TESSENDERLO GROUP

Financial Report 2012

Content

CONSOLIDATED FINANCIAL STATEMENTS 1

AUDITOR'S REPORT 87

STATUTORY FINANCIAL REPORT 89

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(Million EUR)	note	For the year ended December 31 2012	2011[1]
Continuing operations			
Revenue		2,129.6	2,126.0
Cost of sales		-1,709.6	-1,690.1
Gross profit		**420.0**	**435.9**
Distribution expenses		-101.1	-98.9
Sales and marketing expenses		-71.5	-69.2
Administrative expenses		-156.7	-152.8
Other operating income and expenses	6	-14.9	-10.1
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**75.9**	**104.9**
Gains and losses on disposals	7	15.4	11.2
Restructuring	7	-15.1	-5.6
Losses on disposal groups classified as held for sale	7	-115.7	-
Impairment losses	7	-20.6	-0.7
Provisions and claims	7	-88.0	2.1
Other income and expenses	7	-14.4	-6.0
Profit (+) / loss (-) from operations (EBIT)		**-162.5**	**105.9**
Finance costs		-48.6	-45.9
Finance income		24.2	20.4
Finance costs - net	10	**-24.3**	**-25.6**
Share of result of equity accounted investees, net of income tax	15	7.3	5.9
Profit (+) / loss (-) before tax		**-179.5**	**86.2**
Income tax expense	11	-18.0	-28.3
Profit (+) / loss (-) for the period from continuing operations		**-197.5**	**57.9**
Discontinued operations			
Profit (+) / loss (-) for the period from discontinued operations, net of income tax	5	**-**	**-153.6**
Profit (+) / loss (-) for the period		**-197.5**	**-95.6**
Attributable to:			
- Equity holders of the company		**-197.9**	**-95.5**
- Non-controlling interest		**0.4**	**-0.1**
Basic earnings per share (EUR)	23	-6.46	-3.13
Diluted earnings per share (EUR)	23	-6.46	-3.13
Basic earnings per share (EUR) - Continuing operations	23	-6.46	1.90
Diluted earnings per share (EUR) - Continuing operations	23	-6.46	1.89

[1] In June 2011, the group sold the PVC/Chlor-Alkali and part of the Organic Chlorine Derivatives activities to Kerling (through Ineos ChlorVinyls). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, a distinction was made in the 2011 income statement between continuing and discontinued operations. This distinction applied to the PVC/Chlor-Alkali activities for the 2011 figures. The sold Organic Chlorine Derivatives activities were considered to be a disposal group.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Million EUR)	note	For the year ended December 31 2012	2011
Profit (+) / loss (-) for the period		**-197.5**	**-95.6**
Translation differences	22	-2.9	-8.6
Net change in fair value of derivative financial instruments, before tax	28	-6.0	-5.7
Change in consolidation scope, before tax	4	7.7	-
Income tax on other comprehensive income		-0.5	1.9
Other movements		0.2	-
Other comprehensive income for the period, net of income tax		**-1.7**	**-12.4**
Total comprehensive income for the period		**-199.2**	**-108.0**
Attributable to:			
- Equity holders of the company		-199.7	-108.2
- Non-controlling interest		0.5	0.2
Total comprehensive income for the period		**-199.2**	**-108.0**

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Million EUR)	note	As at December 31 2012	2011
Assets			
Total non-current assets		**647.2**	**695.3**
Property, plant and equipment	12	471.8	518.8
Goodwill	13	37.2	55.0
Other intangible assets	14	60.0	58.1
Investments accounted for using the equity method	15	21.4	20.8
Other investments	16	4.8	5.7
Deferred tax assets	17	4.3	7.4
Trade and other receivables	18	47.6	29.5
Total current assets		**576.7**	**676.6**
Inventories	19	303.3	350.8
Trade and other receivables	18	237.9	290.9
Derivative financial instruments	28	0.9	0.0
Cash and cash equivalents	20	34.7	34.9
Non-current assets classified as held for sale	21	**64.4**	**7.8**
Total assets		**1,288.2**	**1,379.7**

(Million EUR)	note	As at December 31 2012	2011
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company	22	**379.5**	**600.3**
Issued capital	22	153.7	147.9
Share premium	22	88.0	73.5
Reserves and retained earnings	22	137.1	382.4
Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	22	0.6	-3.6
Non-controlling interest	22	**4.5**	**4.3**
Total equity		**384.0**	**604.6**
Liabilities			
Total non-current liabilities		**474.0**	**309.0**
Loans and borrowings	24	275.5	180.5
Employee benefits	25	25.6	30.6
Provisions	26	129.7	56.1
Trade and other payables	27	1.8	2.4
Derivative financial instruments	28	6.5	8.8
Deferred tax liabilities	17	34.9	30.6
Total current liabilities		**389.5**	**466.1**
Bank overdrafts	20/24	5.2	0.7
Loans and borrowings	24	68.0	73.2
Trade and other payables	27	290.6	379.3
Derivative financial instruments	28	0.0	1.6
Current tax liabilities		2.7	3.0
Provisions	26	23.1	8.4
Liabilities associated with assets classified as held for sale	21	**40.6**	**-**
Total liabilities		**904.2**	**775.1**
Total equity and liabilities		**1,288.2**	**1,379.7**

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Treasury shares	Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2011		**143.7**	**57.5**	**13.8**	**-14.4**	**10.7**	**-2.5**	**-**	**-**	**516.0**	**724.8**	**3.7**	**728.5**
Profit (+) / loss (-) for the period		-	-	-	-	-	-	-	-	-95.5	-95.5	-0.1	-95.6
Other comprehensive income for the period													
- Translation differences		-	-	-	-9.0	-	-	-	-	-	-9.0	0.3	-8.6
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-3.8	-	-	-	-3.8	-	-3.8
Comprehensive income for the period, net of income taxes		0.0	0.0	0.0	-9.0	0.0	-3.8	0.0	0.0	-95.5	-108.2	0.2	-108.0
Transactions with owners, recorded directly in equity													
- Shares issued	22	0.5	1.7	-	-	-	-	-	-	-	2.2	-	2.2
- Shares issued (stock dividend)	22	3.7	14.4	-	-	-	-	-	-	-	18.1	-	18.1
- Dividends paid to shareholders	22	-	-	-	-	-	-	-	-	-38.3	-38.3	-	-38.3
- Warrants and capital increase		-	-	-	-	-	-	-	-	1.7	1.7	-	1.7
Total contributions by and distributions to owners		4.2	16.0	0.0	0.0	0.0	0.0	0.0	0.0	-36.6	-16.3	0.0	-16.3
Other movements		-	-	0.6	-	-	3.6	-	-3.6	-0.6	0.0	-	0.0
Change in consolidation scope		-	-	-	-	-	-	-	-	-	0.0	0.3	0.3
Balance at December 31, 2011		**147.9**	**73.5**	**14.4**	**-23.4**	**10.7**	**-2.8**	**0.0**	**-3.6**	**383.5**	**600.3**	**4.3**	**604.6**

The accompanying notes are an integral part of these consolidated financial statements

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Treasury shares	Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2012		**147.9**	**73.5**	**14.4**	**-23.4**	**10.7**	**-2.8**	**0.0**	**-3.6**	**383.5**	**600.3**	**4.3**	**604.6**
Profit (+) / loss (-) for the period		-	-	-	-	-	-	-	-	-197.9	-197.9	0.4	-197.5
Other comprehensive income for the period													
- Translation differences		-	-	-	-2.9	-	-	-	-	-	-2.9	0.0	-2.9
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-2.5	-	-1.5	-	-4.0	-	-4.0
- Change in consolidation scope		-	-	-	-	-	-	-	5.1	-	5.1	-	5.1
- Other movements		-	-	-	-	-	-	-	-	-	0.0	0.2	0.2
Comprehensive income for the period, net of income taxes		0.0	0.0	0.0	-2.9	0.0	-2.5	0.0	3.6	-197.9	-199.7	0.5	-199.2
Transactions with owners, recorded directly in equity													
- Shares issued	22	0.3	0.5	-	-	-	-	-	-	-	0.8	0.4	1.1
- Shares issued (stock dividend)	22	5.5	14.0	-	-	-	-		-	-	19.5	-	19.5
- Dividends paid to shareholders	22	-	-	-	-	-	-		-	-39.4	-39.4	-0.6	-40.0
- Warrants and capital increase		-	-	-	-	-	-		-	-0.0	0.0	-	0.0
- Treasury shares		-	-	-	-	-	-	-0.6	-	-	-0.6	-	-0.6
Total contributions by and distributions to owners		5.8	14.5	0.0	0.0	0.0	0.0	-0.6	0.0	-39.4	-19.7	-0.3	-19.9
Other movements		-	-	0.4	-0.6	-	-	-	0.6	-0.4	0.0	-	0.0
Acquisition of non-controlling interests without a change in control	4	-	-	-	-	-	-	-	-	-1.4	-1.4	-	-1.4
Balance at December 31, 2012		**153.7**	**88.0**	**14.8**	**-26.9**	**10.7**	**-5.3**	**-0.6**	**0.6**	**144.4**	**379.5**	**4.5**	**384.0**

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(Million EUR)	note	For the year ended December 31 2012	2011
Operating activities			
Profit (+) / loss (-) for the period		-197.5	-95.6
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets[1]	9/12/13 /14	104.7	96.7
Impairment losses on disposal groups classified as held for sale[1]	21/5	106.6	151.0
Changes in provisions		86.2	-3.8
Finance costs	10	48.6	47.2
Finance income	10	-24.2	-20.9
Loss / (profit) on sale of non-current assets		-7.2	-9.5
Impact capital increase expense, purchase treasury shares and warrant plan[2]		-0.6	1.7
Share of result of equity accounted investees, net of income tax		-7.3	-5.9
Income tax expense	11	18.0	28.9
Other non-cash items		-4.1	-6.7
Changes in inventories		-13.1	-58.2
Changes in trade and other receivables		8.3	-96.1
Changes in trade and other payables		-48.3	-39.1
Cash generated from operations		**70.1**	**-10.3**
Income tax paid		-27.4	-27.7
Dividends received from investments accounted for using the equity method	32	7.1	8.8
Dividends paid to non-controlling interests		-0.6	-
Cash flow from operating activities[3]		**49.2**	**-29.2**
Investing activities			
Acquisition of property, plant and equipment	12	-114.2	-106.5
Acquisition of other intangible assets	14	-3.7	-7.1
Acquisition of investments accounted for using the equity method		-0.9	-3.0
Acquisition of businesses, net of cash acquired	4	-15.6	-7.6
Proceeds from sale of property, plant and equipment		3.1	6.1
Proceeds from sale of other intangible assets		-	0.1
Proceeds from sale of subsidiaries, net of cash disposed of	4	-1.7	143.7
Further settlement of the PVC/Chlor-Alkali sales transaction	5	11.1	-
Proceeds from sale of investments accounted for using the equity method	4	20.9	-
Cash flow from investing activities		**-101.0**	**25.7**
Financing activities			
Increase / (decrease) of issued capital and share premium	22	0.8	2.2
Increase of financial liabilities[4]		115.8	29.1
Decrease of financial liabilities[4]		-24.8	-87.1
Payment of transaction costs related to loans and borrowings		-	-3.7
Interest paid		-14.6	-12.6
Interest received		0.3	1.2
Other finance costs paid		-5.1	-8.0
(Increase)/decrease of long term receivables		-5.1	-6.5
Dividends paid to shareholders	22	-19.8	-20.2
Cash flow from financing activities[3]		**47.4**	**-105.7**
Net increase/(decrease) in cash and cash equivalents		**-4.5**	**-109.3**
Effect of exchange rate differences		-0.3	0.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	20/24	34.2	143.4
Cash and cash equivalents less bank overdrafts at the end of the period	20/24	29.5	34.2

[1] As from 2012 onwards, a split is made between "Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets" and "Impairment losses on disposal groups classified as held for sale". The 2011 figures were restated.
[2] As from 2012 onwards, the line item "Impact capital increase expense, purchase treasury shares and warrant plan" was added to the consolidated statement of cash flows. The 2011 figures were restated.
[3] As from 2012 onwards, "interests received", "interests paid" and "other finance costs paid" are no longer classified as cash flow items from operating activities, but as cash flow items from financing activities. The 2011 figures were restated.
[4] As from 2012 onwards, a split is made between "Increase of financial liabilities" and "Decrease of financial liabilities". The 2011 figures were restated.

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Page
1	Summary of significant accounting policies	8
2	Determination of fair values	22
3	Segment reporting	24
4	Acquisitions and disposals	28
5	Discontinued operations	31
6	Other operating income and expenses	32
7	Non-recurring income/(expense) items	33
8	Payroll and related benefits	35
9	Additional information on operating expenses by nature	36
10	Finance costs and income	37
11	Income tax expense	38
12	Property, plant and equipment	39
13	Goodwill	42
14	Other intangible assets	44
15	Investments accounted for using the equity method	46
16	Other investments	48
17	Deferred tax assets and liabilities	49
18	Trade and other receivables	50
19	Inventories	51
20	Cash and cash equivalents	52
21	Non-current assets classified as held for sale	52
22	Equity	54
23	Earnings per share	56
24	Loans and borrowings	57
25	Employee benefits	60
26	Provisions	65
27	Trade and other payables	67
28	Financial instruments	67
29	Operating leases	78
30	Guarantees and commitments	79
31	Contingencies	79
32	Related parties	80
33	Auditor's fees	82
34	Subsequent events	82
35	Group companies	83
36	Critical accounting estimates and judgments	85

1. Summary of significant accounting policies

Tessenderlo Chemie NV (hereafter referred to as the "company"), the parent company, is domiciled in Belgium. The consolidated financial statements for the year ended December 31, 2012 comprise the company and its subsidiaries (together referred to as the "group") and the group's interests in associates and jointly controlled entities.

The IFRS financial statements were authorized for issue by the Board of Directors of Tessenderlo Chemie NV on Tuesday March 26, 2013.

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

(B) Basis of preparation

The financial statements are presented in euro, which is the company's functional currency, rounded to the nearest million which may not add up due to rounding. They are prepared on the historical cost basis except for derivative financial instruments and investments available-for-sale, which are stated at fair value.

Assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 36 - Critical accounting estimates and judgments.

The consolidated financial statements are presented before the effect of the profit appropriation of the company proposed to the General Assembly of shareholders.

The accounting policies set out below have been applied consistently by the company and all consolidated companies to all periods presented in these consolidated financial statements.

(C) Principles of consolidation

Companies controlled by the group (i.e. in which the group has, directly, or indirectly, an interest of more than one half of the voting rights or is able to exercise control over the operations, further also "subsidiaries") have been fully consolidated. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the group no longer has control over a subsidiary all assets and liabilities of the subsidiary, any non-controlling interests and other equity components with regard to the subsidiary are derecognized. The gains or losses arising on the loss of control are recognized in the income statement.

Any remaining interest in the former subsidiary is measured at fair value at the date that control is lost. Subsequently the investment is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Separate disclosure is made of non-controlling interests. Losses realized by subsidiaries with non-controlling interests are proportionally allocated to the non-controlling interests in these subsidiaries, even if this means that the non-controlling interests display a negative balance.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity of owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in the income statement.

Investments in associates and jointly controlled entities (joint ventures) are included in the consolidated financial statements using the equity method. The investments in associates are those in which the group has significant influence over the financial and operating policies, but which it does not control. In general, it is the case when the group holds between 20% and 50% of the voting rights. The equity method is used as from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations in respect of the associate.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(D) Foreign currency

• Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate. The resulting gains and losses of these transactions are recognized in the income statement of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at foreign exchange rates of the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. For available-for-sale non-monetary assets, foreign exchange gains and losses are not separated from the total fair value changes.

• Foreign currency translation

Assets and liabilities of foreign entities included in the consolidation are translated to euro at the foreign exchange rates applicable at the balance sheet date. The income statement of foreign entities is translated to euro at the annual average foreign exchange rates (approximating the foreign exchange rates prevailing at the dates of the transactions). The components of equity attributable to equity holders of the company are translated at historical rates.

Exchange differences arising from the translation of the equity attributable to the equity holders of the company to euro at year-end exchange rates are recognized in other comprehensive income and presented within "Translation reserves" in Equity. In case of non-wholly owned subsidiaries, only the relevant proportion of the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserves related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal of the foreign operation.

When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount in the translation reserves is reattributed to non-controlling interests. When the group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

• Exchange rates

The following exchange rates have been used in preparing the financial statements:

	Closing rate		Average rate	
1 EUR equals :	2012	2011	2012	2011
Argentine peso	6.4870	5.5760	5.8440	5.7444
Brazilian real	2.7036	2.4159	2.5084	2.3265
Canadian dollar	1.3137	1.3215	1.2842	1.3761
Chinese yuan	8.2207	8.1588	8.1052	8.9960
Czech crown	25.1510	25.7870	25.1491	24.5900
Hungarian forint	292.3000	314.5800	289.2494	279.3700
Polish zloty	4.0740	4.4580	4.1847	4.1206
Pound sterling	0.8161	0.8353	0.8109	0.8679
Swiss franc	1.2072	1.2156	1.2053	1.2326
US dollar	1.3194	1.2939	1.2848	1.3920

(E) Other intangible assets

• Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure resulting from development activities, whereby research findings are applied to a plan or design for production of new or substantially improved products and processes, is capitalized if all of the following conditions are met:

• It is technically feasible to complete the asset so that it will be available for sale or use;
• Management intends to complete the development of the asset;
• It is demonstrated how the asset will generate probable future economic benefits. The market potential or the usefulness of the intangible asset have been clearly demonstrated;
• Adequate technical, financial and other resources to complete the development are available; and
• The expenditures related to the process or product can be clearly identified and reliably measured.

The capitalized expenditure includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development is stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy J).

• Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an other intangible asset, requiring a long preparation, are included in the cost of the other intangible asset. All other borrowing costs are expensed as incurred and are recognized as finance costs. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of the funds.

• Emission allowances

The cost of acquiring emission allowances is recognized as other intangible asset, whether they have been purchased or received free of charge (in the latter case the acquisition cost is zero). Emission allowances are not amortized but subject to impairment testing. A provision is set up to cover obligations to refund allowances depending on emissions if, during a given period, the number of allowances required exceeds the total number of allowances acquired. This provision is measured at the estimated amount of the expenditure required to settle the obligation.

The fair value of forward purchase and sale contracts of emission allowance certificates is based on quoted market prices for futures of EU allowances (EUAs) and Certified Emission Reductions (CERs).

• Green certificates

Green certificates held for sale in the ordinary course of business are accounted for as inventories acquired by way of a government grant. These are initially measured at fair value. Green certificates to be used for own use are accounted for as other intangible assets acquired by way of a government grant. These are initially measured at cost. The grant is presented in the income statement as other operating income. They are subsequently measured at the lower of cost or net realizable value in the case of inventories and remain at cost in the case of other intangible assets, but subject to impairment testing. Sales of the green certificates are recognized as revenue, when the green certificates were initially recognized as inventories, and are expensed as cost of sales. Upon the sale of green certificates initially held for own use, if the sales price is different from the carrying amount, this difference will be presented as gain (loss) on sale of other intangible assets (other operating income/expense).

• Other intangible assets

Other intangible assets, acquired by the group, are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy J).

• Subsequent expenditure

Subsequent expenditure on capitalized other intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

• Amortization

Other intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of the respective asset categories are as follows:

Development	5 years
Software	3 to 5 years
Concessions, licenses, patents and other	10 to 20 years

Useful lives and residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

The other intangible assets with indefinite life relate to trademarks which are considered to have an indefinite life unless plans would exist to discontinue the related activity. There are no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of the trademarks. Other intangible assets with an indefinite useful life are not amortized but are tested for impairment on an annual basis.

(F) Goodwill

• Goodwill

All business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
When the excess is negative, a bargain purchase gain is recognized immediately in the income statement after reassessment of the fair values.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

Goodwill is tested at least annually for impairment and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired (see accounting policy J).

Goodwill is expressed in the currency of the subsidiary, jointly controlled entity or associate to which it relates.

• Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of investments accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment.

(G) Property, plant and equipment

• Owned assets

Items of property, plant and equipment (further also “PPE”) are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non refundable tax, transport and the costs of dismantling and removing the items and restoring the site on which they are located, if applicable). The cost of a self-constructed asset is determined using the same principles as for an acquired asset and includes the cost of materials, direct labor and an appropriate proportion of indirect costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset, requiring a long preparation, are included in the cost of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

• Subsequent expenditure

Subsequent expenditure incurred in replacing or renewing components of some items of property, plant and equipment is accounted for as the acquisition of a separate asset and the replaced asset is written off. Capitalization of subsequent expenditure is only done when it increases the future economic benefits embodied in the item of property, plant and equipment. Repair and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

• Depreciation

Depreciation is charged to the income statement as from the date the asset is available for use, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of the respective asset categories are as follows:

Improvements to land	10 to 20 years
Buildings	20 to 40 years
Building improvements	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	5 to 15 years
Furniture and office equipment	4 to 10 years
Extrusion and tooling equipment	3 to 7 years
Laboratory and research – infrastructure	3 to 5 years
Vehicles	4 to 10 years
Computer equipment	3 to 5 years

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

Useful lives and residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

• Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the related asset when there is reasonable assurance that they will be received and the group will comply with the conditions attached to it. They are deducted in the income statement from the related depreciation charges on a straight-line basis over the estimated useful life of the related asset.

Grants that compensate the group for expenses incurred are recognized as other operating income on a systematic basis in the same periods in which the expenses are incurred.

(H) Leased assets

Leases of property, plant and equipment where the group assumes substantially all the risks and rewards of ownership are classified as finance leases at the moment of the commencement of the lease term. Finance leases are capitalized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see accounting policy G) and impairment losses (see accounting policy J).

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the outstanding finance balance. The corresponding obligations, net of finance charges, are included in loans and borrowings. The interest element is charged to the income statement as a finance charge over the lease period. Property, plant and equipment acquired under a finance lease contract is depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term (see accounting policy G).

Leases of assets under which the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. The payments made under operating leases are charged to the income statement over the term of the lease.

(I) Other investments

Each category of other investments is accounted for at trade date.

• Investments in equity securities

Investments in equity securities are undertakings in which the group does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are recorded at their fair value unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses. The fair value is the quoted bid price at balance sheet date. Changes in fair value are directly recognized in equity, except for impairment losses. On disposal of other investment, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement.

• Other investments

Other investments mainly include cash guarantees. They are initially measured at fair value. Subsequently other investments are measured at amortized cost.

(J) Impairment

The carrying amounts of property, plant and equipment, and other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated for an individual asset or for a cash-generating unit. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Goodwill, other intangible assets with indefinite useful life and other intangible assets not yet available for use are tested for impairment at least annually, and when an indication of impairment exists. An impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of other assets in the cash-generating unit on a pro rata basis.

• Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the net present value of the estimated future cash flows from the use of an asset or cash generating unit. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to the business etc. In determining the fair value less costs to sell, recent market transactions are taken into account, if these are available.

• Reversal of impairment

An impairment loss, in respect of the group's assets other than goodwill, recognized in prior periods, is assessed at each balance sheet date for any indication that the impairment loss has decreased or no longer exists. If there has been a change in the estimates used to determine the recoverable amount on assets other than goodwill, the previously recognized impairment loss is reversed through the non-recurring income/(expense) items in the income statement, to the extent that the asset's carrying amount does not exceed its recoverable amount, nor the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An impairment loss in respect of goodwill cannot be reversed.

• Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes debtor experiencing significant financial difficulty, default or delinquency by a debtor, indications that a debtor will enter bankruptcy, or economic conditions that correlate with defaults. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

For financial assets carried at amortized cost, the group considers evidence of impairment individually for significant assets, or collectively for non significant assets. All individually significant assets are assessed for specific impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be recognized on the reduced carrying amount.

For available-for-sale financial investments, impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in other comprehensive income to income statement. The cumulative loss that is reclassified from other comprehensive income to income statement is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in income statement.

(K) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined by the weighted average cost method.

The cost of finished goods and work in progress comprises raw materials, other production materials, direct labor, other direct costs and an allocation of fixed and variable production overhead based on normal operating capacity. Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. Net realizable value represents the estimated selling price, less all estimated costs of making the product ready for sale.

(L) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently stated at amortized cost less appropriate allowances for impairment losses (see accounting policy J).

(M) Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have a maturity date of three months or less from the acquisition date and are subject to an insignificant risk of change in value.

(N) Issued capital

• Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction from equity, net of any tax effects.

• Repurchase of issued capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings.

• Dividends

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

(O) Financial liabilities

Financial liabilities are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

(P) Provisions

Provisions are recognized in the balance sheet when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is presented as a component of finance costs.

• Restructuring

A provision for restructuring is recognized when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

• Environmental obligations and Dismantlement obligations

These provisions are based on legal and constructive obligations from past events, in accordance with applicable legal requirements.

• Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes an impairment loss on the assets associated with that contract.

(Q) Employee benefits

• Post employment benefits

Post employment benefits include pensions and medical benefits. The group operates a number of defined benefits and defined contribution plans throughout the world, of which the assets are generally held in separate pension funds. Separate trusts and insurers generally hold the pension plans.

- Defined contribution plans:

Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred. A defined contribution plan is a pension plan under which the group pays fixed contributions into a fund. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

All defined contribution plans in Belgium are legally subject to a minimum guaranteed return. If the legal minimum guaranteed return is sufficiently covered, the group has no obligation to pay further contributions than those that are recognized as an expense in the income statement as incurred. In that case, these pension plans are also accounted for as defined contribution plans.

- Defined benefit plans:

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement in order to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, actuarial gains and losses and past service costs.

The pension obligation recognized in the balance sheet is determined as the present value of the defined benefit obligation (using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability) adjusted for unrecognized actuarial gains and losses, less unrecognized past service costs and less the fair value of the plan assets.

All actuarial gains and losses as at January 1, 2004, the date of transition to IFRS, were recognized. In respect of actuarial gains and losses that arise subsequent to January 1, 2004 in calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Where the calculation results in a benefit to the group, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The group recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related unrecognized actuarial gains and losses and unrecognized past service costs.

• Termination benefits (pre-retirement plans, other termination obligations)

These benefits arise as a result of the group's decision to terminate the employment of an employee or group of employees before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits.

These benefits are recognized as a liability and an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

• Share-based payment plans

A warrant plan allows senior management to acquire shares of the company. The warrant's exercise price equals the lowest of the average market price of the underlying shares in the 30 trading days preceding the offer date or the market price on the last day preceding the offer date. These share-based payments are recognized in the

financial statements based on the fair value of the awards measured at grant date, as an expense spread over the vesting period with a corresponding increase in equity. When the warrants are exercised, equity is increased by the amounts of the proceeds received.

• Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(R) Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, for temporary differences arising between the carrying values of assets and liabilities for financial reporting purposes and the basis used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related benefit.

(S) Trade and other payables

Trade and other payables are stated at fair value at initial recognition and subsequently at amortized cost.

(T) Income

• Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, there are no significant uncertainties regarding recovery of the consideration due, when the associated costs and possible return of goods can be estimated

reliably, when there is no continuing management involvement with the goods and when the amount of revenue can be estimated reliably.

For the sale of goods, revenue is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

• Finance income

Finance income comprises interest receivable on funds invested, dividend income, foreign exchange gains and gains on derivative financial instruments.
Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.
Dividend income is recognized in the income statement on the date the entity's right to receive payments is established.

(U) Expenses

• Finance costs

Finance costs comprise interest payable on borrowings, unwinding of the discount on provisions, foreign exchange losses and losses on derivative financial instruments.
Interest expense is recognized in the income statement as it accrues, taking into account the effective interest rate.
The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

All finance costs (borrowing costs) directly attributable to the acquisition, construction or production of a qualifying asset that form part of the cost of that asset are capitalized. All other borrowing costs are expensed as incurred and are recognized as finance costs.

(V) Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized initially at fair value plus its directly related transaction costs. The determination of fair values for each type of financial and non-financial assets and liabilities are further discussed in note 2 - Determination of fair values. Subsequent to initial recognition, derivative financial instruments are stated at their fair value at balance sheet date. Depending on whether cash flow hedge accounting (see below) is applied or not, any gain or loss on this re-measurement is either recognized directly in other comprehensive income or in the income statement.

• Cash flow hedges

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect income statement, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (hedging reserves in equity). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the income statement.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In any other case, the amount accumulated in equity is reclassified to income statement in the same period that the hedged item affects the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or when the hedging instrument is expired, sold or terminated, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. If the forecast transaction is no longer expected to occur, then the cumulative gain or loss recognized in other comprehensive income is reclassified immediately to finance costs and income.

(W) Non-current assets classified as held for sale and discontinued operations

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the following conditions are met:

• The asset must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups; and
• The sale of the asset or disposal group must be highly probable.

The group presents a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from the other assets in the statement of financial position. Similarly, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. Statements of financial position for comparative periods are not represented. Moreover, the group presents separately any income or expense recognized directly in equity that is related to a non-current asset classified as held for sale e.g. translation differences.

Immediately before classification as held for sale, the remeasurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell. The assets classified as held for sale, including those within a disposal group, are no longer depreciated or amortized.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the group’s business that represents a separate major line of business or a geographical area of operations, is part of a co-ordinated single plan to dispose of a separate line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the date when the operation meets the criteria to be classified as held for sale or when an operation has been disposed of.

When operations are classified as discontinued, the “Profit (+) / loss (-) for the period from discontinued operations” is presented on a separate line in the income statement and in the statement of comprehensive income.

In addition to the requirements for the presentation of disposal groups in the statement of financial position, the figures of the reported comparable period in the income statement and the statement of comprehensive income are represented for the presentation of the results of discontinued operations. Furthermore, net cash flows attributable to the operating, investing and financing activities of the discontinued operations are presented separately.

(X) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

The diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to the management.

(Y) Segment reporting

Operating segments are components of the group that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Discrete financial information is available and evaluated regularly by the Group Management Committee in deciding how to allocate resources and in assessing performance. The Group Management Committee has been identified as the chief operating decision maker.

Aggregation of segments has been done in accordance with IFRS 8 *Operating segments* and only when the segments have similar economic characteristics based upon their nature of products and services, nature of the production process, type or class of customer, methods used to distribute products or provide services and the nature of the regulatory environment.

The segment information reported to the Group Management Committee (including the measurement of segment profit or loss, segment assets and liabilities) is prepared in conformity with the same accounting policies as those described in the summary of significant accounting policies.

Revenues, expenses and assets are allocated to the operating segments to the extent that items of revenue, expenses and assets can be directly attributed or reasonably allocated to the operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(Z) Recently issued IFRS

To the extent that new IFRS requirements are expected to be applicable in the future, they have been summarized hereafter.

Presentation of Items of Other Comprehensive Income **(Amendments to IAS 1).** The amendments require that an entity presents separately the items of other comprehensive income that would be reclassified to the income statement in the future if certain conditions are met, from those that would never be reclassified to the income statement. The amendments which become mandatory for the group's 2013 consolidated financial statements are not expected to have a significant impact on the group's consolidated financial statements.

IFRS 9 ***Financial Instruments*** is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 deals with classification and measurement of financial assets and financial liabilities. This standard is the first phase in the replacement of IAS 39 and will become mandatory for the group's 2015 consolidated financial statements, with retrospective application. The group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

IFRS 10 ***Consolidated Financial Statements*** introduces a new approach to determine which investees should be consolidated and provides a single model to be applied in the control analysis for all investees and will become mandatory for the group's 2014 consolidated financial statements, with retrospective application. This new standard is not expected to have a significant impact on the group's consolidated financial statements.

IFRS 11 *Joint Arrangements* focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures; and always requires the equity method for jointly controlled entities that are now called joint ventures. IFRS 11 will become mandatory for the group's 2014 consolidated financial statements, with retrospective application and is not expected to have a significant impact on the group's consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. IFRS 12 will become mandatory for the group's 2014 consolidated financial statements, with retrospective application and is not expected to have a significant impact on the group's consolidated financial statements.

IFRS 13 *Fair Value Measurement* replaces the fair value measurement guidance contained in individual IFRS's with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 will become mandatory for the group's 2013 consolidated financial statements and is not expected to have a significant impact on the group's consolidated financial statements.

IAS 19 *Employee Benefits* (amended 2011) includes the following requirements:

- actuarial gains and losses are recognized immediately in other comprehensive income; and
- expected return on plan assets recognized in the income statement is calculated based on the rate used to discount the defined benefit obligation.

The amendments become mandatory for the group's 2013 consolidated financial statements. The group has not adopted this standard earlier. Reference is made to note 25 - Employee benefits in which the unrecognized actuarial losses are disclosed. 2012 financial statements will be restated accordingly in 2013, changing the equity attributable to equity holders of the company by -44.3 million EUR, net of taxes. The impact of the revised standard on the restated 2012 income statement will be -1.1 million EUR, already included in the mentioned equity impact of -44.3 million EUR.

IAS 28 *Investments in Associates and Joint Ventures* (2011) makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

The amendments which become mandatory for the group's 2014 consolidated financial statements are not expected to have a significant impact on the group's consolidated financial statements.

Annual Improvements to IFRS 2009-2011 cycle is a collection of minor improvements to 5 existing standards. This collection, which becomes mandatory for the group's 2013 consolidated financial statements, is not expected to have a material impact on the group's consolidated financial statements.

2. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, recognized as a result of a business combination or used in impairment testing, is based on the estimated amount for which a property could be exchanged on the date of valuation in an arm's length transaction. The result is benchmarked with market values, if available. If no significant and active market exists, the replacement cost is used. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and replacement costs when appropriate. The replacement cost is the combined result of the cost of a new plant,

equipment, fixtures and fittings with the same capacity and the value in use considering the business activity. The measurement of the fair value of property plant and equipment is based on valuation studies performed internally as well as outsourced to external, independent valuation companies having appropriate qualifications and experience.

Other intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.
The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.
The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.
The measurement of the fair value of other intangible assets is based on valuation studies performed internally as well as outsourced to external, independent valuation companies having appropriate qualifications and experience.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Derivative financial instruments

The fair value of a derivative financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of forward contracts is calculated as the discounted value of the difference between the contract rate and the forward rate at closing date.

The fair value of these instruments generally reflects the estimated amounts that the group would receive on settlement of favourable contracts or be required to pay to terminate unfavourable contracts at the reporting date, and thereby takes into account the current unrealized gains or losses on open contracts.

The fair value of forward purchase and sale contracts of emission allowance certificates is based on quoted market prices for futures of EU allowances (EUAs) and Certified Emission Reductions (CERs).

Share-based payment

IFRS 2 *Share-based payment* requires share based payments made to employees to be recognized in the financial statements based on the fair value of the warrants measured at grant date. The fair value of the warrants granted is determined using the Black & Scholes valuation model.

Provisions

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Trade and other receivables/payables

For current trade and other receivables/payables, the notional amount is deemed to reflect the fair value. Non-current receivables/payables are discounted to determine the fair value, which is determined for disclosure purposes.

Interest-bearing loans and borrowings

The fair value, determined for disclosure purposes, is calculated based on discounted expected future principal and interest cash flows.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

Financial leasing payables

The fair value, determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous financial lease agreements. The estimated fair values reflect the change in interest rates.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

3. Segment reporting

The group has nine operating segments based on the principal business activities and economic environments, as defined under IFRS 8 *Operating Segments*. The customers and main markets of these segments are different. Four operating segments (Tessenderlo Kerley, Gelatin and Akiolis, Inorganics and Plastic Pipe Systems and Profiles) fulfil the quantitative thresholds and are reported separately. As per December 31, 2011, the discontinued operation PVC/Chlor-Alkali was reported separately as an operating segment.

The operating segments Pharmaceutical Intermediates, Compounds, Organic Chlorine Derivatives, Water Treatment and Sulphur Derivatives do not fulfil the quantitative thresholds and are grouped in “Other Businesses”. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision Maker (the Group Management Committee).

The following summary describes the operations in each of the group’s reportable segments:

- Tessenderlo Kerley - includes manufacturing and distributing sulphur-based liquid fertilisers, crop protection products and provides water treatment services and cleaning services to recover sulphur and other residuals from the oil and gas industry.
- Gelatin and Akiolis - includes manufacturing and distributing gelatins; collecting and processing of organic by-products from the meat and the food industry.
- Inorganics - includes manufacturing and distributing potassium sulphate fertilizers and animal feed phosphates.
- Plastic Pipe Systems and Profiles - includes manufacturing and distribution of pipes and fittings, PVC profiles and other plastic building components.
- Other Businesses - includes manufacturing and distributing Organic Chlorine Derivatives (OCD), Pharmaceutical Intermediates, Compounds, Water Treatment and Sulphur Derivatives. None of these segments meets any of the quantitative thresholds for determining the reportable segments in 2012 and 2011.
- Discontinued PVC/Chlor-Alkali - includes manufacturing and distributing caustic potash and caustic soda and PVC. The activity was sold in 2011. The remaining Chlor-Alkali activities (Water Treatment and Sulphur Derivatives) are included in the “Other Businesses”, and are considered as separate operating segments as from 2012 onwards.

“Non allocated” groups all activities related to the corporate activities which provide services to the nine operating segments and also includes an insurance captive, financing and holding companies.

The group is a diversified specialty group that is worldwide active in many areas of agriculture, food, water management, efficient re(use) of natural resources and other industrial markets. The products of the group are used in various applications and consumption markets. Although a leadership position is occupied by the group in

a number of diverse markets, the diversification of the group's revenue makes the group not reliant on major customers.

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of REBIT (Recurring Earnings Before Interests and Taxes). Finance costs and income are not allocated to operating segments, as this type of activity is driven by the central treasury department, which manages the cash position of the group.

There are no differences from the last annual financial report in the principles of segmentation or in the method of measurement of segment REBIT.

The major line items of the income statement and statement of financial position are shown per operating segment in the table below:

(Million EUR)	note	Tessenderlo Kerley		Gelatin and Akiolis		Inorganics		Plastic Pipe Systems and Profiles		Other Businesses		Non-allocated		Tessenderlo Group (Continuing operations)		Discontinued operations PVC/Chlor-Alkali		Tessenderlo Group	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue (internal and external)		327.3	271.0	538.6	484.7	405.5	428.5	544.5	569.2	331.2	386.2	-	-	2,147.2	2,139.6	-	352.8	2,147.2	2,492.4
Revenue (internal)		0.5	0.2	14.7	9.3	0.6	0.4	0.1	0.1	1.8	3.6	-	-	17.7	13.6	-	-[1]	17.7	13.6
Revenue		**326.8**	**270.8**	**524.0**	**475.4**	**405.0**	**428.1**	**544.4**	**569.1**	**329.5**	**382.6**	**0.0**	**0.0**	**2,129.6**	**2,126.0**	**0.0**	**352.8**	**2,129.6**	**2,478.8**
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**65.7**	**56.2**	**35.6**	**37.3**	**-4.0**	**22.9**	**14.6**	**17.7**	**-5.4**	**2.2**	**-30.6**	**-31.4**	**75.9**	**104.9**	**-**	**4.2**	**75.9**	**109.0**
Return on revenue (REBIT/revenue)		**20.1%**	**20.8%**	**6.8%**	**7.8%**	**-1.0%**	**5.3%**	**2.7%**	**3.1%**	**-1.6%**	**0.6%**	**-**	**-**	**3.6%**	**4.9%**	**-**	**1.2%**	**3.6%**	**4.4%**
Segment assets		222.7	182.2	415.5	409.8	164.3	176.0	263.6	309.8	99.0	179.2	57.9	53.9	-	-	-	-	1,223.0	1,310.9
Investments accounted for using the equity method	15	8.3	8.5	4.2	3.7	-	-	-	-	-	-	8.9	8.6	-	-	-	-	21.4	20.8
Other investments	16	-	-	-	-	-	-	-	-	-	-	4.8	5.7	-	-	-	-	4.8	5.7
Deferred tax assets	17	-	-	-	-	-	-	-	-	-	-	4.3	7.4	-	-	-	-	4.3	7.4
Cash and cash equivalents	20	-	-	-	-	-	-	-	-	-	-	34.7	34.9	-	-	-	-	34.7	34.9
Total assets		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,288.2**	**1,379.7**
Segment liabilities		21.6	24.2	109.0	111.7	153.6	114.2	89.7	88.1	80.6	63.3	66.2	88.8	-	-	-	-	520.8	490.3
Loans and borrowings	24	-	-	-	-	-	-	-	-	-	-	343.5	253.6	-	-	-	-	343.5	253.6
Bank overdrafts	24	-	-	-	-	-	-	-	-	-	-	5.2	0.7	-	-	-	-	5.2	0.7
Deferred tax liabilities	17	-	-	-	-	-	-	-	-	-	-	34.9	30.6	-	-	-	-	34.9	30.6
Total equity		-	-	-	-	-	-	-	-	-	-	384.0	604.6	-	-	-	-	384.0	604.6
Total Equity and Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,288.2**	**1,379.7**
Capital expenditures: property, plant and equipment and other intangible assets	12/14	35.6	17.2	32.3	45.9	12.4	9.8	17.0	18.0	16.4	17.1	4.2	1.2	118.0	109.1	-	4.5	118.0	113.6
Amortization and depreciation	9	-13.6	-10.5	-31.1	-28.8	-5.9	-5.8	-21.9	-26.2	-10.6	-10.8	-1.8	-1.7	-85.0	-83.9	-	-12.6	-85.0	-96.5
Impairment losses on goodwill, other intangible assets and property, plant and equipment	9	-	-	-	-	-2.2	-	-38.2	-0.2	-43.7	-	-	-	-84.1	-0.2	-	-151.0	-84.1	-151.2

[1] The discontinued PVC/Chlor-Alkali activities did no longer report internal revenue in 2011. All revenue realized by the discontinued PVC/Chlor-Alkali activities with other operating segments of the group was considered as external revenue (December 2011: 69.8 million EUR). All revenue realized by other operating segments of the group with the discontinued PVC/Chlor-Alkali activities was also considered as external revenue and amounted to 7.5 million EUR as per December 2011.

The reconciliation of the profit before tax is as follows:

(Million EUR)	2012
Profit (+) / loss (-) from operations of reportable segments, before non-recurring income/(expense) items	111.9
Profit (+) / loss (-) from operations of non-allocated and other businesses, before non-recurring income/(expense) items	-36.0
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	**75.9**
Non-recurring income/(expense) items	-238.3
Finance costs - net	-24.3
Share of result of equity accounted investees, net of income tax	7.3
Profit (+) / loss (-) before tax	**-179.5**

In presenting information on the basis of geographical segments, segment revenue (2011 only continuing operations) is based on the geographical location of customers. Non-current segment assets are based on the geographical location of the assets.

Geographical information 2012 (Million EUR)	Revenue by market	Non-current segment assets
Belgium	151.5	97.0
The Netherlands	183.5	44.9
France	470.3	138.9
Italy	47.9	-
United Kingdom	269.5	48.9
Other European countries	320.6	23.8
USA	404.8	140.4
Rest of the world	281.5	75.2
Tessenderlo Group	**2,129.6**	**569.0**

Geographical information 2011 (Million EUR)	Revenue by market	Non-current segment assets
Belgium	183.1	98.5
The Netherlands	189.2	46.3
France	429.3	166.9
Italy	63.0	29.4
United Kingdom	262.7	68.1
Other European countries	374.6	23.2
USA	360.0	108.9
Rest of the world	264.1	90.6
Tessenderlo Group	**2,126.0**	**631.9**

4. Acquisitions and disposals

Acquisitions – Activities / Subsidiaries

On January 6, 2012, Soleval Nord Est SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Neobiol sarl, a specialist in the collection of used food cooking oil in the Paris region. On June 1, 2012, Soleval Ouest SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Société Azuréenne de Récupération SAR, a specialist in the collection of used food cooking oil and organic waste in the region Provence-Alpes-Côte d’Azur. These acquisitions resulted together in the recognition of a goodwill of 1.3 million EUR. This goodwill is related to the synergy effects which can be realized due to the integration of the these acquisitions within the operating segment “Gelatin and Akiolis”. The contribution of both entities to the group’s 2012 revenue and result of the year as from the date of acquisition is considered to have been immaterial. If the acquisitions had taken place at the beginning of the year, the contribution to the 2012 revenue and result of the group would have been insignificant as well.

On January 31, 2012, Tessenderlo Kerley Inc., a US subsidiary within the operating segment “Tessenderlo Kerley”, purchased certain assets and assumed certain liabilities of the global carbaryl business from Bayer CropScience. Tessenderlo Kerley Inc. acquired the global crop protection assets including trade names, knowhow, registrations and registration data. The carbaryl activity was integrated in Tessenderlo Kerley Inc.’s operations. The total acquisition cost could be attributed fully to the acquired assets and liabilities and therefore this acquisition did not result in the recognition of any goodwill. The contribution of the carbaryl activity to the group’s 2012 revenue of the year as from the date of acquisition amounts to 16.2 million EUR (20.8 million USD), while the contribution to the result of the year is considered not to be significant. If the acquisition had taken place at the beginning of the year, the contribution to the 2012 revenue would have amounted to 17.8 million EUR (22.8 million USD), while the contribution to the result of the group would have been considered to be insignificant as well.

The table below summarizes the impact of the acquisitions mentioned above on the financial position of the group in 2012.

(Million EUR)	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Property, plant and equipment	0.1	-	0.1
Other intangible assets	-	11.4	11.4
Non-current assets	**0.1**	**11.4**	**11.6**
Inventories	2.1	-	2.1
Trade and other receivables	0.5	-	0.5
Cash and cash equivalents	0.1	-	0.1
Current assets	**2.7**	**-**	**2.7**
Loans and borrowings	0.0	-	0.0
Trade and other payables	0.4	0.1	0.6
Current liabilities	**0.5**	**0.1**	**0.6**
Net assets	**2.3**	**11.3**	**13.7**
Consideration (paid)/received, satisfied in cash			-14.2
Cash acquired/(disposed) of			0.1
Net cash (outflow)/inflow			**-14.1**
Goodwill on acquisition			1.3
Other payable			-0.8

In December 2012, MPR Services Inc., a US subsidiary within the operating segment “Tessenderlo Kerley” bought an additional 14% of the shares and voting rights in Environmentally Clean Systems LLC, a US company serving the oil and gas industries, providing environmentally advantageous treatment methods for cleaning and recovery of water contaminated in oil and gas exploration, mining and refinery activities. MPR Services Inc. increased its shares and voting rights to 65%. A consideration of 1.8 million USD (1.4 million EUR) was paid.

