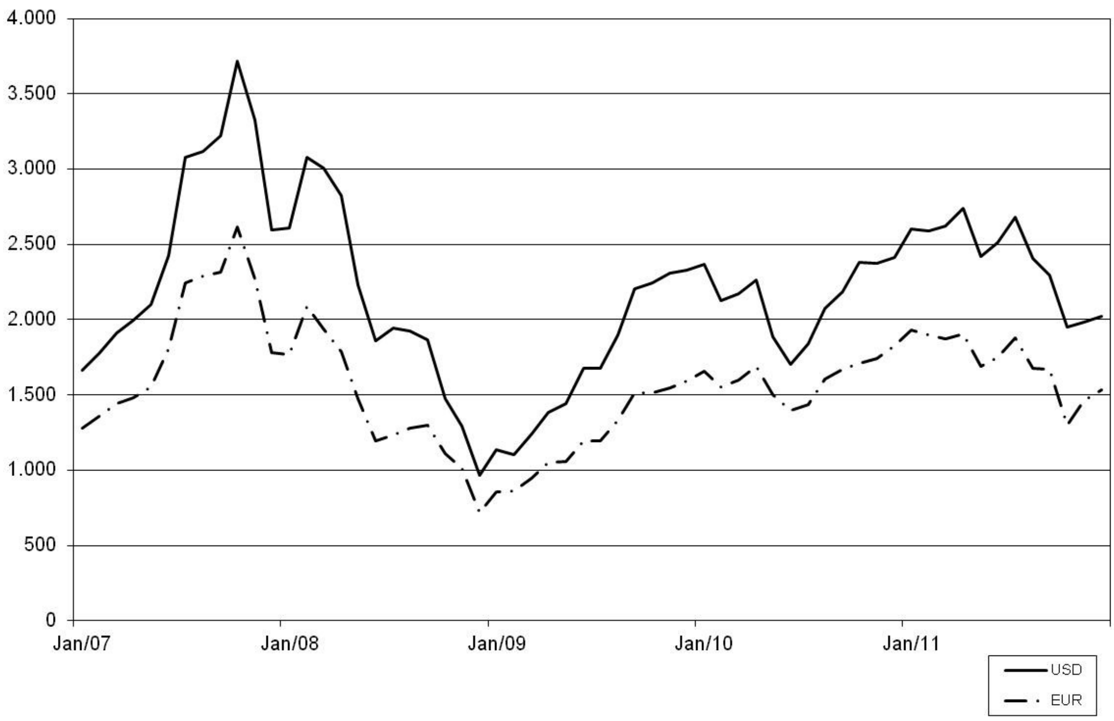
In the lead market Campine Recycling is a significant recycler of secondary lead in Europe, in a market dominated by 'majors' like battery manufacturers. End customers are primarily the automotive industry (for battery production), medicine (X-ray protection) and construction (roofing).

Results and volumes

Overall, 2011 was a good year for the lead unit.

Turnover rose to EUR 61.36 million (EUR 54.12 million in 2010) (+13.4%) on a slightly lower sales volume of 42,117 mT (42,802 mT in 2010) (-1.6%).

Lead LME cash/mT in USD and in EUR



Market

The market was characterized by strong commodity price volatility. LME lead prices started the year at EUR 1,932/mT and fluctuated continuously between EUR 1,500 and EUR 2,000/mT. In October they fell to EUR 1,298/mT then increased back and ended the year at EUR 1,531/mT.

On top of that, prices at times fluctuated considerably from hour to hour on the London Metal Exchange: a 10% rise or fall within one hour being no exception.

On the battery market, supply is somewhat scarce and a handful of major companies are trying to dominate the market. This inevitably affects the market and customers such as Campine, which in turn see their own margins decline. In the future we will need to think about introducing our own battery management system.

Battery manufacturers are our main customers. Worldwide the market is growing, but in Europe the situation is flat, so that our sales figures have stabilized. While the market is certainly expecting some form of consolidation in the battery industry there was no clear progress in this regard.

In the meantime, Campine is focusing on maintaining excellent relationships with its customers. Quality of products and flexibility of service are right at the top of our agenda.

Production

Internally Campine focused on a number of new investments. A new control room – with a view over the production area – was brought into use. A second roller bridge was added, providing greater flexibility and safety.

Environment

In 2009 the European Batteries Directive was introduced. The industry had taken the time to study the recommendations put forward by the European authorities and expressed its willingness to apply even stricter standards than those proposed. In this way, approximately 85 percent of products will be recycled, against the 65 percent proposed by the European authorities. This clearly demonstrates the willingness of Campine and others in the industry to make extensive efforts in the environmental area. At the same time, plastic is being used more and more in batteries; material that we use as a reducing agent. In this way Campine is proving its innovative approach.

The improvements being made to our plant also show that ecology is an important theme, e.g; raw materials are now stored in covered areas instead of the open air.

