TESSENDERLO GROUP

ANNUAL BROCHURE 2015

EVERY
MOLECULE
COUNTS

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TESSENDERLO GROUP

ACTIVITY REPORT 2015

EVERY
MOLECULE
COUNTS

Who We Are

Tessenderlo Group is an international specialty group with a global presence that provides solutions for food, agriculture, water management and the efficient use and re-use of natural resources. With approximately five thousand people working at more than one hundred locations across the globe, the Group is a leader in most of its markets, primarily serving customers in agriculture, industry, construction, and health and consumer goods end markets.

The Group continually strives to find more sustainable solutions. It thereby aims to minimize its own ecological footprint and to maximize the contribution of its products in the evolution towards a green economy. The Group offers various products and environmentally friendly solutions, by which it typically reclaims and transforms by-products from other industries.

The Group's activities are subdivided into three operating segments: Agro, Bio-Valorization and Industrial Solutions.

- **Agro** - This segment is active in the production and marketing of crop nutrients (liquid crop fertilizers and SOP, sulfate of potash) and crop protection products.

- **Bio-Valorization** - This segment combines the Group's activities in animal by-product processing and it includes Akiolis (rendering, production and sale of proteins and fats) and PB Gelatins (production and sale of gelatins).

- **Industrial Solutions -** This segment covers activities offering products and solutions to industrial end-markets. It includes in essence the production and sale of plastic pipe systems (PPS), water treatment chemicals (Performance Chemicals) and other industrial activities, such as the production and sale of mining and industrial chemicals, and the delivery of services for the treatment and disposal of fracking water (ECS), as well as services that enable the on-site optimization of environmental control systems (MPR).

Whether it is in the products and solutions we supply or in the way that we produce them, the care we show towards our planet and its resources is at the heart of all of our businesses. This is because we believe that "every molecule counts".

2015 Highlights

BONDS ISSUE

Tessenderlo issued two series of bonds with maturity periods of 7 years and 10 years for a total amount of EUR 250 million. The transaction was closed following the second day of the subscription period as the maximum amount of subscriptions had been reached. The bonds were used, among others things, to refinance the EUR 150 million bond that matured in October 2015 and to increase the group's production capacity to meet expected future demand.

Agro Segment

SOP PLANT NUTRITION

At the end of 2015, the BU Inorganics changed its name to better reflect what is stands for: SOP Plant Nutrition, the world's preferred partner in SOP. We not only aim to deliver top quality products, but we also strive to be the world's preferred partner in SOP and, with our products and services, help growers to feed the world in a healthy, efficient and sustainable manner.

NEW CALCIUM CHLORIDE PLANT IN HAM

In the last quarter of 2015, Tessenderlo Group started to produce Calcium Chloride in their new plant in Ham, Belgium. The plant strengthens our position as a global leaders in potassium sulfate

NOVASOURCE® PORTFOLIO EXPANSION

NovaSource® acquired two product lines, expanding its portfolio of specialty crop protection products. The first was the herbicide Norflurazon which is used to control weeds that sap the vigor of many crops. The product is primarily used on citrus, tree fruit and alfalfa. The second was the herbicide hexazinone, which is used for season long control of difficult weeds in alfalfa, sugar cane and other many other specialty crops.

NEW TESSENDERLO KERLEY INC. PLANT

October 7, 2015, Crop Vitality, a business unit of Tessenderlo Kerley, Inc. (TKI), and the Kings County Economic Development Corporation celebrated the completion of its newest liquid plant nutrient manufacturing facility in Hanford. An environmentally safe liquid plant nutrient known as KTS® (potassium thiosulfate) is produced at the facility. KTS® is a specialty crop fertilizer, it can be used on crops such as fruit, nuts, vegetables & broad acre crops

ANNOUNCEMENT OF NEW PLANT AT ROUEN

In April 2015, Tessenderlo announced its intentions to build a new factory for the production of ammonium thiosulfate at Rouen. The commissioning of the plant is foreseen in 2017 and it will provide work to 20-25 people. The investment is driven by the increased demand for liquid fertilizers on the European Agro market.

Bio-Valorization segment

OPERATIONAL EXCELLENCE IN THE BU GELATINS

In order to cope with the challenging gelatin market conditions, the BU Gelatins implemented a set of operational and commercial improvement programs and cost reduction measures.

AKIOLIS

For Atemax, Akiolis has renewed the contract for the collection and securing of animals found dead. The contract has a duration of 3 years.

Industrial Solutions Segment

A NEW ELECTROLYSIS PLANT IN LOOS

In March 2015, the Board of Directors approved a 50 million EUR investment at the Water Treatment site in Loos. A new membrane electrolysis plant will be built and should be operational by mid-2017.

PPS ORGANIZATION

During 2015, PPS changed its BU structure into a dedicated UK division and a dedicated Continental European division. In doing so, the strategic focus and execution for additional growth further improved.

RE-ENTRY OF POTASSIUM HYDROXIDE MARKET

In August 2015, we re-entered the potassium hydroxide market and delivered a first truckload of KOH to our customers in the same month.

Message from the CEO and the Chairman to the stakeholders

Dear Shareholders,

Once again we can look back on a busy year for Tessenderlo Group. In the full 2015 financial year, Tessenderlo Group realized a consolidated turnover of EUR 1,589.0 million. This compared to a consolidated turnover of EUR 1,434.2 million in 2014. Reported revenue increased across all three segments, while a small decrease in revenue could be noted in the operating segment Bio-valorization when excluding the foreign exchange effect. Tessenderlo Group closed 2015 recording a net profit of EUR 81.9 million, as compared to EUR 52.8 million in 2014.

On July 15, 2015, Tessenderlo Chemie NV issued two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was EUR 250.0 million, of which EUR 192.0 million for the 2022 bonds and EUR 58.0 million for the 2025 bonds. The net proceeds of the bonds issue were used, amongst others, to refinance the group's currently outstanding EUR 150.0 million private placement, which matured in October 2015.

In 2015, the transformation of Tessenderlo Group reached another crucial milestone. Following the significant progress achieved in 2014, we made some carefully selected investments in 2015 with a view to strengthening our fields of competence and expertise. For example, we announced our decision to invest EUR 50 million in our PC Loos (Produits Chimiques de Loos) site, which forms part of the Performance Chemicals Business Unit. This investment involves the construction of a new membrane technology based production plant to replace the existing mercury electrolysis. We also announced a strategic investment in liquid fertilizers in Europe with the construction of a Thio-Sul® production plant in Rouen (France) that is due to be put into operation during the course of 2017. Within the SOP Plant Nutrition business unit, we started a new calcium chloride production plant on our site in Ham (Belgium), processing part of the hydrochloric acid from the sulfate plant into calcium chloride. Within the Agro segment, the KTS® production facility in Hanford (California, USA) realized its production start-up at the end of June 2015. The year also saw Tessenderlo Kerley, Inc. (TKI) announce the purchase of certain product business assets of DuPont Crop Protection's global Hexazinone solo product and its Hexazinone/Diuron-only mixture, and the purchase of the herbicide assets of Norflurazon (Solicam®) from Syngenta Crop Protection, LLC. These investments should result in new growth opportunities.

Following a company-wide approach and considerable efforts made in the field of operational improvement, we have continued to advance in a difficult environment. In 2015, Tessenderlo Group remained focused on the optimization of sourcing, commercial improvement, product development, new applications, profitable growth and customer focus. Our customers' success is our success and as a reliable partner it is our ambition to help them to continue to succeed in their industries and remain ahead of their competitors. We want to be the very best in each of our activities and constantly look for sustainable business opportunities. We also want to be the best in operations and have the best possible relations with our customers, as well as being able to understand market trends and identify opportunities.

Outlook

Assuming that current market circumstances continue to prevail, Tessenderlo Group anticipates that the 2016 REBITDA, as compared to the 2015 REBITDA, may grow between 15% and 20%. However, the group wishes to emphasize that it currently operates in volatile economic and financial conditions.

We will keep investing in the innovation and the modernization of our plants, buildings, new production machines, as well as research and development. All of this is combined with a constant focus on operational excellence. We would like to thank all of our shareholders for their continued support over the past years and we will continue to create sustainable value.

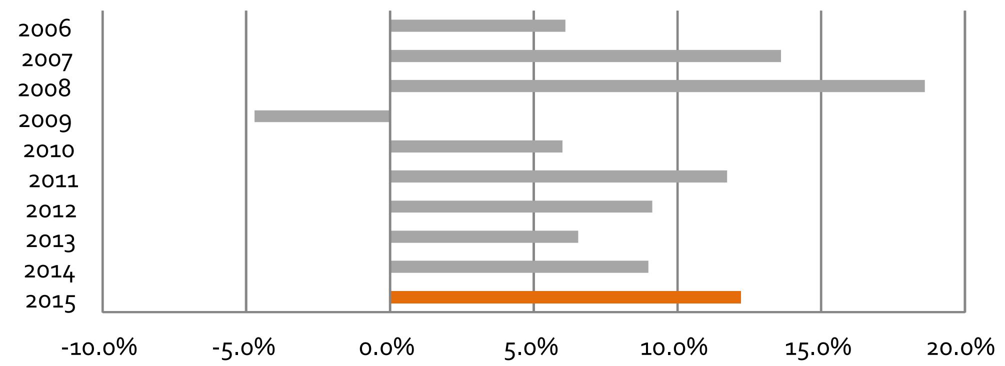
2016 will be another challenging year that both we and our employees will address head on. On behalf of the Board of Directors, we would like to thank our employees for their commitment, flexibility and enthusiasm during 2015. The basis of the success of Tessenderlo Group now more than ever before depends on the quality, motivation and the commitment of our dedicated employees.

Sincerely,

Luc Tack	Stefaan Haspeslagh
CEO	Chairman of the Board of Directors

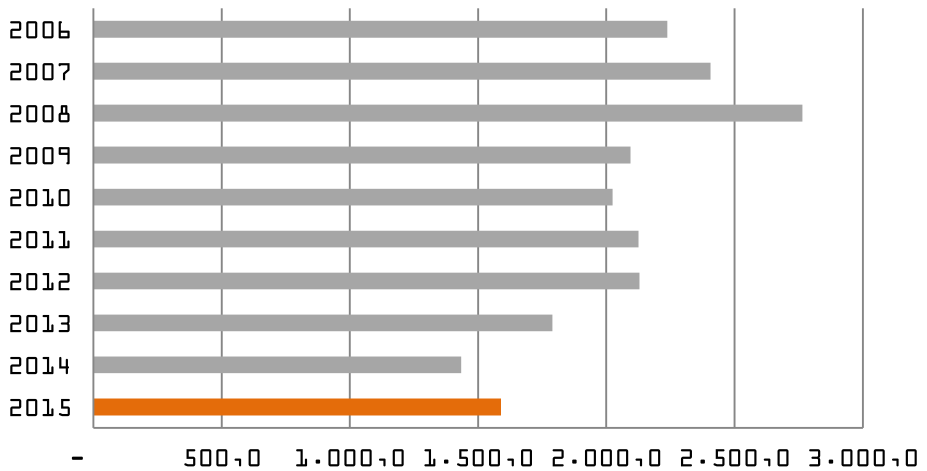
Tessenderlo Key Group
Figures at a Glance

Roce (%)



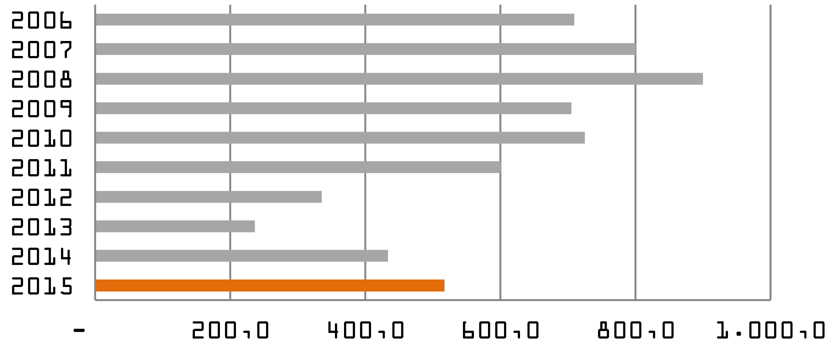
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Roce	12.2%	9.0%	6.5%	9.1%	11.7%	6.0%	-4.7%	18.6%	13.6%	6.1%

Revenue (in million EUR)



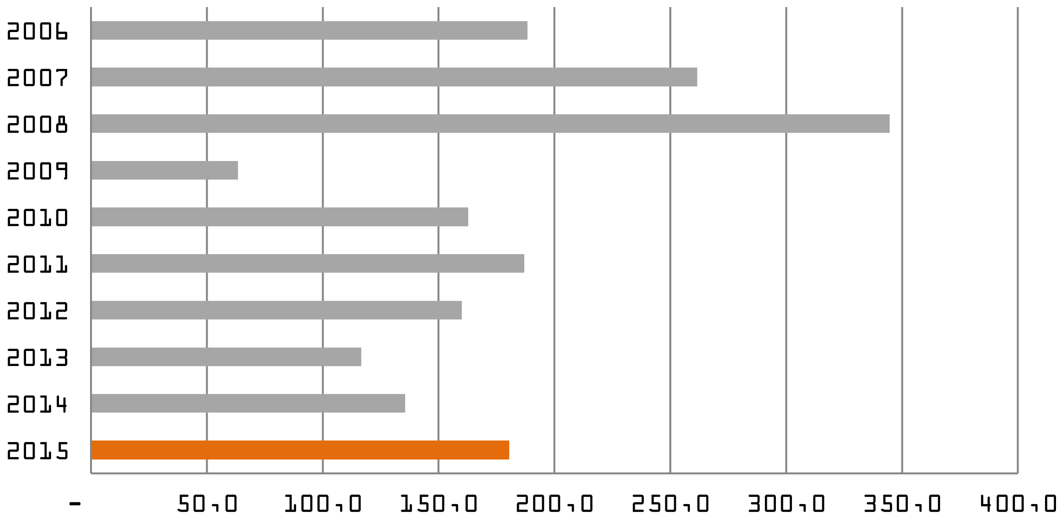
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue	1.589	1.434	1.790	2.129	2.126	2.024	2.093	2.765	2.405	2.238

Equity attributable to equity shareholders of the group



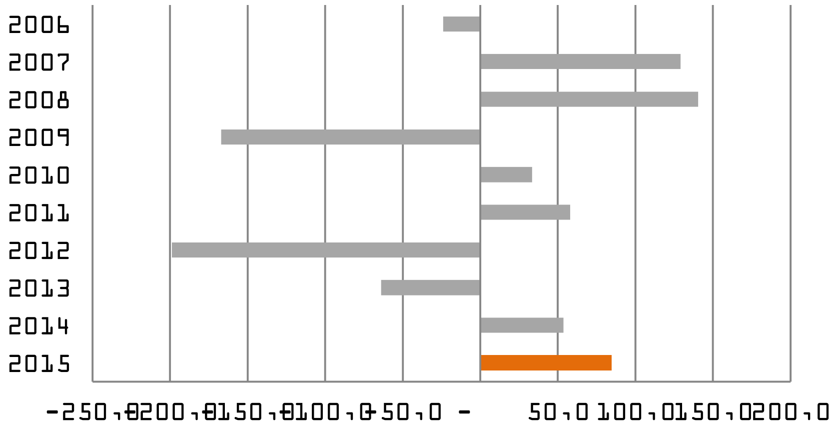
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Equity attributable to equity shareholders of the group	516,8	433,5	236,6	335,5	600,3	724,8	705,2	900,0	800,2	709,5

Rebitda (in million EUR)



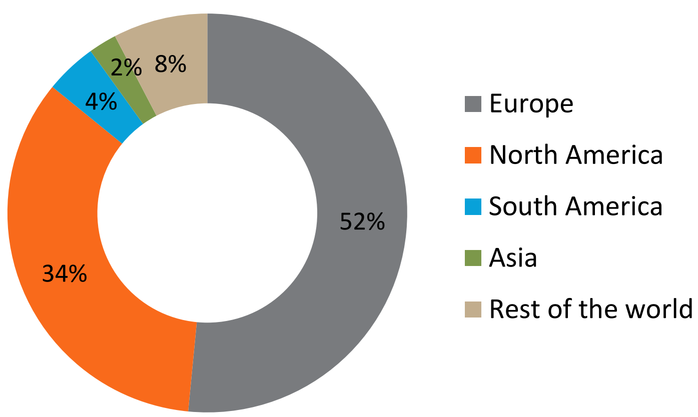
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rebitda	180,4	135,6	116,6	160,0	187,0	162,8	63,4	344,7	261,6	188,4

Profit (+) / loss (-) (in million EUR)

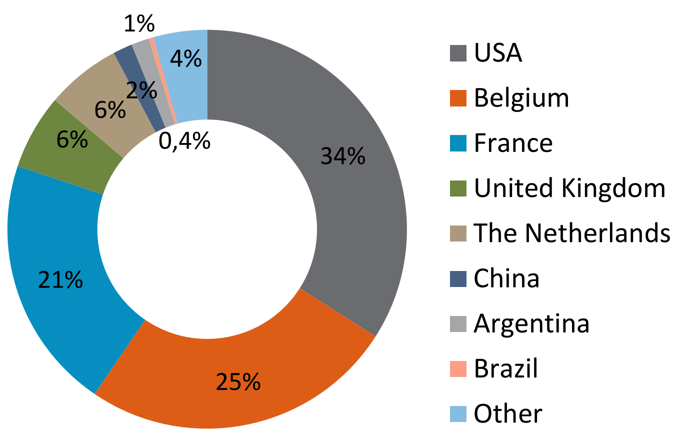


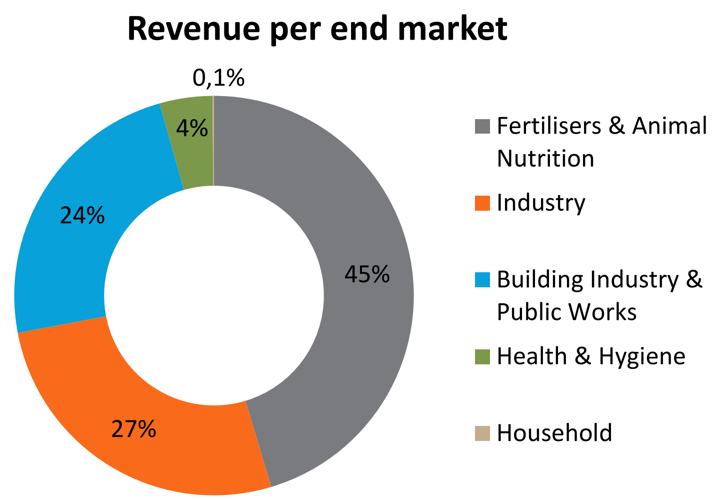
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Profit (+) / loss (-)	84,5	53,7	-64,0	-198,	58,0	33,5	-167,	140,5	129,0	-24,0

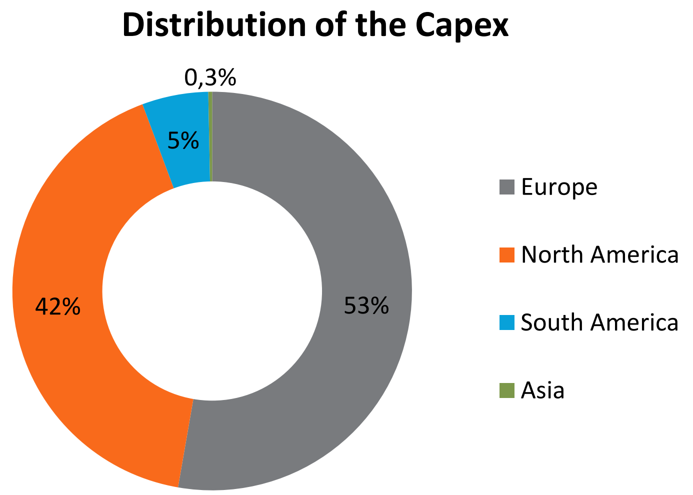
Revenue per geography

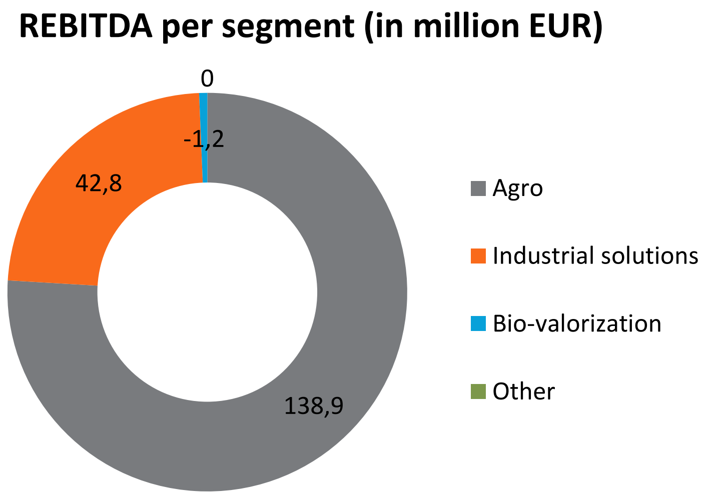


Revenue per country of production

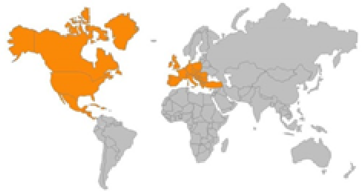
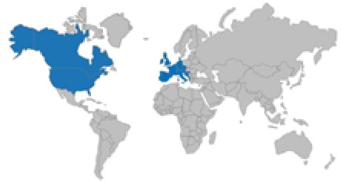
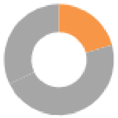
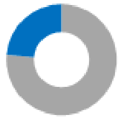