On August 23, 2011, Tessenderlo Kerley, Inc. announced the acquisition of the assets of the Purfresh crop protection sun screen business and the Purshade product line including the trademarks, formulation knowledge, registrations, pending patents, other intellectual property and customer lists from Purfresh Inc., Fremont California. Purshade is approved for sale in over fourty countries. The Purshade business is managed and marketed by Tessenderlo Kerley's NovaSource® business unit and is a complementary offering to the company's Surround® Crop Protectant product line. The Purshade activity was immediately integrated in Tessenderlo Kerley Inc.'s operations. The contribution of the Purshade activity to the group's 2012 and 2011 revenue and result was not significant.

On September 9, 2011, the group announced the acquisition of BT Bautechnik Group. Dyka GmbH, a German subsidiary within the operating segment "Plastic Pipe Systems and Profiles", acquired 100% of the shares and voting rights of BT Bautechnik Group, which included BT Bautechnik Impex GmbH & Co. Kg, BTH Fitting Kft and Impex Wimmer GmbH. The consideration paid included a cash payment of 2.2 million EUR, while the transaction costs were negligible. The outstanding financial liabilities of the acquired companies (8.9 million EUR) were also acquired by the group. The total acquisition cost could be attributed completely to the acquired assets and liabilities and consequently this purchase did not result in the recognition of goodwill in 2011. New information obtained within one year after the acquisition of BT Bautechnik, about facts and circumstances that already existed at the acquisition date resulted in non significant changes in its initial accounting. These changes lead to the recognition of a goodwill of 0.7 million EUR. This goodwill is related to the synergy effects which can be realized due to the integration of this acquisition within the operating segment "Plastic Pipe Systems and Profiles". As from closing date October 31, 2011, the Bautechnik Group contributed 1.7 million EUR to the group's 2011 revenue, while the contribution to the result of 2011 was considered not to be significant. The acquisition has contributed 16.5 million EUR to the revenue of the group in 2012, while the impact on the 2012 result was not significant.

Disposals – Activities / Subsidiaries

During 2012 the group entered into several agreements that resulted in the sale of assets, liabilities and subsidiaries that have been accounted for as a disposal group under IFRS 5 *Non-current assets held for sale and discontinued operations*.

On August 21, 2012 the group completed the sale of Lianyungang Taile Chemical Industry, Co. Ltd, a producer of benzyl chloride and high purity benzaldehyde in China (operating segment "Organic Chlorine Derivatives" within "Other Businesses") and Tessenderlo Asia Holding Ltd, a holding company, to a private investor. A non-recurring loss, after deducting expenses related to this transaction, of -4.5 million EUR was recognized (note 7 - Non-recurring income/(expense) items). Both subsidiaries have contributed 16.3 million EUR to the group's 2012 revenue (2011: 25.6 million EUR), and -0.4 million EUR to the 2012 recurring result (2011: 1.6 million EUR).

On December 5, 2012, the group completed the sale of its pharmaceutical ingredients activities in Calaire Chimie SAS (France) and Farchemia srl (Italy) to International Chemical Investors Group (ICIG), a private industrial holding company. The sale resulted in a non-recurring loss, after deducting expenses related to this transaction, of -33.9 million EUR (note 7 - Non-recurring income/(expense) items). The subsidiaries Calaire Chimie SAS and Farchemia srl have contributed 67.1 million EUR to the group's 2012 revenue (2011: 68.4 million EUR), and -4.5 million EUR to the 2012 recurring result (2011: -9.8 million EUR).

In December 2012, Tessenderlo Kerley Inc. completed the sale of its aquatic herbicide business to SePRO Corporation, based in Carmel, Indiana. The transaction includes registrations, trade names and other related business assets for the active ingredient fluridone. The contribution of the fluridone activity to the group's 2012 revenue and result of the year is not significant.

The table below shows the major classes of assets and liabilities of the subsidiaries at disposal date:

(Million EUR)	Lianyungang Taile Chemical Industry, Co. Ltd and Tessenderlo Asia Holding Ltd	Calaire Chimie SAS and Farchemia srl	Total
Inventories	0.2	10.1	10.4
Trade and other receivables	0.4	10.1	10.5
Cash and cash equivalents	3.1	-	3.1
Current assets	**3.8**	**20.3**	**24.0**
Employee benefits	-	3.8	3.8
Provisions	1.3	0.1	1.4
Non-current liabilities	**1.3**	**3.9**	**5.2**
Provisions	-	0.1	0.1
Trade and other payables	1.3	14.5	15.7
Current tax liabilities	0.0	0.3	0.4
Current liabilities	**1.3**	**14.9**	**16.2**

The disposal of businesses in 2011, presented as discontinued operations under IFRS 5 *Non-current assets held for sale and discontinued operations,* has been disclosed in note 5 - Discontinued operations. During 2011 the group also entered into several agreements that resulted in the sale of assets, liabilities and subsidiaries that have been accounted for as a disposal group under IFRS 5 *Non-current assets held for sale and discontinued operations*.

On January 31, 2011, the group sold the subsidiary Tessenderlo Fine Chemicals Ltd (operating segment “Organic Chlorine Derivatives”) to Tennants Consolidated Ltd. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 4.5 million EUR. Tessenderlo Fine Chemicals Ltd contributed 4.3 million EUR to the group’s 2011 revenue, and 0.2 million EUR to the 2011 recurring result.

On July 25, 2011, the group completed the sale of Chelsea Building Products Inc. (operating segment “Plastic Pipe Systems and Profiles”) to Graham Partners. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 6.4 million EUR. Chelsea Building Products Inc. contributed 16.2 million EUR to the group’s 2011 revenue, and 0.1 million EUR to the 2011 recurring result.

On September 30, 2011, the group sold its Canadian subsidiary Dynaplast-Extruco Inc. (operating segment “Plastic Pipe Systems and Profiles”), to a private investor. The sale resulted in a non-recurring loss, after deducting expenses related to this transaction, of -3.1 million EUR. Dynaplast-Extruco Inc. contributed 4.0 million EUR to the group’s 2011 revenue, and -0.1 million EUR to the 2011 recurring result.

Acquisitions – Investments accounted for using the equity method

In October 2011, Akiolis Group SAS, a French subsidiary within the operating segment “Gelatin and Akiolis”, acquired a 20.46% stake in Meta Bio Energies SAS. This company converts organic waste into valuable fertilizer products, thereby producing green energy. A consideration of 0.6 million EUR was paid for this 20.46% stake, while the transaction costs were negligible. The financial impact of this transaction to the 2011 group result was insignificant.

Disposals – Investments accounted for using the equity method

In September 2011, Tessenderlo Group sold 13.33% of the shares in T-Power SA to Tokyo Gas. The transaction was subject to approval by the authorities, other shareholders rights, and 3rd party consents as per December 31, 2011. After fulfillment of these conditions, the transaction was closed in June 2012, reducing the participation from 33.33% to 20.00%. The related part of the changes in fair value of the interest rate swaps in the associate (7.7 million EUR), previously accumulated in equity, was reclassed through “Other comprehensive income”. The sale resulted in a non-recurring gain in 2012, after deducting expenses related to this transaction, of 11.0 million EUR (note 7 – Non-recurring income/(expense) items, note 15 - Investments accounted for using the equity method).

5. Discontinued operations

No 2012 disposals are classified as discontinued operations.

On June 14, 2011, the group sold the PVC/Chlor-Alkali and part of the Organic Chlorine Derivatives (OCD) activities to Kerling (through INEOS ChlorVinyls).

This transaction resulted in the shares of the following companies being sold: Limburgse Vinyl Maatschappij NV (Belgium), Société Artésienne de Vinyle SAS (France), LVM Limburg BV (the Netherlands) and Tessenderlo Chemie Maastricht BV (the Netherlands). These businesses employed about 850 people. The transaction was closed as per August 1, 2011. On August 1, 2011, the group received 110.0 million EUR on a cash-free, debt-free basis.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, a distinction was made in the income statement and in the statement of comprehensive income between continuing and discontinued operations. This distinction applied to the PVC/Chlor-Alkali activities for the 2011 figures. The Organic Chlorine Derivatives activities were considered to be a disposal group since the group still had ongoing OCD activities in Italy and China.

The effect of the discontinued operations on the income statement and the cash flow statement of the group is detailed in the table below:

(Million EUR)	2011 (7M)
Result of discontinued operations	
Revenue	352.8
Expenses	-348.6
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	**4.2**
Non-recurring income/(expense) items	1.0
Loss on the sale of discontinued operations	-157.4
Profit (+) / loss (-) from operations (EBIT)	**-152.3**
Finance costs - net	-0.7
Profit (+) / loss (-) before tax	**-152.9**
Income tax expense	-0.6
Profit (+) / loss (-) for the period from discontinued operations, net of income tax	**-153.6**
Cash flows from (used in) discontinued operations	
Net cash from (used in) operating activities	-80.5
Net cash from (used in) investing activities	102.8
Net cash from (used in) financing activities	-22.3
Effect on cash flows	**-**

The total loss on the sale of the discontinued operations amounted to 157.4 million EUR including the impairment loss of 151.0 million EUR on the other intangible assets and property, plant and equipment following the remeasurement to the lower of its carrying amount and its fair value less costs to sell. The loss also included the recognition of the unrecognized actuarial losses on the defined benefit pension plans within the sold entities, contract cancellation fees and consultancy fees. In addition, proper consideration was given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives.

The table below shows the major classes of assets and liabilities of the discontinued operations and the other disposal group as per closing date of the transaction. The discontinued operations included the PVC/Chlor-Alkali activities, while the other disposal group included the sold OCD activities. The sold OCD activities had contributed 35.8 million EUR to the group's 2011 revenue, and -0.3 million EUR to the 2011 result.

(Million EUR)	Discontinued operations	Other disposal group	Total
Total assets	**215.6**	**15.4**	**231.0**
Total non-current assets	**42.8**	**4.9**	**47.7**
Property, plant and equipment	25.9	4.9	30.8
Deferred tax assets	16.9	0.0	16.9
Total current assets	**172.8**	**10.5**	**183.3**
Inventories	52.5	5.0	57.5
Trade and other receivables	120.3	5.5	125.8
Total liabilities	**103.7**	**6.4**	**110.1**
Total non-current liabilities	**20.9**	**0.0**	**20.9**
Employee benefits	8.1	0.0	8.1
Provisions	9.8	0.0	9.8
Deferred tax liabilities	3.0	0.0	3.0
Total current liabilities	**82.8**	**6.4**	**89.2**
Trade and other payables	82.0	6.4	88.4
Current tax liabilities	0.1	0.0	0.1
Provisions	0.7	0.0	0.7

The net assets transferred amounted to 120.9 million EUR. At closing date, the group received 110.0 million EUR on a cash-free, debt-free basis.
The share purchase agreement included several purchase price adjustments and as a consequence thereof, the group had an outstanding current other receivable towards the acquirer for an amount of 14.7 million EUR as per December 31, 2011, which was still subject to arbitration and also included the amount of cash outstanding in the sold subsidiaries as per closing date. A final agreement has been reached in early 2012 resulting in a cash receipt of 11.1 million EUR in 2012 and 3.2 million EUR is still expected to be received in 2013 and 2014.

6. Other operating income and expenses

Other operating income and expenses is shown in the table below (2011 figures only include continuing operations):

(Million EUR)	2012	2011
Additions to provisions	-0.3	-0.2
Research and development cost	-12.4	-11.9
Grants	0.5	0.6
Depreciation	-0.3	-0.6
Gains on disposal of property, plant and equipment and other intangible assets	0.6	0.7
Impairment losses on trade receivables	-2.4	-3.2
Other	-0.7	4.4
Total	**-14.9**	**-10.1**

Costs arising from the research phase of an internal project are expensed as incurred. The major part of research and development costs relates to salaries paid for an amount of 8.8 million EUR (2011: 8.4 million EUR) and depreciation charges for an amount of 0.2 million EUR (2011: 0.2 million EUR). In 2012 and 2011, no development costs were capitalized. We refer to note 14 - Other intangible assets.

The other operating income and expenses can be mainly explained by the following items:

- The income from the sale of electricity, which is not used in own production, an electricity interruption fee and green certificates for an amount of 3.5 million EUR (2011: 3.3 million EUR).
- The income from insurance premiums received by the insurance captive of the group for an amount of 2.0 million EUR (2011: 3.3 million EUR).
- The tax charges other than income taxes, such as withholding taxes and regional taxes, for an amount of -8.8 million EUR (2011: -7.8 million EUR).
- Following the sale of the PVC/Chlor-Alkali activities, transactions between the continuing and discontinued operations were no longer eliminated, which resulted in an income of 2.2 million EUR within the continuing operations of 2011.

The remaining balance of other operating income and expenses of 2012 consists of several, individually insignificant items within several subsidiaries of the group.

7. Non-recurring income/(expense) items

The non-recurring items for 2012 show a net loss of -238.3 million EUR (continuing operations 2011: 1.0 million EUR).

(Million EUR)	2012	2011
Gains and losses on disposals	15.4	11.2
Restructuring	-15.1	-5.6
Losses on disposal groups classified as held for sale	-115.7	-
Impairment losses	-20.6	-0.7
Provisions and claims	-88.0	2.1
Other income and expenses	-14.4	-6.0
Total	**-238.3**	**1.0**

The gains on disposals in 2012 amount to 15.4 million EUR and mainly relate to:

- the sale of 13.33% of the shares in T-Power SA (note 15 - Investments accounted for using the equity method). The sale resulted in a non-recurring gain of 11.0 million EUR.
- the divestment of Tessenderlo Kerley Inc's aquatic herbicide business (note 4 – Acquisitions and disposals).
- the sale of non-strategic assets in Tessenderlo (Tessenderlo Chemie NV).

The non-recurring items of 2012 related to restructuring costs are -15.1 million EUR and mainly include :

- the project to close down two non-competitive independent production units for pharmaceutical intermediates and sulfate fertilizers at the Loos (France) site, following persistent difficult market conditions and a decline in demand from both units. The restructuring expenses and provision recognized amounted to -4.8 million EUR.
- the project to reduce the workforce in Dyka BV, a Dutch manufacturer of Plastic Pipe Systems, by about 55 full-time jobs, as a result of a structural decline in the Dutch construction activity (announcement made in December 2012). Restructuring expenses and provisions were recognized for an amount of -3.7 million EUR to cover the costs associated with this reorganization, including a curtailment gain on defined benefit pension plans of 1.4 million EUR (see note 25 - Employee benefits) and additional amortization of actuarial losses for -0.3 million EUR.
- expenses for further operational efficiency improvements for -6.6 million EUR, also including the intention of the group, following the sale of the pharmaceutical activities in France and Italy, to realign its R&D services, which include a laboratory and pilot plant in Tessenderlo (Belgium), to support development projects in the group's growth businesses, mainly Gelatin and Akiolis.

The losses on disposal groups classified as held for sale in 2012 amount to -115.7 million EUR and are recognized as a result of following events:

- In August 2012, the group completed the sale of 100% of the shares in Tessenderlo Asia Holding Ltd

and Lianyungang Taile Chemical Industry, Co. Ltd. A non-recurring loss of -4.5 million EUR was recognized in 2012 (note 4 - Acquisitions and disposals).

- On August 29, 2012, the group announced its intention to divest the continental European Profiles activities. After completion of the required information and consultation procedures, the sale has been closed on January 31, 2013 (note 34 - Subsequent events). The current and non-current assets were recognized at the lower of their carrying amount and their fair value less costs to sell, resulting in a non-recurring loss of -35.7 million EUR being recognized in 2012 (which includes impairment charges for -32.2 million EUR and costs to sell and other provisions for -3.5 million EUR).
- On October 9, 2012, the group announced its intention to divest the pharmaceutical ingredients activities Calaire Chimie SAS and Farchemia srl (operating segment “Pharmaceutical Intermediates” within “Other Businesses”). Information and consultation procedures were completed early November 2012. After clearance by the merger control authorities, the sale was completed on December 5, 2012 (note 4 - Acquisitions and disposals). The completion of the sale resulted in a non-recurring loss of -33.9 million EUR being recognized in 2012 (which includes impairment charges for -31.3 million EUR and costs to sell and other provisions for -2.5 million EUR).
- On February 27, 2013, the group announced its intention to divest the operating segment Compounds (within “Other Businesses”) (note 34 - Subsequent events). The current and non-current assets were recognized at the lower of their carrying amount and their fair value less costs to sell, resulting in a non-recurring loss of -8.8 million EUR as per December 31, 2012 (which includes impairment charges for -5.7 million EUR and costs to sell and other provisions for -3.1 million EUR).
- The group also has the intention to sell an Organic Chlorine Derivatives activity. The current and non-current assets were recognized at the lower of their carrying amount and their fair value less costs to sell, resulting in a non-recurring loss of -32.9 million EUR as per December 31, 2012 (which includes impairment charges for -31.5 million EUR and costs to sell and other provisions for -1.4 million EUR).

An impairment loss of -20.6 million EUR is recognized in 2012 and mainly relates to:

- an impairment loss on the UK profiles activities after completion of the annual impairment tests for goodwill, which resulted in the impairment of the goodwill for -17.3 million EUR (note 13 - Goodwill).
- the reorganization and optimization of several activities resulted in the recognition of impairment losses, mainly on items of property, plant and equipment and write-offs on inventories, totaling -3.3 million EUR.

Provisions and claims in 2012 total -88.0 million EUR. The group has recognized additional environmental provisions of -79.2 million EUR to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Ham (Belgium), Loos (France), Tessenderlo (Belgium) and Vilvoorde (Belgium). The amount provisioned reflects the discounted value of the estimated cash out of the remediation plans spread over several years (note 26 - provisions).

The other non-recurring income and expenses of 2012 amount to -14.4 million EUR and mainly relate to the realized loss on electricity contracts which are no longer for own use following the sale of the majority of the PVC/Chlor-Alkali activities in 2011 (-6.8 million EUR), the exceptional loss following an incident in the sulphuric acid plant at the site in Ham (within the operating segment “Inorganics”) for -1.6 million EUR, the exceptional loss following a fire within the sulphates activity at the site in Ham (within the operating segment “Inorganics”) for -1.0 million EUR, and other expenses related to the reorganization and optimization of several activities (-1.3 million EUR).

The non-recurring items from continuing operations for 2011 showed a net income of 1.0 million EUR.

The gain on disposals in 2011 was mainly explained as follows:

- On January 31, 2011, the group sold the UK subsidiary Tessenderlo Fine Chemicals Ltd (operating segment “Organic Chlorine Derivatives”). The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 4.5 million EUR (note 4 - Acquisitions and disposals).
- On July 25, 2011, the group sold the US subsidiary Chelsea Building Products Inc. (operating segment “Plastic Pipe Systems and Profiles”). The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 6.4 million EUR (note 4 - Acquisitions and disposals).
- On September 30, 2011, the group sold its Canadian subsidiary Dynaplast-Extruco Inc. (operating segment “Plastic Pipe Systems and Profiles”). The sale resulted in a non-recurring loss, after deducting expenses related to this transaction, of -3.1 million EUR (note 4 - Acquisitions and disposals).

The remaining gain on disposals (3.4 million EUR) related to several, individually insignificant sales transactions,

mainly of land and buildings, within the operating segments “Tessenderlo Kerley”, “Plastic Pipe Systems and Profiles” and “Compounds”.

The gain on “provisions and claims” in 2011 was mainly a consequence of an amortization of unrecognized actuarial gains of pension plans within French subsidiaries for an amount of 2.3 million EUR, which led to a decrease of the liabilities recorded.

Restructuring expenses in 2011 amounted to -5.6 million EUR and mainly related to:

- further operational efficiency improvements within several subsidiaries in the operating segments “Plastic Pipe Systems and Profiles” (-3.0 million EUR) and “Gelatin and Akiolis” (-1.2 million EUR).
- adjustments to the estimated costs of ongoing restructuring plans of French subsidiaries operating in the segments “Plastic Pipe Systems and Profiles” and “Pharmaceutical Intermediates” (-0.5 million EUR).
- the closing of the phosphate production unit in Italy. In September 2011, the group’s subsidiary Aliphos Italia srl informed the relevant social partners of its intention to discontinue production at its site in Italy (Cologna Veneta) as from early 2012. The group aimed to adjust its production capacities to a declining feed phosphate market in Europe, while improving its fixed cost base. Restructuring expenses and provisions for an amount of -0.8 million EUR were recognized to cover the costs associated with the closure, mainly including employee termination benefits.

The other non-recurring income and expenses in 2011 (-6.0 million EUR) mainly related to:

- the realized and unrealized losses on electricity (forward) contracts which were no longer for own use following the sale of the majority of the PVC/Chlor-Alkali activities in 2011 (-6.3 million EUR).
- one-off consultancy fees related to the reorganisation and optimisation of several activities (-2.0 million EUR).
- a provision for onerous lease contracts for an amount of -1.2 million EUR.

These items were partially offset by:

- a reversal of a write-off on trade receivables which was no longer necessary for 1.5 million EUR.
- an obtained insurance reimbursement for 1.5 million EUR.
- a curtailment gain of 0.9 million EUR was realized on a defined benefit pension plan in the UK following the sale of the subsidiary Tessenderlo Fine Chemicals Ltd, within the operating segment “Organic Chlorine Derivatives”.

8.Payroll and related benefits

The payroll and related benefits costs (2011: continuing operations only) are shown in the table below:

(Million EUR)	note	2012	2011
Wages and salaries		-294.3	-274.7
Employer’s social security contributions		-71.4	-70.2
Other personnel costs		-19.2	-20.6
Contributions to defined contribution plans		-4.7	-4.3
Expenses related to defined benefit plans	25	-3.3	-1.3
Total		**-392.8**	**-371.1**

The other personnel costs included in 2012 the cost of the shares issued in favour of the personnel for 0.2 million EUR (2011: 0.5 million EUR), while no cost was recognized for share-based payments (2011: 1.2 million EUR). Both costs are recognized in the income statement against equity.

The average number of FTEs for 2012 is 7 130 (2011: 7 186).

9. Additional information on operating expenses by nature

Depreciation, amortization and impairment losses on property, plant and equipment, other intangible assets and goodwill are included in the following line items in the income statement in 2012:

(Million EUR)	Depreciation and impairment losses on PPE	Amortization and impairment losses on other intangible assets	Impairment losses on goodwill	Total
Cost of sales	-62.5	-5.8	-	-68.3
Administrative expenses	-9.7	-	-	-9.7
Sales and marketing expenses	-	-6.5	-	-6.5
Other operating income and expenses	-0.5	-	-	-0.5
Losses on disposal groups classified as held for sale	-59.8	-1.4	-3.2	-64.4
Impairment losses	-2.4	-	-17.3	-19.7
Total	**-134.9**	**-13.7**	**-20.5**	**-169.1**

Total depreciation, amortization and impairment losses in 2012 amount to 169.1 million EUR (note 12 - Property, plant and equipment, note 13 - Goodwill and note 14 - Other intangible assets).

Depreciation, amortization and impairment losses from continuing operations on property, plant and equipment, other intangible assets and goodwill are included in the following line items in the income statement in 2011:

(Million EUR)	Depreciation and impairment losses on PPE	Amortization and impairment losses on other intangible assets	Impairment losses on goodwill	Total
Cost of sales	-63.5	-5.7	-	-69.2
Administrative expenses	-8.2	-	-	-8.2
Sales and marketing expenses	-	-5.7	-	-5.7
Other operating income and expenses	-0.8	-	-	-0.8
Impairment losses	-0.2	-	-	-0.2
Total	**-72.7**	**-11.4**	**-**	**-84.1**

Total depreciation, amortization and impairment losses from continuing operations in 2011 amounted to 84.1 million EUR and 163.9 million EUR from discontinued operations (note 12 - Property, plant and equipment, note 13 - Goodwill and note 14 - Other intangible assets). Taking into account the depreciation on government grants in discontinued operations in 2011 for 0.3 million EUR, the net depreciation charges, amortization and impairment losses amounted to 247.7 million EUR.