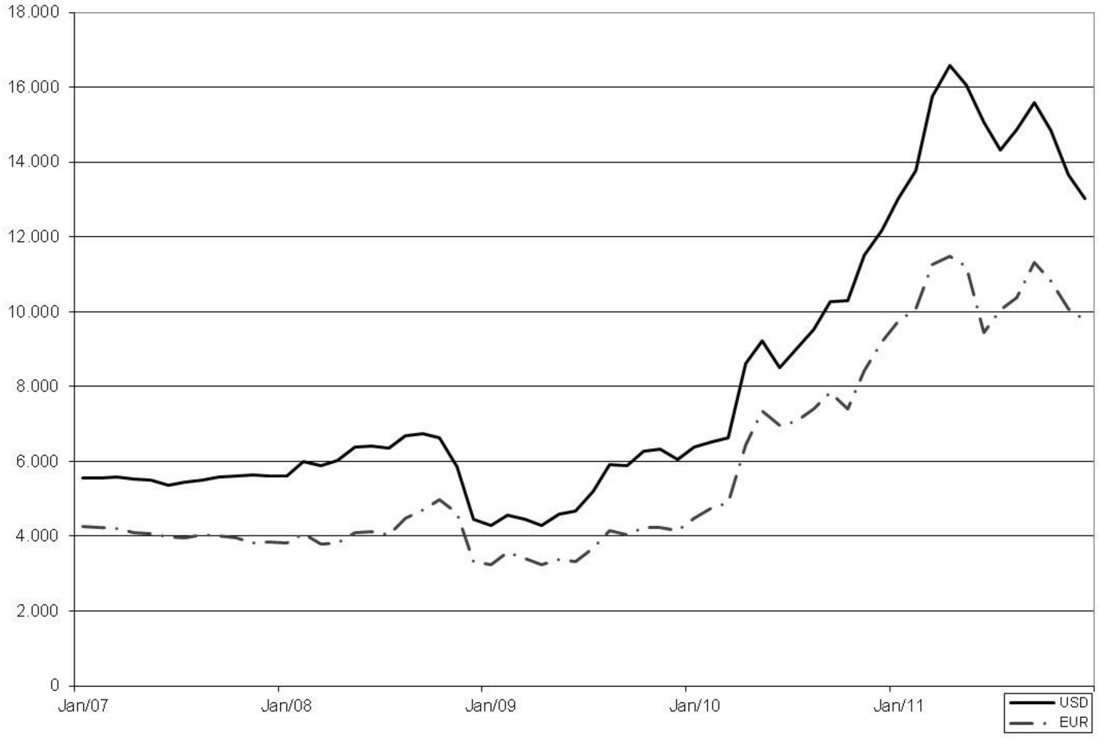
Antimony

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

Turnover rose sharply to EUR 94.67 million (EUR 61.75 million in 2010) (+53.3%), while volume slightly lowered to 9,748 mT (9,909 mT in 2010) (-1.6%). Supply of raw materials is dominated primarily by China. Like any sensible operator, Campine is also looking for alternative sources of supply.

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



Market

Antimony metal prices fluctuated strongly throughout the year. They rose sharply during the first quarter from EUR 9,466/mT to almost EUR 12,000/mT to decline to EUR 9,445/mT end of June, increased again to EUR 11,847/mT end September and fell back sharply to EUR 9,765/mT at the end of December.

A strong first half in our market with high demand was followed by a thoroughly disappointing second half. Our well-managed client portfolio is highly diversified, with a good spread of risk.

PET is an increasingly important sector, alongside construction, the PVC industry, ceramics and plastics.

The basic raw material for the production of antimony (especially in its metallic form) remains - unlike say oil - a scarce commodity.

In 2011 each tonne purchased cost between two to three times as much as it did in 2009. We are now paying EUR 9,150 to EUR 9,950 to suppliers per ton of metal. The price level is a constant concern for us and our customers.

The customer portfolio fortunately remained stable. Campine is the market leader in Europe with a market share of 25%. The vast majority of customers are to be found in Europe, with remaining sales mainly to the Middle East, Asia, the United States and Latin America.

The construction and automotive sectors in particular are the main customers for antimony, known for its fire retardant qualities. Campine is also managing - successfully - to compete and defend its global presence.

Production

Campine is preparing for the future. On the one hand with increasingly sophisticated resource management and on the other by limiting the waste circuit.

Campine wants more than ever to use recycled waste in production. In-house we are making the necessary preparations to reduce our dependency on others.

Finally, the packaging lines are being increasingly automated. This positively affects product throughput times and ensures punctual delivery to customers. This programme will be continued with the same dynamism in the coming years.

Environment

Campine also made considerable investments in 2011 to ensure a better environment protection.
Reducing dust emission is an absolute priority, not only internally but also for the general environment. New technologies are bearing fruit.

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

In 2011 the plastics business unit got off to a flying start, followed by a disappointing second semester due to a weak last quarter.

The plastics business unit realized a turnover of EUR 24.13 million (EUR 20.53 million in 2010) (+17.5%). Volume decreased to 5,083 mT (2010: 5,413 mT) (-6%).

From the third quarter demand fell sharply and the order book was reduced. The reason was easy to figure out: the huge uncertainty hanging over the global economy. From the last quarter onwards even large multinationals took a somewhat wait-and-see position, including placing orders on hold. Medium-sized enterprises and SME's were less reticent here.

Raw materials prices were very high during the first half of 2011. In the second half, with a greater supply of raw materials on offer, prices dropped.

Market

The plastics division is active in various sectors, with the construction and automotive industries as its largest clients. The automotive sector in particular is proving a good customer.

The initial geographical target of Western Europe has been broadened to Southern and Eastern Europe as well as Russia. We are also looking to initiate business in the United States and the Middle East.

Production

Thanks to the investment programme - deployed in 2010 and continued in 2011 - processing, both upstream and downstream, has become better and more efficient. These investments already realised an important modernization of the production apparatus. In the coming years this can be followed by an expansion of the extruder lines.

Support services

Financial & strategic aspects

2011 was a strong year, despite the signs of recession that became visible in the final months of the year.