Revenue per end market
0,1%
4%
24%
45%
27%
Fertilisers & Animal Nutrition
Industry
Building Industry & Public Works
Health & Hygiene
Household


Distribution of the Capex
0,3%
5%
42%
53%
Europe
North America
South America
Asia


REBITDA per segment (in million EUR)
0
-1,2
42,8
138,9
Agro
Industrial solutions
Bio-valorization
Other

OUR WORLDWIDE REACH

	AGRO	BIO-VALORIZATION	INDUSTRIAL SOLUTIONS
PRODUCTION LOCATIONS			
	13 manufacturing plants : USA (10 manufacturing plants and more than 65 terminals), Belgium (1), France (1) and Turkey (1) of which 2 plants are under construction: East-Dubuque (USA) and Rouen (France)	• Gelatin: 3 plants in Europe, 2 in China and 3 in the Americas • Akiolis: 11 production plants , 39 collection centers in France	• Plastic Pipe Systems (PPS) : 7 production sites and +70 branches • Water Treatment: 2 plants (Belgium and France) • Mining and water treatment services: 3 plants (USA)
CORE MARKETS	Agriculture	Food, Medical, Pharma, Pet Food, Agriculture, Energy, PAT, FAT	Refinery and Mining Services, Water Treatment, Industrial Process Chemicals Services, Construction and Public Works
AREA OF ACTIVITY	Agriculture, Industry	Bio-Resources, Agriculture	Industry and Mining, Municipal, Civil construction and public works
BUSINESS DRIVERS	Growing population - Increased demand for cost-effective, quality fertilizers and crop protection products for modern and sustainable precision agriculture	Growing demand for bio-based environmentally friendly offerings in feed, food, energy and pharmaceutical and technical applications - Increased standards of living results in growing meat consumption and protein demand	Clean water demand - Industry need for sustainable purification of process water - Scarcity of natural resources and environmental footprint - Global warming - Water management – Base chemicals supply driven by economic activity
STRATEGIC FOCUS	• Tessenderlo Kerley: Continue to focus on the Americas and expand into Europe, Middle East and Australia / Expand product portfolio to broaden offering into specialty niche markets / Remain lowest cost-to-serve fertilizer producer / Optimize supply chain • NovaSource® : Expand product portfolio and add value to crop protection • Sulfates: Focus on premium soluble and foliar grade potassium sulfate fertilizers	• Gelatin: Optimize return on existing assets / Vigorously focus on manufacturing excellence, sales excellence and improved valorization of/access to raw materials / Increased focus on healthy foods (protein rich, collagen hydrolysates) • AKIOLIS: Strengthen our position in our core business on upstream markets / Improve the valorization of finished products on pet food and aquaculture markets.	• PPS: further grow customer intimacy / Growth of product portfolio / Strengthen position in Drainage and Sewage and Soil and Waste • Water Treatment: Profitable operations, providing long term and environmentally attractive solutions to industry and municipalities / Build and protect leading market positions / Secure access to low cost and sustainable raw materials • Mining/MPR/ECS: Expand mining and industrial pillar / Provide a full service water treatment and recycle model / New markets and segments
ACHIEVEMENTS DURING 2015	Production facility in Hanford commissioned / Portfolio expansion of Novasource® / Operational Excellence program in Ham being rolled out/ Further internationalization of Kerley products	Continued implementation of operational and commercial improvement programs / Difficult market circumstances worldwide /	New organization implemented / Commissioning of new technology at Water Treatment Loos / ECS and MPR successfully implementing their business plans
KEY FIGURES	Share of REBITDA  77% Headcount  972	Share of REBITDA  -1% Headcount  2194	Share of REBITDA  24% Headcount  1506

Tessenderlo Group: 3 Specialty Businesses: Agro – Bio-Valorization – Industrial Solutions

Our Agro Segment

The companies and Business Units that form part of the Agro segment are active in the production and marketing of crop nutrients (liquid crop fertilizers and Potassium sulfate) and crop protection products.

Our Business Units operating within the Agro segment are:

Crop nutrients

Tessenderlo Kerley Inc.

- Who We Are

  Crop Vitality, the core business of Tessenderlo Kerley supplies value-added specialty liquid plant nutrition to support growers in efficient and sustainable agriculture. We do this by reliably removing sulfur and other by-products from petroleum and gas refineries and transforming them into liquid plant nutrients, which improves the production of a variety of grains, vegetables, fruits, and nuts.

  The Crop Vitality Business Unit possesses a strong value proposition, and our Crop Vitality Specialists personify the brand at every touch-point and customer interaction. They consistently represent the Crop Vitality legacy of professional service, excellence and value.

  Our principal products are ammonium thiosulfate, which is branded as Thio-Sul® and potassium thiosulfate, which is branded as KTS®. Tessenderlo Kerley's full line of fertilizers and soil amendment products are grouped under the CROP VITALITY® branding (www.cropvitality.com).

- Business in 2015

Crop Vitality benefited from the strength of its value proposition and delivered solid earnings despite some "perfect storm" factors in the agriculture markets. Bolstered by a strong spring season, demand declined during the fall application season as a result of overly wet weather that prevented growers from completing work in the fields. Nevertheless, solid results were achieved in lower crop price environments.

- Looking ahead

Crop Vitality products are better positioned in the market than in previous years. Coupled with further infrastructure improvements and the strengthening of our value proposition, this will enable us to better serve our customers in enhancing their businesses.

With the expectation of 85-90 million corn acres to be planted, the recent ethanol mandate extension and favorable prices in specialty crops, our supply availability is expected to be sufficient and demand is not expected to outpace that supply.

Tessenderlo Kerley International

- Who We Are

Kerley International is a Business Unit that was created to fuel the growth of the Tessenderlo Kerley line of fertilizers and soil amendment products outside the US and Canada. Leveraging the success of the business model in the US, Kerley International is driving focused business development in prioritized markets including Europe, the Middle East and North Africa, and Central and South America.

- Business in 2015

In 2015, Kerley International continued to execute its longer-term strategy and made considerable progress in driving top-line growth and strengthening its growth foundations.

Recruiting commercial and agronomical talent, setting-up supply chains and securing necessary registrations are some examples of these foundations.

In April 2015, the Business Unit announced its intention to construct a Thio-Sul® (ammonium thiosulfate/ATS) manufacturing plant in France, thereby responding to the increased demand from the European market for liquid fertilizer solutions for broad-acre crops which complement sulfur nutrition and limit nitrogen losses.

- Looking ahead

Kerley International will continue to focus on driving profitable growth for Kerley fertilizers. The excellent value proposition of Kerley's fertilizers is increasingly being recognized and valorized by new customers in the prioritized growth regions.

To support the anticipated volume growth, selected investments are being evaluated, both in terms of plant capacity located outside the US and in infrastructure to support customers' expectations for a more efficient supply chain.

BU SOP Plant Nutrition

- Who We Are

At the production site in Ham, Belgium, the SOP Plant Nutrition Business Unit mainly produces potassium sulfate fertilizers for the agricultural end markets. Sulfate of potash (SOP) or potassium sulfate is predominantly used as a fertilizer for specialty crops such as flowers, fruits, and vegetables. With production in Belgium and exports to more than 80 countries, we are a Top 5 global producer in a 6 million ton market and we focus on high value crops in the soluble market.

At BU SOP Plant Nutrition, we not only aim to deliver top quality products, but we also strive to be the world's preferred partner in SOP and through our products and services help growers to feed the world in a healthy, efficient and sustainable manner.

The Group's soluble potassium sulfate product, SoluPotasse®, is the world's undisputed premier soluble potassium sulfate. This premium product has an excellent reputation for quality and brand recognition. SoluPotasse® enables a more precise application of nutrients in drip irrigation systems, which reduces both the volume of fertilizer and water required while ensuring minimal environmental impact.

SOP is a versatile fertilizer that is especially suited for use in arid and semi-arid climates. The combination of potassium and sulfur delivers a high concentration of nutrients that are readily available to plants. It has a very low salinity index and this makes it the preferred potash fertilizer in areas at risk due to soil salinity. SOP improves crop yield and quality, and makes plants more resistant to drought, frost, insects and disease. Furthermore, potassium sulfate both improves the nutritional value, taste and appearance of the crop while also enhancing its resistance to deterioration during transport and storage.

Currently, Tessenderlo Group is the only company that offers a foliar grade of SOP, under the brand name K-Leaf®, for application in broad-acre crops.

- Business in 2015

  The BU reported strong demand for potassium sulfate, and successfully achieved growth in total volumes, and particularly in SoluPotasse®, our class leading water soluble SOP product line with a record year for sales. In addition, we made further progress in the development of K-Leaf ®, our new foliar grade SOP.

  With our Mannheim SOP production process, the management of the Hydrochloric acid (HCl) by-product outlets is key ensuring a reliable SOP supply for our customers. At the end of 2015, the new calcium chloride ($CaCl_2$) plant was started up in Ham, Belgium. Calcium Chloride production adds an important extra HCl outlet, not only is the volume important, but the outlet is also located at our site which provides us with some flexibility. We were already successful in increasing our other HCl outlets in 2015, which enabled us to produce SOP volumes in line with historical levels. Consequently, we specifically see in this new plant an additional, sustainable HCl outlet that will further support us in our drive to deliver high quality products & services for our customers.

  Apart from the $CaCl_2$ plant, other significant initiatives and investments have been undertaken or initiated at the Ham site to improve competitiveness in a sustainable manner.

- Looking Ahead

  We view the SOP market with confidence as SOP is clearly increasing in value for many crops and soils around the globe. We reach out to markets globally, especially with our water soluble brand SoluPotasse®. We continuously work on adding service value wherever we are in the market by explaining the optimal use of SOP, not only in fertigation but also in foliar application, with our K-Leaf® product.

  While 2016 has started with some hesitation in the global fertilizer world, and some key regions for our business have been affected economically or geopolitically, we have a positive outlook. However, we are conscious that results will ultimately depend on the evolution of the agro market.

  Tessenderlo Group has a clear strategy for remaining at the forefront of the SOP market for many years to come. We will continue to consistently deliver high quality products, while improving our focus on customer service and applying the Group’s considerable experience in the SOP industry.

Crop protection

NovaSource®

- Who We Are

  NovaSource® is the crop protection business unit of Tessenderlo Group. We acquire, develop, register, and market niche crop protection products globally. The focus for NovaSource® is providing the tools to farmers to aid their efforts in increasing the quality and productivity of specialty food crops such as potatoes, fruits, nuts and vegetables.

- Business in 2015

  NovaSource®, the products of which are now being sold in 40 countries, had another good year in 2015. This was in spite of a serious pullback in prices in the crop protection sector. Specialty crops (fruits, nuts, vegetables), where NovaSource® products are primarily sold, did not experience as much of the downward pricing pressures that applied to some commodity food staples.

  Two acquisitions were made in 2015 that contributed to the success and the future outlook of the NovaSource® business. The first was the purchase of the Solicam® (its common name is Norflurazon) product line from Syngenta and the purchase of the Velpar®, AlfaMax™ and Advance® (its common name is Hexazinone) business from DuPont.

- Looking Ahead

  NovaSource® will continue its efforts to acquire niche product lines from multinational companies that are divesting smaller product lines as they focus on their R&D products and key products.

Our Bio-Valorization Segment

The Bio-Valorization segment, which combines the Group’s activities in animal by-product processing, consists of Akiolis (rendering, production and sale of proteins and fats) and PB Gelatins (production and sales of gelatins).

PB Gelatins

- Who We Are

  Tessenderlo Group's Gelatin business unit supplies a complete range of high-quality collagen proteins (gelatin). We supply a growing market in food, pharma, health, nutrition, and technical applications from our eight production sites that are located in Asia, Europe, and North and South America. We are the number three player in the world in our sector.

The gelatin process includes raw material (pre-)treatment, collagen extraction, and gelatin purification. The overall production processes can take up to six months for specific qualities. Some fractions of the gelatin are further processed into collagen hydrolysates.

Gelatins are used in multiple markets, including food (e.g. confectionary and dairy), pharmaceuticals (e.g. capsules) and photography (e.g. film and photography paper). In most applications, gelatins are only added in small amounts to the formulation, as a functional ingredient with superior characteristics.

The Group produces gelatin based on pigskin, beef hide, pig bone and beef bone. Raw materials are sourced regionally and competition for raw materials is not limited to other gelatin manufacturers, but also includes other end-uses such as direct use as human food, pet food and leather manufacturing.

Fluctuations in the supply and demand of raw materials have an important impact on gelatin prices and availability. Securing sufficient raw material volumes is key to the business.

- Business in 2015

In 2015, the worldwide gelatin market remained complicated. China continued to suffer from the 2014 scandals (these do not relate to our activities). Meanwhile, competition in Europe among producers was intense and this impacted the North American market. Finally raw materials remained scarce in South America.

We were able to limit the effect of those adverse events on our sales and margins, by progressing each of our three excellence programs:

  - Operational Excellence - to strengthen our organization, improve our safety, lower our costs and increase our reliability.
  - Sales Excellence – to further strengthen the close partnership with our customers.
  - Purchasing Excellence – to secure the best raw materials to meet the increasing requirements of our customers.

- Looking Ahead

The difficult market conditions that we experienced in 2015 are expected to continue into 2016. However, we aim to exit from this complex situation in a much stronger position: our Excellence Programs will further reduce our cost base, secure sourcing of our raw material, and increase our sales volumes and margins. Furthermore, in order to fully seize the opportunities of the collagen protein markets, we will execute several projects that will include the expansion of our gelatin plant in Davenport, the expansion of our Hydrolysates production unit in Santa Fe, and the upgrade of our by-product valorization unit in Vilvoorde. Finally, we will continue the ramp-up of our plants in China and Brazil.

We will also continue our negotiations with the Chinese government and explore production alternatives for our plant in Wenzhou (as a reminder, in 2014, we were informed by the local Chinese authorities of their intention to expropriate the Wenzhou plant in order to build a new public infrastructure).

The long-term outlook of the gelatin markets remains positive for several reasons: a growing middle-class population, increased consumption of medications in the developing world and greater health and nutrition awareness and habits in the developed countries.

Akiolis

- Who We Are

Akiolis specializes in the valorization of any kind of animal by-products, from the meat processing chain and transformation of these raw materials into value-added products for the animal nutrition, agriculture, lipochemistry, cement and energy sectors.

By-products of healthy animals are transformed through sophisticated processes to deliver high-value proteins and fats. These ingredients are used in pet food, animal feed, aquaculture, bio-fertilizers, soaps and lipochemistry.

Akiolis also produces animal fats and meat meals from fallen stock. These fats and meals are valorized as biofuels (which are used as an alternative to fossil fuels to generate energy) or bio-fertilizers under certain conditions.

- Business in 2015

Notwithstanding the difficult market conditions in 2015, Akiolis succeeded in strengthening its business thanks to structural reorganization and commercial successes within its core business.

Downstream prices (the sale of fats and proteins) continued to drop, driven by global economic indicators such as the petroleum and soy prices. Upstream, (the collection of organic materials), Akiolis continued to face fierce competition. In parallel, a fundamental evolution of the European legislation on organic by-products triggered a disruptive imbalance in market volumes.

In this context, we have proven to have the necessary capabilities to efficiently increase our volumes, to strengthen the commercial margin and to manage costs.

To consolidate our competitive advantages and carve out recurring loss making businesses, we implemented a major streamlining operation to reduce our industrial and logistics costs.

In August 2015, France was recognized as a country with "negligible ESB risks". As a consequence, the list of specified risk materials has reduced significantly, which has negatively impacted an important part of volume for Atemax. To compensate for this we have undertaken commercial actions to recuperate a part of these volumes via Soleval.

In total, Akiolis was able to consolidate its volumes in 2015 and strengthen its position in the collection market.

- Looking Ahead

We expect a return to a positive REBIT for Akiolis in 2016 thanks to a continued focus on tightened cost management, on the quality of our products and on our customer service. Our objective is to grow our volumes and strengthen our position as a 'Best in class' partner for both our downstream and upstream customers, supported by the implementation of our 2016-2018 marketing plan. This plan, which aims at positioning Akiolis as the "leader in service, quality and reliability in France in the sectors of beef, pork and poultry", gives a central role to innovation, especially in the areas of aquaculture and pet food.

Our Industrial Solutions Segment

The Industrial Solutions segment consists of activities that offer products and solutions to industrial end markets. This segment includes the production and sales of plastic pipe systems, water treatment chemicals and other industrial activities, such as the production and sales of mining and industrial auxiliaries, the delivery of services for the treatment and disposal of produced and flow-back water from oil and gas exploration, and the recovery of industrial process fluids.

Our Business Units that operate within the Industrial Solutions segment are:

Plastic Pipe Systems

- Who We Are

  Plastic Pipe Systems (PPS) provides high quality value added solutions in plastic pipe systems for utilities, agricultural, building and civil engineering markets.

  We focus on achieving customer confidence by offering pre-assembled piping kits, project consultancy services and engineering for respiratory ventilation systems, sewage and rainwater management systems, and syphonic roof drainage systems. We provide all of this via our integrated sales network, our manufacturing and logistics professionals and over 70 branches and more than 2,000 points of sale.

  Attenuating or infiltrating rainwater from more frequent and heavier showers, accommodating increasing requirements to move towards more energy neutral buildings, stopping the leakage of valuable drinking water as a result of poor quality waterpipe networks and removing costs from complex construction chains are just a few challenges that are better managed by applying PPS systems, solutions and services.

  Increasingly, more recycled material is being applied in the manufacturing of our products and systems, which gives new value to both post-industrial and post-consumer used plastics and as a consequence reduces demands on finite resources.

- Business in 2015

  In general, our PPS markets showed significant changes. Compared to other regions, the Dutch and Polish construction markets experienced attractive overall growth. In the Netherlands, the building activity for new housing started to recover after several years of slow business.

  Once again, we benefited in all of our markets from mild winter conditions at the beginning and end of 2015. From the second quarter of 2015, the Netherlands enjoyed improved market conditions in Building & Installation (B&I) applications. As expected, Belgium, France and the UK were fairly stable and Central & Eastern European construction markets also showed positive development.

  During 2015, the BU structure was adjusted to lead to sharper strategies, greater focus and better execution, in particular for new business and new product development initiatives.

Our new offerings in ventilation systems (DykaAir) and storm water management solutions (Duborain) made solid progress. Furthermore, increased efforts in procurement and a more highly structured sourcing program played their parts in improving the business.

During 2015, we continued to use a significant and growing amount of external recycled material as raw material. This is a major contribution in regard to sustainability and helps our customers to reduce the environmental footprint of their pipe systems. The RecyLine portfolio was following independent external certification to guarantee a minimum of 40% of recycled PVC for our 3 layer pipes.

- Looking ahead

Combining forecasted market developments, in particular in the Benelux region with our European strategic alignment on customer focused new business, process and product development, Plastic Pipe Systems will continue to grow in 2016. Process improvements, either in sales, manufacturing or logistics and in part supported by investments, together enable customers to more easily do business with PPS or reduce operational costs.

Performance Chemicals

- Who We Are

Our Performance Chemicals business supplies industrial and municipal markets with coagulants and other chemicals to either treat their wastewater or to clean drinking water. Our production processes enable the conversion or recycling of industrial side streams (e.g. from the steel industry) into attractive new products used for water treatment.

Tessenderlo Group operates two global scale production sites for water treatment chemicals in Loos (France) and Tessenderlo (Belgium). Both sites are centrally located in the regions with the highest demand for coagulants and serve some of the major metropolitan areas in Western Europe, including Paris, Amsterdam, Geneva and Brussels. This geographical proximity to our customers allows us to minimize the logistical environmental footprint that is required to serve their needs. The business also operates a smaller production plant in Rekingen (Switzerland) for high purity iron chloride.

- Business in 2015

  In March 2015, the Board of Directors of Tessenderlo Group formally approved the construction of a new electrolysis plant in Loos (France). This EUR 50 million investment establishes the Loos site for the future as the largest production plant for iron chloride coagulants in Europe. It has the best available technology for chlorine production.

  In anticipation of the new plant and increased capacity, the current electrolysis plant was converted for the production of potassium hydroxide, which allows Tessenderlo to re-enter a historical market. Both the technical conversion project and the repositioning with the customer base were seamless.

  Throughout 2015, Tessenderlo preserved its competitive position as a leading European supplier of coagulants for waste water and drinking water treatment in a challenging external environment. New demands for coagulants for water treatment were offset by ongoing optimizations in existing treatment plants.

  The Business Unit continued to fulfill its strategic operational integration role through captive consumption and merchant sales of hydrochloric acid streams out of Ham, in support of the growth of SOP Plant Nutrition.

- Looking Ahead

  Groundbreaking for the new membrane-based electrolysis plant in Loos is scheduled for the first quarter 2016, and construction planned to commence by mid-2017. The chlorine production capacity in Loos will be increased to 30 KT/y, with potassium hydroxide capacity increasing accordingly.

  The conversion of the current electrolysis to potassium hydroxide production in the second half of 2015 will result in significant revenue growth over 2016. In parallel, Tessenderlo will also be re-entering the potassium hydroxide flake markets.

  The core market for iron coagulants in Western Europe is once again expected to remain stable in 2016.

Mining & Industrial (M&I)

- Who We Are

  Our Business Unit was established in 2012 in order to create value for customers operating globally in the Mining and Industrial Chemicals Industries by providing competitively priced specialty chemicals and technical services to improve our customers' ability to more effectively use existing technologies and to utilize new alternative technologies.

- Business in 2015

  In 2015, M&I performed very well and continued its growth in line with its strategy for re-entering the mining and industrial markets. M&I solidified its market penetration with several products in various applications for base and precious metal separation and pulp/paper treatment, which included the development of new replacement products.

  The precious metals market remained stable in 2015. On the other hand, base metals continued their steady decline and miners expect a recovery with effect from mid-2017.
  The Pulp and Paper Industry demand has held steady while the sulfide supply of the competition to that market has proven problematic.