10. Finance costs and income

Net finance costs and income amount to -24.3 million EUR as per December 31, 2012, compared to -25.6 million EUR (continuing operations) as per December 31, 2011.

The net finance costs and income can be detailed as follows:

(Million EUR)	2012	2011
Interest expense on loans and borrowings measured at amortized cost	-14.6	-14.4
Capitalized borrowing costs	-	1.9
Amortization charges of transaction costs related to loans and borrowings	-1.9	-2.0
Commitment fee on unused portion of the syndicated credit facility	-1.7	-2.4
Factoring expense	-2.0	-3.8
Total borrowing costs	**-20.2**	**-20.6**
Dividend income from non-consolidated companies	0.1	0.1
Interest income from cash and cash equivalents	0.1	1.1
Total income from investments and cash & cash equivalents	**0.2**	**1.2**
Expense for the unwinding of discounted provisions	-0.9	-0.8
Net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments)	-1.9	-1.9
Amortization charges related to the unwinding of derivative financial instruments	-0.3	-1.6
Net other finance (costs) / income	-1.3	-1.8
Total	**-24.3**	**-25.6**

The 2011 capitalized borrowing costs related to the construction of a new factory for the production of gelatin in Brazil. The plant became operational in the beginning of 2012 and therefore no borrowing costs were capitalized in 2012.

The net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments) in 2012 include foreign exchange losses for -25.8 million EUR, foreign exchange gains for 21.6 million EUR and a revaluation gain on derivative financial instruments of 2.3 million EUR (2011: -7.6 million EUR foreign exchange losses, 12.6 million EUR foreign exchange gains and -6.8 million EUR revaluation loss on derivative financial instruments).

The net other finance (costs)/income in 2012 include -1.5 million EUR of other finance costs and 0.1 million EUR of other finance income (2011: -1.9 million EUR and 0.1 million EUR respectively).

11. Income tax expense

The total income tax expense is reconciled with the income tax from continuing and discontinued operations as follows:

(Million EUR)	2012	2011
Income tax expense recognized in the income statement		
Continuing operations		
Current tax expense	-25.5	-27.9
Adjustment current tax expense previous periods	-1.4	1.1
Deferred income taxes	8.8	-1.5
Total income tax expense from continuing operations	**-18.0**	**-28.3**
Discontinued operations		
Current tax expense	-	-0.1
Deferred income taxes	-	-0.5
Total income tax expense from discontinued operations	**-**	**-0.6**
Total income tax expense in the income statement	**-18.0**	**-28.9**

The reconciliation between the theoretical tax rate and the effective tax rate for the total income tax expense is as follows:

(Million EUR)	2012	2011
Continuing and discontinued operations		
Recognized in the income statement		
Total income tax expense in the income statement	**-18.0**	**-28.9**
Profit (+) / loss (-) before tax	-179.5	-66.7
Less share of result of equity accounted investees, net of income tax	7.3	5.9
Profit (+) / loss (-) before tax and before result from equity accounted investees	**-186.8**	**-72.6**
Effective tax rate	**N/A**	**N/A**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**-186.8**	**-72.6**
Theoretical tax rate[1]	27.9%	28.1%
Expected income tax at the theoretical tax rate	**52.2**	**20.4**
Difference between theoretical and effective tax expenses	**-70.2**	**-49.3**
Adjustment on deferred taxes	**-1.2**	**-0.7**
Change in tax rates	-0.3	0.1
Recognition (+) / derecognition (-) of previously recognized tax losses	-0.9	-0.8
Adjustment on tax expenses	**-69.0**	**-48.6**
Non deductible expenses	-42.3	-55.6
Special tax regimes	7.4	3.9
Use or recognition of tax losses / tax credits not previously recognized	0.6	3.1
Tax losses / temporary differences for which no deferred tax asset has been recorded	-32.8	-2.5
Adjustment current tax expense previous periods	-1.4	1.1
Other	-0.5	1.4

[1] Theoretical aggregated weighted tax rate of all group companies

The 2012 non-deductible expenses mainly relate to the impairment losses recognized on the sold entities Tessenderlo Asia Holding Ltd, Lianyungang Taile Chemical Industry, Co. Ltd, Calaire Chimie SAS and Farchemia srl and to the impairment losses recognized on the entities included in the disposal groups Profialis, Compounds and an Organic Chlorine Derivatives activity (-34.9 million EUR).

The 2011 non-deductible expenses mainly related to the sale of the PVC/Chlor-Alkali and part of the Organic Chlorine Derivatives (OCD) activities. Following this sale, an impairment loss of 151.0 million EUR on property, plant and equipment and other intangible assets was recognized (note 5 - Discontinued operations). The loss on the share transaction was not tax deductible and was included in the "Non-deductible expenses" for -50.3 million EUR.

The tax losses and temporary differences for which no deferred tax asset has been recognized in 2012 mainly relate to tax losses in the Belgian activities (-30.7 million EUR) (note 17 – Deferred tax assets and liabilities).

12. Property, plant and equipment

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2012	**395.7**	**1 366.9**	**102.1**	**91.9**	**1 956.6**
- change in consolidation scope (disposal groups)	-28.8	-176.2	-1.7	-2.2	-208.9
- change in consolidation scope (acquisitions)	0.1	0.1	-	-	0.1
- dismantlement provision	0.1	0.8	-	-	0.9
- capital expenditure	4.8	26.3	3.1	80.1	114.2
- sales and disposals	-6.2	-12.0	-7.4	0.0	-25.6
- transfers	38.5	51.0	9.6	-102.8	-3.8
- transfers to non-current assets classified as held for sale	-34.7	-190.9	-5.2	-2.2	-232.9
- translation differences	-1.0	-4.0	0.1	-1.8	-6.7
At December 31, 2012	**368.5**	**1 061.9**	**100.7**	**63.0**	**1 594.0**
Depreciation and impairment losses					
At January 1, 2012	**-225.5**	**-1 125.7**	**-86.6**	**0.0**	**-1 437.8**
- change in consolidation scope (disposal groups)	28.8	176.2	1.7	2.2	208.9
- depreciation	-11.9	-53.7	-7.2	-	-72.7
- impairment losses	-14.7	-44.0	-0.4	-3.0	-62.2
- sales and disposals	5.7	11.3	7.0	-	24.0
- transfers	-0.1	9.0	-7.4	-	1.4
- transfers to non-current assets classified as held for sale	28.0	182.1	4.7	0.8	215.7
- translation differences	0.0	0.4	0.0	-	0.5
At December 31, 2012	**-189.6**	**-844.3**	**-88.2**	**0.0**	**-1 122.2**
Carrying amounts					
At January 1, 2012	**170.3**	**241.1**	**15.5**	**91.9**	**518.8**
At December 31, 2012	**178.9**	**217.5**	**12.4**	**63.0**	**471.8**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2011	**444.8**	**2 045.5**	**114.6**	**66.3**	**2 671.2**
- change in consolidation scope (disposal groups)	-9.8	-120.7	-2.3	-2.1	-134.9
- change in consolidation scope (discontinued operations)	-57.8	-599.4	-5.5	-7.9	-670.6
- change in consolidation scope (acquisitions)	6.6	3.5	-	-	10.1
- dismantlement provision	0.1	0.2	-	-	0.3
- capital expenditure	3.4	24.1	3.2	75.8	106.5
- sales and disposals	-1.4	-10.8	-7.3	-	-19.5
- transfers	8.7	31.8	0.9	-38.8	2.6
- translation differences	1.1	-7.3	-1.5	-1.4	-9.1
At December 31, 2011	**395.7**	**1 366.9**	**102.1**	**91.9**	**1 956.6**
Depreciation and impairment losses					
At January 1, 2011	**-241.7**	**-1 646.6**	**-94.6**	**0.0**	**-1 982.9**
- change in consolidation scope (disposal groups)	3.4	112.6	2.1	0.9	119.0
- change in consolidation scope (discontinued operations)	37.1	590.5	5.5	5.7	638.8
- depreciation	-13.1	-63.5	-8.0	-	-84.6
- impairment losses	-10.5	-132.2	-0.4	-6.6	-149.7
- sales and disposals	0.3	9.5	6.9	-	16.7
- transfers	-0.1	-3.8	0.5	-	-3.4
- translation differences	-0.9	7.8	1.4	-	8.3
At December 31, 2011	**-225.5**	**-1 125.7**	**-86.6**	**0.0**	**-1 437.8**
Carrying amounts of governments grants					
- net government grants at 1 January 2011	-	-6.1	-	-	-6.1
- net government grants at 31 December 2011	-	-	-	-	-
Carrying amounts					
At January 1, 2011	**203.1**	**392.8**	**20.0**	**66.3**	**682.2**
At December 31, 2011	**170.3**	**241.1**	**15.5**	**91.9**	**518.8**

The decrease of the carrying amount of property, plant and equipment is mainly impacted by the sale of subsidiaries and the disposal groups presented as non-current assets classified as held for sale. In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, these assets have been measured at the lower of the carrying amount and fair value less cost to sell before classification to non-current assets classified as held for sale. An impairment loss of -59.8 million EUR was recognized in 2012 on items of property, plant and equipment related to the disposal groups (see note 21 - Non-current assets classified as held for sale). The remaining impairment loss of -2.4 million EUR mainly includes the impact of the decision to close down two non-competitive independent production units for pharmaceutical intermediates and sulfate fertilizers at the Loos (France) site, following persistent difficult market conditions and a decline in demand from both units. The impairment losses have been recorded as a non-recurring expense item in the income statement (see note 7 - Non-recurring income/(expense) items).

The impairment losses for an amount of -149.7 million EUR in 2011 mainly related to the sale of the PVC/Chlor-alkali activity and part of the Organic Chlorine Derivatives activities.

The capital expenditure on property, plant and equipment amounts to 114.2 million EUR and mainly relates to the following operating segments (note 3 - Segment reporting):

- “Tessenderlo Kerley” (35.6 million EUR), including following growth capital expenditures:
  - Tessenderlo Kerley Inc. will service a gold mining operation in the Western US, via a long term production and supply agreement. Tessenderlo Kerley Inc. will construct, own and operate a new, environmentally safe thiosulfates production facility on the site of the mining operation of Barrick Gold Corporation, the gold industry leader. Startup is estimated to take place in the first half of 2014.

- A production facility at Hanford, California. This facility will produce KTS fertilizers. It is anticipated to be operational in the second half of 2014.
- A new sulfur processing plant located at Wynnewood, Oklahoma. This plant started operations in December 2012 and will produce ATS fertilizer.

The assets under construction within Tessenderlo Kerley amount to 21.0 million EUR as per December 31, 2012.

- "Gelatin and Akiolis" (32.0 million EUR), including following growth capital expenditures:
  - Capital expenditures made in the Soleval business activity to start new manufacturing lines of single species ingredients to improve nutritional value and the appeal of the ingredient products.
  - Capital expenditures made for the further completion of two new gelatin production facilities in Brazil and China, both already operational at the end of 2011.

The assets under construction within the operating segment "Gelatin and Akiolis" amount to 15.7 million EUR.

- "Inorganics" (12.4 million EUR), mainly related to capital expenditures made by Tessenderlo Chemie NV related to modifications and improvements of the existing sulphate installations. The assets under construction within the operating segment "Inorganics" amount to 11.7 million EUR.

No amounts of borrowing costs were capitalized in 2012. The capital expenditure in 2011 included 1.9 million EUR of borrowing costs related to the construction of a new factory for the production of gelatin in Brazil (note 10 - Finance costs and income).

For the line items of the income statement in which depreciation, impairment losses and reversal of impairment losses have been recorded, refer to note 9 - Additional information on operating expenses by nature.

Following the amended credit facility agreement (note 24 - Loans and borrowings), 17 subsidiaries are acting as guarantor and ensure the fulfillment of the obligors' payment obligations (these are as well borrowers as guarantors) in accordance with the credit facility agreement. The total property, plant and equipment of the guarantors, during the entire term of the credit agreement, should amount to a minimum of 60% of the property, plant and equipment at group level, if not, additional subsidiaries of the group will have to act as guarantor to the credit facility agreement. As per year-end 2012, the property, plant and equipment of the guarantors amounts to 71.8% (2011: 66.4%) of the total property, plant and equipment of the group.
In addition, the property, plant and equipment of the gelatin plant in Brazil is serving as guarantee for the loan with Banco Do Brasil SA (note 24 - Loans and borrowings).

The group leases property, plant and equipment under a number of finance lease agreements. At the end of each of the leases, the group has the option to purchase the equipment at a beneficial price. As per December 31, 2012, the net carrying amount of leased property, plant and equipment amounted to 1.6 million EUR (2011: 2.1 million EUR). For an overview of the lease payables, we refer to note 24 - Loans and borrowings.
The finance leases mainly consist of land and buildings for an amount of 1.6 million EUR (2011: 1.9 million EUR), which also secure the lease payables.

13. Goodwill

(Million EUR)	2012	2011
Cost		
At January 1	**81.4**	**80.5**
- change in consolidation scope (acquisitions)	2.0	-
- change in consolidation scope (disposal groups)	-	-1.1
- transfers to non-current assets classified as held for sale (note 21)	-15.9	-
- translation differences	0.8	2.0
At December 31	**68.2**	**81.4**
Impairment losses		
At January 1	**-26.4**	**-27.1**
- change in consolidation scope (disposal groups)	-	1.1
- impairment losses	-20.5	-
- transfers to non-current assets classified as held for sale (note 21)	15.9	-
- translation differences	-0.1	-0.4
At December 31	**-31.0**	**-26.4**
Carrying amounts		
At January 1	**55.0**	**53.4**
At December 31	**37.2**	**55.0**

In January 2012, Soleval Nord Est SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Neobiol sarl, a specialist in the collection of used food cooking oil in the Paris region. In June 2012, Soleval Ouest SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Société Azuréenne de Récupération SAR, a specialist in the collection of used food cooking oil and organic waste in the region Provence-Alpes-Côte d’Azur. These acquisitions resulted together in the recognition of a goodwill of 1.3 million EUR.

New information obtained within one year after the acquisition of BT Bautechnik, which was acquired on October 31, 2011, about facts and circumstances that already existed at the acquisition date resulted in non significant changes in its initial accounting and led to the recognition of a goodwill of 0.7 million EUR.

Before classification to non-current assets classified as held for sale of the disposal group Profialis, the assets have been measured at the lower of the carrying amount and fair value less cost to sell. An impairment loss of 32.2 million EUR, of which 3.2 million EUR related to goodwill, was recognized (note 21 - Non-current assets classified as held for sale). The impairment loss has been recorded as a non-recurring expense item in the income statement.

During the fourth quarter of 2012, the group completed its annual impairment test for goodwill. An impairment loss of 17.3 million EUR was recognized on the goodwill of the cash generating unit Group Eurocell, a UK supplier of PVC profiles. Its products are primarily used for new build projects in the private sector and home improvements in private and public sector. Despite organizational changes in 2011 and 2012 to improve the production efficiency and reduce costs, Group Eurocell is operating in a more challenging environment, resulting in lower cash flow projections compared to the test of last year. The after-tax discount rate applied to the cash flow projection is 10.6% (2011: 9.6%). The carrying amount of the cash generating unit, before recognition of the impairment loss, exceeded the recoverable amount. The impairment loss was allocated fully to goodwill and has been recorded as a non-recurring expense item in the income statement (note 7 - Non-recurring income/(expense) items).

The group cannot foresee whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. The group believes that all of its estimates are reasonable. They are consistent with the internal reporting and reflect management’s best estimates.

Goodwill only accounts for approximately 2.9% of the group's total assets as per December 31, 2012 or 37.2 million EUR (2011: 4.0% or 55.0 million EUR).

The carrying amount of goodwill per operating segment and per cash generating unit, is shown in the table below:

(Million EUR)	2012			2011		
	Cost	Impairment/ Amortization[1]	Carrying amounts	Cost	Impairment/ Amortization[1]	Carrying amounts
Tessenderlo Kerley	**6.9**	**-4.3**	**2.5**	**7.0**	**-4.4**	**2.6**
Gelatin and Akiolis	**30.3**	**-1.8**	**28.5**	**28.9**	**-1.8**	**27.1**
Group Akiolis	21.9	-1.4	20.6	20.6	-1.4	19.2
Gelatin America	8.4	-0.4	8.0	8.3	-0.4	7.9
Plastic Pipe Systems and Profiles	**30.4**	**-24.2**	**6.2**	**44.9**	**-19.5**	**25.4**
Group Eurocell	23.1	-23.1	-	22.6	-5.6	16.9
John Davidson Pipes	3.5	-1.1	2.4	3.5	-1.1	2.3
Plastic Pipe Systems Benelux	3.0	-	3.0	3.0	-	3.0
Group BT Bautechnik	0.8	-	0.8	-	-	-
Profialis	-	-	-	15.9	-12.7	3.2
Other Businesses	**0.6**	**-0.6**	**-**	**0.6**	**-0.6**	**-**
Chemilyl SAS	0.6	-0.6	-	0.6	-0.6	-
Total	**68.2**	**-31.0**	**37.2**	**81.4**	**-26.4**	**55.0**

[1] Goodwill has been amortized till January 1, 2004.

The carrying amount of goodwill is significant in comparison with the group's total carrying amount of goodwill within the following cash generating units as per December 31, 2012:

- Group Akiolis (part of the operating segment "Gelatin and Akiolis"); 20.6 million EUR (2011: 19.2 million EUR).
- Gelatin America (part of the operating segment "Gelatin and Akiolis"); 8.0 million EUR (2011: 7.9 million EUR).

The impairment testing on goodwill relies on a number of critical judgments, estimates and assumptions. Goodwill has been tested for impairment on the level of its cash generating unit and is based on value-in-use calculations.

The key judgments, estimates and assumptions used in these calculations are as follows:

- The cash flow projection of the first year is based on the current year financial budget approved by the management (2013).
- For the next four years, the cash flows are based on the assets in their current condition and do not include future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance. Only the capital expenditure required to stay in business is included. The most important parameters for determining the future free cash flows are the evolution of the market, market share and the margin on sales. The cash flow is based on the most recent financial projections and is based on the management's perception of developments in sales and cost items during the forecasted period.
- In order to calculate the terminal value, the data of the fifth year are extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate is assumed to be zero.
- Projections are made in the functional currency of the cash generating unit and are discounted at the after-tax Weighted Average Cost of Capital (WACC) at the level of the cash generating unit. The latter ranged between 7.7% and 11.1%. Since after-tax cash flows are incorporated into the calculation of the "value in use" of the cash generating units, a post-tax discount rate is used in order to remain consistent.

For Group Akiolis and Gelatin America the WACC used in the impairment test was respectively 7.7% (2011: 8.3%) and 11.1% (2011: 10.7%).

An increase of these WACC's by 1% and a simultaneous reduction of total projected future cash flow by 10% would not have resulted in the carrying amounts of these significant Cash Generating Units exceeding their recoverable amount.

Although the group believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions.

14. Other intangible assets

(Million EUR)	Useful life						
	Finite					Indefinite	
	Develop-ment	Conces-sions, patents, licenses	Soft-ware	Cus-tomer lists	Other intangible assets	Other intangible assets	Total
Cost							
At January 1, 2012	**0.3**	**41.4**	**22.0**	**40.0**	**20.0**	**2.1**	**125.8**
- change in consolidation scope (acquisitions)	-	9.9	-	1.1	0.4	-	11.4
- change in consolidation scope (disposal groups)	-	-1.6	-1.2	0.0	0.0	-	-2.7
- capital expenditure	0.0	2.5	1.2	-	0.0	-	3.7
- sales and disposals	-0.1	-0.1	-0.9	-	0.0	-	-1.1
- transfers	0.0	0.5	1.3	-	-0.8	-	1.1
- transfers to non-current assets classified as held for sale	-0.2	-0.1	-6.3	-0.6	-2.4	-	-9.6
- translation differences	-	-0.3	-0.1	-0.1	-0.3	-0.1	-0.9
At December 31, 2012	**0.0**	**52.3**	**16.0**	**40.4**	**17.0**	**2.0**	**127.7**
Amortization and impairment losses							
At January 1, 2012	**-0.3**	**-26.0**	**-14.6**	**-16.8**	**-10.1**	**0.0**	**-67.7**
- change in consolidation scope (disposal groups)	0.0	1.6	1.2	-	0.0	-	2.7
- amortization	0.0	-4.8	-1.9	-4.3	-1.3	-	-12.2
- impairment losses	0.0	-0.5	-0.7	-0.2	0.0	-	-1.4
- sales and disposals	0.1	0.1	0.9	-	-	-	1.1
- transfers	-	-0.1	-0.1	-	0.1	-	-0.2
- transfers to non-current assets classified as held for sale	0.2	0.1	6.3	0.6	2.4	-	9.6
- translation differences	-	0.2	-0.1	0.0	0.2	0.0	0.4
At December 31, 2012	**0.0**	**-29.3**	**-9.1**	**-20.6**	**-8.7**	**0.0**	**-67.7**
Carrying amounts							
At January 1, 2012	**0.0**	**15.5**	**7.4**	**23.2**	**9.9**	**2.1**	**58.1**
At December 31, 2012	**0.0**	**22.9**	**6.9**	**19.8**	**8.3**	**2.0**	**60.0**

(Million EUR)	Useful life						
	Finite					Indefinite	
	Develop-ment	Conces-sions, patents, licenses	Soft-ware	Cus-tomer lists	Other intangible assets	Other intangible assets	Total
Cost							
At January 1, 2011	**3.8**	**49.4**	**16.8**	**39.1**	**18.2**	**2.0**	**129.3**
- change in consolidation scope (acquisitions)	-	0.6	-	1.0	1.1	-	2.7
- change in consolidation scope (discontinued operations)	-	-13.8	-	-	-	-	-13.8
- capital expenditure	-	1.5	5.5	0.1	-	-	7.1
- sales and disposals	-0.4	-0.1	-0.1	-0.9	-	-	-1.5
- transfers	-3.1	3.0	-0.3	-	-	-	-0.4
- translation differences	-	0.8	0.1	0.7	0.7	0.1	2.4
At December 31, 2011	**0.3**	**41.4**	**22.0**	**40.0**	**20.0**	**2.1**	**125.8**
Amortization and impairment losses							
At January 1, 2011	**-3.2**	**-30.1**	**-13.4**	**-12.7**	**-8.7**	**0.0**	**-68.1**
- change in consolidation scope (discontinued operations)	-	13.8	-	-	-	-	13.8
- amortization	-0.3	-4.8	-1.3	-4.6	-1.2	-	-12.2
- impairment losses	-	-1.5	-	-	-	-	-1.5
- sales and disposals	0.4	0.1	0.1	0.9	-	-	1.5
- transfers	2.9	-3.0	-	-	-	-	-0.1
- translation differences	-	-0.5	-	-0.4	-0.2	-	-1.1
At December 31, 2011	**-0.3**	**-26.0**	**-14.6**	**-16.8**	**-10.1**	**0.0**	**-67.7**
Carrying amounts							
At January 1, 2011	**0.6**	**19.3**	**3.4**	**26.4**	**9.5**	**2.0**	**61.2**
At December 31, 2011	**0.0**	**15.5**	**7.4**	**23.2**	**9.9**	**2.1**	**58.1**

The change in consolidation scope (acquisitions) mainly relates to the acquisition of the global carbaryl business in January 2012 by Tessenderlo Kerley Inc., a US subsidiary within the operating segment “Tessenderlo Kerley” (note 4 - Acquisitions and disposals).