Certain developments, among them in the supply of raw materials from China for the antimony business unit and the delivery of recyclable scrap for the lead business unit have logically impacted our margins. The question here is whether we are really facing a scarcity of resources or whether a strategic game is being played out.

In any event Campine is actively looking at alternatives in the form of strategic "win-win" partnerships.

Rising sales in 2011 (EUR 181.72 million vs. EUR 137.60 million in 2010) reflect mainly the strong uptrend in metal prices. Campine ended the year with an overall net result after taxes of EUR 4.05 million, compared with EUR 5.75 million in 2010. Profitability ran higher during the first half, but was then undermined by a weak second half in all business units. Margins also came under considerable pressure.

Human resources & IT

Our Beerse team of people consists of winners in every area of our business. We value these people highly and are also looking for new blood to make our team even stronger. In 2011 we hired new people, and also expended attention and money on professional education and training courses.

We now have a culture of transparency across the company. At all times and in all places Management seeks open dialogue with employees, who are given an opportunity to take responsibility and become "entrepreneurial".

Despite the weakened economy, especially in the second half of 2011, Campine maintained its organization intact and stable. Indeed, during the first six months, the team was reinforced with a dozen newcomers. Campine now has 176 employees.

As announced in 2010, we pursued improvements of our IT efforts in 2011. By the end of 2011, phase one of the new SAP system was operational. The final piece will follow in 2012. This new system allows us to process orders much more efficiently, faster and also more accurately.

Environment & regulations

27 October 2011 was a red-letter day for Campine. On that date, the Flemish government, on the advice of OVAM, granted the new operating permit covering the next twenty years (2011/2031). We see this as a strong confirmation of our skills and capability.

In 2011 Campine continued work on the "Master Plan" to adapt the entire site to the needs of the future over the next twenty years. This crucially includes the construction of a totally new access road on the north side of the site, for which the planning application was officially submitted.
After that the entire site will be redesigned for more efficient and logical distribution of all activities and goods.

Safety & health

Safety is an absolute priority. Increased employee involvement is producing better results here.

2011 was - with the exception of one serious industrial accident in January - a safe year.

The incident reporting system in which potentially unsafe conditions are reported - and addressed - goes a long way to prevent accidents. The ultimate goal is to achieve the highest safety standards in the industry. This we are working towards year after year.

Management, for its part, has made both small adjustments and major investments to ensure progress in safety and health. Employees are committed to exercising the necessary individual discipline in safety, health and hygiene.

In the health area we are doing well. Our regular biomonitoring indicates a low level of hazardous substances, well within the prevailing standards.

We have also moved forward in the ergonomics by replacing manual handling by conveying and manipulation equipment. In 2012 a new packaging machine will come into use.

Perspectives for 2012

In 2012, Campine will celebrate its hundredth anniversary. This is indeed a historic landmark. Successive management teams have been successful for an entire century, in dialogue with their immediate environment.

While markets remain volatile our result will be affected, but we are confident that Campine can tackle the challenges involved.

We keep investing in our personnel and equipment to further improve in the coming years.

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.
- The annual report gives a true and fair view of the development and results of the company, including its consolidated subsidiaries, together with a description of 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 and confirms that the independent directors comply with the law as to independence and competence criteria in the field of accounting and audit.

Significant events after the close of the year
No important events occurred after the close of the financial year.

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 Articles of Association, 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 1.875 million (EUR 1.25 gross per share) against presentation of coupon nr 6, with payment date 31 May 2012 (ex-date: 28 May 2012 and record date 30 May 2012). In 2011 a dividend of EUR 2.25 million (EUR 1.50 gross per share) was paid on the basis of the 2010 result.

Statutory Auditor
In 2011 the statutory auditor fee for audit services reached 76.500 EUR for the Group.
The non-audit services in 2011 amounted to 20.123 EUR and were related to:
- Other attestation services (14.400 EUR)
- Tax advice (5.723 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 2011.

Statutory Appointments
The mandates of all Board members will expire. The Board proposes to the General Meeting of Shareholders:
- to renew the mandates of Mr. F.-W. Hempel, Mr. A. Hempel, Mr. G. Krekel and Delox NV represented by its permanent representative Mr. P. De Groote, as Board member for a period of 3 years.
- to nominate Mr. H. Orgs as Board member for a period of 3 years.

Subject to renewal, all mandates will automatically expire after the General Meeting of Shareholders in 2015.

The Board is looking for a new independent Board member for a period of 3 years and will propose to the General Meeting of Shareholders to nominate this person. Accurate information about the new Board member is not yet available and will be provided on the website as soon as available.

The mandate of Mr. R. Pearson will expire. Mr. Pearson started at Campine as Auditor in 1981 and as Board member in 1986; in 2012 – when he becomes 65 – he will be involved at Campine for 31 years. The Board of Directors expresses its gratitude to Mr. Pearson for his commitment and involvement in the company.
To enable a transfer of his elaborate experience and knowledge to guarantee continuity, the Board will – after advice of the Nomination & Remuneration committee - nominate Mr. Pearson as Company Secretary as to the Corporate Governance Code 2009.

The mandate of DW Services Comm V., represented by its permanent representative Mr. A. De Witte, will expire. Mr. De Witte has exercised the maximum legal term as independent Board member and has to be replaced by a new independent Board member. The Board of Directors expresses its gratitude to Mr. De Witte for his involvement in the company.

Corporate Governance Statement 2011

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 can be consulted 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

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 independent directors comply with art. 526ter of the Company Code.