  M&I's Thiogold-300 plant, which supplies Barrick's thiosulfate gold leaching plant in Nevada (in lieu of cyanide) experienced its first full year of operation and performed well above the forecast. M&I's new Sodium Hydrosulfide plant is close to completion and will supply precious/base metals and other industrial markets.

- Looking ahead

With its competitive technical advantages, M&I anticipates continued growth through new product applications and increased logistically advantageous production.

Our continued approach is to provide customers with competitive pricing coupled with technical support and solutions that will help to make their applications more effective. We are forward-looking and adjusting our market entry strategy in line with the global trends.

MPR

- Who We Are

MPR focuses on providing system hygiene management and services for one of the critical environmental control processes within the industries that process or refine gas, oil, LNG and related industries and glycol management that enhances the performance of gas collection and treatment systems. We are also deeply involved in cyanide corrosion control within the oil refining arena.

- Business in 2015

Momentum, which began in 2014, was carried forward into 2015 and this enabled MPR to achieve record results in all areas of the business. Throughout 2015, our focus was on two targets. The first involved "delighting our customers" by providing superior service using technology that was designed by refiners for use in refineries. The second focused on strengthening our safety, health, and environmental reputation. This two-pronged goal, when combined with years of experience and our outstanding laboratory, clearly adds up to world-class service.

- Looking ahead

2015 saw MPR achieve its goal of placing more permanent units in refineries. We were also able to lay the groundwork in view of similar progress for 2016. We now have eleven permanent units that remain under long-term lease. Just like in 2015, MPR is carrying a full range of on-site mobile services opportunities into the first quarter of 2016. Furthermore, the current situation surrounding the crude oil markets has had a very positive effect on MPR's business.

ECS

- Who We Are

Environmentally Clean Systems (ECS) serves the oil and gas industries by providing environmentally advantageous treatment methods for the hauling, disposing, cleaning and recovery of water contaminated in oil and gas exploration.

- Business in 2015

ECS had a difficult time in 2015. The market that we serve became unbalanced due to the extraordinary growth in shale oil production, high oil output in the Middle East and the slowdown of the Chinese economy. The result has been a severe reduction in shale oil drilling and fracking waters disposal/re-use. In spite of these difficulties several efficiency improvement targets were achieved.

- Looking ahead

The uncertainty of the crude oil price rebound has made oil exploration companies cut their budgets even further for 2016 and this will impact the ECS business significantly.

The key focus for 2016 will be on cost minimization while continuing to operate under safe conditions.

Information for shareholders

Investor Relations

Tessenderlo Group strives to provide accurate, qualitative and timely information to the global financial community. In order to discuss the Group's results and future developments, Tessenderlo Group organizes conference calls to present and discuss the mid-year and end-year results.

Analyst coverage

At the end of 2015, Tessenderlo Chemie NV was covered by five sell-side analysts (http://www.tessenderlo.com/investors/share_information/analyst_coverage/). At the end of the year, two analysts gave a positive rating, three analysts gave a neutral rating and no analysts gave a negative rating.

Shareholder structure

On December 31, 2015, the shareholder structure of the Group was as follows:

	# of shares	% of total
Verbrugge NV (controlled by Picanol NV)	13,482,812	31.4%
Symphony Mills NV	1,291,076	3.0%
Non-negotiable shares (held by personnel or former personnel)	187,037	0.4%
Free float	27,941,797	65.1%
	42,902,722	**100.0%**

On December 31, 2015, there were in total 338,598 warrants (for which the acceptable period had lapsed) which were exercisable or which will become exercisable in the future. The total number of shares constituting the issued capital of Tessenderlo Chemie NV is 42,902,722 and entitle the shareholders to one vote per share.

Tessenderlo Chemie NV Share

Tessenderlo Chemie NV shares are listed on the Brussels Stock Exchange under the code TESB. They are traded on the continuous market and are included in the following indexes: BEL Mid and Next 150.

Share price performance

The Tessenderlo Chemie NV share price increased by 31.4% in 2015, outperforming the BEL 20 index (which recorded a 12.6% increase) and the European Chemicals index SX4P (which recorded a 5.0% increase). The share reached its year high closing price of 36.68 EUR on July 16, 2015. The year-low closing price of 20.69 EUR was reached on January 7, 2015. The share closed at 27.50 EUR on the last trading day of the year.

Dividend policy

The Board of Directors proposes to the Shareholder's meeting not to attribute any dividends over the year 2015.

Financial calendar

Financial year 2015	Results announcement	February 16, 2016
	General meeting	June 7, 2016
First Quarter 2016	Results announcement	April 26, 2016
First half year 2016	Results announcement	August 24, 2016
Third Quarter 2016	Results announcement	October 25, 2016

Full financial and non-financial information regarding the Group is available on the website www.tessenderlo.com. Anyone wishing to receive Tessenderlo Group press releases by e-mail may register on the mailing list of this website at:

www.tessenderlo.com/investors/ir_mailing_list/index.jsp

The Tessenderlo Chemie NV share price is published on www.tessenderlo.com and on the Euronext website: www.euronext.com.

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TESSENDERLO GROUP

MANAGEMENT REPORT 2015

EVERY
MOLECULE
COUNTS

This document contains (i) the full consolidated Annual Report for the financial year ending December 31, 2015, which has been prepared in accordance with art. 119 of the Belgian Companies Code; and (ii) all information from the statutory Annual Report for the financial year ending December 31, 2015, which has been prepared in accordance with art. 96 of the Belgian Companies Code. Both the consolidated Annual Report and the statutory Annual Report were approved by the Board of Directors on March 7, 2016.

A copy of the full statutory Annual Report can be obtained free of charge upon request to the Company, or can alternatively be downloaded from the Company website at http://www.tessenderlo.com/news_media/annualreports/index.jsp.

This document, together with the financial report, constitutes the "annual financial report" as referred to in art. 12 of the Royal Decree of November 14, 2007.

Business Progress

All comments included in the Business Progress section, unless otherwise indicated, are based on Tessenderlo Group's continuing operations at comparable scope i.e. adjusted for the impact of businesses that have been sold or ended from January 2014 onwards.

Group performance

Revenue in the 2015 financial year increased by 13.5% (or +6.1% when excluding the foreign exchange effect) as compared to the 2014 revenue and amounted to EUR 1.6 billion.

The 2015 REBITDA of EUR 180.4 million represented an increase of 34.2% year on year (or +19.0% when excluding the foreign exchange effect). The 2015 REBITDA includes a write-off of EUR -11.8 million as a consequence of revised accounting estimates concerning inventory obsolescence. Furthermore maintenance projects, which are ongoing at many production sites, were expensed for EUR -14.8 million in 2015.

The key contributor to the 2015 REBITDA increase is the operating segment Agro, while Industrial solutions also positively contributed to this result. The operating segment Bio-valorization experienced a decrease in overall profitability versus the previous year and was, the main segment impacted by the aforementioned inventory write-off.

The 2015 profit amounts to EUR 81.9 million as compared to EUR 52.8 million in 2014. An increase in operational results and the decrease of the net finance costs were only partially offset by an increase in non-recurring and non-operating costs and taxes.

The 2015 cash flow from operating activities amounted to EUR 138.4 million as compared to EUR 84.3 million one year earlier.

At year end 2015, the Group net financial debt stood at EUR 145.3 million, implying a leverage of 0.8x. The net debt at year end 2014 amounted to EUR 57.1 million, while the notional net debt amounted to EUR 155.3 million.

Total investments amounted to EUR 88.9 million in 2015, which included capital expenditure for EUR 61.2 million (as compared to EUR 68.0 million in 2014) and the acquisition of businesses for an amount of EUR 27.8 million (Novasource crop protection labels within the Agro segment). In addition, maintenance projects are ongoing at many production sites, the cost of which was immediately expensed (EUR 14.8 million in 2015). The Group will continue to execute maintenance projects at many production sites.

Reported operating segment performance

The 2015 Agro revenue increased by 23.2% or 11.0% when excluding the foreign exchange effect.

All Agro businesses contributed to the REBITDA growth of the segment (+39.7% or +23.8% when excluding the foreign exchange effect), while the REBITDA of TKI Core slightly decreased when excluding the foreign exchange effect.

The Bio-valorization revenue increased by 2.6% in 2015 or decreased by -2.1% when excluding the foreign exchange effect. Inventory write-offs, which are a consequence of revised accounting estimates concerning inventory obsolescence and maintenance projects at many production sites, are the main reasons for the lower segment profitability in 2015 compared to 2014.

The 2015 revenue of the segment Industrial solutions increased by 13.8% (or by 9.5% when excluding the foreign exchange rate effect). The REBITDA increased by 48.7% or by 37.0% when excluding the foreign exchange rate effect. These evolutions were mainly supported by the activities Plastic Pipe Systems and Mining & Industrial.

Human Resources

The Group relies on a team of experienced professionals which contributes to realizing the business and strategic objectives across all areas. At December 31, 2015 the total number of employees working for the Group amounted to 4,672, of which 972 employees were active in the Agro business, 2,194 employees were active in the Bio-valorization business and 1,506 employees were active in the Industrial Solutions business. 71% of the Group's total personnel are employed in Europe, while 21% are employed in the Americas and 8% are employed in Asia.

It is essential for the Group to attract, retain and incentivize our employees, as well as to build motivated teams that will realize the objectives of the Group. To support this, our different businesses applied a clear focus in 2015 and 2016 to identify and communicate their inspiring and motivating strategies and to develop a clear step approach in order to achieve this objective. It is the ambition of Tessenderlo Group to penetrate the business strategy for each BU into the minds, hearts and hands of all our team members.

To achieve best results, supervisors and managers can rely on the support of the HR group. This is initially achieved by nurturing talent in the organization and giving it every opportunity to develop. We strongly believe that our people are our greatest asset. We build on the strength of one another and deploy our people in a complementary manner. In a business where knowledge and expertise are essential, we build on our experienced and motivated employees who thoroughly know and understand both the company and its products.

Tessenderlo Group strongly believes in a permanent feedback culture where employees have at all times a clear view of how they contribute as individuals and as team members to the achievement of the company's objectives. HR guides the company through the changes necessary for the transformation into an effective organization and provides assistance to implement the transformation plans.

This is often accomplished by supporting line management through the development of suitable tools that will help in the selection, identification and development of talent. In addition, HR helps in developing remuneration and reward systems and to match these to the performances delivered.

Innovation & R&D

Innovation at Tessenderlo Group goes beyond Research & Development/Technology or New Business Development. In every function and business process, close attention to realizing improvements and adaptation to change forms part of the culture. In 2015 initiatives were launched to enhance efficiency and effectiveness in capturing, evaluating and bringing ideas into practice. Moreover, the further embedding of intellectual property awareness improved the creation and retention of value for the Group.

In R&D and New Business Development, Tessenderlo Group aims to improve product and process technologies, explore new applications for existing products as well as to enhance sustainability and environmental protection. For product and technology platforms applied across several Business Units, Tessenderlo Group relies on its Technology Development Centers in Phoenix (USA) and its Development Center in Tessenderlo (B) for its Sulphur Technology Platform and its Bio-residuals Technology Platform .

Customers recognize Tessenderlo Group's innovative and entrepreneurial strengths. Tessenderlo Group welcomes close collaborations that will lead to unique applications and products.

Safety, Health, Environment and Quality (SHEQ)

Care for Safety, Health, Environment and Quality has always been a top priority for Tessenderlo Group and its subsidiaries. In order to further improve our SHEQ performance, we continued to launch initiatives and undertake actions in 2015 with a permanent focus on people and the environment.

Group Safety Performance

The efforts to implement a real safety culture within each and every Tessenderlo Group Business Unit are beginning to pay off. In 2015, the number of Lost Time Incidents (LTI) decreased across most of our businesses. The severity rate remained stable throughout the year.

As safety is key for Tessenderlo Group, all Business Units need to continue to ensure that health and safety is the number one priority on their agenda because ensuring the safety of everyone at work is the joint responsibility of the Company and all of its employees.

SHEQ Achievements

Agro

Due to a consistent emphasis on safety, **Tessenderlo Kerley** (which includes NovaSource and Tessenderlo Kerley International) once again achieved top safety figures for 2015. The Tessenderlo Kerley Safety Department tracks mishap data for more than 20 entities, which includes contractor operations at all locations. Several entities have been working without any lost time incidents for over 10 and in certain cases 20 years. Entities that have been in operation for fewer years have also realized an excellent safety performance.

The Tessenderlo Kerley, Inc. plant in Burley, Idaho maintained its Star status in the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP). Star status in the OSHA VPP program is bestowed on those facilities with the highest level of employee safety and health policies, procedures, and culture. The Burley plant is one of only 16 facilities in Idaho recognized as an OSHA VPP location.

In 2015, the **SOP Plant Nutrition Business Unit** continued with the implementation of the holistic safety program named ZERO17. This resulted in a significant decrease in the number of lost time accidents.

The ZERO17 initiative, which was started in 2012, aims at implementing a proactive safety culture and targets zero time lost due to accidents by 2017. This multi-year action plan is in full execution.

The remediation of the historical sludge basin along the Albert canal in Ham continues, and refurbishments of the sludge basin are being prepared. When this project is completed, newly available industrial land can be created. The remediation of another sludge basin in the area has been prepared in order to build a containment area for waste from other remediation works. The competent authorities have now approved the remediation plan for this sludge basin and containment area.

Bio-Valorization

In our **Gelatin** business, we continue our efforts to improve the safety of our employees. The implementation of the safety pillar of our operational excellence program which started in 2014, allowed us to further reduce the number of lost time incidents in 2015. We expect this trend to continue in the coming years.

From a sustainability perspective, the Gelatin BU continually strives to reduce the impact of its footprint on the environment. For example, we monitor the environmental risks, and collaborate with the authorities to ensure the compliance of our plants and processes with all new regulations.

At **Akiolis**, work safety remained, as in 2014, a key priority on the agenda of management: we continuously involved line management to cascade prevention reflexes and safety attitudes down throughout the organization.

In 2015, we extended our focus domain to the "near accidents" and we have put in place preventive standards that apply throughout all of our collection and transformation plants.

As in recent years, our Prevention Radar showed a progression in 2015: the number of Lost Time Incidents within Akiolis further decreased. The objective for 2016 is once again to significantly lower the number of LTIs.

Sustainability is part of the core characteristics of our Akiolis business in the valorization of waste products from other industries. We also focus on topics related to sustainable and environmentally friendly business processes. This means limiting the use of energy and water and creating good relationships with the communities and cities in which we operate. In 2015, we continued the program that we started in 2014 to provide training on eco-driving to all of our collecting agents. This has reduced the use of fuel and decreased our CO^2-emissions.

Industrial Solutions

Within our Business Unit **Plastic Pipe Systems (PPS)**, the safety performance improved from 2014 to 2015. Several programs were continued during 2015 and these have started to pay off. In addition to 20% less Lost Time Due to Accidents, the severity index, a measure for lost working days, dropped considerably by 85%.

Looking forward, for each site we will continue to develop selected elements from our Safety Excellence Programs in order to further improve our safety performance.

With regard to sustainability, PPS is making good progress in the use of recycled materials. At this moment, PPS is using an increasing amount of third party recycled materials as raw materials, which contributes to the improvement of our carbon footprint.

In **Performance Chemicals**, PC Loos set a new record for days without a LTI in 2015.

The Business Unit is also working on the reduction of its environmental footprint by returning to fluvial transport of its products. A first barge is under construction and will become operational in the course of 2016, providing an alternative to transportation by road.

As **MPR** emulates the strong commitment to safety exhibited within TKI, the culture of safety continues to take root and grow. August 2015 marked 6 years without a lost time incident.

ECS celebrated four years without any recordable OSHA incidents at the Myton, Utah (USA) water treatment plant in 2015..

Risk Analysis

Analysis of the main risks

The Group analyzes the risks related to its activities on a regular basis and reports the results to the Audit Committee.

Each year, all Business units are requested to identify and evaluate the significant risks related to their Business unit.

The risk section in the prospectus, dated June 15, 2015, issued in the context of a public offer of two series of bonds, contained a more detailed description of the most significant risks.

The results of the analysis of the major risks for the Group are listed below:

- The Group depends on the availability of sufficient volumes of raw materials, with the required specifications, at competitive prices.
- If the Group is unable to sell, store, reuse or dispose of certain materials that it produces, it may be required to limit or reduce its overall production levels.
- The Group's results are dependent on seasonal weather conditions.
- The Group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.
- The Group is exposed to an energy offtake agreement.
- The Group's results are highly sensitive to commodity prices.
- The Group may be exposed to product liability and warranty claims including, but not limited to, liability relating to food safety.
- The Group must comply with environmental and health and safety laws and regulations and may be subject to changing or more restrictive legislation and may incur significant compliance costs.
- The Group may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.
- Changes in legislation may have an adverse impact on the Group's business.
- The Group may be subject to misconduct by its employees, contractors and/or joint venture partners.
- The Group's business may suffer from trading sanctions and embargos.
- The Group operates in competitive markets and failure to innovate may have an adverse impact on its business.
- The Group may be at risk of breakdowns, inefficiencies or technical failures which may cause interruption of operations.
- The Group's improvement programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.
- The Group may be subject to Force Majeure events.
- Major accidents may result in substantial claims, fines or significant damage to the Group's reputation and financial position.

- The Group may be exposed to labor actions and employee claims or litigation.
- The Group's insurance coverage may not be sufficient.
- The Group may not be able to successfully carry out current business integrations, joint ventures and/or future acquisitions.
- The Group has incurred important losses in recent years as a result of the transformation of the Group, which was completed in 2014. Due to the divestment program that was part of the general transformation, the Group may additionally be exposed to residual liabilities and be subject to a range of non-compete provisions.
- The Group is exposed to litigation risks.
- Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Group's business.
- A change in underlying economic conditions or adverse business performance may result in impairment charges.
- The Group is exposed to tax risks.
- The Group is exposed to risks relating to its worldwide presence.
- The Group may be affected by macroeconomic trends.
- Information technology failures may disrupt the Group's operations.
- The Group is exposed to pension plan obligations.
- The Group's business is exposed to exchange rate fluctuation.
- The Group's results may be negatively affected by fluctuating interest rates.
- The Group is subject to conventions in its financing agreements, which may restrict its operational and financial flexibility.
- The Group may not be able to obtain the necessary funding for its future capital or refinancing needs.
- If the Group does not generate positive cash flows it will be unable to fulfil its debt obligations
- The Group entered into contracts subject to change of control clauses.
- The Group is exposed to liquidity risks and to credit risk in relation to its contractual and trading counterparts, as well as to hedging and derivative counterparty risk.
- The Group may not be able to recruit and retain key personnel.

Analysis of financial risks[1]

Credit risk

The Group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the Group, are unable to make such payment in a timely manner or at all. A large majority of the receivables is covered under a Group credit insurance program. The Group is confident that the current level of credit insurance coverage can be sustained in the future.

The Group has no significant concentration of credit risk. However, there can be no assurance that the Group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at the end of the year are deposited for very short term at highly rated international banks.

The maximum exposure to credit risk amounts to EUR 399.3 million as per December 31, 2015 (2014: EUR 348.7 million). This amount consists of current and non-current trade and other receivables (EUR 268.1 million), current derivative financial instruments (EUR 1.0 million) and cash and cash equivalents (EUR 130.2 million).

Liquidity risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.
In order to limit this risk, the Group took a series of actions:

- the set-up of a factoring program at the end of 2009, which was put on hold during 2015;
- a capital increase of EUR 174.8 million in December 2014;
- the issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was EUR 250.0 million, of which EUR 192.0 million for the 2022 bonds and EUR 58.0 million for the 2025 bonds;
- the replacement of the syndicated facility agreement (terminated in December 2015) by 5 year committed bi-lateral agreements for a total amount of EUR 142.5 million (of which part can be drawn in USD) with four banks. These facilities have no financial covenants and ensure maximum flexibility for the different activities.

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

The Group regularly projects short and long-term forecasts in order to adapt financial means to forecasted needs.

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[1] For a more detailed overview of the financial risks related to the situation in 2015, and the Tessenderlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 28 - Financial instruments).

Foreign currency risk

The Group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The Group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the Group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), PLN (Polish zloty), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the Group's business, results of operation or financial condition.

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. As from March 2015, the Group no longer uses currency swaps to hedge intragroup loans.

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

Interest risk

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

At the end of 2015, the financial debt position was mainly funded by fixed interest rate instruments, i.e. issued bonds.

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

(Million EUR)	2015	2014
Fixed rate instruments		
Financial assets	80.0	80.3
Loans and borrowings	227.2	169.4
Variable rate instruments		
Financial assets	50.2	76.8
Loans and borrowings	48.3	46.9

An increase (decrease) of 100 basis points in interest rates in 2015 would have a negative (positive) impact on profit and loss of EUR 0.5 million (2014: EUR 1.0 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. As such, movements in interest rates could have material adverse effects on the Group's cash flows or financial condition.

Corporate Governance Statement

Transparent Management

Tessenderlo Chemie NV accepts the Belgian Corporate Governance Code 2009 as its reference code, and subscribes to the principles of corporate governance outlined in this code. In the case that the Company does not comply with any provision of the code, this is indicated in this Corporate Governance Statement, together with the reasons for such non-compliance. The Belgian Corporate Governance Code is available at: www.corporategovernancecommittee.be/en/home/.

The Company's adherence to the principles of Corporate Governance is reflected in the Corporate Governance Charter (hereinafter referred to as the "Charter") adopted by the Board of Directors and dated April 23, 2015. The Charter is available at:
www.tessenderlo.com/tessenderlo_group/governance/corporate_governance_charter/.

Capital & shares

Capital

The capital of Tessenderlo Chemie NV at December 31, 2015 amounts to EUR 214,967,905.71.

Shares

The share capital is represented by 42,902,722 shares without par value, entitling the shareholder to one vote per share.