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets of disposal groups are presented as non-current assets classified as held for sale and measured at the lower of the carrying amount and fair value less cost to sell. An impairment loss of -1.4 million EUR was recognized in 2012 on the items of other intangible assets related to the disposal groups (note 21 - Non-current assets classified as held for sale). The impairment losses have been recorded as a non-recurring expense item in the income statement (note 7 - Non-recurring income/(expense) items).

The capital expenditure on other intangible assets amounts to 3.7 million EUR in 2012 and is presented per operating segment in note 3 - Segment reporting. The capital expenditure mainly relates to the development and implementation of a new ERP software.

No borrowing costs were capitalized during 2012 and 2011.

The “other” intangible assets with finite useful lives consist mainly of non-compete agreements, know how, product labels and land-use rights. The non-compete agreements, the product labels and the know-how are being amortized on a straight-line basis over 5-15 years.

See note 9 - Additional information on operating expenses by nature for the line items of the income statement in which amortization, impairment losses and reversal of impairment losses have been recorded.

The other intangible assets with indefinite life relate to trademarks which are considered to have an indefinite life unless plans would exist to discontinue the related activity. The other intangible assets with indefinite useful life have been tested for impairment and no impairment charge was deemed necessary.

No intangible assets are pledged as security for liabilities.

15. Investments accounted for using the equity method

Investments accounted for using the equity method consist of joint ventures and associates.

The joint ventures of the group are:

		Ownership	
	Country	2012	2011
MPR Middle East WLL	Bahrain	50%	50%
Apeval SAS	France	50%	-
Établissements Michel SAS	France	50%	50%
Établissements Violleau SAS	France	50%	50%
Siram SARL	France	50%	50%
Jupiter Sulphur LLC	USA	50%	50%

On January 1, 2012, SR Collecte SAS and Recup' Food SASU, two French subsidiaries within the operating segment "Gelatin and Akiolis" and held at 100% as per December 31, 2011 by Akiolis Group SAS, were integrated into one newly created entity Apeval SAS through a joint venture agreement with Promic SA, a Spanish company specialized in collecting, processing and recovery of co-products generated by the food industry. After this joint venture agreement, the group holds 50% of the shares and voting rights in Apeval SAS.

The associates of the group are:

	Country	Ownership 2012	Ownership 2011
T-Power SA	Belgium	20.00%	33,33%
Meta Bio Energies SAS	France	20.46%	20.46%
Alkemin S de RL de CV	Mexico	49.50%	49,50%
Wolf Mountain Products LLC	USA	45.00%	45,00%

In September 2011, Tessenderlo Group sold 13.33% of the shares in T-Power SA to Tokyo Gas. The transaction was subject to approval by the authorities, other shareholders rights, and 3rd party consents as per December 31, 2011. After fulfillment of these conditions, the transaction was closed in June 2012, reducing the participation from 33.33% to 20.00% (note 4 – Acquisitions and disposals).

The 49.5% participation in Alkemin S de RL de CV has been sold in February 2013. The impact of this transaction on the 2013 consolidated income statement will be insignificant.

The carrying amount of the investments accounted for using the equity method is as follows:

(Million EUR)	2012	2011
Alkemin S de RL de CV	0.0	0.0
Apeval SAS	0.6	-
Établissements Michel SAS	0.6	0.6
Établissements Violleau SAS	1.9	1.5
Jupiter Sulphur LLC	8.4	8.5
Meta Bio Energies SAS	0.5	0.6
MPR Middle East WLL	0.0	0.0
Siram SARL	0.7	1.0
T-Power SA	8.9	8.6
Wolf Mountain Products LLC	0.0	0.0
Total	**21.4**	**20.8**

None of the group's equity-accounted investees are publicly listed entities and consequentially they do not have published price quotations.

Summary financial information on investments accounted for using the equity method at 100%:

(Million EUR)	2012	2011
Non-current assets	439.2	454.2
Current assets	65.6	30.6
Total assets	**504.8**	**484.8**
Equity	70.9	69.2
Non-current liabilities	403.5	388.5
Current liabilities	30.4	27.1
Total equity and liabilities	**504.8**	**484.8**
Revenue	130.0	95.6
Cost of sales	-45.5	-36.2
Gross profit	84.4	59.5
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	51.9	35.3
Profit (+) / loss (-) from operations (EBIT)	51.9	32.7
Finance costs - net	-20.2	-10.7
Profit (+) / loss (-) before tax	31.7	22.0
Profit (+) / loss (-) for the period	20.4	13.3

The commercial operations of T-Power SA started in July 2011 under a tolling agreement with RWE group, a major power company headquartered in Germany. Revenue of T-Power SA in 2012 amounted to 67.1 million EUR (2011: 38.6 million EUR) while the profit for the period amounted to 12.6 million EUR (2011: 5.4 million EUR).

16. Other investments

(Million EUR)	2012	2011
Investments in equity securities	4.4	4.5
Cash guarantees / deposits / others	0.4	1.2
Total	**4.8**	**5.7**

Investments in equity securities	2012	2011
Exeltium SAS, France	0.7	0.7
FERTI NRJ SAS, France	0.3	0.3
GLOBE International SA, Belgium	0.5	0.5
Indaver SA, Belgium	0.6	0.6
LVM United Kingdom Ltd, United Kingdom	0.1	0.1
Tessenderlo Chemie España TCE sa, Spain	0.6	0.6
Tessenderlo Schweiz AG, Switzerland	0.8	0.8
Other	0.8	0.9
Total	**4.4**	**4.5**

The investments in unquoted companies are measured at cost less impairment losses as their fair value can not be reliably determined.

17. Deferred tax assets and liabilities

(Million EUR)	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
Property, plant and equipment	4.0	4.4	-26.8	-30.2	-22.7	-25.8
Goodwill	2.6	1.4	-0.1	-	2.4	1.4
Other intangible assets	4.1	3.4	-7.5	-8.2	-3.3	-4.8
Inventories	1.5	1.5	-2.2	-2.6	-0.6	-1.1
Receivables	0.0	0.2	0.0	-	0.0	0.2
Derivative financial instruments	0.1	1.1	-0.6	-0.7	-0.5	0.4
Other current assets	0.7	1.9	0.0	-1.8	0.7	0.1
Employee benefits	3.1	3.4	-9.7	-8.6	-6.6	-5.2
Provisions	10.3	3.5	-17.4	-17.4	-7.1	-13.9
Other items	1.7	0.5	-5.7	-2.0	-4.0	-1.5
Losses carried forward	11.1	27.0	-	-	11.1	27.0
Gross deferred tax assets / (liabilities)	**39.4**	**48.3**	**-69.9**	**-71.5**	**-30.6**	**-23.2**
Set-off of tax	**-35.1**	**-40.9**	**35.1**	**40.9**		
Net deferred tax assets / (liabilities)	**4.3**	**7.4**	**-34.9**	**-30.6**	**-30.6**	**-23.2**

The increase of the net deferred tax liabilities can mainly be explained by the transfer of the tax receivables (on fiscal losses carried forward in France), initially included in deferred tax assets, to long term receivables in 2012 (12.3 million EUR) (note 18 - Trade and other receivables).

The 2011 figures also included net deferred tax assets (1.2 million EUR) contributed by the sold entities Tessenderlo Asia Holding Ltd, Lianyungang Taile Chemical Industry, Co. Ltd, Calaire Chimie SAS and Farchemia srl and the different disposal groups classified as assets and liabilities as held for sale as per December 31, 2012. This increase was partially compensated by deferred tax assets on the environmental provisions at the site in Loos, which were recognized in 2012 (7.6 million EUR).

On December 31, 2012, a deferred tax liability of 11.9 million EUR (2011: 9.2 million EUR) relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not be incurred in the foreseeable future. The increase of this liability is mainly due to the increase of the undistributed reserves of subsidiaries within the operating segment “Tessenderlo Kerley” as well as by a change of the French tax legislation on dividends.

Tax losses and tax credits carried forward, including notional interest deduction, on which no deferred tax asset is recognized amount to 239.0 million EUR (2011: 143.8 million EUR). 10.9 million EUR of these tax credits have a finite life (they expire in the period 2013-2018). Deferred tax assets have not been recognized based on the probability assessment whether the future taxable profits (within the next 5 years) will be available, against which the unused tax losses and credits can be utilized.

The movements in the deferred tax balances during the year can be summarized as follows:

(Million EUR)	Balance at January 1, 2011	Recognized in the income statement	Recognized in other comprehensive income	Disposal groups and discontinued operations	Balance at December 31, 2011	Recognized in the income statement	Recognized in other comprehensive income	Disposal groups	Other	Balance at December 31, 2012
Property, plant and equipment	-30.6	0.6	-	4.2	-25.8	-0.3	-	3.4		-22.7
Goodwill	2.0	-0.6	-	0.0	1.4	1.1	-	-0.1		2.4
Other intangible assets	-2.5	0.1	-	-2.4	-4.8	1.6	-	-0.1		-3.3
Inventories	-0.5	-0.3	-	-0.3	-1.1	0.8	-	-0.3		-0.6
Receivables	0.3	-0.1	-	0.0	0.2	-0.3	-	0.0		0.0
Derivative financial instruments	-0.9	1.9	-0.6	0.0	0.4	-1.0	0.1	-		-0.5
Other current assets	-0.5	0.9	-	-0.3	0.1	0.6	-	-		0.7
Employee benefits	-1.8	-3.0	-	-0.4	-5.2	-0.6	-	-0.8		-6.6
Provisions	-12.7	-2.8	-	1.6	-13.9	8.1	-	-1.2		-7.1
Other items	-2.3	0.8	-	0.0	-1.5	-2.5	-	0.0		-4.0
Losses carried forward	41.6	0.5	-	-15.1	27.0	1.2	-	-4.7	-12.3	11.2
Total	**-7.9**	**-2.0**	**-0.6**	**-12.7**	**-23.2**	**8.8**	**0.1**	**-3.9**	**-12.3**	**-30.5**

18. Trade and other receivables

(Million EUR)	2012	2011
Non-current trade and other receivables		
Trade receivables	0.7	0.9
Gross trade receivables	0.7	0.9
Amounts written off	-	-
Other receivables	13.9	0.4
Assets related to employee benefit schemes	33.0	28.2
Total	**47.6**	**29.5**

(Million EUR)	2012	2011
Current trade and other receivables		
Trade receivables	193.9	234.5
Gross trade receivables	202.9	245.9
Amounts written off	-9.0	-11.5
Other receivables	42.6	53.2
Prepayments	0.7	2.4
Receivables from related parties	0.6	0.8
Total	**237.9**	**290.9**

Receivables from related parties concern receivables from joint-ventures (note 32 - Related parties).

The ageing of the gross trade receivables and amounts written off is disclosed in the section “Credit risk” of note 28 - Financial instruments.

The non-current other receivables mainly relate to an income tax receivable of 12.7 million EUR, due to losses carried forward in France, which can be claimed on expiration date after 5 years. This receivable was previously recognized as a deferred tax asset (as per December 31, 2011: 12.3 million EUR) (note 17 - Deferred tax assets and liabilities).

The 2011 figures included current trade (27.2 million EUR) and other receivables (7.2 million EUR) contributed by the sold entities Lianyungang Taile Chemical Industry, Co. Ltd and Tessenderlo Asia Holding Ltd, Calaire Chimie SAS and Farchemia srl and the entities included in the disposal groups Profialis, Compounds and an Organic Chlorine Derivatives activity.

The December 31, 2011 balance of current other receivables included an amount of 14.7 million EUR linked to the sale of the PVC/Chlor-Alkali activities of which 3.2 million EUR is still outstanding as per December 31, 2012 (note 5 - Discontinued operations).

The increase of the assets related to employee benefit schemes is mainly due to paid employer contributions which were higher than the net periodic pension cost of the related defined benefit pension plan (note 25 - Employee benefits).

At December 31, 2012, an amount of 79.9 million EUR (2011: 85.8 million EUR) has been received in cash under various non-recourse factoring agreements, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold trade receivables is derecognized from the balance sheet.

19. Inventories

(Million EUR)	2012	2011
Consumables	69.8	97.3
Work in progress	18.6	21.1
Finished goods	174.5	193.5
Goods purchased for resale	40.3	39.0
Total	**303.3**	**350.8**

The decrease in inventories is mainly explained by the sale of entities during 2012 and the classification of inventories of disposal groups as assets classified as held for sale as per December 31, 2012. The inventories of the sold subsidiaries Lianyungang Taile Chemical Industry, Co. Ltd, Calaire Chimie SAS and Farchemia srl amounted to 23.3 million EUR as per December 31, 2011, consisting mainly of consumables (8.3 million EUR) and finished goods (12.4 million EUR). The inventories of the disposal groups classified as assets held for sale amounted to 34.8 million EUR as per December 31, 2011, consisting mainly of consumables (12.5 million EUR) and finished goods (17.7 million EUR).

There are no inventories pledged as security.

The cost of inventories recognized as cost of sales in 2012 amounts to 1 103.6 million EUR (2011 for the continuing operations: 1 023.2 million EUR).

The carrying amount of inventory, which was set at net realisable value as per year-end 2012 amounts to 15.9 million EUR (2011: 24.6 million EUR). An amount of 3.6 million EUR was expensed in 2012 (2011 continuing operations: 3.3 million EUR).

In 2012, a reversal of a write-off on inventories was recognized for an amount of 0.7 million EUR (2011 continuing operations: 0.2 million EUR) following a change in estimates.

20. Cash and cash equivalents

(Million EUR)	2012	2011
Term accounts	2.0	4.3
Current accounts	32.7	30.6
Cash and cash equivalents	**34.7**	**34.9**
Bank overdrafts	-5.2	-0.7
Cash and cash equivalents in the statement of cash flows	**29.5**	**34.2**

The group entered in 2012 into a liquidity contract with Exane BNP Paribas. The contract foresees the trade of Tessenderlo Chemie NV shares by Exane BNP Paribas, on behalf and for the account of Tessenderlo Chemie NV on NYSE Euronext Brussels. The trading of own shares required shareholder approval, which was granted at the extraordinary general meeting of shareholders of June 5, 2012. The group made 3.0 million EUR available at the start of the contract. As per December 31, 2012, 2.4 million EUR of resources remained available and is included in cash and cash equivalents.

21. Non-current assets classified as held for sale

(Million EUR)	2012	2011
Non-current assets classified as held for sale	64.4	7.8
Liabilities associated with assets classified as held for sale	40.6	-

The table below shows the major classes of assets and liabilities classified as held for sale as per December 31, 2012:

(Million EUR)	note	Profialis	Compounds	Organic Chlorine Derivatives activity	Other non-current assets classified as held for sale	2012
Assets		**7.3**	**50.2**	**3.6**	**3.3**	**64.4**
Total non-current assets		**0.0**	**16.4**	**0.0**	**3.3**	**19.8**
Property, plant and equipment	12	-	16.0	-	3.3	19.2
Other investments		-	-	0.0	-	0.0
Deferred tax assets		-	0.5	-	-	0.5
Total current assets		**7.3**	**33.7**	**3.6**	**-**	**44.6**
Inventories		1.1	18.5	1.1	-	20.7
Trade and other receivables		6.2	15.2	2.5	-	23.9
Liabilities		**11.2**	**19.2**	**10.2**	**-**	**40.6**
Total non-current liabilities		**1.1**	**1.5**	**2.7**	**-**	**5.3**
Employee benefits	25	0.6	0.6	1.5	-	2.7
Provisions	26	0.2	0.2	1.2	-	1.6
Deferred tax liabilities		0.3	0.7	-	-	1.0
Total current liabilities		**10.1**	**17.7**	**7.5**	**-**	**35.3**
Trade and other payables		9.9	17.7	7.3	-	35.0
Current tax liabilities		0.0	-	0.1	-	0.2
Provisions	26	0.2	-	-	-	0.2

As per August 29, 2012, the group announced its intention to sell its European continental profiles activities,

known under the brand name Profialis (operating segment “Plastic Pipe Systems and Profiles”). These activities are included in the subsidiaries Profialis NV (Belgium), Profialis SAS (France), Profialis Kft (Hungary), Profialis Sp.zo.o. (Poland), Wymar Nederland BV (The Netherlands) and Wymar Ukraine (Ukraine). The group completed the sale on January 31, 2013 (see also note 34 - Subsequent events).

As per February 27, 2013, the group announced its intention to sell its Compounds activities (operating segment “Compounds” within “Other Businesses”). These activities are included in the subsidiaries Thermoplastiques Cousin Tessier SAS, CTS-Marvyflo SAS, and Technicompound SAS (France), T.C.T. Polska Sp.zo.o. (Poland) and CTS Automotive Compounds (Changsu) Co. Ltd (China). The sale is expected to be completed in the first half of 2013 (note 34 - Subsequent events).

The group also has the intention to sell an Organic Chlorine Derivatives activity (operating segment “Organic Chlorine Derivatives” within “Other Businesses”) and some non-strategic assets, mainly land located at a French subsidiary within the operating segment “Plastic Pipe Systems and Profiles” (2.0 million EUR) and a building and plant machinery and equipment located at an Italian subsidiary within the operating segment “Inorganics” (1.3 million EUR). The sale of the land is completed in the first quarter of 2013.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the current and non-current assets were recognized at the lower of their carrying amount and the fair value less cost to sell before being presented as non-current assets classified as held for sale and liabilities associated with assets classified as held for sale. The table below shows the impairment losses recognized in 2012 on the disposal groups.

(Million EUR)	Profialis	Compounds	Organic Chlorine Derivatives activity	Calaire Chimie SAS and Farchemia srl	Lianyungang Taile Chemical Industry, Co. Ltd and Tessenderlo Asia Holding Ltd	2012
Impairment losses on disposal groups classified as held for sale	**-32.2**	**-5.7**	**-31.5**	**-31.3**	**-5.9**	**-106.6**
Total non-current assets	**-21.0**	**-5.7**	**-23.1**	**-21.9**	**-3.1**	**-74.9**
Property, plant and equipment	-17.0	-5.6	-16.2	-18.2	-2.8	-59.8
Goodwill	-3.2	-	-	-	-	-3.2
Other intangible assets	-0.7	-0.1	0.0	-0.2	-0.3	-1.4
Other investments	0.0	-	-	0.0	-	0.0
Deferred tax assets	0.0	-	-1.0	-3.4	-	-4.4
Trade and other receivables	0.0	-	-6.0	0.0	-	-6.0
Total current assets	**-11.2**	**-**	**-8.4**	**-9.4**	**-2.8**	**-31.7**
Inventories	-11.2	-	-8.4	-9.0	-0.8	-29.3
Trade and other receivables	-	-	-	-0.5	-2.0	-2.4

The sale of the disposal group Lianyungang Taile Chemical Industry, Co. Ltd and Tessenderlo Asia Holding Ltd was completed in August 2012. The sale of Calaire Chimie SAS and Farchemia srl has been completed in December 2012 (see also note 4 - Acquisitions and disposals).

On September 21, 2011, the group announced the sale of 13.33% of the shares of T-Power SA. As per December 31, 2011, the 13.33% participation, of which the carrying amount equaled to 5.8 million EUR, was presented as “Non-current assets classified as held for sale”. The transaction was closed in June 2012 (see also note 4 - Acquisitions and disposals).
The remaining amount of 2.0 million EUR in 2011 related to non-strategic assets, mainly land located at a French subsidiary within the operating segment “Plastic Pipe Systems and Profiles”. The assets remained for sale as per December 31, 2012 as described above.

22. Equity

Issued capital and share premium

	Ordinary shares	
	2012	2011
On issue at January 1	29,531,058	28,715,584
Payment of stock dividend 2010 at July 19, 2011	-	722,809
Issued for cash at August 26, 2011	-	92,665
Payment of stock dividend 2011 at July 17, 2012	1,085,455	-
Issued for cash at August 23, 2012	45,287	-
Issued for cash at December 27, 2012	500	-
On issue at December 31 – fully paid	**30,662,300**	**29,531,058**

The number of shares comprised 8 841 882 registered shares (2011: 8 370 060) and 21 820 418 ordinary shares (2011: 21 160 998). The shares are without nominal value. The holders of Tessenderlo Chemie NV shares are entitled to receive dividends as declared and are also entitled to one vote per share at shareholders' meetings of the company.

The Board of Directors' proposal to distribute a gross dividend of 1.3333 EUR per share or 39.4 million EUR for the business year 2011 was approved by the shareholders of Tessenderlo Chemie NV at their annual general meeting on June 5, 2012. The Board of Directors decided to offer all the shareholders a choice of payment conditions: the option of receiving a dividend in new shares (stock dividend) at a price of 18.00 EUR per share, or in cash, or a combination of both. The choice of shareholders for payment in new shares resulted in the creation of 1 085 455 additional shares. These shares (with VVPR strip) were included for trading on Eurolist on NYSE Euronext Brussels on July 17, 2012 and led to an increase of issued capital and share premium by 19.5 million EUR.

On August 23, 2012, Tessenderlo Chemie NV included 45 287 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 45 287 ordinary shares subscribed by staff on 150 000 presented. On December 27, 2012, 500 ordinary shares were issued at the time of the conversion of warrants. The transactions led together to an increase of issued capital and share premium by 0.8 million EUR.

The Board of Directors' proposal to distribute a gross dividend of 1.3333 EUR per share or 38.3 million EUR for the financial year 2010 was approved by the shareholders of Tessenderlo Chemie NV at their annual general meeting on June 7, 2011. The Board of Directors decided to offer shareholders a choice of payment conditions: the option of receiving a dividend in new shares (stock dividend) at a price of 25.00 EUR per share, or in cash, or a combination of both. The choice of shareholders for payment in new shares resulted in the creation of 722 809 additional shares. These shares (with VVPR strip) were included for trading on Eurolist on NYSE Euronext Brussels on July 19, 2011 and led to an increase of issued capital and share premium by 18.1 million EUR.

On August 26, 2011, Tessenderlo Chemie NV included 92 665 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 85 465 ordinary shares subscribed by staff on 150 000 presented and 7 200 ordinary shares emitted at the time of the conversion of warrants, which led to an increase of issued capital and share premium by 2.2 million EUR.

Authorised capital

According to the decision of the extraordinary general meeting of June 7, 2011, the Board of Directors was granted the authority to increase the capital in one or more times, during the period and in the manner specified, up to a maximum amount of 40.0 million EUR, exclusively within the frame of (i) capital increases reserved for the personnel of the company or of its affiliates, (ii) capital increases within the frame of the issue of warrants in favour of certain members of the personnel of the company or of its affiliates and, possibly, in favour of certain persons who are not part of the personnel of the company or of its affiliates, (iii) capital increases within the frame

of an optional dividend, whether in this respect the dividend is directly distributed in the form of shares or is directly distributed in cash and afterwards the paid cash can be used to subscribe to shares, the case being by means of a surcharge and (iv) capital increases carried out by conversion of reserves or other entries of equity capital, so as to enable to round the amount of the capital to the nearest convenient rounded amount. The unused amount of the authorised capital at the balance date amounts to 28.4 million EUR.