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.

As of 1 January 2017 this quota becomes a legal quota. The Board of Directors will take this into account when presenting new directors if two candidates of equal value with different gender apply.

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 2011, the following Board meetings were held:

Date of the Board meeting	Members present
23 February 2011	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
11 May 2011	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
24 August 2011	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
22-23 November 2011	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

Daniel Chéret
General Manager Lead*

Ralph Vluggen
General Manager Plastics

Geert Krekel**
General Manager Antimony

Ronny Van Britsom
Site Facility Manager

* 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.
It consists of the Chairman of the Board Mr. F.-W Hempel and the two independent directors DW Services Comm. V. and DELOX NV. 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 directors comply with the law as to independence and competence criteria in the field of accounting and audit.

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.

4. Functioning

During the financial year which closed per 31 December 2011 the following Board committees meetings were held:

Board committee	Date of the meeting	Members present
Nomination & Remuneration committee	20 January 2011	F.-W. Hempel, Delox NV, DW Services Comm. V, G. Krekel
	22 November 2011	F.-W. Hempel, Delox NV, DW Services Comm. V, G. Krekel
Audit committee	22 February 2011	R. Pearson, DW Services Comm. V. with Auditor
	23 August 2011	R. Pearson, DW Services Comm. V. with Auditor
	20 September 2011	R. Pearson, DW Services Comm. V.
	22 November 2011	R. Pearson, DW Services Comm. V. with Auditor
Strategy committee	22 February 2011	A. Hempel, DELOX NV, G. Krekel
	23 August 2011	A. Hempel, DELOX NV, G. Krekel
	22 November 2011	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. <u>Control environment</u>
   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 Financial Services and Markets Authority (“FSMA”).

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 2011

1. Remuneration policy

At remaining circumstances, this remuneration policy is also applicable for the next two financial years.

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. It is paid during the corresponding financial year.

The tantième granted to the non-executive directors is set in the Articles of Association and specified under point 2 below. It is paid in May following the close of the financial year to which the tantièmes relate.

Managing Director
The Board of Directors decides upon the appointment, remuneration and removal of the Managing Director.
The performance of the Managing Director is assessed by the Nomination & Remuneration committee. During a Board meeting – where the Managing Director is not present – the Chairman of the Nomination & Remuneration committee informs the members about this assessment which is consequently discussed.

Fixed and variable
The Managing Director does not receive any compensation for his duty as mere 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.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 and some possible over multiple financial years. 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.
An additional bonus can be granted in case of outperformance of above mentioned criteria.

The Board of Directors proposes to the Extraordinary General Meeting of 8 May 2012 a statutory modification of article 520ter, second paragraph, and article 525, last paragraph of the Company Code. These articles provide in the spread of the variable compensation granted to the Managing Director and the Executive Management Team on a basis of performance criteria. Because the company is hugely dependent on the evolution of raw material prices and because there are still many questions relating to the application of the law, it is very difficult to determine these criteria in advance and the Board of Directors proposes to the General Meeting to deviate of the application of the law.

Pensions
The Managing Director participates to a pension plan based on fixed contributions.

Other benefits
The Managing Director participates – as each employee of the company – to a group and hospitalisation insurance. Other benefits are representation allowance, company car, company phone in compliance with local market practices.

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

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

Fixed and variable
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.
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 and some possible over multiple financial years.. 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.
An additional bonus can be granted in case of outperformance of above mentioned criteria.

The Board of Directors proposes to the Extraordinary General Meeting of 8 May 2012 a statutory modification of article 520ter, second paragraph, and article 525, last paragraph of the Company Code. These articles provide in the spread of the variable compensation granted to the Managing Director and the Executive Management Team on a basis of performance criteria. Because the company is hugely dependent on the evolution of raw material prices and because there are still many questions relating to the application of the law, it is very difficult to determine these criteria in advance and the Board of Directors proposes to the General Meeting to deviate of the application of the law.

Pensions
The members of the Executive Management Team participate to a pension plan based on fixed contributions.

Other benefits
The members of the Executive Management Team participate – as each employee of the company – to a group and hospitalisation insurance.
Other benefits are representation allowance, company car, company phone in compliance with local market practices.

Terms of hiring and termination arrangements
The contractual terms of hiring and termination arrangements of the 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 2011

The remunerations are based on the above mentioned policy.

The Board is composed in such a way that it represents shareholders on the one side and other stakeholders on the other side. The Board – who finally decides upon the remuneration of the Management – oversees that the performance of the Management is related to the continuity and long term results of the company and that their remuneration is in relation to their performance and in the interest of all stakeholders.

Directors

- During the financial year closed per 31 December 2011, the non-executive directors (F.-W. Hempel, A. Hempel, R. Pearson, DW Services Comm. V., DELOX NV) received each a gross compensation of 12.000 EUR for fulfilling their duties as directors.
- During the financial year closed per 31 December 2011, 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 2011 none of the non–executive directors received any shares, share options or other rights to acquire shares of the company or Group.

Managing Director

- 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. His remuneration 2011 is composed as follows: a fixed remuneration and a variable remuneration based on company objectives, BU objectives and personal objectives. The variable remuneration over 2011 is paid in the financial year 2012.
- During the financial year closed per 31 December 2011 Geert Krekel did not receive any shares, share options or other rights to acquire shares of the company or Group.

Executive Management Team

- The remunerations 2011 are composed as follows: a fixed remuneration and a variable remuneration based on company objectives, BU objectives and personal objectives. The variable pay over 2011 is paid in the financial year 2012.
- During the financial year closed per 31 December 2011 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.