All Tessenderlo Chemie NV's shares are admitted for listing and trading on Euronext Brussels.

Compliance confirmation dematerialisation of bearer securities:

The Company complied with the requirements of article 11 of the Law of 14 December 2005 related to the dematerialisation of bearer securities. The statutory auditor issued a certification (agreed-upon-procedures report) in that respect on March 7, 2016.

As per December 31, 2014 the number of bearer securities for which the identity of the owner was unknown amounted to 20,055. On September 3, 2015 and on September 7, 2015, the Company published notices on the website of Euronext and in the Belgian Law Gazette, respectively, to sell the outstanding bearer shares. After expiration of the waiting period, the number of bearer securities available for sale amounted to 15,464 and were sold on October 13, 2015, for a total proceed of EUR 429.783. The total sales proceeds resulting from the sale of these shares were transferred to the *Deposito- en Consignatiekas/Caisse des Dépôts et Consignations*.

Warrants

As of December 31, 2015, there were in total 338,598 outstanding warrants which were exercisable or which will become exercisable in the future. These warrants have been issued in the context of the 2002-2006 Plan (issue of bonds cum warrant), the 2007-2011 Plan (issue of naked warrants), the 2011 Plan (issue of naked warrants) and the 2012 Plan (issue of naked warrants).

The detail of the outstanding warrants on the date of this statement (December 31, 2015) is as follows:

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 3 (2004)*	2008-2016	8,600	EUR 29.77
Tranche 4 (2005)*	2009-2017	9,600	EUR 25.46
Tranche 5 (2006)*	2010-2018	24,240	EUR 28.20
Tranche 1 (2007)*	2011-2017	76,325	EUR 40.48
Tranche 2011	2015-2016	69,833	EUR 20.40[2]
Tranche 2012	2016-2019	150,000	EUR 20.76[3]
TOTAL		338,598	
* Exercise period prolonged by 5 years			

The maximum number of shares that can be created in the future, on the basis of the aforementioned warrants, is 338,598.

Shareholders & shareholders structure

On the basis of the notifications provided to the Company, the shareholders of the Company at December 31, 2015 are as follows:

Shareholder	Number of Shares	%
Verbrugge NV	13,482,812	31.4%
Symphony Mills NV	1,291,076	3.0%
Blocked shares (shares held by personnel or former personnel)	187,037	0.4%
Free float[4]	27,941,797	65.1%
Total	42,902,722	100%

Verbrugge NV is controlled by Picanol NV, which in its turn is controlled by Artela NV. Artela NV and Symphony Mills NV are controlled by Mr. Luc Tack. At the date of this report, the Company has no knowledge of any agreements made between the Shareholders.

[2] EUR 20.94 for US residents
[3] EUR 20.95 for US residents
[4] I.e. shareholders with a stake below 5%

Board of Directors

Composition

At December 31, 2015, the composition of the Board of Directors of Tessenderlo Chemie NV was as follows[5]:

Non-Executive Directors	**Start of initial term**	**End of term[6]**
Karel Vinck (Mr.)[7]	March 17, 2005	June 2019
Independent Non-Executive Directors[8]		
Véronique Bolland (Ms.)	June 4, 2013	June 2017
Philium BVBA represented by Philippe Coens (Mr.)	June 2, 2015	June 2019
Dominique Zakovitch-Damon (Ms.)	June 7, 2011	June 2019
Executive Directors[9]		
Luc Tack (Mr.) – Chief Executive Officer	November 13, 2013	June 2019
Stefaan Haspeslagh (Mr.) – Chairman	November 13, 2013	June 2018

Almost all meetings of the Board of Directors were attended by the Group Controlling and Consolidation Director and the Group Strategy Planner.

Anne Mie Vanwalleghem attended all Board meetings as Secretary of the Board of Directors.

The composition of the Board of Directors fulfills the objective of assembling complementary skills in terms of competencies, experience, and business knowledge.

On December 31, 2015, the Board of Directors is in full compliance with the Law of July 28, 2011 requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of the opposite gender. In the Board selection process, the necessary attention will further be given to the implementation of this rule.

Activities

5 During the year 2015, the following changes have occurred:
- Mel de Vogüé , Co-Chief Executive officer has resigned as a director of the Company as of April 30, 2015,
- The term of Mr. Baudouin Michiels has ended at the General Meeting of Shareholders of June 2, 2015,
- The term of Mr Philippe Coens has ended at the General Meeting of Shareholders of June 2, 2015 and was replaced by Philium BVBA (represented by Mr. Philippe Coens).

6 The terms of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

7 Mr Karel Vinck is no longer considered to be an independent director since his term with the Company has been for more than three consecutive terms.

8 Pursuant to paragraph 3.10 of the Charter, a Director is considered to be independent if he or she at least complies with the independence criteria provided for under art. 526ter of the Companies' Code. When assessing the independence of a Director, the requirements set out under appendix A of the Belgian Corporate Governance Code are also taken into account. According to the information available to the Board of Directors, the independent Directors of Tessenderlo Group all comply with the aforementioned independence criteria. No exceptions were reported to the Board.

9 Both Luc Tack and Stefaan Haspeslagh are members of the Executive Committee.

The Board of Directors convened according to a previously determined schedule. The Board of Directors physically met eight times during 2015.

During 2015, the Board's main areas of discussion, review and decision were:

- the Group's long-term strategy and 2015 budget;
- the financial statements and reports;
- the funding strategy and foreign exchange policy of the Group;
- proposals to the Shareholders' Meetings;
- the approval of a new corporate governance charter including the set-up of an Executive Committee;
- approval of new members of the Audit Committee and approval of a new member in the Nomination and Remuneration Committee;
- the remuneration policies and packages for the directors and Executive Committee members;
- the financial communication and segment reporting;
- approval of the issue and public offer of two series of bonds with a maturity of 7 years (the "2022 Bonds") and 10 years (the "2025 Bonds") for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and an expected minimum amount of EUR 25.0 million for the 2025 Bonds and for a combined maximum amount of EUR 250 million including the approval of Prospectus with respect to the public offer ;
- approval of the acquisition of the Hexazinone business from DuPont ;
- approval of the investment into the electrolysis investment project in Produits Chimiques de Loos (France);
- approval of the main contracts relating to the construction of the Rouen plant ;
- examination and preparation (including approval contribution agreement and convening extraordinary shareholders' meeting) of the potential combination of Picanol NV and Tessenderlo Group and approval of advisors, members of the special Ad Hoc Committee of the Board of Directors and of the independent expert.

Announcement of the plan to combine the activities of Tessenderlo Chemie and Picanol into one large industrial group

On December 16, 2015, Tessenderlo Group and Picanol Group announced their plans to combine the industrial activities of both companies into one large industrial group. The deal involved the transfer of the current industrial activities of Picanol into Tessenderlo. On March 7, 2016, Tessenderlo Group and Picanol Group announced that the Boards of directors of both companies each decided to withdraw the proposal to combine; see section "Subsequent Events".

Ad Hoc Committee

Although article 523 of the Belgian Companies Code was not applicable in this particular case since the ultimate decision will be taken by the extraordinary shareholders' meeting, Mr Luc Tack and Mr Stefaan Haspeslagh have not participated in the deliberation and decision making process of the Board of Directors regarding the decisions related to the contemplated transaction of a contribution in kind of all shares of Picanol Group NV into the share capital of the Company. In this respect, the Board of Directors dated November 9, 2015 has decided to establish an Ad Hoc Subcommittee of the Board of Directors consisting of Mr. Philippe Coens, Mrs. Dominique Zakovitch-Damon, Mrs. Véronique Bolland and Mr. Karel Vinck.

The scope of work of the Ad Hoc Subcommittee was to assist and advise the Board of Directors regarding the contemplated capital increase and to take such action as may be required with a view on the implementation of the transaction.

The Ad Hoc Subcommittee met twelve (12) times during the year 2015.

Independent Committee (article 524BCC)

Given the preparation of the contemplated transaction relating to the contribution in kind of all shares of Picanol Group NV into the share capital of the Company, the Board of Directors of November 9, 2015 has appointed a committee of three independent directors: Mr. Philippe Coens, Mrs. Dominique Zakovitch-Damon and Mrs. Véronique Bolland. The independent directors have subsequently appointed Mr. Karel Vinck as an authorized representative in order to enter into negotiations regarding the contribution agreement, and Mrs. Hilde Laga as an independent expert. The Independent Committee has advised on the terms of a contribution agreement and has furthermore requested that Degroof Petercam Corporate Finance issue a second opinion regarding the fairness, from a financial point of view, of the consideration for the proposed transaction.

The Independent Committee met twelve (12) times during the year 2015.

For an excerpt of the advice of the independent expert and of the statutory auditor see section Application of Art. 524 of the Companies Code .

Evaluation of the Board of Directors

Evaluations of the functioning of the Board of Directors, the Nomination and Remuneration Committee and the Audit Committee are performed periodically. In the context of such evaluations, the members can give a scoring (from 1-5) on different subjects relating to the board and committee functioning and can share their views on areas for improvement.

Such evaluations are performed through the use of a self-assessment questionnaire developed by the secretary of the Group based on a template used by the Guberna Institute for Directors. The exercise focuses primarily on the following domains: role, responsibilities and the composition of the Board of Directors and the committees, the interactions between directors, the conduct of the meetings and evaluation of the training and resources used by the Board of Directors and/or the committees.

Where appropriate, the individual directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the directors and formulate initiatives for improvement.

Board Committees

General

On December 31, 2015, the following Committees are active within the Board of Directors of Tessenderlo Chemie NV:

The Nomination and Remuneration Committee The Audit
Committee

Please refer to the Charter for a description of the operations of the various Committees on the following link:
www.tessenderlo.com/tessenderlo_group/governance/corporate_governance_charter

Nomination and Remuneration Committee

On December 31, 2015, the Nomination and Remuneration Committee was constituted as follows:

Mr. Karel Vinck (Chairman)
Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent)[10]
Ms. Dominique Zakovitch-Damon (Independent)

A majority of the members of the Nomination and Remuneration Committee meet the independence criteria set forth by Article 526ter of the Belgian Companies Code and the committee demonstrates the skills and the expertise required in matters of remuneration policies as required by Article 526quater §2 of the Belgian Companies Code.

The Nomination and Remuneration Committee met four (4) times during 2015.

Activities of the Nomination and Remuneration Committee

In 2015, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package, including the package for the Chief Executive Officer(s). The committee made recommendations for the nomination of the directors and changes in the committees. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2014 annual report.

In compliance with the Corporate Governance Charter, the majority of the members of the Nomination and Remuneration Committee are independent.

[10] On June 2, 2015, at the General Meeting of Shareholders, the term of Mr. Philippe Coens ended and was replaced by Philium BVBA (represented by Mr. Philippe Coens).

Evaluation of the Nomination and Remuneration Committee

For information on the evaluation process of the Nomination and Remuneration Committee, please refer to the section "Evaluation of the Board of Directors".

Audit Committee[11]

At December 31, 2015, the Audit Committee was constituted as follows:

Philium BVBA represented by Mr. Philippe Coens (Independent)[12] (Chairman)
Ms. Véronique Bolland (Independent)
Mr. Karel Vinck

The Audit Committee met according to a previously determined schedule.

The Audit Committee met four (4) times during 2015.

The CFO, the Group Controlling and Consolidation Director as well as the statutory auditor attended the meetings of the Audit Committee. The Group internal audit director and the manager internal control attended the meetings dealing with internal audit and internal control.

As legally required, the Audit Committee has among its members at least one independent Director with the necessary accounting and auditing expertise.

The members of the Audit Committee fulfill the criterion of competence with their own training and by the experience gathered during their previous functions (various members of the Audit Committee are or have been also a member of Audit Committees of other listed companies). In compliance with the Charter, the majority of the members are independent Directors.

Evaluation of the Audit Committee

For information on the evaluation process of the Audit Committee, please refer to the section "Evaluation of the Board of Directors".

Activities of the Audit Committee

In addition to monitoring the integrity of the quarterly financial statements and quarterly financial results press releases, including disclosures, consistent application of the valuation and accounting principles, consolidation scope, closing process quality, accounting estimates, the Audit Committee heard reports from the external auditors regarding the year-end audit scope, the internal control system and the valuation and accounting treatment of certain exceptional items.

[11] Including justification required by art. 119, 6 ° Belgian Companies Code.
[12] On June 2, 2015, at the General Meeting of Shareholders, the term of Mr. Philippe Coens ended and was replaced by Philium BVBA (represented by Mr. Philippe Coens).

The Audit Committee also followed up on the findings and recommendations of the external auditors and reviewed their independence.

The Audit Committee also heard the Group internal audit director on the Internal Audit program for 2015, the new internal audit charter, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on a review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department.

The Audit Committee also approved the internal control plan for the year 2015 and heard reports from the Manager of internal control on its various findings.

Further, the Audit Committee reviewed the status of the ongoing litigations.

Other activities of the Audit Committee include the quality review of the services rendered by the external auditor and the organization of the Group's risk department.

Attendance rate for the Board of Directors meetings and the special committees meetings in 2015:

	Board of Directors	**Audit Committee**	**Nomination & Remuneration Committee**
Number of meetings in 2015	**8**	**4**	**4**
Ms. Véronique Bolland	8/8	4/4	
Mr. Philippe Coens (until June 2, 2015)	3/8	2/4	2/4
Philium BVBA with Mr. Philippe Coens as a permanent representative (as of June 2, 2015)	5/8	2/4	2/4
Ms. Dominique Zakovitch-Damon	8/8		4/4
Mr. Mel de Vogüé[13]	3/8		
Mr. Stefaan Haspeslagh	8/8		
Mr. Antoine Gendry[14]	3/8		
Mr. Baudouin Michiels[15]	3/8	2/4	
Mr. Luc Tack	8/8		
Ms. Karel Vinck[16]	8/8	2/4	4/4

[13] Mr. Mel de Vogüé resigned from the Board of Directors on April 30, 2015
[14] Mr. Antoine Gendry resigned from the Board of Directors on May 12, 2015
[15] The term of Mr. Baudouin Michiels as a non-executive director ended at the General Shareholders' Meeting of June 2, 2015
[16] Mr. Karel Vinck has been appointed as a member of the Audit Committee as of August 24, 2015

Executive Committee (ExCom)[17]

Roles and responsibilities

It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee ("GMC") by an Executive Committee ("ExCom"), consisting of the Co-CEO's (Luc Tack/Mel de Vogüé), the Executive Directors as well as any other member appointed by the Board (no one at this stage).

On April 30, 2015, Co-CEO Mel de Vogüé decided to end his management agreement and left the Company by mutual agreement.

Luc Tack took over the role of sole CEO and Stefaan Haspeslagh, through Findar BVBA, as CFO from May 1, 2015 onwards.
As a result, the day-to-day management and where applicable, additional responsibilities are entrusted to one Chief Executive Officer ("CEO"), who is assisted in his or her tasks by the members of the ExCom.

As per December 31, 2015, the ExCom of Tessenderlo Chemie NV was constituted as follows:

Mr. Luc Tack	Chief Executive Officer and CEO Tessenderlo Kerley
FINDAR BVBA represented by Mr. Stefaan Haspeslagh	CFO

Evaluation of the ExCom

At least once a year, the ExCom carries out a review of its own performance. The CEO reports these findings to the Board of Directors.

Activities of the ExCom

The Board of Directors has empowered the ExCom to enable it to perform its responsibilities and duties. Taking into account the Company's values, its risk appetite and key policies, the ExCom shall have sufficient latitude to propose and implement the corporate strategy.

The CEO chairs the ExCom and ensures its organization and proper operation. The Group Strategic Planner acts as secretary and advisor to the ExCom for the organization and operation of the ExCom.

In principle, the ExCom meets every week, and additional meetings may be convened at any time by

[17] It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee (previous GMC) by an ExCom.

the CEO or at the request of its members.

The ExCom is responsible for:

- advising the CEO in the day-to-day management of the Company;
- overseeing the proper organization and operation of the Company, ensuring oversight of its activities, including the introduction of internal control processes for the identification, assessment, management and monitoring of financial and other risks;
- the appointment of senior executives of the Company and determination of the senior executives compensation policies;
- the main decisions and investments involving amounts under the thresholds as defined by the Board of Directors;
- preparing the proposals for decisions on those matters under the competence of the Board of Directors, including the complete, timely, reliable and accurate preparation of the Company's annual accounts, in accordance with the applicable accounting standards and policies of the Company, as well as the Company's required disclosure of the financial statements and other material financial and non-financial information;
- providing the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time all information necessary for the Board of Directors to carry out its duties;
- executing and implementing the decisions made by the Board of Directors.

The ExCom tasks are further described in the ExCom terms of reference as set out in the Corporate Governance Charter.

Remuneration Report Directors[18]

Remuneration policy

It is the responsibility of the Board of Directors of the Company to make proposals to the shareholders regarding the remuneration awarded to the members of the Board of Directors.

The Nomination and Remuneration Committee makes proposals to the Board of Directors concerning:

- the remuneration for participating in the Board and the Board's Committees meetings;
- the remuneration awarded for assignments related to special mandates.

In order to determine the remuneration of the Directors, a benchmarking exercise of similar Belgian companies is performed, and a proposal is made to the Nomination and Remuneration Committee. Membership of Committees entitles the participants to an attendance fee in line with the benchmark. Finally, the Chairman receives an additional fee for his responsibility as Chairman in line with the benchmark.

Given the financial situation and the new size of the Group, it has been proposed by the meeting of the Board of Directors of March 26, 2014 to the June 2014 General Shareholders' Meeting to reduce the Board of Directors fees for the years 2014 and 2015. This proposal was approved so that at the Board of Directors level, the annual fixed fees are now EUR 20,000 for each director and EUR 50,000 for the Chairman.

The attendance fees for the Nomination and Remuneration Committee are included in the fixed annual fees except for the Audit Committee members where the annual fixed fee is increased by EUR 5,000 (EUR 25,000). As of 2016, a benchmarking of the remuneration of the Directors will be performed from time to time to reflect changes in market practices and in the scope of activities of the Group.

Remuneration Procedures Applied during 2015

No specific procedure has been implemented in 2015 to develop a remuneration policy for the directors. As mentioned above, a reduction of Board of Directors fees was proposed and approved for 2014 and 2015, after which the existing procedures (regular benchmarking) will again be applied.

[18] Including executive directors for their remuneration as director.

Remuneration Received

The Directors receive a fixed remuneration of EUR 20,000 and the non-Belgian directors receive a EUR 500 reimbursement of travel expenses per meeting. The total annual fixed remuneration is paid during the following year. In addition, attendance fees in the amount of EUR 5,000 per year were granted to the members of the Audit Committee. Attendance fees for the Audit Committee are paid in the year in which the meetings are held; expense reimbursements are paid in the year in which the expenses are incurred. The Chairman received a fixed remuneration of EUR 50,000, and the use of a company car.

The non-executive members attending the Ad Hoc Committee and Independent Committee will receive in 2016 each a fixed remuneration of EUR 20,000[19] for the preparation of the transaction related to the contribution in kind of all shares of Picanol Group NV into the share capital of the Company.

The Non-Executive Directors are not entitled to any kind of variable remuneration.

Member	**2015**	**Earned Fees (in EUR)**	**Remarks**
de Vogüé Mel Executive director	Fixed annual fee Audit Ctee. – Attendance fee Travel fee **Total remuneration**	6,666.00 **6,666.00**	Until April 30, 2015
Haspeslagh Stefaan Executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee **Total remuneration**	50,000.00 **50,000.00**	
Tack Luc Executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee **Total remuneration**	20,000.00 **20,000.00**	
Bolland Véronique Independent non-executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee **Total remuneration**	20,000.00 5,000.00 **25,000.00**	
Coens Philippe Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee **Total remuneration**	10,000.00 2,500.00 **12,500.00**	Until June 2, 2015

[19] As regards Mr. K. Vinck this amount (excl. VAT) was paid to its management company Almavi Comm.V.A.

Philium BVBA Represented by Philippe Coens Independent non-executive director	Fixed annual fee Audit Ctee-Attendance fee Travel fee **Total remuneration**	10,000.00 2,500.00 **12,500.00**	As of June 2, 2015
Zakovitch-Damon Dominique Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee **Total remuneration**	20,000.00 3,000.00 **23,000.00**	
Michiels Baudouin Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee **Total remuneration**	10,000.00 2,500.00 **12,500.00**	Until June 2, 2015
Vinck Karel Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee **Total remuneration**	20,000.00 2,500.00 **22,500.00**	Member of Audit Ctee as of August 24, 2015
TOTAL (including executive and non-executive directors)		**184,666.00**	

*as regards the executive directors: excluding company car and mobile phone
*excluding EUR 80,000 fees for attendance to the Ad Hoc Committee meetings

Remuneration Report Executive Committee (ExCom)

Remuneration policy

This section describes the guiding principles of the Group Reward policies relating to executive compensation. It aims to provide an overview of the executive compensation structure. The Nomination and Remuneration Committee defines the remuneration policy principles of the ExCom members and submits them to the Board of Directors. The principle is to target remuneration in line with market practice in order to provide an attractive reward program.

Tessenderlo Group's competitive internal and external landscape is changing fast. For the Group to achieve its ambitions in such a challenging environment, it needs to be a high performance organization focused on strategy execution, resulting in a need for talented executives. The reward is designed to align performance of the individual members with the business goals of Tessenderlo Group and the Business Units. By doing this, the group creates a globally consistent framework for developing, rewarding and empowering its people. The Group sees recognition and leadership as the key foundation for employee engagement. Our compensation system allows the Group to attract, retain and motivate the best talent to meet its short and long term goals, while operating a globally consistent reward framework that rewards the achievement of business objectives and that encourages the delivery of shareholder value.