Legal reserves

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 14.8 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

The amount of dividends payable to Tessenderlo Chemie NV by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Dividends paid to the company by certain of its subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does not exceed 20%.

Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Revaluation reserves

The revaluation reserves, in accordance with IFRS 3 for business combinations achieved in stages, include the remeasurement of its previously held equity interest in the acquiree at the acquisition date fair value. The revaluation surplus is transferred to retained earnings upon disposal of the assets. The revaluation reserves of 10.7 million EUR relate to the increase in the fair value of the net assets, as per June 2009, on the previously acquired interest of 50% relating to the Group Fiso (operating segment "Gelatin and Akiolis").

Hedging reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted the income statement.

Reserve for treasury shares

The reserve for the parent company's treasury shares comprises the cost of the parent company's shares held by the group. As per December 31, 2012 the group held 29,782 own shares. The group entered in 2012 into a liquidity contract with Exane BNP Paribas. The contract foresees the trade of Tessenderlo Chemie NV shares by Exane BNP Paribas, on behalf and for the account of Tessenderlo Chemie NV on NYSE Euronext Brussels. The trading of own shares required shareholder approval, which was granted at the extraordinary general meeting of shareholders of June 5, 2012.

Dividends

After the balance sheet date, the Board of Directors will propose to the shareholders at the annual shareholders' meeting of June 4, 2013, to approve a dividend distribution of 40.9 million EUR or a gross dividend per share of 1.3333 EUR. Pending approval by the shareholders, the dividend has not been accounted for as a liability.

Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.
Capital consists of the issued capital, share premium and reserves.

The Board of Directors monitors the return on capital as well as the level of dividends to the shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong capital position. The gearing ratio (net financial debt divided by net financial debt and equity attributable to the equity holders of the company) at the end of 2012 is 45.3% (2011: 26.8%).

There were no changes in the group's approach to capital management during the year.

23. Earnings per share

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

In accordance with IFRS, the basic and diluted earnings per share were adjusted retrospectively for all periods presented, taking into account the issuance of 1 085 455 additional shares as a consequence of the stock dividend (note 22 - Equity).

The weighted average number of ordinary shares and the earnings per share are calculated as follows:

	2012	2011	
		Continuing operations	Discontinued operations
Number of ordinary shares at January 1	29,531,058	28,715,584	28,715,584
Effect of stock dividend 2010	-	722,809	722,809
Effect of stock dividend 2011	1,085,455	1,085,455	1,085,455
Adjusted number of ordinary shares at January 1	**30,616,513**	**30,523,848**	**30,523,848**
Effect of shares issued	16,226	32,750	32,750
Effect of own shares[1]	-9,533	-	-
Adjusted weighted average number of ordinary shares at December 31	**30,623,206**	**30,556,598**	**30,556,598**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	-197.9	58.0	-153.6
Basic earnings per share (in EUR)	**-6.46**	**1.90**	**-5.03**

[1] Weighted average of own shares following the liquidity contract the group started in July 2012. As per December 31, 2012, 29,782 own shares were held by the group.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the diluted weighted average number of ordinary shares outstanding during the year.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. In 2012, the potential ordinary shares were not dilutive for this reason.

The weighted average number of ordinary shares (diluted) and the diluted earnings per share are calculated as follows:

	2012	2011	
		Continuing operations	Discontinued operations
Adjusted weighted average number of ordinary shares at December 31	30,623,206	30,556,598	30,556,598
Effect of warrants issued	-	84,399	-
Diluted weighted average number of ordinary shares at December 31	**30,623,206**	**30,640,997**	**30,556,598**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	-197.9	58.0	-153.6
Diluted earnings per share (in EUR)	**-6.46**	**1.89**	**-5.03**

24. Loans and borrowings

(Million EUR)	2012	2011
Non-current loans and borrowings	275.5	180.5
Current loans and borrowings	68.0	73.2
Total loans and borrowings	**343.5**	**253.6**
Cash and cash equivalents	-34.7	-34.9
Bank overdrafts	5.2	0.7
Net loans and borrowings	**314.0**	**219.4**

The gearing ratio at the end of 2012 is 45.3% (2011: 26.8%).

Non-current and current loans and borrowings

(Million EUR)	2012	2011
Non-current loans and borrowings		
Lease payables	0.9	1.2
Credit institutions	280.8	181.7
Transaction costs related to loans and borrowings	-6.2	-2.4
Total	**275.5**	**180.5**
Current loans and borrowings		
Current portion long term loans and borrowings	1.8	12.8
Lease payable within 1 year	0.2	0.3
Credit institutions and commercial paper	66.0	65.8
Transaction costs related to loans and borrowings	-	-5.7
Total	**68.0**	**73.2**

Terms and debt repayment schedule 2012 of the non-current loans and borrowings:

	2012						
	Other currencies in million EUR	In million EUR	Total	Rate (%)		Effective rate (%)	Maturity
Credit institutions (private placement)		150.0	150.0	5.25	(fixed)	5.72	'15
Credit institutions (syndicated loan)		105.0	105.0	1.44	(floating)	-	'16
Credit institutions (Banco Do Brasil SA)	20.1		20.1	8.5	(fixed)	-	'14-'22
Credit institutions	1.3	4.4	5.7	0-5.6	(fixed)	-	'14-'19
Lease payables		0.9	0.9	5.8	(fixed)	-	'14-'17
Transaction costs related to loans and borrowings		-6.2	-6.2			-	'13-'16
Total	**21.4**	**254.1**	**275.5**				

Terms and debt repayment schedule 2011 of the non-current loans and borrowings:

	2011						
	Other currencies in million EUR	In million EUR	Total	Rate (%)		Effective rate (%)	Maturity
Credit institutions (private placement)		150.0	150.0	5.25	(fixed)	5.72	'15
Credit institutions (Banco Do Brasil SA)	23.0		23.0	8.5	(fixed)	-	'13-'22
Credit institutions	1.5	7.2	8.7	0-7.0	(fixed)	-	'13-'19
Lease payables		1.2	1.2	5.8	(fixed)	-	'13-'17
Transaction costs related to loans and borrowings		-2.4	-2.4			-	'12-'15
Total	**24.5**	**156.0**	**180.5**				

The non-current loans and borrowings include a drawdown of the amended syndicated credit facility for an amount of 105.0 million EUR. The amended syndicated facility was signed in April 2011 for a total aggregate amount of 450.0 million EUR with maturity in April 2016.

The remaining transaction costs related to the original and amended syndicated facility (4.4 million EUR as per December 31, 2012), together with the remaining amount of transaction costs on the private placement (1.8 million EUR) are recorded as a deduction of the non-current amount of loans and borrowings. The transaction costs are being amortized using the effective interest method and the amortization of the period is reported in the finance costs.

On October 15, 2010, a FCO loan (Fundos Constitucionais de Financiamento, a state fund) has been granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA for the construction of a gelatin factory in Mato Grosso, Brazil. The total amount of the credit equals to 55.8 million BRL (20.6 million EUR at closing rate as per December 31, 2012), which has been drawn completely. An interest rate of 8.5%, which is linked to the longer duration of the loan, is due on this credit. The assets to be acquired with the financing are serving as guarantee for the loan with Banco Do Brasil SA (note 12 - Property, plant and equipment). In case these assets would not be able to fulfil the liability, Tessenderlo Chemie NV and PB Leiner Argentina SA are acting as second degree guarantor. Repayments on this credit are due as from October 2013 onwards until September 2022.

The group has access to a Belgian commercial paper program of 200.0 million EUR of which 38.0 million EUR was used at the end of December 2012 and is included in current loans and borrowings (December 31, 2011: 43.5 million EUR). These are issued by Tessenderlo Chemie NV, the parent company. The commercial paper issued by Tessenderlo Finance NV, a Belgian subsidiary, outstanding as per December 31, 2011 for an amount of 43.5 million EUR, has been completely reimbursed in 2012.

Non-current and current loans and borrowings by currency

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2012):

(Million EUR)	EUR	BRL	CNY	Other	Total
Current loans and borrowings[1]	39.7	0.6	23.2	4.5	**68.0**
Non-current loans and borrowings	254.1	20.1	-	1.3	**275.5**
Total loans and borrowings	**293.8**	**20.6**	**23.2**	**5.9**	**343.5**
In percentage of total loans and borrowings	**85.50%**	**5.98%**	**6.76%**	**1.76%**	**100.00%**

[1] Part of these loans are denominated in EUR and afterwards swapped in GBP and USD (see also note 28 - Financial instruments). The original loan remains in EUR.

The non-current loans and borrowings in EUR include an amount of 6.2 million EUR of non-amortized transaction costs.

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2011):

(Million EUR)	EUR	BRL	CNY	Other	Total
Current loans and borrowings[1]	56.1	-	13.8	3.3	**73.2**
Non-current loans and borrowings	156.0	23.0	-	1.5	**180.5**
Total loans and borrowings	**212.0**	**23.0**	**13.8**	**4.8**	**253.6**
In percentage of total loans and borrowings	**83,60%**	**9,07%**	**5,44%**	**1.89%**	**100,00%**

[1] Part of these loans are denominated in EUR and afterwards swapped in GBP and USD (see also note 28 - Financial instruments). The original loan remains in EUR.

The loans and borrowings in EUR included an amount of 8.1 million EUR of non-amortized transaction costs, of which 2.4 million EUR and 5.7 million EUR in non-current and current loans and borrowings respectively.

Finance leasing

Terms and repayment schedule for finance lease contracts for 2011 and 2012:

(Million EUR)	2012			2011		
	Lease payables	Interest	Principal	Lease payables	Interest	Principal
Less than one year	0.2	0.0	0.2	0.4	0.1	0.3
Between 1 and 5 years	1.0	0.1	0.9	1.3	0.1	1.2
More than 5 years	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1.2**	**0.1**	**1.1**	**1.7**	**0.2**	**1.5**

25. Employee benefits

The provision for early retirement and defined benefit pension plans recognized in the balance sheet is as follows:

(Million EUR)	Early retirement provision	Defined benefit pension plan	Total
Balance at January 1, 2012	**7.0**	**23.6**	**30.6**
Change in consolidation scope	-	-3.8	-3.8
Additions	2.3	1.3	3.6
Use of provision	-1.7	-0.8	-2.5
Reversal of provisions	-0.3	0.0	-0.3
Transfers to non-current assets classified as held for sale	-0.2	-2.6	-2.7
Other movements	0.8	-	0.8
Balance at December 31, 2012	**8.0**	**17.6**	**25.6**

General description of the type of plan

• Employee Benefits

These liabilities are recorded to cover the post employment benefits and cover the pension plans and other benefits in accordance with local practices and conditions, following an actuarial calculation taking into account the financing of insurance companies and other pension funds. The most important pension plans are located in Belgium, the Netherlands, the United States of America, the United Kingdom, Germany and Italy.

• Defined contribution pension plans

The defined contribution pension plans are plans for which the group pays pre-determined contributions to a legal entity or a separate fund, in accordance with the settings of the plans. The group's legal or constructive obligation is limited to the amount contributed. The contributions are recognized as an expense in the income statement as incurred and are included in note 8 - Payroll and related benefits.

All defined contribution plans in Belgium are legally subject to a minimum guaranteed return. If the legal minimum guaranteed return is sufficiently covered, the group has no obligation to pay further contributions than those that are recognized as an expense in the income statement as incurred. In that case, these pension plans are also accounted for as defined contribution plans.

• Defined benefit pension plans

The defined benefit pension plans provide benefits related to the level of salaries and the years of service. These plans are financed externally by pension funds or insurance companies. Independent actuaries perform an actuarial valuation on a regular basis.

Defined benefit pension plans

The amounts recognized in the statement of financial position are as follows:

(Million EUR)	2012	2011	2010	2009	2008
Present value of wholly funded obligations	33.4	100.4	24.7	22.6	78.9
Present value of partially funded obligations	180.8	61.9	160.6	150.4	71.2
Present value of wholly unfunded obligations	20.2	18.4	19.6	20.1	18.0
Total present value of obligations	234.4	180.7	204.9	193.1	168.1
Fair value of plan assets	197.4	169.5	180.6	161.3	147.3
Deficit	**37.0**	**11.2**	**24.3**	**31.8**	**20.8**
Unrecognized actuarial gains (losses)	-49.8	-15.9	-18.4	-25.7	-10.0
Net liability (asset)	**-12.8**	**-4.7**	**5.9**	**6.1**	**10.8**
Experience adjustments arising on plan liabilities	-2.0	0.9	11.0	-2.3	-4.6
Experience adjustments arising on plan assets	15.3	-5.2	10.5	3.8	-23.5
Unrecognized in % of obligations	21.26%	8.79%	8.98%	13.31%	5.95%
Unrecognized in % of plan assets	25.24%	9.38%	10.19%	15.93%	6.79%
Amounts in the statement of financial position:					
Liabilities	17.6	23.6	26.6	26.1	25.3
Liabilities associated with assets classified as held for sale	2.6	-	-	-	-
Assets (note 18)	33.0	28.2	20.7	20.0	14.5
Net liability (asset)	**-12.8**	**-4.7**	**5.9**	**6.1**	**10.8**

The increase of the present value of the obligations can mainly be explained by the use of a lower discount rate in 2012 (3.5%) compared to the discount rate of previous year (5.0%).

The amounts recognized in the income statement (2011 continuing operations only) are as follows:

(Million EUR)	2012	2011
Current service cost	5.8	6.3
Current service cost – Employee contribution	-1.1	-1.1
Interest cost	9.0	8.6
Expected return on plan assets	-9.8	-9.5
Amortization of actuarial losses/(gains)	0.8	-1.7
Unrecognized past service cost (benefit)	-	-
Curtailment cost (benefit)	-1.4	-1.3
Total, included in 'payroll and related benefits' (note 8)	**3.3**	**1.3**

The curtailment benefit relates to the gain (1.4 million EUR) following the restructuring within Dyka BV, a manufacturer of Plastic Pipe Systems in The Netherlands (note 7 - Non-recurring income/(expense) items).

The curtailment benefit of 2011, which was also recognized within non-recurring income items, mainly related to the gain (0.9 million EUR) realized on the UK defined benefit pension plans following the sale of the subsidiary Tessenderlo Fine Chemicals Ltd within the operating segment "Organic Chlorine Derivatives" (within "Other businesses").

The net periodic pension cost is included in the following line items of the income statement (2011 continuing operations only):

(Million EUR)	2012	2011
Cost of sales	3.1	4.1
Distribution expenses	-0.1	-0.3
Sales and marketing expenses	0.5	0.7
Administrative expenses	0.9	0.4
Other operating income/(expenses)	-	-
Non-recurring items, net	-1.0	-3.6
Total	**3.3**	**1.3**

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

(Million EUR)	2012	2011
Opening defined benefit obligation	**180.7**	**204.9**
Change in consolidation scope	-2.9	-21.3
Current service cost	5.8	6.3
Past service cost (benefit)	-	-
Interest cost	9.0	8.6
Actuarial losses (gains)	49.0	-7.0
Exchange differences on foreign plans	0.6	1.0
Settlement and curtailment	-1.4	-1.3
Benefits paid	-6.5	-10.5
Closing defined benefit obligation	**234.4**	**180.7**

In 2012, the current service cost is financed by employee contributions for 1.1 million EUR (2011: 1.1 million EUR).

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

(Million EUR)	2012	2011
Opening fair value of plan assets	**169.5**	**180.6**
Change in consolidation scope	-	-16.4
Expected return	9.8	9.5
Actuarial gains (losses)	15.3	-5.7
Contributions by employee	1.1	1.1
Contributions by employer	7.4	9.8
Exchange differences on foreign plans	0.8	1.1
Benefits paid	-6.5	-10.5
Closing fair value of plan assets	**197.4**	**169.5**

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the total investment portfolio.

The actual return on plan assets from continuing operations in 2012 and 2011 was 25.2 million EUR and 3.8 million EUR respectively.

The group expects to contribute 6.4 million EUR to its defined benefit pension plans in 2013.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2012	2011
Equities	22%	23%
Fixed interest investments	15%	14%
Cash and deposits	3%	4%
Property	2%	2%
Insurance contracts	58%	57%
Total	**100%**	**100%**

The plan assets include no property occupied by the group and no shares of the parent company nor of subsidiaries.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	2012	2011
Discount rate at December 31	3.5%	5.0%
Expected return on plan assets at December 31	5.8%	5.8%
Future salary increases	2.5%	2.5%

Assumptions regarding future mortality are based on published statistics and mortality tables.

As from January 1, 2013, IAS 19 Revised - *Employee benefits* will be applied retrospectively. The most important amendments are the following:

- the actuarial gains and losses are recognized immediately in other comprehensive income; and
- the expected return on plan assets recognized in the income statement is calculated based on the rate used to discount the defined benefit obligation.

2012 financial statements will have to be restated accordingly in 2013, decreasing the equity attributable to equity holders of the company by 44.3 million EUR, net of taxes.

• Termination benefits (pre-retirement plans, other termination obligations)

These benefits are recognized as a liability and an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal agreement to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

A warrant plan has been created in order to increase the loyalty and motivation of the group's senior management. The plan gives senior management the opportunity to accept warrants which gives them the right to subscribe to shares. The Board of Directors determines annually the list of beneficiaries. There exist no conditions on the number of years of service, however the beneficiaries may not have resigned or been dismissed (and serving their notice), except for persons who retire or take pre-retirement. The Appointment and Remuneration Committee allocates the warrants granted to the beneficiaries based on performance.

The exercise price of the warrant equals the lower of the average market price of the underlying shares in the 30

trading days preceding the offer date or the market price on the last day preceding the offer date. For American residents, the exercise price equals the price of the normal shares of Tessenderlo Chemie NV at the stock exchange closing on the day itself of the offer.

The table below gives an overview of the granted warrants at December 31, 2012.

Allocation date	Last exercise date	Average exercise price	Number of outstanding warrants
November '03	July '15	26.45	8,600
November '04	July '16	31.69	30,200
November '05	July '17	27.11	30,200
November '06	July '18	30.02	57,120
January '08	December '17	43.10	85,825
February '09	December '13	22.87	121,750
January '10	December '14	22.43	192,542
December '10	December '15	24.09	279,499
December '11	December '16	21.78	337,733
Total			**1,143,469**

Following the Economic Recovery law (Economische Herstelwet) of March 27, 2009, published in the Belgian Official Journal of April 7, 2009, the duration of the warrants of the allocation period 2003-2008 was prolonged with 5 years in 2009.

IFRS 2 *Share-based payment* requires share based payments made to employees to be recognized in the financial statements based on the fair value of the warrants measured at grant date.

On November 14, 2012, the Board of Directors decided to offer a new emission of warrants, which had to be accepted by their beneficiaries ultimately by January 12, 2013. On January 12, 2013, 150 000 warrants were accepted by senior management with an average exercise price of 22.13 EUR, bringing the total number of outstanding warrants to 1 293 469. The cost of these warrants will be recognized in 2013 (0.8 million EUR).

The fair value of the warrants granted is determined using the Black & Scholes valuation model.

The weighted average fair value of the warrants and assumptions used in the measurement of the warrants are:

	2011
Fair value of warrants (EUR)	3.6
Share price (EUR)	20.55
Exercise price (EUR)	21.78
Expected volatility	37.04%
Expected option life (years)	4.5
Expected dividend yield	6.49%
Risk free interest rate	3.38%

The volatility is based on the 5-year weekly average volatility of Tessenderlo Chemie NV shares.

The number and weighted average exercise price of share warrants is as follows:

	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants
	2012		2011	
Outstanding at the beginning of the period	25.13	1,174,389	26.59	851,726
Forfeited during the period	29.23	30,420	38.17	7,870
Exercised during the period	23.08	500	26.70	7,200
Granted during the period	-	-	21.78	337,733
Outstanding at the end of the period	25.02	1,143,469	25.13	1,174,389
Exercisable at the end of the period	30.57	333,695	34.70	233,865

500 warrants were exercised in 2012, none of which by (former) GMC members. 30 420 warrants were forfeited in 2012.

As per year-end 2012, 333 695 warrants are exercisable at an average exercise price of 30.57 EUR (the actual exercise price being between 22.87 EUR and 43.10 EUR). As per year-end 2011, 233 865 warrants were exercisable at an average exercise price of 34.70 EUR (the actual exercise price being between 25.87 EUR and 43.10 EUR).

The weighted average remaining contractual life of the warrants outstanding as per December 31, 2012 is 3.2 years (2011: 4.2 years).

26. Provisions

	2012			2011		
(Million EUR)	Current	Non-Current	Total	Current	Non-Current	Total
Environment	4.2	104.0	108.2	2.7	28.9	31.6
Dismantlement	-	17.8	17.8	-	17.3	17.3
Restructuring	10.4	2.7	13.1	3.2	2.2	5.4
Other	8.5	5.3	13.8	2.5	7.7	10.2
Total	**23.1**	**129.7**	**152.8**	**8.4**	**56.1**	**64.5**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2012	**31.6**	**17.3**	**5.4**	**10.2**	**64.5**
Change in consolidation scope	-1.3	0.0	-0.1	-0.1	-1.4
Additions	79.5	0.9	11.3	9.5	101.3
Use of provisions	-2.2	-0.5	-3.6	-1.8	-8.2
Reversal of provisions	-0.2	0.0	-0.1	-1.3	-1.7
Effect of discounting	0.9	-	-	-	0.9
Transfer to liabilities associated with assets classified as held for sale	-0.1	-	-	-1.7	-1.8
Other movements	0.0	-	0.2	-1.0	-0.9
Balance at December 31, 2012	**108.2**	**17.8**	**13.1**	**13.8**	**152.8**

The group recognized in 2012 additional environmental provisions for an amount of -79.5 million EUR, of which -79.2 million EUR related to additional provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Ham (Belgium), Loos (France), Tessenderlo (Belgium) and Vilvoorde (Belgium).
The group announced on October 5, 2012 a multi-year environmental improvement plan to manage the historical soil pollution at the Loos site in France. A reliable estimate of the outflow of resources to settle this constructive obligation was made, resulting in the recognition of a provision of 22.7 million EUR. This amount reflects the discounted value of the expected future cash out of the remediation plan spread over the period 2013-2022. The discount rate, derived from the yield curve of French government bonds at year end, varied between 0.03% and 2.25%.
In December 2012, Tessenderlo Chemie NV and OVAM (Openbare Vlaamse afvalstoffenmaatschappij; Public Waste Agency of Flanders) agreed to elaborate soil investigations and remediation for the Belgian sites in Ham, Tessenderlo and Vilvoorde. The objective of this agreement was to determine a timing for the execution of descriptive soil investigations and to create a framework to prioritize and to monitor the execution of the needed soil remediation. Based on continued analysis and progressing knowledge on the potential exposure of the company, a reliable estimate of the amount of outflow of resources to settle this obligation was made, resulting in the recognition of an additional provision of 56.5 million EUR. The total environmental provision recognized by Tessenderlo Chemie NV amounts to 85.3 million EUR as per December 31, 2012. This amount reflects the discounted value of the expected future cash out of the remediation plans spread over the period 2013-2053. The discount rate, derived from the yield curve of Belgian government bonds at year end, varied between 0.11% and 3.37%.
The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

In France, some facilities operated by the group are subject to regulations pertaining to environmentally regulated facilities (Classified Facilities for the Protection of the Environment "ICPE"). This legislation requires to dismantle the classified facilities. The dismantlement provision is included in the cost basis of the related property, plant and equipment, which cost is depreciated accordingly. The total provision recognized on those French facilities amounts to 16.9 million EUR as per December 31, 2012 (2011: 16.1 million EUR). The amounts recognized are based on an internal assessment and on the gross book value of the related assets. They reflect management's best estimate of the expected expenditures. The expected timing of the cash outflow is not yet known. However, no cash outflow is expected to take place within the foreseeable future.