Publication amounts

- 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.
- The company decided to disclose the total remuneration of the Executive Management including the Board of Directors being 1.121 KEUR.

Auditor’s control

The Auditor checked whether the annual report including the corporate governance statement and the remuneration report 2011 comprises the information required by articles 95, 96 and 119 of the Company Code and are in compliance with the annual accounts for the corresponding financial year. You can find her conclusion in the Auditor’s report.

Consolidated financial statements 2011

1. Consolidated income statement for the year ended 31 December 2011

'000 EUR	Notes	Year ended 31/12/2011	Year ended 31/12/2010
Revenue	4	181.720	137.663
Other operating income		2.585	1.204
Changes in inventories of finished goods and work in progress		5.375	7.722
Raw materials and consumables used		- 157.297	- 115.418
Employee benefits expense	27	- 12.317	- 11.243
Depreciation and amortisation expense		- 2.964	- 3.205
Other operating expenses	5	- 11.890	- 8.200
Operating result		5.212	8.523
Investment revenues		4	-
Hedging results	15	1.808	- 435
Finance costs	6	- 1.088	- 585
Result before tax		5.936	7.503
Income tax expense	7	- 1.884	- 1.751
Result for the year		4.052	5.752
Result for the year	**8**	**4.052**	**5.752**
Attributable to:			
Equity holders of the parent		4.052	5.752
Minority interest		-	-
		4.052	5.752
RESULT PER SHARE (in EUR)	9		
Basic		2,70	3,83
Diluted		2,70	3,83

Condensed consolidated overview of other comprehensive income for the period

'000 EUR	Notes	Year ended 31/12/2011	Year Ended 31/12/2010
Result for the year		4.052	5.752
Other comprehensive income		-	-
Total comprehensive income for the year		**4.052**	**5.752**
Attributable to:			
Equity holders of the parent		4.052	5.752
Minority interest		-	-

2. Consolidated balance sheet at 31 December 2011

'000 EUR	Notes	Year ended 31/12/2011	Year ended 31/12/2010
ASSETS			
Non-current assets			
Property, plant and equipment	10	10.182	9.134
Intangible assets	11	786	346
Cash restricted in its use		300	300
		11.268	9.780
Current assets			
Inventories	13	42.524	36.997
Trade and other receivables	14	25.924	23.471
Derivatives	15	68	68
Cash and cash equivalents		1.048	1.572
		69.564	62.108
TOTAL ASSETS		**80.832**	**71.888**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	4.000	4.000
Translation reserves		-	-
Retained earnings*		23.302	21.550
Equity attributable to equity holders of the parent		27.302	25.550
Total equity		27.302	25.550
Non-current liabilities			
Retirement benefit obligation	28	578	766
Deferred tax liabilities	18	141	326
Bank loans	17	5.475	1.800
Provisions	21	1.616	2.216
		7.810	5.108
Current liabilities			
Retirement benefit obligation	28	188	201
Trade and other payables	19	18.009	22.253
Derivatives	15	393	599
Current tax liabilities		3.276	1.490
Bank overdrafts and loans	17	23.561	16.466
Provisions	21	293	221
		45.720	41.230
Total liabilities		53.530	46.338
TOTAL EQUITY AND LIABILITIES		**80.832**	**71.888**

* Retained earnings consist of legal reserves (965 KEUR) and other reserves and retained results (22.337 KEUR).

3. Consolidated statement of changes in equity for the year ended 31 December 2011

'000 EUR	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance at 31 December 2009	**4.000**	**15.798**	**19.798**	**19.798**
Result of the year	-	5.752	5.752	5.752
Dividends and tantièmes	-	-	-	-
Balance at 31 December 2010	**4.000**	**21.550**	**25.550**	**25.550**
Result of the year	-	4.052	4.052	4.052
Dividends and tantièmes	-	- 2.300	- 2.300	- 2.300
Balance at 31 December 2011	**4.000**	**23.302**	**27.302**	**27.302**

4. Consolidated cash flow statement for the year ended 31 December 2011

'000 EUR	Notes	Year ended 31/12/2011	Year ended 31/12/2010
OPERATING ACTIVITIES			
Result for the year		4.052	5.752
Adjustments for:			
Other gains and losses (investment grants)		-	-14
Investment revenues		-4	-
Other gains and losses (hedging results)	15	-1.808	435
Finance costs	6	1.088	585
Income tax expense	7	1.884	1.751
Depreciation and amortisation expense		2.964	3.205
Change in provisions (incl. retirement benefit)		-729	-587
Change in inventory value reduction	13	2.555	-67
Others		-7	14
Operating cash flows before movements in working capital		9.995	11.074
Change in inventories	13	-8.082	-15.503
Change in receivables	14	-2.453	-9.934
Change in trade and other payables	21	-4.244	7.594
Cash generated from operations		-4.784	-6.769
Hedging results		1.602	-147
Interest paid	6	-1.088	-585
Income taxes paid		-276	-500
Net cash (used in) / from operating activities		***-4.546***	***-8.001***
INVESTING ACTIVITIES			
Interest received		4	-
Purchases of property, plant and equipment	10	-3.923	-3.483
Purchases of intangible assets	11	-529	-326
Net cash (used in) / from investing activities		***-4.448***	***-3.809***
FINANCING ACTIVITIES			
Dividends and tantièmes paid		-2.300	-
Repayments of borrowings	17	-2.791	-2.121
New bank loans raised	17	7.500	-
Change in cash restricted in its use		-	8
Change in bank overdrafts	17	6.061	14.100
Net cash (used in) / from financing activities		***8.470***	***11.987***
Net change in cash and cash equivalents		***-524***	***177***
Cash and cash equivalents at the beginning of the year		1.572	1.395
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year		***1.048***	***1.572***
Bank balances and cash		***1.048***	***1.572***

5. Notes to the consolidated financial statement for the year ended 31 December 2011

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 2011.
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 2011.