The Group Reward principles are:

Recognition and leadership are key for employee and team engagement
Our compensation system will serve to attract and retain the talent that the Group requires to meet its short and long term goals
Our compensation system will be positioned at the appropriate and defined local reference point, where the Group combines market competitiveness with an affordable employee cost structure
Our base salary will drive and reward growing competencies, showing the right corporate attitudes and living according to the Group's guiding principles
Our variable pay will link the success of the enterprise to the rewards enjoyed by employees, as a team, taking into account the individual contributions to the Company's success
Our job grading and our compensation system for external/internal appointments are based on an objective methodology and measurable market data
Our compensation system will never knowingly discriminate between employees on any grounds
Our benefits plans are designed to provide a safety net for our employees and their families. In many cases, they are a key element of deferred compensation

Each year, the Nomination and Remuneration Committee considers the appropriate compensation to be offered to the ExCom. These recommendations result from objective third party market studies, to ensure the competitiveness of the compensation packages and to stay in line with market movements.

Tessenderlo Group benchmarks the ExCom's total cash compensation against a peer group of companies of similar size with the same type of activities of Tessenderlo Group. The actual compensation level for each individual member is set according to the benchmark and takes into account the member's performance and experience in relation to the benchmark.

Compensation of ExCom members is reviewed on an annual basis by the Nomination and Remuneration Committee on the recommendation of the CEO, while compensation of the CEO is reviewed on the recommendation of the Chairman of the Board of Directors.

Compensation package

The ExCom compensation package consists of the following items:

Base salary/Management fee
Variable salary/Success fee
Other compensation items

Base salary

The base salary/management fee compensates individual members as per market reference and in line with their level of skill/experience and position within the Group combined with the right behaviors and living according the Group's guiding principles.

Variable compensation

The variable compensation/success fee of the members of the ExCom is set at 35% of the overall yearly base salary/management fee based upon annual objectives entirely linked to Group results. As such, the variable compensation/success fee of the ExCom members is considered through the obligation set forward in the Company Code (article 520ter). The General Shareholder meeting of June 2, 2015 has approved an exception to the principle in article 520ter and allowed performance criteria for the ExCom members measured over 1 year.

The incentive plans do not explicitly provide any "claw-back" provisions entitling the Company to reclaim the compensation paid on the basis of incorrect financial data.

I. Short-term variable compensation

Tessenderlo Group has developed a short-term variable compensation plan in order to ensure that all ExCom members are compensated according to the overall performance of Tessenderlo Group.

The short term incentive/success fee for all current ExCom members (including CEO) varies between 0% and 70% of the base salary. The objectives measured over the calendar year are set for 100% on the group financial objectives with a modifier for individual performance, established by the Nomination and Remuneration Committee.

For 2015, the financial objectives of the Group were set at Total Comprehensive Income and EBIT. The personal modifier is linked to progress in strategy execution and business transformation within the Group. The evaluations of the CEO target objectives against the realizations are performed by the Nomination and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors. The evaluation for the other ExCom member(s) is performed after the end of the financial year by the CEO and submitted for approval to the Nomination and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

The Board of Directors decided not to allocate share options (warrants) for 2015 nor any other long-term incentive.

In 2012 a long-term performance cash plan was developed for both GMC (ExCom) members at that time and all other Leadership Team members. The long-term performance cash plan is a one-time individual selective grant of a deferred cash bonus covering a four year period (2012-2015). Payout will occur early 2016 based on an employment condition as well as a mix of the Group and Business Unit ROCE and REBITDA target achievement.

There was no additional grant in 2015.

Other compensation items

The CEO is eligible to participate in the extra-legal pension plan from the defined contribution type, a hospitalization plan, a life insurance plan, etc., which are also available to the members of the Leadership Team.

The CEO also benefits from certain other benefits such as a company car and representation allowance.

The ExCom member, operating through a management company, does not receive any other compensation items for its activities as CFO.

Changes in reward policy

A new long-term incentive plan will be established for (some) key personnel in the future, as the existing long-term performance cash plan (2012-2015) has come to an end. This item was discussed within the Nomination & Remuneration committee and subsequently approved by the Board of March 7, 2016.

At the moment of publication, no further changes are anticipated.

Remuneration earned in 2015

Annual gross compensation earned by the co-CEO's in 2015 is detailed below:

Component	Amount Mel de Vogüé	Amount Luc Tack
Fixed compensation (excluding Director fees)[1/4]	EUR 113,600	EUR 231,350
Variable compensation[1/5]	EUR 0	EUR 282,071
TOTAL (in cash)	**EUR 113,600**	**EUR 513,421**
Pension[2]	EUR 16,995	EUR 20,105
Other benefits[3]	EUR 13,565	EUR 31,970

ExCom (excluding co-CEO's) gross compensation earned in 2015[6]

Component	Amount
Fixed compensation (Excluding Director fees)[1/4]	EUR 336.082
Variable compensation[1/5]	EUR 343,457
TOTAL	**EUR 679,539**
Pension[2]	EUR 4,789
Other benefits[3]	EUR 3,820

(1) Excluding social security contributions.
(2) Pension Plan: annual service cost for 2015, as calculated by an actuary.
(3) Other benefits include coverage for death, disability, work accident insurance, taxes (4,40%), meal vouchers, company car - all under the same conditions applicable to other Leadership Team members and the ruling approved by the Belgian tax authorities for representation allowance.
(4) Exchange rate used : USD 1 = EUR 0.8942 (for all conversions related to the US package).
(5) Short term incentive realization as determined by Nomination and Remuneration Committee of March 7, 2016
(6) It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee (previous GMC) by an ExCom, consisting of the co-CEO's (Luc Tack/Mel de Vogüé), the Executive Directors as well as any other member appointed by the Board (no one at this stage). Mel de Vogüé resigned as CEO on April 30, 2015. His remuneration until that moment is included in the above overview. On May 1, 2015, Luc Tack became the sole CEO and Stefaan Haspeslagh, through Findar BVBA, took over the role of CFO of the Company.

Stock options (warrants) granted to ExCom members[20]

During 2015, no stock options are awarded to ExCom members. In 2015, the former GMC members exercised 143,320 options, i.e. 37,000 by Mr. Pol Deturck, 24,320 by Mr. Jordan Burns, 37,000 by Mr. Jan Vandendriessche and 45,000 by Mr. Mel de Vogüé.[21]

[20] Findar BVBA, represented by Stefaan Haspeslagh and Luc Tack, has never received stock options of Tessenderlo Chemie NV.
[21] Mr. Pol Deturck and Mr. Mel de Vogüé left the Company in 2015. Mr. Jordan Burns left the Company in February 2016.

Agreements on severance pay

The management agreement of each member of the ExCom contains a provision stipulating a notice period of maximum eight months, which notice period increases for the CEO to a maximum of twelve months as of 2021.

On April 30, 2015, co-CEO Mel de Vogüé decided to end his management agreement and left the Company by mutual agreement whereby a total fee of EUR 130,000 was paid.

Main features of the Company's Internal Control & Risk Management Framework

Internal control framework

Responsibilities

The Board of Directors delegated the task of monitoring the effectiveness of the Internal Control System to the Audit Committee.

The ultimate responsibility for the implementation of the Internal Control System is delegated to the ExCom.

The daily management of each Business Unit is accountable for the implementation and maintenance of a reliable Internal Control System.

The Internal Control department assists the Business Units and the Tessenderlo Group Headquarters functions in the implementation and assessment of the effectiveness of the Internal Control System in their organization.

The levels of internal control are tailored to the residual risk that is acceptable to the management. The ultimate objective is to reduce possible misstatements of the financial statements as published by the Group.

Scope of the Internal Control Framework

The Internal Control System is based on the COSO Internal Control – Integrated Framework with the main focus on the internal control over the financial reporting by mitigating risks through group level controls, entity level controls, process level controls, general IT controls and segregation of duties.

Internal control activities in 2015

The Internal Control department continued reviews of certain processes of entities that either completed ICT system conversions or were identified by the risk management process.

A Group Decisions Matrix was developed and launched in 2015. This matrix gives guidance to all entities which decisions require approval from Group Experts, the Executive Committee or the Board of Directors.

Internal Control monitoring

The Audit Committee is in charge of monitoring the effectiveness of the internal control systems. This includes the supervision of the Internal Audit department about compliance monitoring.

The Audit Committee is informed of the planning and the results of the internal audits and the proper implementation of the recommendations.

The Internal Audit department conducts a risk based compliance audit program with the objective to validate the internal control effectiveness in the various processes at entity and Group level.

The ultimate goal of these reviews is to provide reasonable assurance on the reliability of the financial reporting.

Preparation and Processing of Financial and Accounting Information

A centralized controlling and reporting department coordinates and controls the financial and accounting information.

Each Business Unit has a controlling department responsible for monitoring the performance of the operational units.

The Financial and Accounting Information System is based on consolidation software that allows the Group to produce the required information.

Compliance

The Internal Audit department is responsible for compliance testing of both the Internal Control Framework and the key control procedures on the preparation and processing of financial and accounting information.

Enterprise Risk Management (ERM) System

Risks are an essential and inherent aspect of conducting business. The Group has developed some policies and procedures with the aim of managing and reducing risks to an acceptable level.

The Enterprise Risk Management policy applies to the entire Group and all of its affiliates worldwide. This policy describes the organization and goals of the ERM system including the responsibilities at all levels of management.

A risk management structure has been rolled out, both on Group and on Business Unit levels in order for risk management to become an inherent part of daily operations.

Identified risks in various Business Units or general supporting services are evaluated and followed in order to implement risk optimization. The status of these efforts is reported to the ExCom and to the Audit Committee at regular intervals.

The aim of the implemented "Group Crisis Management policy" is to standardize crisis management across the Group and all affiliates. The Risk Management department is the owner of this policy and responsible for the coordination at Group level and providing assistance and guidance to the various entities in the development of a crisis plan, clarifying the responsibilities at all levels and establishing the reporting channels.

Policy on Inside Information and Market Manipulation

The Company has issued a Dealing Code including a set of rules regulating the declaration and conduct obligations regarding transactions in shares or other financial instruments of the Company carried out by Directors, ExCom members and other designated persons for their own account. Such Dealing Code is included in Exhibit I. of the Charter.

In accordance with the Dealing Code, the Board of Directors has appointed a Compliance Officer. The Compliance Officer is responsible for supervising compliance with the Dealing Code. He/she is also the point of contact for questions about the application of the Dealing Code.

Mr. John Van Essche, legal counsel, holds the title of Compliance Officer.

External Audit

PwC Bedrijfsrevisoren bcvba (PwC), represented by Peter Van den Eynde BVBA, represented by its fixed representative Peter Van den Eynde, was appointed as Group statutory auditor by the shareholders meeting of the Company on June 4, 2013, following an audit tender.

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

(Million EUR)	2015			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**-**	**0.3**	**1.1**

(Million EUR)	2014			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.3**	**1.1**

Subsequent Events

On December 16, 2015 Tessenderlo Group and Picanol Group (Picanol NV, Euronext: PIC) announced their plans to combine the industrial activities of both companies into one larger industrial group, Picanol Tessenderlo Group NV. The deal involved the transfer of the current industrial activities of Picanol into Tessenderlo. At an extraordinary shareholders meeting on January 29, 2016, the Board of Directors of Tessenderlo would call on shareholders to issue 25,765,286 new Tessenderlo shares at EUR 31.5, to compensate for the planned transaction to Picanol NV.

Following the announcement by Tessenderlo Group and Picanol Group on January 25, 2016, that there was no certainty that the proposal would be approved by the extraordinary general meeting of Tessenderlo Chemie NV, the Board of Directors of Tessenderlo Group cancelled the meeting of January 29, 2016, whereas the extraordinary shareholders meeting of February 23, 2016, was not called. In parallel, the Boards of Directors of Picanol Group (and subsidiary Verbrugge NV) and Tessenderlo Group entered into discussions to determine whether and how, also taking into account the comments formulated by shareholders, the terms and conditions of the proposed transaction could be adapted with a view to the approval by the extraordinary shareholders meeting of Tessenderlo Chemie NV.

Taking into account the market feedback, both companies have, with the assistance of their respective advisers and in consultation with each other, analyzed whether the terms and conditions of the proposed transaction could be amended to accommodate and reconcile the different views expressed. After proper consideration, the Board of Directors of Picanol NV (and its subsidiary Verbrugge NV) concluded that there was insufficient market support at terms reasonable for Picanol NV and its shareholders to complete the transactionion successfully. Hence, the Board of directors of Picanol NV decided not to endorse any changes to the terms of the transaction.
On March 7, 2016, Tessenderlo Group and Picanol Group announced that on this basis, the Boards of directors of both companies each decided to terminate their negotiations and to withdraw the proposal to combine. Both Picanol Group and Tessenderlo Group have the means and will continue to focus on an enhanced value creation in each of its businesses. Although Picanol Group regrets that the proposed transaction cannot be concluded, it intends to continue to support Tessenderlo Group as a long term shareholder.

Application of Art. 523 of the Companies Code

Meeting of the Board of Directors dated April 23, 2015

[...]

"*Prior to deliberating and adopting the resolution on the salary package of the GMC and on the service fee with Findar BVBA, Messrs. Luc Tack, Mel de Vogüé as well as Stefaan Haspeslagh indicate that they have a conflict of interest regarding the decisions to be taken in compliance with article 523 of the Belgian Code of Companies since it concerns the determination of the remuneration for 2014 (Mel de Vogüé) and 2015 (Luc Tack) and remuneration and/or service fee with Findar BVBA, a company in which Stefaan Haspeslagh is also managing director.*

The CEOs and executive director Stefaan Haspeslagh report that they will inform the company auditors of this conflict of interest of a proprietary nature, and they all leave the meeting for this specific agenda item. Mr. Mel de Vogüé, Sam Daems and Kurt Dejonckheere will also leave the meeting.

Prior to deliberating on the appointment of directors' remuneration packages, the Chairman gives the word to the chairman of the Nomination and Remuneration Committee to hear the proposal on the replacement of Melchior de Vogue. Mr. Vinck says that the proposal of the Nomination and Remuneration Committee is that Stefaan Haspeslagh continues to chair the Board and that he assumes the role of CFO within the Company (as representative of Findar).

After hearing the proposal and recommendation of the Nomination and Remuneration Committee presented by its chairman Mr. Karel Vinck, the Board unanimously decides to attribute the following 2014-2015 remuneration packages to the Co-CEO Luc Tack, to Mel de Vogüé resigning as of May 1 2015 and decides to attribute the following service fee for the services rendered by Findar BVBA, represented by Stefaan Haspeslagh:

For Luc Tack, who is estimated to grant 66% of its time to the Co-CEO/ CEO role:

- *To set the yearly base salary for 2015 at 231,350 € - excluding the 20K€ director fee*
    - *Part of the yearly base salary paid in Belgium as from 1/1/2015: 171,350 €*
    - *Part of the yearly base salary paid in the US as from 1/1/2015: 60,000 € , paid as a fixed USD amount of 67,100*
- *To fix the short term incentive bonus for the year 2014 (paid over performance 2013) at 120,568 €*

For the Co-CEO, Mel de Vogüé who leaves the Company on 30.04.2015, to pay a lump sum amount of 130,000 € as termination fee.

For the Company Findar BVBA, represented by Stefaan Haspeslagh to fix the 2015 service fee to be equal to 302,150 € (VAT not included) for services rendered as member of the ExCom. For the year 2014, the Company Findar BVBA is entitled to an additional service fee of 196,831 €.

For the year 2015, the variable part of the fixed salary of Luc Tack is fixed at 35% and the success fee linked to the services rendered by the company Findar BVBA hereby represented by Stefaan Haspeslagh is also fixed at 35% of the fixed service fee.

Full details on the remuneration package as well as on the terms and conditions are included in the minutes (and attachments) of the Nomination and Remuneration Committee of April 23 2015.
[…]"

Application of Art. 524 of the Companies Code

Meeting of the Board of Directors dated December 15, 2015

[…]

7. Independent advise (art. 524 BCC)

The board of directors discusses the advise of Independent Committee regarding the Merger Agreement (art. 524 BCC).

The conclusion of such advise is the following:
"The Committee has finalized its advice on December 15, 2015 given the meeting of the Ad Hoc Committee and Board of Directors of December 15, 2015, on the basis of the information available at that time. The Committee reserves the right to amend its advice to the Board of Directors, in case any relevant information would be made available between December 15, 2015 and the date on which the Company's extraordinary general meeting of shareholders will decide on the Contribution that is likely to change the content or conclusion of this advice.
The Committee considers the items in the Contribution Agreement, exceeding mere preparatory actions, being (i) the transfer of Picanol's Chinese business license to Picanol Group, (ii) the application of the patent income tax deduction, (iii) the obtaining of the tax ruling, and (iv) the non-compete obligation of Picanol, Verbrugge and Mr Luc Tack, not of such nature as to cause the Company a disadvantage that, in view of the general policy of the Company, is manifestly abusive ("kennelijk onrechtmatig" / "manifestement abusifs").
Taking into account the findings of the respective due diligence reports, the Committee considers that the customary ("gebruikelijke" / "habituel") and limited ("beperkte"/ "limité") set of representations and warranties provided by all parties involved, as well as the indemnification mechanism (de minimis, basket, cap), are not of such nature as to cause the Company a disadvantage that, in view of the general policy of the Company, is manifestly abusive ("kennelijk onrechtmatig" / "manifestement abusifs")."

The board of directors agrees with the conclusions of such advice.

8. Approval Transaction

In view of the valuation as prepared by KBC Securities NV, the second opinion on such valuation as prepared Degroof Corporate Finance NV and after giving due consideration to the advice of the Independent Committee as prepared in accordance with Article 524 BCC, the board of directors approves the transaction consisting of a capital increase by means of a contribution in kind of all shares in Picanol Group NV into the share capital of the Company.

The board determines the value of the Contribution at EUR 811,606,500.00 against issuance of 25,765,286 shares at a price per share of the Company of EUR 31,50, which implies a valuation of the Company (before the Contribution) of EUR 1,350.4 million.
The board of directors discusses the terms of the final version of the Contribution Agreement and approves the Contribution Agreement.
The board discusses the report of the statutory auditor (PWC) (Art. 602 BCC) regarding the contribution in kind.
The board of directors discusses and approves the special report in accordance with art. 602 BCC.

[…]

Conclusion of the report of the statutory auditor dated March 7, 2016 regarding article 524 of the Belgian Companies Code

"In accordance with the requirements of article 524 of the Companies' Code in respect of the information included in the advice rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the Transaction, we have identified the following factual findings:

a. We assessed that the information included in the advice rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the documents that the committee of independent directors has taken into account;

b. We ensured that the conclusion included in the minutes of the meeting of the board of directors is the same as that appearing in the opinion rendered by the committee of independent directors;

c. We ascertained that the parameters and valuation methods set out in the draft special report in accordance with article 602 BCC in respect of the Contribution, prepared by the Board of Directors of Tessenderlo Chemie NV are justified from a business-economic perspective."

Information Required by Art. 34 of the Royal Decree of November 14, 2007

According to article 34 of the Royal Decree of November 14, 2007 Tessenderlo Chemie NV hereby discloses the following items:

The share capital of the Company is represented by ordinary shares. By decision of the Extraordinary General Shareholders' meeting of June 7, 2011, the Board of Directors was granted the authority to increase the capital in one or more times, over a five year period, up to a maximum amount of forty million euro (EUR 40,000,000). As such capital increases do not occur with limitation or annulment of the right of preference of the shareholders, such capital increase could – theoretically – be carried out during a public takeover bid and have an impact thereon.

Each share entitles the holder to one vote. The articles of association of the Company do not contain any restriction on the transfer of the shares. Please refer to the sections above on Shareholder structure.

In accordance to the applicable provision of the Companies Code, the shares issued for the benefit of the personnel of Tessenderlo Group cannot be transferred during a period of five years from the date of subscription of the shares.

Tessenderlo Chemie NV is a party to the following contracts which become effective, undergo changes or terminate in case of a change of control over Tessenderlo Chemie NV after a public takeover bid:

- the bilateral revolving facilities agreements entered into on December 23, 2015 for a total amount of EUR 142,5 million with the Company and Tessenderlo USA, Inc. as borrowers and KBC Bank NV, ING NV, Belfius Bank NV and BNP Paribas Fortis NV as lenders: according to the terms of these agreements, a change of "control" over Tessenderlo Chemie NV will entitle each lender to ask for termination of the bilateral facility agreement. For purposes of the change of control clause described above, a "change of control" shall occur if a third party (i.e. any party other than Verbrugge NV or any person acting in concert with Verbrugge NV) acquires 30% or more of the voting rights of the Company (unless Verbrugge NV (alone or together with or any person acting in concert) holds more voting rights than such third party);

- the prospectus dated June 15, 2015 of Tessenderlo Chemie NV regarding the issue of and public offer of two series of bonds with a maturity of 7 years (the "2022 Bonds") and 10 years (the "2025 Bonds", and together with the 2022 Bonds, the "Bonds") for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and an expected minimum amount of EUR 25.0 million for the 2025 Bonds and for a combined maximum amount of EUR 250 million including: according to the terms and conditions of these Bonds, the Bonds will be redeemable at the option of the bondholders prior to maturity in the case of a change of control. Only the Bonds held by the bondholders who submit put option notices shall be immediately due and repayable in case of a change of control, with exception of all other bonds. If bondholders submit put option notices in respect of at least 85 percent of the aggregate nominal amount of the outstanding 2022 bonds, all (but not some only) of the 2022 bonds may be redeemed at the option of the Company prior to maturity. If bondholders submit put option notices for at least 85 percent of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the issuer prior to maturity. A "change of control" shall occur if a third party (i.e. any party other than Verbrugge NV or any person acting in concert with Verbrugge NV) acquires 30% or more of the voting rights of the Company (unless Verbrugge NV (alone or together with or any person acting in concert) holds more voting rights than such third party);

- terms and conditions of the bond loan with warrants issued under the 2002-2006 Plan, and terms and conditions of the warrants issued under the 2007-2011 Plan, under the 2011 Plan and under 2012 Plan of Tessenderlo Chemie NV: according to the terms and conditions mentioned above, the warrant holders will be entitled to exercise their warrants prior to the date on which they normally become exercisable, in the event of any operation that significantly impacts the shareholder structure. This paragraph also relates to any public takeover bid on the Tessenderlo Chemie NV shares or any other form of taking control or any merger involving a redistribution of the securities. Such early exercise allows the warrant holders to take part in the above mentioned operations at the same conditions as existing shareholders. As of December 31, 2015, 338,598 warrants were outstanding. The clauses described above have been approved by the General Shareholders' Meeting of Tessenderlo Chemie NV and a copy of the resolutions has been filed promptly thereafter at the registry of the court of commerce.