The addition of 11.3 million EUR to the restructuring provisions, included in the non-recurring items (note 7 - Non-recurring income/(expense) items) mainly relates to:

- the project to close down two non-competitive independent production units for pharmaceutical intermediates and sulfate fertilizers at the Loos (France) site, following persistent difficult market conditions and a decline in demand from both units. A restructuring provision of -4.0 million EUR was recognized to cover the costs associated with the closure, including also employee termination benefits, which were based on the terms of the relevant contracts. The timing of the estimated cash outflow is expected in 2013 and 2014.
- the project to reduce the workforce in Dyka BV, a Dutch manufacturer of Plastic Pipe Systems, by about 55 full-time jobs, as a result of a structural decline in the Dutch construction activity (announcement made on December 12, 2012). A restructuring provision was recognized for an amount of -4.7 million EUR to cover the costs associated with this reorganization, including also employee termination benefits which were based on the terms of the relevant contracts. The timing of the estimated cash outflow is expected within one year.
- further operational efficiency projects for which a provision was added for an amount of -2.6 million EUR, also including the intention of the group, following the sale of the pharmaceutical activities in France and Italy, to realign its R&D services, which include a laboratory and pilot plant in Tessenderlo (Belgium), to support development projects in the group's growth businesses, mainly Gelatin and Akiolis.

The use of the restructuring provisions, for which an expenditure of 3.6 million EUR was charged in 2012 against the recognized provisions, mainly relates to the closure of two sites in France (in 2009) and one in Italy (in 2011) (within the operating segments "Plastic Pipe Systems and Profiles", "Compounds" and "Inorganics") and to the reorganization of the UK profiles activities (started in 2011, within the operating segment "Plastic Pipe Systems and Profiles"). The implementation of these restructuring plans, for which a remaining provision of 1.9 million EUR is outstanding as per December 31, 2012, is almost finalized.

The remaining part is expected to be settled in 2013 and 2014.
The restructuring provisions recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

The other provisions include estimated future costs and indemnities related to sold subsidiaries and disposal groups classified as held for sale and several, individually less significant amounts. The expected timing of the cash outflows of these remaining balances is unknown.

No assets have been recognized as all expected reimbursements, if any, are deemed immaterial (e.g. resulting from the execution of environmental and dismantlement plans).

27. Trade and other payables

(Million EUR)	2012	2011
Non-current trade and other payables		
Trade payables	0.0	0.2
Other amounts payable	1.8	2.3
Total	**1.8**	**2.4**
Current trade and other payables		
Trade payables	198.7	250.0
Other amounts payable	38.3	67.0
Remuneration and social security	53.6	62.4
Total	**290.6**	**379.3**

The decrease of the current other amounts payable can be explained by the payment of the last portion of the EU-fine for an amount of 28.3 million EUR in October 2012.

The 2011 figures included current trade payables (37.8 million EUR), other amounts payable (2.2 million EUR) and remuneration and social security (10.4 million EUR), contributed by the sold entities Tessenderlo Asia Holding Ltd, Lianyungang Taile Chemical Industry, Co. Ltd, Calaire Chimie SAS and Farchemia srl and the entities included in the disposal groups Profialis, Compounds and an Organic Chlorine Derivatives activity.

28. Financial instruments

Exposure to foreign currency, credit and interest rate risk arises in the normal course of the group's business. Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates or are used to swap floating interest rates to fixed interest rates. Derivative financial instruments which are used by the group include cross currency interest rate swaps, interest rate swaps and foreign currency swaps.

Risk Management Framework

Risks are an important and unavoidable aspect of conducting business. In recent years the group had already developed and implemented a number of procedures in order to manage and reduce risks as much as possible.

- To reduce the effects of credit risk, the group has defined a credit policy with regard to requests for credit limits, approval procedures and ongoing credit risk monitoring. Furthermore, the collection of a part of the outstanding debts is outsourced (factoring).

- The group prepares short and long-term forecasts on a regular basis in order to match the financial resources with the predefined needs. In addition, the group has a number of credit lines.

- The group anticipates fluctuations in energy prices through a centralised purchasing policy.

- The group hedges transactions in foreign currency. Its subsidiaries are also required to communicate their net foreign currency positions for invoiced amounts (customers, suppliers) to the Group Treasury Department. All positions are aggregated at group level. The net balances are then purchased or sold on the market. This is done primarily through spot buying and selling of currencies, or currency swaps.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group incurs foreign currency risks on sales, purchases, investments and borrowings that are denominated in a currency other than the company's functional currency. The currencies giving rise to this risk are primarily USD, GBP, PLN, HUF, CNY, ARS and BRL.

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to Tessenderlo Chemie NV, the parent company. All the positions are netted at the level of Tessenderlo Chemie NV and the net positions (long/short), are then sold or bought on the market.

The main management tools are the spot purchases and sales of currencies followed by currency swaps.

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.
In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by currency swaps against the currency held by Tessenderlo Chemie NV. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these currency swaps is included in the finance costs.

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, or funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the group.

• Exposure to foreign currency risk

The group's exposure to foreign currency risk was as follows based on nominal amounts (for the exchange rates used, please refer to note 1 - Summary of significant accounting policies):

(Million EUR)	2012			2011		
	EUR	USD	GBP	EUR	USD	GBP
Assets	14.2	337.2	64.5	11.4	295.3	56.2
Liabilities	-24.5	-51.6	-8.9	-16.1	-52.6	-11.2
Gross exposure	**-10.3**	**285.5**	**55.6**	**-4.7**	**242.7**	**45.0**
Forward exchange swaps	2.3	-290.5	-57.5	-0.8	-248.8	-42.8
Net exposure	**-8.0**	**-5.0**	**-1.9**	**-5.5**	**-6.1**	**2.2**
Net exposure (in EUR)	**-8.0**	**-3.7**	**-2.3**	**-5.5**	**-4.7**	**2.6**

The remaining net exposure is due to a difference between the recording date and the value date of the transactions. Coverage of the foreign exchange exposure is done on a continuous basis.

If the euro had strengthened or weakened by 10% against following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year would have been as follows:

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At December 31, 2012			
USD	+10%	-4.8	-2.2
	-10%	5.9	2.7
GBP	+10%	1.6	-2.2
	-10%	-2.0	2.6
At December 31, 2011			
USD	+10%	-3.1	-1.8
	-10%	3.8	2.2
GBP	+10%	-0.2	-5.2
	-10%	0.2	6.4

Credit risk

The group is highly risk averse. In its strategy to increase the stakeholder value, the group aims at a dynamic corporate portfolio management to develop new markets in full confidence: group exposure, asset quality, portfolio diversification are considered together with the maximisation of market shares, which requires efficient processes, cost effective payment default protection and best Customer Relationship Management practices.

The international financial and economic crisis resulted in a deep crisis of confidence. The group keeps on focusing especially on its relationships of confidence with long term partners. For large exposures with open account terms, an internal credit committee is organised, on request by group corporate finance. This committee, which is attended by a senior risk analyst, the business unit director and the business unit controller, assesses the risk and decides about the acceptable level of exposure. Special and legitimate attention is given to new relationships, for which, if necessary, secured payment methods are used.

A Group Credit Procedure, a quick and consistent credit decision process, appropriate payment terms, an efficient collection tool and an accurate risk mitigation tool are used to accelerate the cash flow, to minimise bad debts and to increase sales.
An in-house scoring model aims at defining, with the use of sector-based benchmarks, the portfolio in term of risks through an analysis of performance indicators and the financial structure. An excess of loss credit insurance contract is used to mitigate the risks. When a risk cannot be assessed or when it is too high, the group resorts to classical credit insurance or other forms of guarantees.

At December 31, 2012, no significant concentrations of credit risk existed. The liquidities available at the end of the year are deposited at very short term at international high rated banks.

The maximum exposure to credit risk at the reporting date was:

(Million EUR)		2012	2011
Trade receivables		194.6	235.4
	Gross trade receivables	203.6	246.8
	Amounts written off	-9.0	-11.5
Other receivables		57.3	56.0
Receivables from related parties		0.6	0.8
Assets related to employee benefit schemes		33.0	28.2
Derivative financial instruments		0.9	0.0
Cash and cash equivalents		34.7	34.9
Total		**321.0**	**355.3**

The maximum exposure to credit risk for trade receivables at the reporting date by operating segment was (see also note 18 - Trade and other receivables):

(Million EUR)	2012	2011
Tessenderlo Kerley	29.4	31.3
Gelatin and Akiolis	75.0	82.1
Inorganics	29.5	37.0
Plastic Pipe Systems and Profiles	44.0	48.5
Other Businesses	12.3	34.4
Non-allocated	4.4	2.1
Total	**194.6**	**235.4**

The ageing of trade receivables at the reporting date was:

(Million EUR)	2012		2011	
	Gross	Amounts written off	Gross	Amounts written off
Not past due	140.3	-0.9	156.8	-1.0
Past due 0-30 days	48.7	-1.3	56.3	-1.0
Past due 31-120 days	5.6	-0.4	13.8	-1.6
Past due 121-365 days	4.9	-2.5	4.2	-1.4
More than one year	4.1	-4.1	15.7	-6.5
Total	**203.6**	**-9.0**	**246.8**	**-11.5**

The group estimates that the unimpaired amounts that are past due are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk.

Based on the group's monitoring of customer credit risk, the group estimates that, except for the amounts mentioned in the table above, no impairment allowance is necessary in respect of trade receivables not past due.

The overdue trade receivables amount to 63.3 million EUR as per December 31, 2012 (2011: 90.0 million EUR). The overdue trade receivables for more than one year are mainly situated in the operating segment "Gelatin and Akiolis" and "Plastic Pipe Systems and Profiles" which and have been completely written off.

In January 2012, Group Akiolis reached an agreement regarding the overdue trade receivables for an amount of 7.6 million EUR with ATM Eleveurs de Ruminants (Federation of cattle breeders). The payment of these receivables took place in January 2012. As per December 31, 2011 these receivables were overdue more than one year and were recorded at their gross value.

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

(Million EUR)	2012	2011
Balance at January 1	**11.5**	**14.5**
Change in consolidation scope	-1.5	-0.5
Impairment loss recognized	1.4	4.0
Reversal of impairment loss	-0.1	-2.3
Other movements	-2.3	-4.2
Balance at December 31	**9.0**	**11.5**

Interest risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets, liabilities and instruments.

At the reporting date, the interest rate exposure of the group's interest-bearing financial instruments was:

(Million EUR)	note	2012	2011
Fixed rate instruments			
Financial assets	20	2.0	4.3
Loans and borrowings	24	184.3	195.6
Variable rate instruments			
Financial assets	20	32.7	30.6
Loans and borrowings	24	170.6	66.7

The group uses different hedging instruments after Board of Directors approval:

- cross currency interest rate swaps (CCIRS) for USD and GBP debt hedging.
- interest rate swaps (IRS) for the interest rate risk on the USD debt hedging.

• Cash flow sensitivity analysis for variable rate instruments

An increase (decrease) of 100 basis points in interest rates at the reporting date would have a negative (positive) impact on profit and loss by 0.8 million EUR (2011: 0.3 million EUR). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Liquidity Risk

The group will be able to meet its financial obligations as they fall due. The group's approach to manage liquidity is to ensure that the group will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

In order to limit this risk, the group took a series of actions:

- set up of a factoring program for up to 200.0 million EUR at the end of 2009.
- sign up in February 2010 of a 500.0 million EUR syndicated credit facility to provide liquidity to the group (167.0 million EUR with a maturity of 18 months, 333.0 million EUR with a maturity of 3 years).
- the launch of a private placement with a maturity of 5 years in October 2010 (150.0 million EUR).
- the set up of a Brazilian loan with a duration of 12 years for 55.8 million BRL (20.6 million EUR at closing date December 31, 2012), in October 2010.
- amendment in April 2011 of the syndicated credit facility in order to increase the maturity to 5 years, with more flexibility for the businesses (total amount of 450.0 million EUR).

In addition, the group uses a commercial paper program of maximum 200.0 million EUR.

The group establishes forecasts on a regular base on short and longer term in order to be able to adapt financial means to forecasted needs.

The following are the contractual maturities of loans and borrowings, including interest payments and excluding the impact of netting agreements.

(Million EUR)	2012				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings					
Credit institutions (private placement)	150.0	173.6	7.9	165.8	-
Non amortized cost (private placement)	-1.8	-	-	-	-
Credit institutions (syndicated loan)	105.0	105.2	0.2	105.0	-
Non amortized cost (syndicated loan)	-4.4	-	-	-	-
Credit institutions (commercial paper)	38.0	38.0	38.0	-	-
Credit institutions (Banco Do Brasil SA)	20.6	30.3	2.3	14.6	13.4
Credit institutions	35.1	36.5	26.9	6.2	3.3
Bank overdrafts	5.2	5.2	5.2	-	-
Finance lease liabilities	1.1	1.2	0.2	1.0	-
Total	**348.7**	**390.0**	**80.7**	**292.6**	**16.7**
Derivative loans and borrowings					
Foreign currency swaps	0.9				
Inflow		-157.9	-157.9	-	-
Outflow		157.1	157.1	-	-
Interest rate swaps	-0.4				
Inflow		0.0	0.0	-	-
Outflow		-0.4	-0.4	-	-
Cross currency interest rate swaps	-6.1				
Inflow		148.3	6.8	141.4	-
Outflow		-157.0	-7.1	-149.9	-
Total	**-5.6**	**-10.0**	**-1.5**	**-8.5**	**0.0**

(Million EUR)	2011				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings					
Credit institutions (private placement)	150.0	181.5	7.9	173.6	-
Non amortized cost (private placement)	-2.4	-	-	-	-
Credit institutions (ING)	10.0	10.4	10.4	-	-
Non amortized cost (syndicated loan)	-5.7	-	-	-	-
Credit institutions (commercial paper)	43.5	43.6	43.6	-	-
Credit institutions (Banco Do Brasil SA)	23.0	38.3	2.0	16.1	20.2
Credit institutions	33.7	35.6	24.5	5.0	6.1
Bank overdrafts	0.7	0.7	0.7	-	-
Finance lease liabilities	1.5	1.7	0.4	1.3	-
Total	**254.3**	**311.8**	**89.5**	**196.0**	**26.3**
Derivative loans and borrowings					
Foreign currency swaps	-1.5				
Inflow		-106.8	-106.8	-	-
Outflow		108.3	108.3	-	-
Interest rate swaps	0.0				
Inflow		-26.1	-0.2	-25.9	-
Outflow		26.1	0.2	25.9	-
Electricity forward contracts	-3.1				
Inflow		-35.7	-17.6	-18.1	-
Outflow		38.8	19.4	19.4	-
Emission allowances	-0.1				
Inflow		-0.4	-0.4	-	-
Outflow		0.5	0.5	-	-
Cross currency interest rate swaps	-5.7				
Inflow		-122.9	-0.3	-122.6	-
Outflow		128.9	0.3	128.6	-
Total	**-10.4**	**10.7**	**3.4**	**7.3**	**0.0**

Fair value of financial assets and liabilities

The fair values together with the carrying amounts shown in the balance sheet are as follows:

(Million EUR)	note	2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments		**-5.6**	**-5.6**	**-10.4**	**-10.4**
Cash and cash equivalents	20	**34.7**	**34.7**	**34.9**	**34.9**
Other investments	16	**4.8**	**4.8**	**5.7**	**5.7**
Trade and other receivables	18	**252.5**	**252.5**	**292.2**	**292.2**
Non-current loans and borrowings	24	**-275.5**	**-284.0**	**-180.5**	**-187.4**
Leasing payables	24	-0.9	-0.9	-1.2	-1.2
Credit institutions	24	-274.6	-283.1	-179.3	-186.2
Current loans and borrowings	24	**-73.2**	**-73.2**	**-73.9**	**-73.8**
Current portion long term loans and borrowings	24	-1.8	-1.8	**-12.8**	**-12.7**
Leasing payables	24	-0.2	-0.2	-0.3	-0.3
Credit institutions and commercial paper	24	-66.0	-66.0	-60.1	-60.1
Bank overdrafts	24	-5.2	-5.2	-0.7	-0.7
Trade and other payables	27	**-292.5**	**-292.5**	**-381.7**	**-381.7**
Total		**-354.8**	**-363.3**	**-313.7**	**-320.5**

Estimation of fair values

• Derivative financial instruments

The fair value of a derivative financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of forward contracts is calculated as the discounted value of the difference between the contract rate and the current forward rate.

The fair value of these instruments generally reflects the estimated amounts that the group would receive on settlement of favourable contracts or be required to pay to terminate unfavourable contracts at the reporting date, and thereby takes into account the current unrealized gains or losses on open contracts.

The following table indicates the fair values of all outstanding derivative financial instruments at year-end:

(Million EUR)	2012		2011	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	157.9	0.9	106.8	-1.5
Cross currency interest rate swaps	127.8	-6.1	127.8	-5.7
Interest rate swaps	41.7	-0.4	19.3	0.0
Electricity forward contracts	-	-	38.8	-3.1
Emission allowances	-	-	-0.1	-0.1
Total	**327.4**	**-5.6**	**292.6**	**-10.4**

The contractual amount indicates the volume of outstanding derivatives at the balance sheet date and therefore does not reflect the group's exposure to risks from such transactions.

The fair value of the derivative financial instruments at December 31, 2012 amounts to -5.6 million EUR and mainly consists of the following financial instruments:

- a series of EUR/USD and EUR/GBP cross currency interest rate swaps were contracted in order to hedge the foreign exchange risk from intercompany loans between group entities with a different functional currency. The nominal amounts of these transactions amount to 52.0 million GBP and 95.0 million USD (equal to the principal amount of the intercompany loans) and they mature in October 2015 (equal to the maturity date of the loan). Under these transactions, the group receives a fixed interest rate in EUR and pays a fixed interest rate in USD and GBP (which is offset by the interest received on the intercompany loans). Per December 31, 2012, the fair value of these instruments amounts to -6.1 million EUR (-5.7 million EUR in 2011). In accordance with IAS 39 requirements, these derivatives have been designated as hedging instruments in a cash flow hedge relationship. The hedged risk is the variability of the principal amount of the intercompany loans due to movements of the EUR/USD and EUR/GBP FX rates and the hedged items are the intercompany loans in USD and GBP. The effective portion of the change in fair value is recognized in the cash flow hedge reserve, while the ineffective portion is immediately reflected in the income statement.
- the value of foreign currency swaps, which mature during the first quarter of 2013, for 0.9 million EUR.
- the value of the interest rate swaps entered into in order to cover the interest rate risk on the foreign currency swaps in USD. The interest rate swaps are revalued at fair value in the income statement as per December 31, 2012, and amount to -0.4 million EUR.

As per December 31, 2011 the group held a portfolio of electricity forward contracts, which were fair valued (-3.1 million EUR) following the sale of the PVC/Chlor-Alkali activities in 2011 (the own use exemption to fair value the contracts was no longer applicable). During the first quarter of 2012 the forward purchase contracts were covered by forward electricity sale contracts at a total fair value of -3.2 million EUR and were reclassified from financial instruments to other payables. The purchase and sale prices were determined upfront and were therefore no longer required to be fair valued. Part of the purchases and sales already reached maturity in 2012 and the remaining payable amounts to 1.1 million EUR as per December 31, 2012.

The net change of the amount of derivative financial instruments before tax, as included in the consolidated statement of comprehensive income, amounts to -6.0 million EUR, and can be explained as follows:

- the change in fair value of the cross currency interest rate swaps in the period amounts to -0.6 million EUR.
- the group's part of the change in fair value of the interest rate swaps in the associate T-Power SA for -5.7 million EUR, recorded in equity in accordance with the accounting policy related to cash flow hedging.
- the amortization of the remaining effective part of the cross currency interest rate swaps, which were unwinded in October 2010, for an amount of 0.3 million EUR. Considering the fact that the hedged item for the cross currency rate swaps still existed and that the terms of the underlying contracts did not change in a significant way, only part of the hedging reserve recorded in equity was reclassified to the income statement at the time of unwinding. The residual (effective) part remained in equity and was amortized through the income statement over the remaining life of the intercompany loans. The hedging reserve has now been fully amortized.

In respect to the foreign currency swaps and the cross currency interest rate swaps, the table below indicates the underlying contractual amount of the outstanding contracts per currency at year-end (selling of foreign currencies):

(Million)	2012		2011	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	57.5	65.8	42.8	48.1
USD	290.5	217.6	248.8	191.0
Other		2.3	-	0.8
Total		**285.7**		**239.9**

• Interest-bearing loans and borrowings

The fair value is calculated based on discounted expected future principal and interest cash flows.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2012	2011
Loans and borrowings	5.0%/8.5%	5.0%

• Financial leasing payables

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for similar financial lease agreements. The estimated fair values reflect the change in interest rates.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2012	2011
Lease liabilities	7.0%	7.0%

• Trade and other receivables/payables

For current trade and other receivables/payables, the notional amount is deemed to reflect the fair value. Non-current receivables/payables are discounted to determine the fair value.

Fair value hierarchy

IFRS 7 *Financial Instruments*: *Disclosures* require the group to present certain information about financial instruments measured at fair value in the statement of financial position.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy: this hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified, is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

(Million EUR)	2012			
	Level 1	Level 2	Level 3	Total
Foreign currency swaps	-	0.9	-	0.9
Cross currency interest rate swaps	-	-6.1	-	-6.1
Interest rate swaps	-	-0.4	-	-0.4
Total	**-**	**-5.6**	**-**	**-5.6**

(Million EUR)	2011			
	Level 1	Level 2	Level 3	Total
Foreign currency swaps	-	-1.5	-	-1.5
Cross currency interest rate swaps	-	-5.7	-	-5.7
Interest rate swaps	-	0.0	-	0.0
Electricity forward contracts	-	-3.1	-	-3.1
Emission allowances	-	-0.1	-	-0.1
Total	**-**	**-10.4**	**-**	**-10.4**

29. Operating leases

Leases as lessee

The non-cancellable operating leases are payable as follows:

(Million EUR)	2012	2011
Less than one year	32.9	27.8
Between 1 and 5 years	66.4	59.3
More than 5 years	24.6	18.8
Total	**123.9**	**105.9**

The increase in non-cancellable operating leases in 2012 compared to 2011 mainly relates to additional operating leasing of the fleet in the operating segment “Gelatin and Akiolis”.

During the current year, 33.2 million EUR was recognized as an expense in the income statement in respect of operating leases as lessee (2011 continuing operations: 30.8 million EUR). Certain leases provide for additional payments that are contingent on volume. Contingent rents recognized in the income statement under operating leases amount to 3.1 million EUR.

The non-cancellable operating leases mainly consist of land and buildings (38.5 million EUR), plant, machinery and equipment (28.3 million EUR) and furniture and vehicles (55.3 million EUR).

One of the leased properties has been sublet by the group as from end 2010. Sublease payments of 0.3 million EUR are expected to be received during 2013 and 0.5 million EUR are expected to be received between 2014 and 2018.

Some lease arrangements contain renewal options at normal market conditions. No restrictions are imposed by lease arrangements.