Became applicable for 2011, but don't have a material impact on the presentation, notes or the financial statements of the Group.

- 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 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).

Issued but not yet effective

- IFRS 9 *Financial Instruments* (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013).
- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 July 2011).
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011).
- Amendment to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012).
- Amendment to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2012).
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013).

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Acquisition-related costs are recognized in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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 (see note 5.13.), the valuation of sanitation provisions (see note 5.21.), provisions for litigation, provisions for doubtful debtors (see note 5.14.1.) and for pension and related liabilities (see note 5.28.).

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 2011	Antimony Year ended 31/12/2011	Plastics Year ended 31/12/2011	Lead Year ended 31/12/2011	Elimination / others Year ended 31/12/2011	Total Year ended 31/12/2011
REVENUE					
External sales	94.671	24.127	61.356	1.566	181.720
Inter-segment sales	11.495	-	-	- 11.495	-
Total revenue	106.166	24.127	61.356	- 9.929	181.720
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	6.447	1.677	2.931		11.055
Unallocated expenses					- 5.839
Operating result					5.216
Investment revenues					-
Hedging results			1.808		1.808
Other gains and losses					-
Finance costs					- 1.088
Result before tax					5.936
Income tax expense					- 1.884
Result for the year					**4.052**

'000 EUR 2011	Antimony 31/12/2011	Plastics 31/12/2011	Recycling 31/12/2011	Others 31/12/2011	Total 31/12/2011
OTHER INFORMATION					
Capital additions	1.308	258	1.596	1.290	4.452
Depreciation and amortisation	415	193	1.833	523	2.964
BALANCE SHEET					
Assets					
Fixed assets	1.672	487	5.905	2.904	10.968
Cash restricted in its use	-	-	300	-	300
Stocks	22.730	4.314	14.492	988	42.524
Trade and other receivables	12.557	2.163	8.241	2.963	25.924
Derivatives	-	-	68	-	68
Cash and cash equivalent	-	-	-	1.048	1.048
Total Assets	**36.959**	**6.964**	**29.006**	**7.903**	**80.832**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	578	578
Deferred tax liabilities	-	-	-	141	141
Bank loans	-	-	-	5.475	5.475
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	1.616	-	1.616
Short term liabilities					
Retirement benefit obligation	-	-	-	188	188
Trade and other payables	9.233	194	5.624	2.958	18.009
Derivatives	-	-		393	393
Current tax liabilities	-	-	-	3.276	3.276
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	23.561	23.561
Provisions	-	-	293	-	293
Total liabilities	**9.233**	**194**	**7.533**	**36.570**	**53.530**

'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	13.034	2.889	6.269	1.279	23.471
Derivatives	-	-	68	-	68
Cash and cash equivalent	-	-	-	1.572	1.572
Total Assets	**37.254**	**6.132**	**22.740**	**5.762**	**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	11.804	670	6.941	2.838	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	**11.804**	**670**	**9.977**	**23.887**	**46.338**

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 31/12/2011	%	Year ended 31/12/2010	%
Europe	13.720	7,55%	14.508	10,54%
Germany	51.599	28,39%	10.732	7,80%
United Kingdom	12.270	6,75%	12.765	9,27%
France	17.585	9,68%	10.033	7,29%
Netherlands	12.462	6,86%	27.609	20,06%
Italy	15.750	8,67%	27.066	19,66%
Others in Europe	23.747	13,07%	12.869	9,35%
Asia	6.174	3,40%	3.139	2,28%
North America	26.249	14,44%	16.647	12,09%
Others	2.164	1,19%	2.295	1,67%
	181.720	**100,00%**	**137.663**	**100,00%**

5.5. Other operating expense

'000 EUR	Year ended 31/12/2011	Year ended 31/12/2010
Office expenses	706	748
Fees	947	692
Insurances	244	226
Interim personnel	949	970
Carry-off of waste	1.954	1.716
Travel expenses	231	166
Transportation costs	1.515	945
Other sales expenses	988	973
Expenses on operational hedges	1.555	329
Operational exchange rates	812	280
Others	1.989	1.155
	11.890	**8.200**

5.6. Finance costs

'000 EUR	Year ended 31/12/2011	Year ended 31/12/2010
Interest on bank overdrafts and loans	1.088	585
Interest on obligations under finance leases	-	-
Total borrowing costs	1.088	585
Less amounts included in the cost qualifying assets	-	-

5.7. Income tax expense

'000 EUR	Year ended 31/12/2011	Year ended 31/12/2010
Current tax	2.069	1.710
Deferred tax	- 185	41
Income tax expense for the year	**1.884**	**1.751**

Domestic income tax is calculated at 33,99% (2010: 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 31/12/2011	Year ended 31/12/2010
Result before tax	5.936	7.503
	5.936	**7.503**
Tax at the domestic income tax rate of 33,99% (2010: 33,99%)	2.018	2.550
Tax effect of expenses that are not deductible in determining taxable result	83	83
Tax effect of Notional Interest Deduction (NID)	- 263	- 241
Tax settlement previous years	1	-
Tax effect of utilisation of tax losses not previously recognised	-	- 666
Tax penalty (unsufficient prepayments)	45	25
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Tax expense and effective tax rate for the year	**1.884**	**1.751**

5.8. Result for the year

Result for the year has been arrived at after charging:

'000 EUR	Year ended 31/12/2011	Year ended 31/12/2010
Net foreign exchange gains/(losses)	- 812	- 280
Lead hedging on LME-exchange (London Metal Exchange) (see note 15)	1.808	- 435
Research & development costs	446	- 313
Amortisation of capital grants	2	14

5.9. Dividends and tantièmes

An amount of 50 KEUR was paid as tantièmes over the financial year 2010 to the non-executive Board members.