Dividend Policy

Tessenderlo Chemie NV has not declared or paid dividends for the financial year ending on December 31, 2015. The Company's dividend policy may be amended from time to time, and each dividend distribution remains subject to the Company's earnings, financial condition, share capital requirements and other important factors subject to proposal and approval by the competent corporate body of the Company and subject to the availability of distributable reserves as required by the Company Code and the Articles of Association. Any distributable reserves of the Company have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Company.

Information required by Art. 96, §2, 2° Companies Code

Provision 4.7 of the Corporate Governance Code

The current Chairman of the Company was previously appointed as an executive director. The Company has carefully considered the positive and negative aspects in favor of such a decision and has concluded that such appointment is in the best interest of the Company given his extensive experience, expertise, in-depth knowledge and proven track-record in relevant business environments. The Board of Directors furthermore clarifies that provision 3.9 of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Company with a company in which Directors are also a director or executive. In this respect it is stressed that although article 523 of the Belgian Companies Code was not applicable in the case at hand, Mr. Luc Tack and Mr. Stefaan Haspeslagh have not participated in the deliberation and decision making process of the Board of Directors regarding the decisions related to the contemplated transaction of a contribution in kind of all shares of Picanol Group NV into the share capital of the Company.

Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists regarding individual Directors (deviation from 4.13 Corporate Governance Code). The Company is of the opinion that the individual evaluation of the Directors is only feasible to the extent that the evaluation process is entrusted to an external company, an option which is not retained by the Company. However, the Company is convinced that the formal evaluation of the Board of Directors, for which the Company uses a standard questionnaire as developed by Guberna (Belgian Institute of Directors) as described under section Activities of Board of Directors is sufficient in order to ensure the active and proper contribution of each member of the Board.

Provision 5.2./14 of the Corporate Governance Code

For mere practical reasons (i.e. calendar related), the Audit Committee had not been able to comply with provision 5.2./14 of the Corporate Governance Code (i.e. the yearly monitoring of the effectiveness of the company's internal control and risk management systems). As a consequence provision 5.2./6, second bullet has also not been fully complied with, with respect to the risk sector. However, on April 25, 2016, the Company's risk manager will report to the Audit Committee on the comprehensive risk report in line with the presentations held in previous calendar years. On the meeting of the Board of Directors of April 25, 2016, the Audit Committee will summarize the main highlights of this reporting to the Board of Directors.

Brussels – March 7, 2016

On behalf of the Board of directors

Luc Tack	Stefaan Haspeslagh
Director and CEO	Chairman of the Board of Directors

TESSENDERLO GROUP

FINANCIAL REPORT 2015

EVERY
MOLECULE
COUNTS

CONTENT

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(Million EUR)	note	For the year ended December 31 2015	2014
Revenue		1,589.0	1,434.2
Cost of sales		-1,208.2	-1,108.2
Gross profit		**380.8**	**326.0**
Distribution expenses		-90.5	-84.0
Sales and marketing expenses		-54.4	-48.3
Administrative expenses		-117.1	-109.6
Other operating income and expenses	5	-14.4	-17.1
Profit (+) / loss (-) from operations before non-recurring and non-operating items (REBIT)		**104.4**	**66.9**
Gains and losses on disposals	6	10.6	0.0
Restructuring	6	-2.0	3.7
Losses on disposal groups	6	0.9	0.6
Impairment losses	6	-23.6	-1.6
Provisions and claims	6	-5.9	-12.7
Other income and expenses	6	-7.5	-5.8
Profit (+) / loss (-) from operations (EBIT)		**77.1**	**51.2**
Finance costs		-51.7	-75.9
Finance income		59.7	72.9
Finance (costs) / income - net	9	**8.1**	**-3.0**
Share of result of equity accounted investees, net of income tax		4.0	3.0
Profit (+) / loss (-) before tax		**89.1**	**51.2**
Income tax expense	10	-7.2	1.6
Profit (+) / loss (-) for the period		**81.9**	**52.8**
Attributable to:			
- Equity holders of the company		**84.5**	**53.7**
- Non-controlling interest		**-2.6**	**-0.9**
Basic earnings per share (EUR)	22	1.98	1.67
Diluted earnings per share (EUR)	22	1.98	1.67

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 2015	2014
Profit (+) / loss (-) for the period		**81.9**	**52.8**
Translation differences		-23.9	-13.5
Net change in fair value of derivative financial instruments, before tax	28	-0.0	-3.7
Other movements		-0.5	-0.1
Income tax on other comprehensive income		0.0	1.3
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-24.4**	**-16.0**
Remeasurements of the net defined benefit liability, before tax		12.7	-14.6
Income tax on other comprehensive income		-0.8	1.5
Other comprehensive income not being classified to profit or loss in subsequent periods		**11.9**	**-13.1**
Other comprehensive income for the period, net of income tax		**-12.4**	**-29.1**
Total comprehensive income for the period		**69.5**	**23.7**
Attributable to:			
- Equity holders of the company		72.3	24.4
- Non-controlling interest		-2.8	-0.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Million EUR)	note	For the year ended December 31 2015	2014
Assets			
Total non-current assets		**628.9**	**596.3**
Property, plant and equipment	11	462.3	462.6
Goodwill	12	35.3	38.8
Other intangible assets	13	59.3	45.2
Investments accounted for using the equity method	14	25.1	18.6
Other investments	15	2.0	2.5
Deferred tax assets	16	30.0	18.6
Trade and other receivables	17	14.9	9.2
Derivative financial instruments	28	-	0.8
Total current assets		**673.3**	**586.9**
Inventories	18	288.9	248.2
Trade and other receivables	17	253.2	180.2
Derivative financial instruments	28	1.0	1.5
Cash and cash equivalents	19/24	130.2	157.0
Non-current assets classified as held for sale	20	**1.4**	**2.3**
Total assets		**1,303.6**	**1,185.4**
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		**516.8**	**433.5**
Issued capital		215.0	212.4
Share premium		232.9	224.2
Reserves and retained earnings		69.0	-3.1
Non-controlling interest		**1.5**	**3.4**
Total equity		**518.2**	**436.9**
Liabilities			
Total non-current liabilities		**468.2**	**260.8**
Loans and borrowings	24	226.7	3.9
Employee benefits	25	48.3	53.3
Provisions	26	135.0	149.8
Trade and other payables	27	4.3	4.1
Derivative financial instruments	28	11.1	11.9
Deferred tax liabilities	16	42.7	37.8
Total current liabilities		**317.2**	**487.7**
Bank overdrafts	19/24	0.5	0.6
Loans and borrowings	24	48.3	209.7
Trade and other payables	27	243.4	230.1
Derivative financial instruments	28	6.3	27.1
Current tax liabilities		0.7	1.3
Employee benefits	25	1.7	1.5
Provisions	26	16.3	17.5
Total liabilities		**785.4**	**748.5**
Total equity and liabilities		**1,303.6**	**1,185.4**

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	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2014		**159.2**	**102.0**	**14.8**	**-41.9**	**-4.8**	**7.4**	**236.6**	**3.3**	**239.9**
Profit (+) / loss (-) for the period		-	-	-	-	-	53.7	53.7	-0.9	52.8
Other comprehensive income for the period										
- Translation differences		-	-	-	-13.8	-	-	-13.8	0.3	-13.5
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	-13.1	-13.1	-	-13.1
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-2.5	-	-2.5	-	-2.5
- Other movements		-	-	-	-	-	-	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-13.8**	**-2.5**	**40.6**	**24.4**	**-0.7**	**23.7**
Transactions with owners, recorded directly in equity										
- Shares issued		53.2	122.2	-	-	-	-	175.5	0.8	176.2
- Transaction costs related to capital increase		-	-	-	-	-	-2.1	-2.1	-	-2.1
Total contributions by and distributions to owners		**53.2**	**122.2**	**0.0**	**0.0**	**0.0**	**-2.1**	**173.3**	**0.8**	**174.1**
Other movements		-	-	1.1	-	-	-1.1	-	-	-
Subsequent consideration paid - acquisition of non-controlling interests without a change in control		-	-	-	-	-	-0.7	-0.7	-	-0.7
Balance at December 31, 2014		**212.4**	**224.2**	**15.9**	**-55.7**	**-7.3**	**44.0**	**433.5**	**3.4**	**436.9**

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

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2015		**212.4**	**224.2**	**15.9**	**-55.7**	**-7.3**	**44.0**	**433.5**	**3.4**	**436.9**
Profit (+) / loss (-) for the period		-	-	-	-	-	84.5	84.5	-2.6	**81.9**
Other comprehensive income for the period										
- Translation differences		-	-	-	-24.2	-	-	-24.2	0.3	**-23.9**
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	11.9	11.9	-	**11.9**
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	0.0	-	0.0	-	**0.0**
- Other movements		-	-	-	-	-	-	-	-0.5	**-0.5**
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-24.2**	**0.0**	**96.4**	**72.3**	**-2.8**	**69.5**
Transactions with owners, recorded directly in equity										
- Shares issued	21	2.5	8.7	-	-	-	-	11.2	0.6	**11.8**
- Changes in non-controlling interest		-	-	-	-	-	-0.2	-0.2	0.2	**0.0**
Total contributions by and distributions to owners		**2.5**	**8.7**	**0.0**	**0.0**	**0.0**	**-0.2**	**11.0**	**0.8**	**11.8**
Other movements		-	-	2.4	-	-	-2.4	-	-	-
Balance at December 31, 2015		**215.0**	**232.9**	**18.4**	**-79.9**	**-7.3**	**137.8**	**516.8**	**1.5**	**518.2**

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

CONSOLIDATED STATEMENT OF CASH FLOW[22]

(Million EUR)	note	For the year ended December 31 2015	2014
Operating activities			
Profit (+) / loss (-) for the period		81.9	52.8
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	8	87.6	68.7
Impairment losses on other investments		-	0.8
Impairment losses on disposal groups	8	-	0.5
Changes in provisions		-12.4	-4.7
Revaluation electricity forward contracts		1.3	2.0
Finance costs	9	51.7	75.9
Finance income	9	-59.7	-72.9
Loss / (profit) on sale of non-current assets		-10.4	-2.0
Share of result of equity accounted investees, net of income tax		-4.0	-3.0
Income tax expense	10	7.2	-1.6
Other non-cash items		0.2	-3.0
Changes in inventories		-46.9	14.8
Changes in trade and other receivables		8.9	6.3
Changes in trade and other payables		9.9	-25.8
Change in accounting estimates - inventory write off	18	21.6	-
Cash generated from operations		**136.8**	**108.8**
Income tax (paid)/received		-0.3	-29.0
Dividends received	32	1.8	4.5
Cash flow from operating activities		**138.4**	**84.3**
Investing activities			
Acquisition of property, plant and equipment	11	-60.8	-66.2
Acquisition of other intangible assets	13	-0.3	-1.8
Acquisition of businesses, net of cash acquired	4	-27.8	-
Subsequent consideration paid - acquisition		-	-0.7
Acquisition of investments, net of cash acquired		-	0.2
Proceeds from the sale of property, plant and equipment		5.7	1.7
Proceeds from the sale of other intangible assets		1.5	0.3
Proceeds from the sale of subsidiaries, net of cash disposed of		-	14.4
Proc. from the sale of investments accounted for using the eq. method		0.3	-
Proceeds from the sale of other investments		6.7	-
Capital decrease from other investments		-	0.7
Capital decrease from investments accounted for using the eq. method		-	3.6
Cash flow from investing activities		**-74.7**	**-47.9**
Financing activities			
Increase of issued capital - issuance new shares	21	-	174.8
Increase of issued capital - conversion of warrants	21	11.2	0.7
Costs capital increase		-	-2.1
Capital increase from non-controlling interests		0.6	0.8
Change in non-recourse factoring and securitization		-98.2	16.3
Proceeds from new borrowings		226.3	1.3
(Reimbursement) of borrowings		-165.4	-94.0
Cash movement resulting from settlement financial instruments		-47.9	-8.8
Interest paid		-9.4	-11.7
Interest received		0.7	1.3
Other finance costs paid		-3.5	-6.5
(Increase) of long term receivables		-3.4	-0.5
Decrease of long term receivables		0.0	2.5
Cash flow from financing activities		**-89.0**	**74.0**
Net increase / (decrease) in cash and cash equivalents		**-25.3**	**110.4**
Effect of exchange rate differences		-1.5	1.3
Cash and cash eq. less bank overdrafts at the beginning of the period	19/24	156.5	44.8
Cash and cash eq. less bank overdrafts at the end of the period	19/24	129.7	156.5

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

[22] The following cash impacts are presented within financing activities as from 2015:
- The settlement of financial instruments, acquired to hedge intragroup loans (as from March 2015, the group no longer uses currency swaps to hedge intragroup loans)
- The evolution of the balance of non-recourse factoring and securitization agreements

The impact of the revaluation of electricity forward contracts is being presented separately as from 2015.
2014 figures have been represented.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2015 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 Monday March 7, 2016.

(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.

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

Subsidiaries are entities controlled by the group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 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 group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. All joint arrangements are determined to be joint ventures, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. 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 joint arrangements 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 :	2015	2014	2015	2014
Argentine peso	14.0484	10.2400	10.2696	10.7729

Brazilian real	4.3117	3.2207	3.7004	3.1211
Chinese yuan	7.0608	7.5358	6.9733	8.1857
Czech crown	27.0230	27.7350	27.2792	27.5359
Hungarian forint	315.9800	315.5400	309.9956	308.7061
Polish zloty	4.2639	4.2732	4.1841	4.1843
Pound sterling	0.7340	0.7789	0.7258	0.8061
US dollar	1.0887	1.2141	1.1095	1.3285

(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)[23].

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
Customer list	3 to 10 years
Concessions, licenses, patents and other	10 to 20 years

Useful lives and residual values, if significant, are re-assessed annually and adjusted if appropriate.

The other intangible assets with indefinite life relate to trademarks which can be considered to have an indefinite life unless plans would exist to discontinue the related activity. The indefinite life of these assets is re-assessed at each year end. Other intangible assets with an indefinite useful life are not amortized but are tested for impairment on an annual basis.

(F) Goodwill

Business combination

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

[23] The group did not have any such contracts during 2014 and 2015.

- 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 re-assessment of the fair values.

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

Subsequent measurement of goodwill

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.

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).

(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. nonrefundable 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 significant, are re-assessed 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 deduction of the related expense on a systematic basis in the same periods in which the expenses are incurred.

The accounting policy for emission allowances is discussed in section (E) Other intangible assets.

(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 other comprehensive income, except for impairment losses. On disposal of other investment, the cumulative gain or loss previously recognized in other comprehensive income 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.

If an impairment is a consequence of classifying the assets as non-current assets classified as held for sale, then management's best estimate is used as a basis for the determination of the fair value of the assets (also based on knowledge of previous transactions with similar assets).

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 and non-operating 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 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:

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. Contributions to defined contribution pension plans are recognized as an expense in the income statement as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

- Defined benefit plans:

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement.

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 independent actuaries who carry out annually a full valuation of the plans.

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 that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability, less the fair value of the plan assets. In countries where there is no deep market in such bonds, the market rates on government bonds are used for discounting.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, and the effect of the asset ceiling (if any), are charged or credited to equity in other comprehensive income in the period in which they arise.

Where the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs and gain or loss on curtailment are recognized immediately in the income statement.

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 at the earlier of the following dates: when the group can no longer withdraw the offer of those benefits, or when the group recognizes costs for a restructuring that is within the scope of IAS 37 Provisions and involves termination benefits. If benefits are conditional on future service, they are not treated as termination benefits but as post-employment benefits.

Share-based payment plans[24]

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

[24] The last allocation of warrants to senior management took place in January 2013.

to investments in subsidiaries to the extent that these 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.
For the rendering of services, revenue is recognized in the income statement by reference to the stage of completion of the transaction using one of the following methods depending on the type of service provided: specific performance method, completed performance method, percentage of completion method.
The amount of revenue from services is not presented separately in the income statement because it represents currently an insignificant portion of total revenue for the group.

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 loans and 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 risks arising from operational 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 remeasurement 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.

An investment, or portion of an investment, in an associate or a joint-venture that meets the criteria to be classified as held for sale, is accounted for similarly.

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 Executive Committee in deciding how to allocate resources and in assessing performance. The Executive 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 Executive 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) Changes in accounting policy and disclosures

New and amended standards adopted by the group

The following interpretation and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2015:

IFRIC 21 'Levies', effective for annual periods beginning on or after June 17, 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. IFRIC 21 addresses what the obligating event is and when a liability should be recognized. There is no impact of IFRIC 21 from a financial year perspective.

'Annual improvements (2011-2013 cycle)' are effective for annual periods beginning on or after January 1, 2015. The amendments clarify IFRS 1 (where a new version of a standard is not yet mandatory but is available for early adoption, a first-time adopter can use either the old or the new version under IFRS 1), the scope of IFRS 3 (the standard does not apply to the accounting for the formation of any joint arrangement under IFRS 11), portfolio exception in IFRS 13 and the interrelationship of IFRS 3 'Business Combinations' and IAS 40 'Investment Property'. These new standards had no significant impact on the financial statements of the group.

New standards and interpretations issued but not yet adopted

The following amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning January 1, 2015:

Amendment to IAS 19 'Employee benefits', effective for annual periods beginning on or after February 1, 2015. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.

'Annual improvements (2010-2012 cycle)' with minor amendments to eight standards, effective for annual periods beginning on or after February 1, 2015. The amendments relate to IFRS 2 'Definition of vesting condition', IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalised', IAS 16/IAS 38 'Revaluation method-proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.

'Annual improvements (2012–2014 cycle)' with amendments to 4 standards, effective for annual periods beginning on or after January 1, 2016. The amendments include IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 19, 'Employee benefits', IFRS 7, 'Financial instruments: disclosures' and IAS 34, 'Interim financial reporting'.

Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation, effective for annual periods beginning on or after January 1, 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning on or after January 1, 2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

Amendment to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' on bearer plants, effective for annual periods beginning on or after January 1, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortization, effective for annual periods beginning on or after January 1, 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IAS 27 'Separate financial statements' on the equity method, effective for annual periods beginning on or after January 1, 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The group has not applied these new or amended standards in preparing the 2015 consolidated financial statements. They are not expected to have a significant impact on the group's consolidated financial statements.

New standards and interpretations issued, but not yet adopted nor been endorsed by the European Union

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2015 and have not been endorsed by the European Union:

IFRS 9 'Financial instruments', effective for annual periods beginning on or after January 1, 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 14 'Regulatory deferral accounts', effective for annual periods beginning on or after January 1, 2016. It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

IFRS 15 'Revenue from contracts with customers'. The IASB and FASB have jointly issued a converged standard on the recognition of revenue from contracts with customers. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after January 1, 2018, subject to EU endorsement.

Amendment to IFRS 9 'financial instruments' on general hedge accounting, effective for annual periods beginning on or after January 1, 2018. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. These amendments also impact IAS 39 and introduce new disclosure requirements for hedge accounting, thereby impacting IFRS 7, irrespective of the fact whether hedge accounting requirements under IFRS 9 or IAS 39 are used.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures', effective for annual periods beginning on or after January 1, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after January 1, 2016. These narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities.

Management is currently assessing the new rules. At this stage, the group is not able to estimate the impact of the new standards on the group financial statements. More detailed assessments will be made over the next 12 months.

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 methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible, or valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values is included in note 11 - Property, plant and equipment, note 12 - Goodwill, note 20 - Non-current assets classified as held for sale and note 28 - Financial instruments.

Property, plant and equipment

The fair value of property, recognized as a result of a business combination or as a result of classification as held for sale 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 other intangible assets used in impairment testing or in a disposal group classified as held for sale 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.

Derivative financial instruments

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.

Other financial instruments

The fair value of an electricity supply agreement has been estimated using a discounted cash flow method, making certain assumptions about the model inputs, including risk-adjusted discount rate, and commodities market price. The fair value is categorized as level 3 as it is partly based on unobservable market data.

Share-based payment[25]

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.

[25] The last allocation of warrants to senior management took place in January 2013.

3. Segment reporting

The following 3 operating segments fulfill the quantitative thresholds and are reported separately:

- "Agro" - includes manufacturing and distribution of fertilizers and crop protection products (including the following businesses: Tessenderlo Kerley Core, Tessenderlo Kerley International, Novasource and SOP Plant Nutrition[26]).
- "Bio-valorization" - includes collecting and processing of animal by-products; manufacturing and distribution of gelatins (including the following businesses: Gelatin and Akiolis).
- "Industrial solutions" - includes manufacturing and distribution of solutions for industrial applications, including water management and solutions for the mining industry (including the following businesses: Plastic Pipe Systems, Mining and Industrial, Water Treatment, MPR/ECS and Sulfur Derivatives).

One operating segment does not fulfill these quantitative thresholds (because these activities have been sold or stopped since January 2014) and is included in "Other":

- "Phosphates" - includes manufacturing and distribution of animal feed phosphates.