Leases as lessor

The group leases out some assets under operating leases. The future minimum lease payments under non-cancellable operating leases are as follows:

(Million EUR)	2012	2011
Less than one year	0.9	0.9
Between 1 and 5 years	1.4	1.0
More than 5 years	1.9	2.1
Total	**4.3**	**3.9**

During 2012, an amount of 1.3 million EUR was recognized as an income in respect of operating leases (2011 continuing operations: 0.9 million EUR).

Operating lease income in 2012 is derived from land and buildings.

30. Guarantees and commitments

(Million EUR)	2012	2011
Guarantees given by third parties on behalf of the group	33.4	49.5
Guarantees given on behalf of third parties	1.8	7.5
Guarantees received from third parties	4.8	2.7

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for 18.7 million EUR (2011: 18.1 million EUR). The decrease is explained by the release of the guarantee given for the EU-fine, following the payment of the final part of the EU fine in October 2012 (the outstanding bank guarantee amounted to 28.3 million EUR as per December 31, 2011). The remaining balance is the sum of several individually less significant given guarantees.

Guarantees given on behalf of third parties mainly relate to guarantees given for the proper execution of projects.

The guarantees received from third parties concern guarantees, which suppliers grant to the group as guarantee for the proper execution of investment projects.

The shares of T-Power SA are pledged in first degree to guarantee the liabilities in respect of a “facility agreement” of 440.0 million EUR signed on December 18, 2008 between T-Power SA and a syndicate of banks. The T-Power SA shares are pledged in second degree to guarantee the ”tolling agreement” for the entire 425 MW capacity signed on August 13, 2008 between T-Power SA and RWE group. The tolling agreement has a 15 years duration with an optional 5-year extension thereafter.

The group and its subsidiaries have certain other contingent liabilities relating to long-term purchase obligations and commitments. The agreements typically concern strategic raw materials and goods and services, such as electricity and gas.

31. Contingencies

The group is confronted with a number of claims or potential claims and disputes, which are a consequence of the daily operational activities. To the extent such claims and disputes are such that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation, suitable provisions have been made.

It is the group's policy to recognize environmental provisions in the balance sheet, when the group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

These provisions are reviewed periodically and adjusted, if necessary, as assessments and work proceeds and additional information becomes available. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

As stated in note 26 - Provisions, the environmental provisions in accordance with the above policies aggregated to 108.2 million EUR at December 31, 2012 (2011: 31.6 million EUR).

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs which, in management's opinion, based on information currently available, would not have a material effect on the group's financial position but could be material to the group's results in any one accounting period.

In order to acquire the remaining stake of 50% in Établissements Violleau SAS, the group holds, as agreed with the current owners of that share, an option which may be exercised from April 1, 2014 until May 15, 2014. The exercise price is determined by a formula, which takes into account the financial figures of Établissements Violleau SAS.
In order to acquire the remaining equity interest of 13.8% in the subsidiary PB Gelatins Heilongjiang & Co Ltd, the group holds, as agreed with the current owners of that share, a call option which may be exercised at any time. The exercise price is determined by a formula, which takes into account the financial figures of PB Gelatins Heilongjiang & Co Ltd.

Acquisition, investment and joint-venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives.

The group was granted emission allowances for the period 2008-2012. These granted emission allowances were obtained free of charge. Only an immaterial surplus of emission allowances remains available at the end of this period. The group has applied for an allocation of emission allowances for the period 2013-2020 based on the fact that the products and activities related to these emissions are subject to international market competition, on which the EU rules on free allocation shall apply, in addition to the basic method of auctioning these allowances. The application was declared admissible by the Belgian authorities and is pending at European level. Depending on the full approval of this application, and together with the reserve transferred from the previous period, the group expects to be sufficiently covered for the future emissions.

32. Related parties

The company has a related party relationship with its subsidiaries, associates, joint ventures and with its main shareholder, directors and its Group Management Committee. The Belgian pension fund “OFP Pensioenfonds”, which covers the post employment benefit obligation of the employees of some Belgian subsidiaries, is also considered to be a related party.

As per December 31, 2012, Société Nationale des Poudres et Explosifs (SNPE), a French state owned company is holding 8 283 855 shares (27.0% of the company). SNPE is a leading French industrial group specialising in chemicals for energetic materials used at the core of several civilian and military systems, particularly in solid propulsion for strategic and tactical missiles and space launchers. It also operates in the specialities chemical field. SNPE receives dividends related to its shares and is represented in the Board of Directors through three members. SNPE fully subscribed the optional stock dividend related to the dividend for the financial year 2011.

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (investment in associates and joint ventures, see note 15 - Investments accounted for using the equity method). Such transactions were conducted at arm’s length with terms comparable to transactions with third parties.

Premiums for an amount of 2.5 million EUR were paid to the Belgian pension fund, “OFP Pensioenfonds”. Assets related to employee benefit schemes as per December 31, 2012 include 9.9 million EUR related to the “OFP Pensioenfonds”.

Transactions with joint ventures:

(Million EUR)	2012	2011
Revenue	8.1	8.1
Cost of sales	-23.8	-25.9
Current assets	0.6	0.8
Current liabilities	1.8	2.2

Transactions with associates:

(Million EUR)	2012	2011
Other operating income	0.1	0.1
Current assets	-	-

The share capital of the joint ventures Apeval SAS and Etablissements Violleau SAS, in which the group participates for 50%, was increased in 2012 by 1.3 million EUR and 0.5 million EUR respectively. As a consequence, the group contributed 0.7 million EUR and 0.3 million EUR respectively.

Dividends were received from joint ventures and associates for an amount of 7.1 million EUR (2011: 8.8 million EUR).

Transactions with the members of the Group Management Committee:

(Million EUR)	2012	2011
Short-term employee benefits	4.9	5.7
Post-employment benefits	0.3	0.3
Share-based payments	-	0.8
Total	**5.2**	**6.8**

Short-term employee benefits include salaries and bonuses over 2012 (including social security contributions), car leases and other allowances where applicable.

The short term employee benefits include 3.5 million EUR fix and 1.4 million EUR variable employee benefits (2011: 3.8 million EUR and 1.9 million EUR respectively).

In 2012, no cost related to the share-based payment was recognized and no warrants were exercised by members of the GMC (note 25 - Employee benefits).

33. Auditor's fees

Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren (KPMG), represented by Ludo Ruysen was reappointed as group statutory auditor by the shareholders meeting of the company of June 1, 2010, following an audit tender.

The fees paid by the group to its auditor amounted to:

(Million EUR)	2012			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.1	0.5
KPMG (Outside Belgium)	0.6	0.0	0.4	1.0
Total	**1.0**	**0.0**	**0.5**	**1.5**

(Million EUR)	2011			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.2	0.6
KPMG (Outside Belgium)	0.6	0.0	0.1	0.7
Total	**1.0**	**0.0**	**0.3**	**1.3**

34. Subsequent events

On January 31, 2013, the group completed the sale of the continental European Profiles activities, known under the brand name Profialis (operating segment "Plastic Pipe Systems and Profiles"), to OpenGate Capital, a global private investment company. The transaction resulted in the sale of 100% of the shares of the following companies: Profialis NV (Belgium), Profialis SAS (France), Profialis Kft (Hungary), Profialis Sp.zo.o. (Poland) Wymar Nederland BV (The Netherlands) and Wymar Ukraine (Ukraine). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of this disposal group were presented as assets classified as held for sale and liabilities associated with assets held for sale as per December 31, 2012 (note 21- Non-current assets classified as held for sale). The impact of the completion of this disposal on the income statement of 2013 will not be significant.

On February 27, 2013, the group announced its intention to sell the operating segment "Compounds" (within "Other Businesses") to Mitsubishi Chemical Corporation. The transaction would result in the shares of the legal entities Thermoplastiques Cousin Tessier SAS, CTS-Marvyflo SAS and Technicompound SAS (France), T.C.T. Polska Sp.zo.o. (Poland) and CTS Automotive Compounds (Changsu) Co. Ltd (China) being sold. In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of the disposal group were presented as assets classified as held for sale and liabilities associated with assets held for sale as per December 31, 2012 (note 21 - Non-current assets classified as held for sale).

35. Group companies

Listed below are all the group companies.

The total number of consolidated companies is 89.

List of the consolidated companies on December 31, 2012 accounted for by the full consolidation method:

Europe	Entity	Address	Belgian company number	Ownership
Belgium	Dyka Plastics NV	3900 Overpelt	0414467340	100%
Belgium	Limburgse Rubber Produkten NV	3620 Rekem-Lanaken	0415296392	100%
Belgium	Profialis NV	8720 Oeselgem	0437458023	100%
Belgium	Tessenderlo Chemie International NV	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Chemie NV	1050 Brussels	0412101728	parent company
Belgium	Tessenderlo Finance NV	1050 Brussels	0878995984	100%
Belgium	Tessenderlo Kerley Europe NV	1050 Brussels	0419875683	100%
Czech Republic	Dyka s.r.o.	273 61 Velka Dobra		100%
France	Akiolis Group SAS	72000 Le Mans		100%
France	Atemax Ouest SASU	72000 Le Mans		100%
France	Chemilyl SAS	59120 Loos		100%
France	CTS-Marvyflo SAS	25340 Clerval		100%
France	Établissements Charvet Père et Fils SASU	91490 Milly-La-Forêt		100%
France	France Ester SASU	72000 Le Mans		100%
France	Ispac SAS	64130 Mauléon Licharre		100%
France	Neobiol sarl	93600 Aulnay Sous Bois		100%
France	Produits Chimiques de Loos SAS	59120 Loos		100%
France	Profex SAS	62210 Avion		100%
France	Profialis SAS	25340 Clerval		100%
France	Saplast SAS	67100 Strasbourg		100%
France	Société Azuréenne de Récupération SAR	06670 Castagniers		100%
France	Soleval Ouest SAS	72000 Le Mans		100%
France	Soleval Sud Est S.A.	01440 Viriat		100%
France	Soleval Sud Ouest SASU	47520 Le Passage		100%
France	Sotra-Seperef SAS	62140 Sainte Austreberthe		100%
France	Technicompound SAS	85130 Tiffauges		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessenderlo Services SAS	59120 Loos		100%
France	Thermoplastiques Cousin-Tessier SAS	85130 Tiffauges		100%
Germany	BT Bautechnik Impex GmbH & Co. Kg	85764 Oberschleissheim		100%
Germany	Dyka GmbH	85764 Oberschleissheim		100%
Germany	Impex Wimmer GmbH	85764 Oberschleissheim		100%
Germany	PB Gelatins GmbH	31582 Nienburg/Weser		100%
Hungary	BTH Fitting Kft	3636 Vadna		100%
Hungary	Profialis Kft	2310 Szigetszentmiklós		100%
Italy	Aliphos Italia srl	37044 Cologna-Veneta		100%
Italy	Tessenderlo Italia srl	24047 Treviglio (BG)		100%
Italy	Tessenderlo Partecipazioni SpA	24047 Treviglio (BG)		100%
Luxembourg	Térélux SA	2633 Luxembourg		100%
Poland	Dyka Polska Sp.zo.o.	55-221 Jelcz-Laskowice		100%
Poland	Profialis Sp.zo.o.	62-100 Wagrowiec		100%

Poland	T.C.T. Polska Sp.zo.o.	96-500 Sochaczew	100%
Poland	Tessenderlo Polska Sp. zo.o.	60-462 Poznan	100%
Romania	Dyka Plastic Pipe Systems s.r.l.	76100 Bucarest, sector 1	100%
Slovakia	Dyka SK s.r.o.	841 02 Bratislava	100%
The Netherlands	Dyka BV	8331 LJ Steenwijk	100%
The Netherlands	Nyloplast Europe BV	3295 KG 's Gravendeel	100%
The Netherlands	Plastic Pipe Systems Holding BV	8331 LJ Steenwijk	100%
The Netherlands	Tessenderlo Chemie Rotterdam BV	3133 CA Vlaardingen	100%
The Netherlands	Tessenderlo Nederland BV	4854 MT Bavel	100%
The Netherlands	Tessenderlo NL Holding BV	4825 AV Breda	100%
United Kingdom	Dyka UK Ltd	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	Eurocell Building Plastics Ltd	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	Eurocell plc	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	Eurocell Profiles Ltd	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	John Davidson Holdings Ltd	Edinburgh EH3 9AG	100%
United Kingdom	John Davidson Pipes Ltd	Edinburgh EH3 9AG	100%
United Kingdom	PB Gelatins UK Ltd	Pontypridd CF 375 SQ	100%
United Kingdom	Tessenderlo Holding UK Ltd	Mid Glamorgan CF 37 5SU	100%
United Kingdom	Tessenderlo UK Ltd	Leek, Staffordshire ST13 8LD	100%

USA	Entity	Address	Belgian company number	Ownership
USA	Environmentally Clean Systems LLC	Dover, Delaware 19904		65,00%
USA	Environmentally Clean Systems Myton LLC	Myton, Utah		51,00%
USA	Kerley Trading Inc.	Wilmington County - New Castle - Delaware 0801		100%
USA	MPR Services Inc.	Wilmington County - New Castle - Delaware 0801		100%
USA	PB Leiner USA	Davenport, Iowa 52806		100%
USA	Tessenderlo Kerley Inc.	Wilmington County - New Castle - Delaware 0801		100%
USA	Tessenderlo Kerley Services Inc.	New Mexico - 88220 Carlsbad		100%
USA	Tessenderlo U.S.A. Inc.	Wilmington County - New Castle - Delaware 0801		100%

Rest of the world	Entity	Address	Belgian company number	Ownership
Argentina	PB Leiner Argentina SA	Santa Fe CC108-S3016WAC - Santo Tomé		100%
Brazil	PB Brasil Industria e Commercio de Gelatinas Ltda	Acorizal, Mato Grosso CEP 74480-000		100%
Chile	Tessenderlo Kerley Latino Americana SA	9358 Santiago		100%
China	CTS Automotive Compounds (Changsu) Co. Ltd	Changsu City - 222023 Jiangsu Province		100%
China	PB Gelatins (Wenzhou) Co Ltd	Ping Yang County - 325401 Zhejiang Province		80,00%
China	PB Gelatins Heilongjiang Co Ltd	Kongguo County - Heilongjiang Province		86,20%
China	Tessenderlo Trading (Shanghai) Co. Ltd	China R.P. - 200021 Shanghai		100%
Japan	Tessenderlo Kerley Inc. Japan KK	Tokyo - Chiyoda-ku		100%
Mexico	Tessenderlo Kerley Mexico SA de CV	85800 Novojoa, Sonora		100%
Paraguay	Maramba srl	Villa Hayes - Asuncion del Paraguay		100%
Turkey	Tessenderlo Agrochem Tarim Ve Kimya San. Ve Tic. Ltd. Sti.	34387 Kuştepe - Şişli / İstanbul		100%

List of the consolidated companies on December 31, 2012 accounted for by the equity method:

Europe	Entity	Address	Belgian company number	Ownership
Belgium	T-Power SA	1200 Brussels	0875650771	20,00%
France	Apeval SAS	85120 La Tardière		50.00%
France	Établissements Violleau SAS	79380 La Forêt sur Sèvre		50,00%
France	Établissements Michel SAS	31800 Villeneuve de Rivière		50,00%
France	Meta Bio Energies SAS	49520 Combrée		20,46%
France	Siram SARL	50390 Saint-Sauveur-le-Vicomte		50,00%

Rest of the world	Entity	Address	Belgian company number	Ownership
Bahrain	MPR Middle East WLL	20563 Manama		50,00%
Mexico	Alkemin S de RL de CV	Mexico D.F. 11700		49,50%
USA	Jupiter Sulphur LLC	Wilmington County - New Castle - Delaware 0801		50,00%
USA	Wolf Mountain Products LLC	Lindon - Utah 84042		45,00%

List of the non-consolidated companies on December 31, 2012 due to their insignificant impact on the consolidated figures:

Europe	Entity	Address	Belgian company number	Ownership
Belgium	Globe International SA	1040 Brussels	0416159791	100%
Belgium	Plastival Benelux NV	3900 Overpelt	0450918950	100%
Germany	H.G.S. GmbH	22767 Hamburg		100%
Germany	LVM Kunststoffe GmbH	31582 Nienburg		100%
Spain	Tessenderlo Chemie España TCE sa	28224 Pozuelo de Alarcon (Madrid)		100%
Switzerland	Tessenderlo Schweiz AG	5330 Bad Zurzach		100%
The Netherlands	De Hoeve Kunststofrecycling BV	7772 BC Hardenberg		50,00%
The Netherlands	Wymar Nederland BV	3133 CA Vlaardingen		100%
Ukraine	Wymar Ukraine	03134 Kiev		100%
United Kingdom	Britphos Ltd	Leek, Stafforshire ST13 8LD		100%
United Kingdom	LVM UK Ltd	Alfreton-Derbyshire DE55 4RF		100%

36. Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the financial statements.

Estimates and judgments are mainly used in accounting for:

- Allowances for uncollectible receivables. These are based on an extensive analysis of the customer credit risk, ageing and historic payment behaviour.
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined through the analysis of the market circumstances at closing date.
- Depreciation, which is based on the estimated useful life of an asset.
- Impairments. The carrying amount of financial assets, property, plant and equipment, goodwill and other intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset's recoverable amount is estimated.
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, the expected return on plan assets, the turnover rate and life expectancy, and through the use of a discount rate.
- Taxes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In making its judgment, management takes into account the long term business strategy.
- Provisions and contingencies. The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Provisions can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation, a change in best practices for sanitation, a change in timing of cash outflows, a change in agreement with authorities on the treatement of the polluted site or other factors of a similar nature.
- Non-current assets classified as held for sale, which are recognized at the lower of their carrying amount and fair value less costs to sell.
- Financial instruments, which are measured at fair value in the statement of financial position based on inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report

Frank Coenen (CEO) and Mel de Vogue (CFO) certify, on behalf and for the account of the company, that, to his/their knowledge,

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and the income statement of the company, and the entities included in the consolidation as a whole,
b) the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Prins Boudewijnlaan 24d
2550 Kontich
Belgium

Tel. +32 (0)3 821 17 00
Fax +32 (0)3 825 20 25
www.kpmg.be

Statutory auditor's report to the general meeting of Tessenderlo Chemie NV for the year ended December 31, 2012

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN THE DUTCH LANGUAGE

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements for the year ended December 31, 2012 as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Tessenderlo Chemie NV ("the company") and its subsidiaries (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. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 1.288,2 million and the consolidated statement of comprehensive income shows a loss for the year of EUR 199,2 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

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

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

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, a Belgian civil CVBA/SCRL and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Maatschappelijke zetel - Siège social:
Bourgetlaan - Avenue du Bourget 40
1130 Brussel - Brussels
België - Belgique

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises CVBA/SCRL
Burgerlijke vennootschap met handelsvorm - Société civile à forme commerciale
Ondernemingsnummer - Numéro d'entreprise 0419122548
RPR Brussel - RPM Bruxelles

In making those risk assessments, the statutory auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's equity and consolidated financial position as at December 31, 2012 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the framework of our mandate our responsibility is, in all material aspects, to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material aspects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Kontich, March 26, 2013

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Ludo Ruysen
Réviseur d'Entreprises / Bedrijfsrevisor

Statutory financial report

Balance sheet of Tessenderlo Chemie NV

(Million EUR)	2012	2011
Total assets		
Non-current assets	**713.7**	**729.8**
Other intangible assets	10.8	2.2
Property, plant and equipment	83.6	72.8
Financial assets	619.2	654.8
Current assets	**348.1**	**266.9**
Non-current trade and other receivables	1.0	-
Inventories	98.6	99.8
Current trade and other receivables	239.5	158.4
Other investments	0.7	4.0
Cash and cash equivalents	1.6	0.1
Prepaid expenses and accrued income	6.7	4.6
Total assets	**1,061.8**	**996.7**
Total liabilities		
Shareholders' equity	**417.8**	**576.8**
Issued capital	153.7	147.9
Share premium	88.0	73.5
Reserves	20.8	24.5
Retained earnings	155.2	330.8
Capital grants	0.1	0.1
Provisions and deferred taxes	**147.3**	**48.3**
Provisions	146.0	44.8
Deferred taxes	1.3	3.5
Liabilities	**496.7**	**360.6**
Liabilities due in more than one year	151.4	152.0
Liabilities due within one year	341.2	208.6
Accrued expenses and deferred income	4.0	11.0
Total liabilities	**1,061.8**	**996.7**

Profit and loss statement of Tessenderlo Chemie NV

(Million EUR)	2012	2011
Total operating income	**615.4**	**672.6**
Sales	524.0	538.9
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	5.6	27.3
Production capitalized	3.5	3.8
Other operating income	82.2	102.6
Total operating charges	**-651.7**	**-685.3**
Raw materials and goods purchased for resale	-370.0	-380.9
Services and other goods	-187.4	-212.3
Wages, salaries, social charges and pensions	-80.1	-76.5
Depreciations and amortizations on formation expenses, tangible and intangible assets	-11.8	-10.0
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	-0.4	-0.6
Provision for liabilities and charges (utilisations and write-backs less charges)	2.7	-0.1
Other operating charges	-4.6	-4.9
Operating result	**-36.3**	**-12.7**
Finance income	116.5	247.7
Finance costs	-36.6	-34.8
Ordinary profit (+) / losses (-) before taxes	**43.5**	**200.2**
Extraordinary income	14.4	104.3
Extraordinary charges	-198.5	-193.2
Profit before taxes	**-140.6**	**111.3**
Income taxes	-	0.0
Deferred taxes	2.3	0.4
Profit (+) / losses (-)	**-138.4**	**111.7**
Untaxed reserves	4.4	0.7
Profit (+) / losses (-) for the year to be allocated	**-134.0**	**112.4**

Allocations and distributions

(Million EUR)	2012	2011
The Tessenderlo Chemie NV Board of Directors propose to allocate the		
- Profits, being	-134.0	112.4
- Increased by prior years' retained earnings	330.8	258.2
Totalling:	**196.8**	**370.6**
In the following manner:		
- Reserves	0.7	0.4
- Dividends	40.9	39.4
- Retained earnings	155.2	330.8
Totalling:	196.8	370.6

If the general assembly of June 4, 2013 approves this proposed allocation, the gross dividend will be 1.3333 EUR or a net dividend of 1.0000 EUR for the 30 662 300 ordinary shares (remittance of coupon n° 76).

Extract from the Tessenderlo Chemie NV separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The preceeding information is extracted from the separate Belgian GAAP financial statements of Tessenderlo Chemie NV. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Tessenderlo Chemie NV, Troonstraat 130, 1050 Brussel.

It should be noted that only the consolidated financial statements present a true and fair view of the financial position and performance of the group.

Since Tessenderlo Chemie NV is essentially a holding company, which recognises its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of Tessenderlo Chemie NV. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at, and for the year ended December 31, 2012.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Tessenderlo Chemie NV prepared in accordance with Belgian GAAP for the year ended December 31, 2012 give a true and fair view of the financial position and results of Tessenderlo Chemie NV in accordance with all legal and regulatory dispositions.

TESSENDERLO CHEMIE NV

Registered office and administrative headquarters

Troonstraat 130

B-1050 Brussels

Belgium

Tel. +32 2 639 18 11

Fax +32 2 639 19 99

VAT BE 0 412 101 728

RLP Brussels

Website: www.tessenderlogroup.com

Annual Report 2012: annualreport2012.tessenderlo.com