On 31 May 2011, a dividend of 1,50 EUR per share (total dividend 2,25 million EUR) based on the 2010 results was paid to shareholders.
In respect of the current year, the directors propose that a dividend of 1,25 EUR per share will be paid to the shareholders against presentation of coupon nr 6, with payment date 31 May 2012 (ex-date: 28 May 2012 and record date 30 May 2012). 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 1,875 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 31/12/2011	Year ended 31/12/2010
RESULT		
Result for purposes of basic and diluted results per share (result for the year attributable to equity holders of the parent)	4.052	5.752
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 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
Additions	200	162	3.562	3.924
Transfers	12	- 56	44	-
Disposals	-	-	-	-
At 31 December 2011	12.609	162	46.414	59.185
ACCUMULATED DEPRECIATION				
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
Deprecation charge for the year	540	-	2.336	2.876
Eliminated on disposals	-	-	-	-
At 31 December 2011	9.937	-	39.066	49.003
CARRYING AMOUNT				
At 31 December 2011	**2.672**	**162**	**7.348**	**10.182**
At 31 December 2010	**3.000**	**56**	**6.078**	**9.134**

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 2009	297
Additions	327
At 31 December 2010	624
Additions	528
At 31 December 2011	1.152
CUMULATED DEPRECIATION AND AMORTISATION	
At 31 December 2009	229
Charge for the year	49
At 31 December 2010	278
Charge for the year	88
At 31 December 2011	366
CARRYING AMOUNT	
At 31 December 2011	**786**
At 31 December 2010	**346**

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 has effectively taken place in 2011. In 2010 we incurred a cost of 327 KEUR and in 2011 we incurred a cost of 528 KEUR. Both amounts will be depreciated over a period of 5 years.

5.12. Subsidiaries

Details of the Group's subsidiaries at 31 December 2011 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	31/12/2011	31/12/2010
Raw materials	19.701	19.549
Work-in-progress	6.923	3.248
Finished goods	15.900	14.200
	42.524	**36.997**

The inventory per year-end includes a value reduction of 3.237 KEUR (2010: 682 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	31/12/2011	31/12/2010
Amounts receivable from the sale of goods	22.961	22.192
Other receivables	2.963	1.279
	25.924	**23.471**

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 597 KEUR (2010: 598 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	31/12/2011	31/12/2010
Opening Allowance doubtful debtors	598	602
Additions	2	-
Reversals	- 3	- 4
Write-offs	-	-
Closing allowance doubtful debtors	**597**	**598**

Included in the Group's trade receivable balance are debtors with a carrying amount of 890 KEUR (2010: 515 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 35 days past due (2010: 21 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 +1.808 KEUR included in the income statement during the year ended 31 December 2011. (31 December 2010: -435 KEUR).

'000 EUR	Fair value of current instruments	Underlying open positions (tons)	Change in fair value in income statement
At 31 December 2010	- 531	3.650	- 435
At 31 December 2011	- 325	4.875	1.808

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for 68 KEUR and current liabilities – derivatives for 393 KEUR. The amount of 68 KEUR is related to the open position of the fixed price contracts on 31 December 2011.

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	31/12/2011	31/12/2010
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	31/12/2011	31/12/2010
Bank loans	8.175	3.466
Bank overdrafts	20.861	14.800
	29.036	**18.266**

The borrowings are repayable as follows:

'000 EUR	31/12/2011	31/12/2010
Bank loans after more than one year	5.475	1.800
Bank loans within one year	2.700	1.666
Bank overdrafts on demand	20.861	14.800
	29.036	**18.266**

The average interest rates paid were as follows:

	Year ended 31/12/2011	Year ended 31/12/2010
Bank overdrafts	2,70%	2,90%
Bank loans	4,90%	5,50%

To fulfil the potential increased need of working capital, the credit facilities amounting to EUR 15 million were increased to EUR 24 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: 20.861 KEUR per 31 December 2011 (per 31 December 2010: 14.800 KEUR)) are arranged at floating rates, thus exposing the Group to an interest rate risk. At 31 December 2011, the Group had available 4.187 KEUR (31 December 2010: 1.772 KEUR) of undrawn committed borrowing facilities.

The credit agreements contain a number of covenants regarding solvability, liquidity and profitability. On 31 December 2011 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 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**
Charge/(credit) to result for the year	- 38	- 147	-	-	- 185
At 31 December 2011	**25**	**97**	**- 65**	**84**	**141**

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

5.19. Trade and other payables

'000 EUR	31/12/2011	31/12/2010
Trade creditors and accruals	15.051	19.415
Other payables and accruals	2.958	2.838
	18.009	**22.253**

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.