The recurring costs (costs included within REBIT) related to the corporate activities are allocated to the different operating segments they support.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Executive Committee has been identified as the chief operating decision maker. The measure of segment profit/loss is REBIT, which is consistent with information that is monitored by the chief operating decision maker.

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

[26] During 2015, the name of the activity Sulfates was changed into SOP Plant Nutrition.

(Million EUR)	note	Agro		Bio-valorization		Industrial solutions		Other		Non-allocated		Tessenderlo Group	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue (internal and external)		646.3	524.5	488.7	476.0	454.8	399.8	-	34.7	-	-	1,589.8	1,435.0
Revenue (internal)		0.6	0.5	0.1	0.0	0.0	0.3	-	-	-	-	0.8	0.8
Revenue		**645.6**	**524.0**	**488.5**	**476.0**	**454.8**	**399.5**	**-**	**34.7**	**-**	**-**	**1,589.0**	**1,434.2**
REBIT		**115.6**	**80.6**	**-29.9**	**-22.7**	**18.7**	**7.9**	**-**	**1.1**	**-**	**-**	**104.4**	**66.9**
REBITDA		**138.9**	**99.3**	**-1.2**	**6.3**	**42.8**	**28.8**	**-**	**1.1**	**-**	**-**	**180.4**	**135.6**
Return on revenue (REBITDA/revenue)		**21.5%**	**19.0%**	**-0.2%**	**1.3%**	**9.4%**	**7.2%**	**-**	**3.2%**	**-**	**-**	**11.4%**	**9.5%**
Segment assets		472.4	343.0	366.9	373.3	227.9	202.3	-	2.3	49.1	67.9	1,116.3	988.8
Investments accounted for using the equity method	14	14.5	8.7	2.8	3.4	-	-	-	-	7.8	6.5	25.1	18.6
Other investments	15	-	-	-	-	-	-	-	-	2.0	2.5	2.0	2.5
Deferred tax assets	16	-	-	-	-	-	-	-	-	30.0	18.6	30.0	18.6
Cash and cash equivalents	19	-	-	-	-	-	-	-	-	130.2	157.0	130.2	157.0
Total assets		**486.9**	**351.7**	**369.6**	**376.6**	**227.9**	**202.3**	**-**	**2.3**	**219.2**	**252.5**	**1,303.6**	**1,185.4**
Segment liabilities[27]		90.2	84.5	130.7	129.9	63.9	61.9	-	1.5	182.3	218.7	467.1	496.6
Loans and borrowings	24	-	-	-	-	-	-	-	-	275.0	213.6	275.0	213.6
Bank overdrafts	19/24	-	-	-	-	-	-	-	-	0.5	0.6	0.5	0.6
Deferred tax liabilities	16	-	-	-	-	-	-	-	-	42.7	37.8	42.7	37.8
Total equity		-	-	-	-	-	-	-	-	518.2	436.9	518.2	436.9
Total Equity and Liabilities		**90.2**	**84.5**	**130.7**	**129.9**	**63.9**	**61.9**	**-**	**1.5**	**1,018.8**	**907.5**	**1,303.6**	**1,185.4**
Capital expenditures: property, plant and equipment and other intangible assets	11/13	37.7	28.7	12.7	12.0	9.4	22.8	-	0.9	1.3	3.5	61.1	68.0
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	8	-22.7	-19.0	-36.7	-28.3	-27.8	-21.1	-	-0.3	-0.1	-	-87.2	-68.7
Impairment losses on disposal groups and non-current assets classified as held for sale		-	-	-	-	-	-	-	-0.5	-0.4	-	-0.4	-0.5

[27] Non-allocated segment liabilities mainly include environmental provisions recognized for the Ham (Belgium), Tessenderlo (Belgium) and Loos (France) sites and derivative financial instruments.

The reconciliation of the profit before tax is as follows:

(Million EUR)	2015	2014
REBITDA of reportable segments	180.4	134.4
REBITDA of Other segment	-	1.1
REBITDA	**180.4**	**135.6**
Depreciation, amortization and provisions	-76.0	-68.6
Non-recurring and non-operating income/(expense) items	-27.3	-15.7
Finance costs - net	8.1	-3.0
Share of result of equity accounted investees, net of income tax	4.0	3.0
Profit (+) / loss (-) before tax	**89.1**	**51.2**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current segment assets (property, plant and equipment, goodwill and other intangible assets) are based on the geographical location of the assets.

	Revenue by market		Non-current segment assets	
(Million EUR)	2015	2014	2015	2014
Belgium	93.2	95.9	102.9	104.8
The Netherlands	146.5	141.1	25.0	28.3
France	270.6	261.2	117.1	127.8
Germany	42.7	47.3	10.2	11.0
Spain	51.4	62.4	-	-
United Kingdom	91.0	82.9	12.1	11.2
Other European countries	123.3	113.5	11.8	12.5
USA	509.9	396.1	229.1	190.9
Rest of the world	260.4	233.7	48.6	60.0
Tessenderlo Group	**1,589.0**	**1,434.2**	**556.9**	**546.6**

4. Acquisitions and disposals

Acquisitions – Activities / Subsidiaries

Businesses were acquired in 2015 for an amount of 27.8 million EUR and relate to:

- Tessenderlo Kerley Inc., a US subsidiary within the operating segment Agro, acquired in February 2015 the global norflurazon assets, including trade names, registrations and knowhow from Syngenta Crop Protection, LLC. The total acquisition cost could be attributed fully to the acquired assets (other intangible assets and inventory) and therefore this acquisition did not result in the recognition of any goodwill. The contribution of this acquisition to the group's 2015 revenue and result of the year as from the date of acquisition is considered to have been immaterial. If the acquisition had taken place at the beginning of the year, the contribution to the 2015 revenue and result of the group would have been insignificant as well.

- Tessenderlo Kerley Inc. acquired in October 2015 certain product business assets of DuPont

Crop protection's global Hexazinone solo product and its Hexazinone/Diuron-only mixture. The assets include the Velpar®, Pronone® and Advance® trademarks, formulated product registrations, formulated product registration data, customer information, supply agreements with third parties, access to certain know-how, certain Hexazinone and Diuron technical registrations and associated registration data, for each product. The total acquisition cost could be attributed fully to the acquired assets (other intangible assets and inventory) and consequently this acquisition did not result in the recognition of any goodwill. The contribution of this acquisition to the 2015 revenue and result of the group is considered to be insignificant. If the acquisition had taken place at the beginning of the year, the contribution to the result and the revenue of the group in 2015 would have been insignificant as well.

Disposals – Activities / Subsidiaries

During 2015 the group did not enter into an agreement 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.

5. Other operating income and expenses

Other operating income and expenses are shown in the table below:

(Million EUR)	2015	2014
Additions to provisions	0.2	-0.5
Research and development cost	-9.5	-11.1
Grants	0.2	0.1
Depreciation	-0.2	-0.2
Gains on disposal of property, plant and equipment and other intangible assets	0.3	0.0
Impairment losses on trade receivables	-1.1	-0.4
Other	-4.2	-5.0
Total	**-14.4**	**-17.1**

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 EUR 5.7 million (2014: EUR 6.7 million) and depreciation charges for an amount of EUR 0.3 million (2014: EUR 0.9 million). In 2015 and 2014, no significant development costs were capitalized. We refer to note 13 - Other intangible assets.

The other operating income and expenses (EUR -4.2 million) can be mainly explained by the tax charges other than income taxes, such as withholding taxes and regional taxes and several, individually insignificant items within several subsidiaries of the group.

6. Non-recurring and non-operating income/(expense) items

The non-recurring and non-operating items for 2015 show a net loss of EUR -27.3 million (2014: EUR -15.7 million).

(Million EUR)	2015	2014
Gains and losses on disposals	10.6	0.0
Restructuring	-2.0	3.7
Losses on disposal groups	0.9	0.6
Impairment losses	-23.6	-1.6
Provisions and claims	-5.9	-12.7
Other income and expenses	-7.5	-5.8
Total	**-27.3**	**-15.7**

Gains and losses on disposals amount to EUR +10.6 million and relate to the gain realized on the sale of the investment of Tessenderlo Chemie NV in Indaver and several other, individually non-significant, items.

Restructuring expenses were recognized for an amount of EUR -2.0 million and mainly relate to a restructuring program within Akiolis (operating segment Bio-valorization) following the closure of a C1 by-product processing plant in the Lyon region (France).

Impairment losses (EUR -23.6 million) were recognized on assets which are no longer considered to have an economic value as they are no longer in use or for which the carrying amount of the assets exceeded the recoverable amount. Furthermore write-offs on spare parts were recognized following changed accounting estimates concerning inventory obsolescence.

The charges for provisions and claims amount to EUR -5.9 million and mainly relate to pending commercial disputes and product liability.

Other income and expenses (EUR -7.5 million) mainly relate to the impact of an electricity purchase agreement for which the own-use exemption under IAS 39 is not applicable anymore, as well as to expenses related to the plan of Tessenderlo Group and Picanol Group to merge their activities into one Belgian industrial group.

7. Payroll and related benefits

The payroll and related benefits costs, excluding restructuring costs, are shown in the table below:

(Million EUR)	note	2015	2014
Wages and salaries		-215.0	-203.0
Employer's social security contributions		-53.6	-54.1
Other personnel costs		-15.8	-13.8
Contributions to defined contribution plans		-6.3	-5.3
Expenses related to defined benefit plans	25	-6.3	-5.2
Total		**-297.0**	**-281.4**

The increase of the payroll and related benefits costs is partially explained by exchange rate effects (mainly strengthening of the USD).
The headcount at year end 2015 amounts to 4 672 (2014: 4 751).

8. Additional information on operating expenses by nature

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

(Million EUR)	Note	Depreciation on PPE		Amortization on other intangible assets		Total	
		2015	2014	2015	2014	2015	2014
Cost of sales		-57.4	-50.6	-2.8	-3.1	**-60.2**	**-53.7**
Administrative expenses		-3.6	-4.5	-3.1	-2.7	**-6.7**	**-7.2**
Sales and marketing expenses		-0.1	-0.1	-6.3	-5.3	**-6.4**	**-5.4**
Other operating income and expenses		-0.5	-1.1	-	-	**-0.5**	**-1.1**
Total	11/13	**-61.7**	**-56.2**	**-12.2**	**-11.2**	**-73.9**	**-67.4**

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

(Million EUR)	note	Impairment losses on PPE		Impairment losses on other intangible assets		Impairment losses on goodwill		Total	
		2015	2014	2015	2014	2015	2014	2015	2014
Impairment losses on disposal groups and non-current assets classified as held for sale		-0.4	-0.5	-	-	-	-	**-0.4**	**-0.5**
Impairment losses		-7.9	-1.2	-	-	-5.5	-	**-13.3**	**-1.2**
Total	11/13	**-8.2**	**-1.7**	**0.0**	**0.0**	**-5.5**	**0.0**	**-13.7**	**-1.7**

Total depreciation, amortization and impairment losses in 2015 amount to EUR 87.6 million compared to EUR 69.2 million in 2014 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Other intangible assets).
The increase of the depreciation and amortization expenses can be mainly explained by exchange rate effects and the first full year depreciation of the Barrick Goldstrike THIO-GOLD®-300 plant.

9. Finance costs and income

Net finance costs and income amount to EUR +8.1 million EUR as per December 31, 2015, compared to EUR -3.0 million as per December 31, 2014 and are detailed below:

(Million EUR)	2015			2014		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-11.0	-	-11.0	-11.6	-	-11.6
Amortization charges of transaction costs related to loans and borrowings	-2.1	-	-2.1	-2.1	-	-2.1
Commitment fee on unused portion of the syndicated credit facility	-1.1	-	-1.1	-2.2	-	-2.2
Factoring expense	-0.7	-	-0.7	-2.5	-	-2.5
Total borrowing costs	**-14.9**	**0.0**	**-14.9**	**-18.5**	**0.0**	**-18.5**
Dividend income from other investments	-	0.1	0.1	-	0.1	0.1
Interest income from cash and cash equivalents	-	0.7	0.7	-	1.1	1.1
Total income from investments and cash & cash equivalents	**0.0**	**0.7**	**0.7**	**0.0**	**1.2**	**1.2**
Expense for the unwinding of discounted provisions	-1.1	-	-1.1	-1.7	-	-1.7
Net interest (expense)/income on pension asset/(liability)	-0.7	0.1	-0.6	-1.1	0.4	-0.7
Net foreign exchange gains and losses (including revaluation to fair value and realization of derivative financial instruments)	-33.7	58.8	25.1	-53.4	71.1	17.7
Net other finance (costs)/income	-1.3	0.1	-1.2	-1.3	0.2	-1.1
Total	**-51.7**	**59.7**	**8.1**	**-75.9**	**72.9**	**-3.0**

Total borrowing costs decreased from EUR -18.5 million to EUR -14.9 million, positively impacted by a lower financial debt position following the capital increase of December 2014. The group also benefits from lower interest rates due on the financial debt following its 2015 refinancing (note 24 - Loans and borrowings).

The interest expense on loans and borrowings (EUR -11.0 million) mainly includes the interest expense on the private placement for EUR -6.6 million (2014: EUR -7.9 million) and the interest expense on the bonds, issued in 2015, which mature in 2022 and 2025 for EUR -3.1 million.

The increase of the net foreign exchange gains and losses can mainly be explained by the unrealized foreign exchange gains on intercompany loans (mainly in USD), which are not hedged. This foreign exchange gain in the income statement is partially compensated by an opposite movement in equity through a change in the translation reserves, as the USD equity exposure of the group is negative.

10. Income tax expense

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

(Million EUR)	2015	2014
Recognized in the income statement		
Current tax expense	-16.9	-16.9
Adjustment current tax expense previous periods	-0.1	9.5
Deferred tax (expense) on adjustment current tax expense previous periods	-	-2.8
Deferred tax income / (expense)	9.8	11.8
Total income tax expense in the income statement	**-7.2**	**1.6**
Profit (+) / loss (-) before tax	89.1	51.2
Less share of result of equity accounted investees, net of income tax	4.0	3.0
Profit (+) / loss (-) before tax and before result from equity accounted investees	**85.1**	**48.2**
Effective tax rate	**8.5%**	**-3.2%**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**85.1**	**48.2**
Adjustments on taxable basis	**-9.1**	**-13.5**
- Expenses not deductible for tax purposes	9.5	8.0
- Non taxable income	-7.4	-13.6
- Capital gains and losses on participations	-5.3	-2.9
- Tax incentives	-6.3	-6.4
- Other	0.4	1.4
Taxable result	**76.0**	**34.8**
Theoretical tax rate[1]	39.8%	44.6%
Expected income tax at the theoretical tax rate	**-30.2**	**-15.5**
Difference between theoretical and effective tax expenses	**-23.0**	**-17.1**
Adjustment on deferred taxes	**0.2**	**-2.6**
Change in tax rates	0.2	-0.1
Recognition (+) / derecognition (-) of previously recognized tax losses	-	-2.5
Adjustment on tax expenses	**22.9**	**19.7**
Use or recognition of tax losses / tax credits not previously recognized	38.6	28.4
Tax losses / temporary differences for which no deferred tax asset has been recorded	-18.3	-14.4
Adjustment current tax expense previous periods	-0.1	6.7
Other	2.6	-1.1

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

The non-deductible expenses include permanent differences as well as expenses which are non-deductible under local tax laws (e.g. car expenses and meal vouchers).

Non-taxable income includes tax credits for competitiveness, employment and research as well as differences due to the translation from local to functional currency.

Tax incentives include the notional interest deduction, deductions claimed for research and development expenses, as well as for businesses performing manufacturing or other production activities in the United States of America.

The use or recognition of tax losses/tax credits not previously recognized mainly relates to the use of previously non-recognized tax credits in Belgium and the recognition of additional deferred tax assets on fiscal losses carried forward in Belgium (EUR 5.7 million) and in France (EUR 4.8 million).
In 2014, deferred tax assets on Belgian tax losses/credits carried forward for an amount of 15.1 million EUR were recognized and furthermore Belgian tax losses/credits not previously recognized were used.

The tax losses and temporary differences for which no deferred tax asset was recognized in 2015 mainly relate to tax losses within the Gelatin activity. In 2014, these mainly related to tax losses in the French activities.

The adjustment current tax expense previous periods in 2014 mainly relates to the amended state tax returns claimed in the United States of America (EUR 6.7 million), which is the main explanation for the 2014 negative effective tax rate.

11. Property, plant and equipment

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2015	**382.3**	**1,055.1**	**92.7**	**57.2**	**1,587.3**
- dismantlement provision	0.0	0.4	-	-	0.4
- capital expenditure	0.6	4.8	0.6	54.9	60.8
- sales and disposals	-8.1	-16.0	-5.0	-2.1	-31.2
- transfers	15.5	38.3	2.2	-57.8	-1.8
- translation differences	8.0	9.5	0.9	2.7	21.2
At December 31, 2015	**398.3**	**1,092.0**	**91.5**	**55.0**	**1,636.7**
Depreciation and impairment losses					
At January 1, 2015	**-202.8**	**-834.9**	**-87.1**	**0.0**	**-1,124.8**
- depreciation	-16.2	-42.9	-2.5	-	-61.7
- impairment losses	-1.1	-4.7	-	-2.1	-7.9
- sales and disposals	7.1	14.7	5.0	2.1	29.0
- transfers	0.4	0.2	0.0	-	0.7
- translation differences	-1.6	-7.6	-0.6	-	-9.8
At December 31, 2015	**-214.0**	**-875.1**	**-85.3**	**0.0**	**-1,174.4**
Carrying amounts					
At January 1, 2015	**179.5**	**220.2**	**5.6**	**57.2**	**462.6**
At December 31, 2015	**184.2**	**216.9**	**6.2**	**55.0**	**462.3**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2014	**345.8**	**1,004.9**	**92.6**	**69.9**	**1,513.2**
- change in consolidation scope (acquisitions)	0.1	0.0	0.2	0.0	0.4
- dismantlement provision	0.0	0.9	-	-	1.0
- capital expenditure	1.7	15.7	0.5	47.3	65.3
- sales and disposals	-5.6	-16.7	-3.4	-0.9	-26.6
- transfers	30.2	31.1	0.5	-63.4	-1.6
- transfers to non-current assets classified as held for sale	-0.5	-	-	-	-0.5
- translation differences	10.5	19.0	2.4	4.4	36.3
At December 31, 2014	**382.3**	**1,055.1**	**92.7**	**57.2**	**1,587.3**
Depreciation and impairment losses					
At January 1, 2014	**-192.9**	**-798.6**	**-84.9**	**0.0**	**-1,076.4**
- depreciation	-12.3	-40.4	-3.5	-	-56.2
- impairment losses	-0.3	-0.1	-	-0.8	-1.2
- sales and disposals	5.2	16.1	3.4	0.8	25.5
- transfers	0.0	-0.1	0.0	-	-0.1
- transfers to non-current assets classified as held for sale	-	-	-	-	0.0
- translation differences	-2.4	-11.7	-2.1	0.0	-16.3
At December 31, 2014	**-202.8**	**-834.9**	**-87.1**	**0.0**	**-1,124.8**
Carrying amounts					
At January 1, 2014	**152.9**	**206.3**	**7.7**	**69.9**	**436.7**
At December 31, 2014	**179.5**	**220.2**	**5.6**	**57.2**	**462.6**

The capital expenditure on property, plant and equipment amounts to EUR 60.8 million (2014: EUR 65.3 million [28]) and is presented per operating segment in note 3 - Segment reporting.

For the line items of the income statement in which depreciation, impairment losses and reversal of impairment losses have been recorded, refer to note 8 - Additional information on operating expenses by nature.

Impairment losses (EUR -7.9 million) were recognized on several individually insignificant assets which are no longer considered to have an economic value as they are no longer in use and have a remaining market value which is nihil (for a total amount of EUR -4.3 million) or on assets of which the carrying amount exceeded the recoverable amount (EUR -3.6 million). The latter impairment loss was recognized within the US subsidiary Environmentally Clean Systems LLC (operating segment Industrial solutions), which serves the oil and gas industries, providing environmentally advantageous treatment methods for cleaning, recovery, and disposal of water contaminated from oil and gas exploration (through fracking), mining and refinery activities. Deteriorating market circumstances triggered a potential impairment loss. The impairment testing revealed that an impairment loss of EUR -3.6 million had to be recognized (remaining carrying amount of these assets, after impairment, amounted to EUR 3.6 million).
All impairment losses were recorded as non-recurring expense items in the income statement (see note 6 - Non-recurring and non-operating income/(expense) items).

No amounts of borrowing costs were capitalized in 2015 and 2014.

[28] The 2014 capital expenditures amounted 66.2 million EUR when including the capital expenditure of the disposal groups, which were already recognized as assets classified as held for sale as per prior year end.

Following the reimbursement of the loan with Banco Do Brasil and the termination of the amended credit facility agreement in 2015 (note 24 - Loans and borrowings), there are no significant items of property, plant and equipment serving as guarantee to fulfill obligors' payment obligations.

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. The net carrying amount of leased property, plant and equipment is not significant.

12. Goodwill

Goodwill accounts for approximately 2.7% of the group's total assets as per December 31, 2015 or EUR 35.3 million (2014: EUR 3.3% or 38.8 million).

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

	2015			2014		
(Million EUR)	Cost	Impairment/ Amortization*	Carrying amounts	Cost	Impairment/ Amortization*	Carrying amounts
Agro	**4.9**	**-4.3**	**0.7**	**4.4**	**-3.8**	**0.6**
Bio-valorization	**29.9**	**-4.0**	**25.9**	**31.7**	**-1.9**	**29.8**
Group Akiolis	18.4	-3.4	15.0	21.8	-1.4	20.5
Gelatin America	11.5	-0.6	10.9	9.9	-0.5	9.4
Industrial solutions	**11.1**	**-2.3**	**8.8**	**10.5**	**-2.1**	**8.4**
John Davidson Pipes	3.9	-1.3	2.7	3.7	-1.2	2.5
Plastic Pipe Systems Benelux	3.0	-	3.0	3.0	-	3.0
Group BT Bautechnik	0.7	-	0.7	0.7	-	0.7
MPR	3.4	-1.0	2.4	3.0	-0.9	2.1
Total	**45.9**	**-10.6**	**35.3**	**46.6**	**-7.8**	**38.8**

* Goodwill has been amortized till January 1, 2004.