5.20. 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	31/12/2011			31/12/2010		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Trade and other liabilities	18.009	-	-	22.253	-	-
Bank overdrafts	20.861	-	-	14.800	-	-
Bank loans	2.975	5.890	-	1.824	1.936	-
Finance lease obligations	-	-	-	-	-	-

5.21. Provisions

'000 EUR	Soil sanitation cost	Concrete plan sanitation cost	Other	Total
At 31 December 2010	1.350	1.087	-	2.437
Additional provision in the year	-	-	-	-
Utilisation of provision	- 215	- 313	-	- 528
At 31 December 2011	**1.135**	**774**	**-**	**1.909**

'000 EUR	31/12/2011	31/12/2010
Analysed as:		
Current liabilities	293	221
Non-current liabilities	1.616	2.216
	1.909	**2.437**

Status provisions at 31 December 2011:

- The provision for both the soil sanitation and the "concrete plan" remained unchanged during the first semester 2011. At the beginning of the second semester, we started with the next phase of the soil sanitation plan. During the 2nd semester the "concrete plan" was also executed following the foreseen planning.

5.22. Non-cash transactions

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

5.23. Contingent liabilities

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

5.24. Commitments

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

5.25. Operating lease arrangements

The Group as lessee:

'000 EUR	31/12/2011	31/12/2010
Minimum lease payments under operating leases recognised as an expense in the year	107	89

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

'000 EUR	31/12/2011	31/12/2010
Within one year	95	85
In the second year to fifth year inclusive	172	118
After five years	-	-
	267	**203**

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

5.26. Share-based payments

During the financial year closed per 31 December 2011 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.

5.27. Employee benefits expense

'000 EUR	31/12/2011	31/12/2010
Salaries	8.219	7.422
Contribution Social security	2.576	2.346
Other employee benefits expenses	1.522	1.475
	12.317	**11.243**
Average number of FTE's	167	155

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	
	31/12/2011	31/12/2010
Discount rate	4,5%	5,0%
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	31/12/2011	31/12/2010
Present value of funded obligations	1.685	1.571
Fair value of plan assets	- 1.506	- 1.381
Unrecognised actuarial results	12	2
Unrecognised past service cost	-	-
Net liability recognised in the balance sheet	**191**	**192**

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

'000 EUR	31/12/2011	31/12/2010
Current service cost	113	99
Interest on obligation	70	73
Expected return on plan assets	- 51	- 50
Actuarial losses recognised in the year	-	-
Past service cost	-	-
Net periodical benefit cost	**132**	**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% (2010: 3,75%).

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

'000 EUR	31/12/2011	31/12/2010
Opening defined benefit obligation	192	67
Current service cost	113	99
Interest on obligation	69	73
Calculated return on plan assets	- 51	- 50
Actuarial losses	-	-
Exchange differences	-	-
Past service cost	-	121
Benefits paid	- 132	- 118
Closing defined benefit obligation	**191**	**192**

The Group expects to contribute approx. 130 KEUR to its defined benefit plan in 2012.

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 2011 amounts to 575 KEUR (at 31 December 2010 provision amounted to 775 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 2011 bank loans amounted to 8.175 KEUR and bank overdrafts amounted to 20.860 KEUR. Bank loans are arranged at fixed rates.

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 +68 KEUR (in case of 10% increase) or -68 KEUR (in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2011. The share capital will also be influenced.

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 2012 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 2011 of a price fall of 10% would be +758 KEUR or of a price raise -758 KEUR.

5.30. Events after the balance sheet date

No important events occurred after the close of the financial year.

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 Geneva, 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 20.864 KEUR.
- Sales of antimony metal to F.W. Hempel Intermétaux SA for an amount of 836 KEUR.

5.32.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of 39 KEUR (2010: 60 KEUR) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

Hempel Wire Ltd performed certain administrative/management services for the Campine Group, for which a management fee of 40 KEUR (2010: 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	31/12/2011	31/12/2010
Commercial commitments for commodities purchased (to be received)	3.767	5.838
Commercial commitments for commodities sold (to be delivered)	9.327	8.693

5.34. Compensation of key management personnel

For the financial year 2011, the total remuneration of the Executive Management Team including the Board members amounts to 1.121 KEUR (2010: 1.107 KEUR).

During the financial year closed per 31 December 2011 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 2012.

Auditor's report

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011, the consolidated income statement, the consolidated overview of realised and unrealised results, 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 80.832 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 4.052 (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 Réviseurs d'Entreprises/Instituut van de 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 2011, 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 does not change the scope of our audit opinion on the consolidated financial statements:

- Except for disclosing on an individual basis of the amount of the basic and variable remuneration and other benefits that are directly or indirectly paid to the Chief Executive Officer and the disclosing on a global basis of the amount of the basic and variable remuneration and other benefits that are directly or indirectly paid to the Executive Management Team, as well as the split up of these amounts, as required by article 96, § 3, 6° and 7° of the Company Code, 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 2012

The statutory auditor
DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA
Represented by Kathleen De Brabander

Corporate Data

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Auditor

Deloitte Bedrijfsrevisoren:
Represented by Kathleen De Brabander

Financial calendar

8 May, 2012	General Meeting of Shareholders
31 May, 2012 *30 May, 2012* *28 May, 2012*	Payment of dividend *Record date* *Ex-date*
3rd week of April, 2012	Announcement intermediate information 1st semester
Last week of August, 2012	Announcement of half-year results
3rd week of November, 2012	Announcement intermediate information 2nd semester
Last week of February, 2013	Announcement of 2012 annual results