Group Akiolis and Gelatin America have the most significant carrying amount of goodwill:

- Group Akiolis (part of the operating segment "Bio-valorization"); EUR 15.0 million (2014: EUR 20.5 million).
- Gelatin America (part of the operating segment "Bio-valorization"); EUR 10.9 million (2014: EUR 9.4 million).

All movements related to goodwill are shown in the table below:

(Million EUR)	2015	2014
Cost		
At January 1	**46.6**	**44.2**
- sales and disposals	-3.4	-0.1
- translation differences	2.7	2.6
At December 31	**45.9**	**46.6**
Impairment losses		
At January 1	**-7.8**	**-7.1**
- impairment losses	-5.5	-
- sales and disposals	3.4	-
- translation differences	-0.7	-0.7
At December 31	**-10.6**	**-7.8**
Carrying amounts		
At January 1	**38.8**	**37.1**
At December 31	**35.3**	**38.8**

There were no events in 2015 and 2014 which resulted in the recognition of goodwill.

In 2015 Akiolis (operating segment Bio-valorization) decided to cease its Atemax activity in the South-East of France (see also note 6 - Non-recurring and non-operating income/(expense) items). Taking into consideration the withdrawal from the South-East of France, management deemed it prudent to fully write-off the amount of goodwill (EUR 3.4 million), historically assigned to this region.
Furthermore EUR 2.2 million goodwill was historically assigned to Apeval SAS, a 50% joint-venture of Akiolis for the collection, transformation and valuing of co-products from the food and animal feed industries. It was decided to fully impair this goodwill taking into account the negative performance and outlook of this specific activity within Akiolis, which made its recoverable amount lower than its carrying amount.

During the fourth quarter of 2015, the group completed its annual impairment test for goodwill. No further impairment charges were deemed necessary than those mentioned above.

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.

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 (2016). The forecasted cash flows are based on the following expectations, taking into account internal and external sources.
Estimated revenue is derived from estimated sales volumes and estimated sales prices. Sales volumes are based on past performance and management's expectation of market development.

New product lines or product developments are only included when it is technically feasible to produce with the current assets. Sales prices are based on current market trends also taken into account inflation and pricing power in the market.
Gross profit margins are based on current sales margin levels, future product mix and estimated evolution of the main raw material prices.
Indirect costs, which do not vary significantly with sales volumes or prices, are based on the current cost structure, including long term inflation forecasts and excluding unrealized future restructuring or cost saving measures.
Capital expenditures only include the cash outflows required to keep the assets in their current condition and do not include future capital expenditures significantly improving or enhancing the assets in excess of their originally assessed standard performance.
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 1%.
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 7.0% and 9.9%. 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 7.9% (2014: 6.4%) and 7.6% (2014: 9.0%).
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.

13. Other intangible assets

(Million EUR)	Useful life – Finite: Concessions, patents, licenses	Useful life – Finite: Software	Useful life – Finite: Customer lists	Useful life – Finite: Other intangible assets	Useful life – Indefinite: Other intangible assets	Total
Cost						
At January 1, 2015	**58.5**	**13.4**	**34.4**	**18.9**	**3.2**	**128.3**
- change in consolidation scope (acquisitions)	17.0	-	2.5	1.9	-	21.4
- capital expenditure	0.0	0.3	-	-	-	0.3
- sales and disposals	-	-0.2	-0.2	-0.3	-	-0.7
- transfers	0.2	1.2	-	3.5	-3.5	1.3
- translation differences	4.1	-0.2	1.7	2.1	0.3	7.9
At December 31, 2015	**79.7**	**14.4**	**38.4**	**26.1**	**0.0**	**158.6**
Amortization and impairment losses						
At January 1, 2015	**-39.6**	**-8.0**	**-23.1**	**-12.4**	**0.0**	**-83.1**
- amortization	-5.0	-2.1	-3.5	-1.6	-	-12.2
- impairment losses	-	-	-	-	-	0.0
- sales and disposals	-	0.2	0.2	0.3	-	0.7
- translation differences	-2.2	0.2	-1.3	-1.4	-	-4.7
At December 31, 2015	**-46.8**	**-9.7**	**-27.6**	**-15.1**	**0.0**	**-99.3**
Carrying amounts						
At January 1, 2015	**18.8**	**5.4**	**11.3**	**6.5**	**3.2**	**45.2**
At December 31, 2015	**32.9**	**4.7**	**10.7**	**11.0**	**0.0**	**59.3**

(Million EUR)	Useful life – Finite: Concessions, patents, licenses	Useful life – Finite: Software	Useful life – Finite: Customer lists	Useful life – Finite: Other intangible assets	Useful life – Indefinite: Other intangible assets	Total
Cost						
At January 1, 2014	**51.7**	**13.2**	**33.0**	**16.7**	**2.8**	**117.3**
- change in consolidation scope (acquisitions)	-	-	-	0.0	-	0.0
- capital expenditure	0.8	1.0	-	-	-	1.8
- sales and disposals	0.0	-0.1	-0.3	0.0	-	-0.4
- transfers	2.2	-0.7	-	-	-	1.4
- translation differences	3.9	-0.1	1.7	2.1	0.4	8.0
At December 31, 2014	**58.5**	**13.4**	**34.4**	**18.9**	**3.2**	**128.3**
Amortization and impairment losses						
At January 1, 2014	**-33.0**	**-6.2**	**-18.6**	**-9.7**	**0.0**	**-67.5**
- change in consolidation scope (acquisitions)	-	-	-	0.0	-	0.0
- amortization	-4.6	-1.9	-3.4	-1.3	-	-11.2
- impairment losses	-	-	-	-	-	0.0
- sales and disposals	0.0	0.1	0.2	0.0	-	0.3
- transfers	-	0.0	-	-	-	0.0
- translation differences	-2.1	0.0	-1.2	-1.4	-	-4.7
At December 31, 2014	**-39.6**	**-8.0**	**-23.1**	**-12.4**	**0.0**	**-83.1**
Carrying amounts						
At January 1, 2014	**18.7**	**7.0**	**14.4**	**7.0**	**2.8**	**49.9**
At December 31, 2014	**18.8**	**5.4**	**11.3**	**6.5**	**3.2**	**45.2**

The capital expenditure on other intangible assets amounts EUR 0.3 million (2014: to EUR 1.8 million) and is presented per operating segment in note 3 - Segment reporting.

The change in consolidation scope (acquisitions), for an amount of EUR 21.4 million (2014: EUR 0.0 million), mainly relates to the acquired trade names, customer lists and know-how by Tessenderlo Kerley Inc., within the operating segment Agro (note 4 - Acquisitions and disposals).

No borrowing costs were capitalized during 2015 and 2014.
No impairment loss was recognized on other intangible assets in 2015.

The "other" intangible assets with finite useful lives mainly consist of non-compete agreements, know-how, product labels, trademarks and land-use rights. The non-compete agreements, the product labels and the know-how are amortized on a straight-line basis over 10 to 20 years.

See note 8 - 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 2014 other intangible assets with indefinite life related to trademarks which were considered to have an indefinite life unless plans would exist to discontinue the related activity (within cash generating units Tessenderlo Kerley and Gelatin America). The other intangible assets with indefinite useful life are tested annually for impairment and no impairment charge was deemed necessary as per year end 2015. However the indefinite life of the assets was re-assessed as per year end 2015. Given the multitude of drivers and their dynamic nature, market conditions evolve rapidly and product life cycles shorten. Management therefore considers the indefinite life of these trademarks as no longer supported. As a consequence the assets have been transferred to finite life as per December 31, 2015 and will start to be amortized in accordance with the group accounting principles.

No intangible assets are pledged as security for liabilities.

14. 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:

	Country	Ownership 2015	Ownership 2014
MPR Middle East WLL	Bahrain	50%	50%
Apeval SAS	France	50%	50%
Établissements Michel SAS	France	50%	50%
Établissements Violleau SAS	France	50%	50%
Jupiter Sulphur LLC	USA	50%	50%

The associates of the group are:

	Country	Ownership 2015	Ownership 2014
T-Power SA	Belgium	20.00%	20.00%
Meta Bio Energies SAS	France	-	20.46%
Wolf Mountain Products LLC	USA	45.00%	45.00%

The group completed in 2015 the sale of its 20.46% share in Meta Bio Energies SAS. The result on the sale of the investment was insignificant.

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

(Million EUR)	2015	2014
Établissements Violleau SAS	1.9	2.0
Jupiter Sulphur LLC	14.7	8.9
T-Power SA	7.8	6.5
Other equity investments	0.7	1.2
Total	**25.1**	**18.6**

The carrying amount of the investment in Jupiter Sulphur LLC increased since Jupiter Sulphur LLC did not distribute any dividend in 2015 (the cashflow generated by this joint-venture will be used internally for future capital expenditure).

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)	2015	2014

Non-current assets	389.3	404.5
Current assets	83.7	75.0
Total assets	**473.1**	**479.4**
Equity	73.6	57.5
Non-current liabilities	364.8	389.0
Current liabilities	34.7	32.9
Total equity and liabilities	**473.1**	**479.4**
Revenue	125.8	124.6
Cost of sales	-49.7	-47.2
Gross profit	76.1	77.3
Profit (+) / loss (-) from operations before non-recurring and non-operating items (REBIT)	39.8	38.8
Profit (+) / loss (-) from operations (EBIT)	39.8	38.8
Finance costs - net	-16.7	-17.6
Profit (+) / loss (-) before tax	23.1	21.1
Profit (+) / loss (-) for the period	13.9	12.6
Total comprehensive income for the period	19.5	-2.1

15. Other investments

(Million EUR)	2015	2014
Investments in equity securities	1.4	2.0
Cash guarantees / deposits / others	0.6	0.5
Total	**2.0**	**2.5**

Investments in equity securities (Million EUR)	2015	2014
Exeltium SAS, France	0.7	0.7
Indaver SA, Belgium	-	0.6
Tessenderlo Schweiz AG, Switzerland	0.3	0.3
Other	0.4	0.4
Total	**1.4**	**2.0**

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

The group sold its participation in Indaver NV in 2015, of which the realized gain was included in non-recurring and non-operating income/(expense) items (note 6).

16. Deferred tax assets and liabilities

(Million EUR)	Assets 2015	Assets 2014	Liabilities 2015	Liabilities 2014	Net 2015	Net 2014
Property, plant and equipment	0.9	0.7	-42.4	-35.3	-41.5	-34.6
Other intangible assets	7.5	6.0	-7.0	-6.9	0.5	-0.8
Inventories	4.7	3.0	-0.8	-0.8	3.9	2.2
Employee benefits	3.6	3.6	-2.6	-2.6	1.0	1.0
Provisions	21.6	24.6	-27.2	-27.3	-5.7	-2.8
Other items	5.1	5.0	-3.7	-5.8	1.4	-0.8
Losses carried forward	27.7	16.6	-	-	27.7	16.6
Gross deferred tax assets / (liabilities)	**71.1**	**59.5**	**-83.8**	**-78.8**	**-12.7**	**-19.2**
Set-off of tax	**-41.1**	**-41.0**	**41.1**	**41.0**		
Net deferred tax assets / (liabilities)	**30.0**	**18.6**	**-42.7**	**-37.8**	**-12.7**	**-19.2**

Deferred tax assets on fiscal losses carried forward of the Belgian parent company, Tessenderlo Chemie NV, increased by EUR 4.1 million to EUR 20.8 million as per year end 2015. Furthermore deferred tax assets were recognized in 2015 for an amount of EUR 7.2 million, mainly on French fiscal losses carried forward. These were recognized following a review of the future taxable profits as per year end 2015.

On December 31, 2015, a deferred tax liability of EUR 4.2 million (2014: EUR 4.1 million) relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not incur in the foreseeable future.

Tax losses and tax credits carried forward, including notional interest deduction, on which no deferred tax asset is recognized amount to EUR 285.3 million (2014: EUR 335.7 million). EUR 38.7 million of these tax credits have a finite life (they expire in the period 2016-2020). Deferred tax assets are only recognized based on the probability assessment whether 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[29]:

(Million EUR)	Balance at January 1, 2015	Recognized in the income statement	Recognized in other comprehensive income	Translation differences	Balance at December 31, 2015
Property, plant and equipment	-34.6	-3.9	0.0	-3.0	-41.5
Other intangible assets	-0.8	1.3	0.0	0.0	0.5
Inventories	2.2	1.6	0.0	0.2	3.9
Employee benefits	1.0	0.7	-0.8	0.0	1.0
Provisions	-2.8	-2.9	0.0	0.0	-5.7
Other items	-0.8	1.7	0.6	-0.1	1.4
Losses carried forward	16.6	11.3	0.0	-0.2	27.7
Total	**-19.2**	**9.8**	**-0.2**	**-3.1**	**-12.7**

[29] In the table below deferred tax liabilities and deferred tax expenses are presented as negative amounts; deferred tax assets and deferred tax income are presented as positive amounts.

17. Trade and other receivables

(Million EUR)	2015	2014
Non-current trade and other receivables		
Trade receivables	0.0	0.4
Gross trade receivables	0.0	0.4
Amounts written off	-	-
Other receivables	10.5	6.5
Assets related to employee benefit schemes	4.4	2.4
Total	**14.9**	**9.2**

(Million EUR)	2015	2014
Current trade and other receivables		
Trade receivables	215.8	120.5
Gross trade receivables	223.9	128.7
Amounts written off	-8.1	-8.2
Other receivables	35.5	58.1
Prepayments	0.8	0.9
Receivables from related parties	1.1	0.7
Total	**253.2**	**180.2**

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 a French tax receivable of 7.9 million EUR (2014: EUR 5.3 million), related to tax credits for competitiveness, employment and research.

The increase of the assets related to employee benefit schemes is explained by the higher net pension assets of the UK pension fund. Changes in financial assumptions (increase of the discount rate used to discount the obligations) and experience gains resulted in a lower pension liability.

The decrease of the current other receivables is mainly explained by the reimbursement of a French income tax receivable in 2015 (EUR 10.7 million) and a lower US net income tax receivable compared to prior year. The remaining balance is explained by other tax and VAT receivables and several, individually insignificant items within several subsidiaries of the group.

At December 31, 2014, an amount of EUR 98.2 million was received in cash under various non-recourse factoring and securitization agreements, whereby trade receivables were sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk was not significant. The net amount of the sold trade receivables was derecognized from the 2014 balance sheet. During 2015, the non-recourse securitization program was stopped, while the non-recourse factoring program was suspended, explaining the increase of the trade receivables recognized on the balance sheet as per year end 2015.

18. Inventories

(Million EUR)	2015	2014
Consumables	56.8	55.6
Work in progress	8.6	14.9
Finished goods	198.4	150.4
Goods purchased for resale	25.1	27.3
Total	**288.9**	**248.2**

In order to better serve the clients during the 2016 Agro season, inventory levels have been increased at year end 2015.

There are no inventories pledged as security.

The cost of inventories recognized as cost of sales in 2015 amounts to EUR 651.8 million (2014: EUR 649.7 million).

An amount of EUR 27.8 million was expensed in 2015 (2014: EUR 5.7 million), of which EUR 21.6 million was a write off on inventory and spare parts (which are included in consumables) following changed accounting estimates concerning inventory obsolescence (EUR 11.8 million recognized within cost of sales and EUR 9.8 million within non-recurring and non-operating expense items).

There have been no significant reversals of write-offs on inventories.

19. Cash and cash equivalents

(Million EUR)	2015	2014
Term accounts	80.0	50.3
Current accounts	50.2	106.8
Cash and cash equivalents	**130.2**	**157.0**
Bank overdrafts	-0.5	-0.6
Cash and cash equivalents in the statement of cash flows	**129.7**	**156.5**

The term accounts have a maximum maturity of 1 month.

20. Non-current assets classified as held for sale

(Million EUR)	2015	2014
Non-current assets classified as held for sale	1.4	2.3

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

(Million EUR)	2015	2014
Assets	**1.4**	**2.3**
Total non-current assets	**1.4**	**2.3**
Property, plant and equipment	1.4	2.2
Other investments	-	0.2

The assets held for sale as per December 31, 2015 include some non-strategic assets, mainly land and buildings, for a carrying amount of EUR 1.4 million.

21. Equity

Issued capital and share premium

	Ordinary shares	
	2015	2014
On issue at January 1	42,396,563	31,771,463
Issued for cash at October 14, 2014	-	5,333
Issued for cash at December 19, 2014[1]	-	10,619,767
Issued for cash at July 16, 2015	396,476	-
Issued for cash at August 24, 2015	53,866	-
Issued for cash at October 26,2015	12,251	-
Issued for cash at December 18, 2015	43,566	-
On issue at December 31 – fully paid	**42,902,722**	**42,396,563**

[1] includes 10,592, 265 new shares through a rights offering and 27,502 new shares following the conversion of warrants.

The number of shares comprised 13,892,809 registered shares (2014: 12,202,446) and 29,009,913 ordinary shares (2014: 30,194,117). 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.

Following the conversion of warrants, ordinary shares were included for trading on Eurolist on NYSE Euronext Brussels on:

- July 16, 2015: 396,476 ordinary shares, leading to an increase of issued capital and share

premium by EUR 8.7 million;
- August 24, 2015: 53,866 ordinary shares, leading to an increase of issued capital and share premium by EUR 1.3 million;
- October 26, 2015: 12,251 ordinary shares, leading to an increase of issued capital and share premium by EUR 0.3 million;
- December 18, 2015: 43,566 ordinary shares, leading to an increase of issued capital and share premium by EUR 0.9 million.

On the annual shareholders' meeting of Tessenderlo Chemie NV on June 2, 2015, the shareholders of Tessenderlo Chemie NV approved the proposal of the Board of Directors not to pay out a dividend for the 2014 financial year.

No new offering of shares to be subscribed by staff took place in 2015.

Authorized 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 EUR 40.0 million, 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 EUR 22.9 million.

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 EUR 18.4 million. 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 25%.

Translation reserves

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

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.

Dividends

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of June 7, 2016, not to pay out a dividend for the 2015 financial year.

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 seeks to maintain a balance between the higher returns that might be possible with 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 2015 is 21.9% (2014: 11.6%).

22. 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.

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

	2015	2014
Number of ordinary shares at January 1	42,396,563	31,771,463
Effect of shares issued[1]	206,679	379,393
Adjusted weighted average number of ordinary shares at December 31	**42,603,242**	**32,150,856**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	84.5	53.7
Basic earnings per share (in EUR)	**1.98**	**1.67**

[1]The effect of shares issued is based on the weighted average number of issued shares during the accounting period.

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.

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

	2015	2014
Adjusted weighted average number of ordinary shares at December 31	42,603,242	32,150,856
Effect of warrants issued[1]	63,266	-
Diluted weighted average number of ordinary shares at December 31	**42,666,508**	**32,150,856**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	84.5	53.7
Diluted earnings per share (in EUR)	**1.98**	**1.67**

[1] The average share price used in the calculation of the earnings per share is based on the daily average closing share price of Tessenderlo Group quoted on the stock market, and takes into account the impact of the detachment of coupon no 77 related to the 2014 capital increase.

As per December 31, 2015, 338,598 warrants are outstanding that were granted to senior management, of which 253,673 were dilutive and were included in the calculation of the diluted earnings per share (the effect of warrants issued amounted to 63,266). The 2015 calculation of diluted earnings per share does not include 84,925 warrants because they were antidilutive.

23. Non-controlling interest

The detail of the non-controlling interest in subsidiaries of the group is as follows:

		Non-controlling interest percentage	
	Country	2015	2014
Environmentally Clean Systems LLC	USA	30.99%	35.00%
ECS Myton, LLC	USA	49.00%	49.00%
PB Gelatins (Wenzhou) Co. Ltd	China	20.00%	20.00%
PB Gelatins Heilongjiang Co. Ltd	China	13.80%	13.80%

In 2015, the group increased its percentage in Environmentally Clean Systems LLC through a capital increase.

An agreement to acquire the remaining stake in PB Gelatins Heilongjiang Co. Ltd was signed in 2015 and will be executed in 2016. However the impact on the group's 2016 consolidated financial statements is expected to be insignificant.

Summary financial information of subsidiaries with a non-controlling interest at 100%:

(Million EUR)	2015	2014
Non-current assets	32.6	39.9
Current assets	26.0	21.7
Total assets	**58.5**	**61.6**
Equity	3.9	16.3
Non-current liabilities	7.7	11.8
Current liabilities	47.0	33.6
Total equity and liabilities	**58.5**	**61.6**
Revenue	24.7	20.0
Cost of sales	-29.9	-22.2
Gross profit	-5.2	-2.2
Profit (+) / loss (-) from operations before non-recurring and non-operating items (REBIT)	-9.4	-5.9
Profit (+) / loss (-) from operations (EBIT)	-13.5	-3.8
Finance costs - net	-2.5	-2.5
Profit (+) / loss (-) before tax	-16.0	-6.3
Profit (+) / loss (-) for the period	-14.2	-6.0

24. Loans and borrowings

(Million EUR)	2015	2014
Non-current loans and borrowings	226.7	3.9
Current loans and borrowings	48.3	209.7
Total loans and borrowings	**275.0**	**213.6**
Cash and cash equivalents	-130.2	-157.0
Bank overdrafts	0.5	0.6
Net loans and borrowings	**145.3**	**57.1**

As per year end 2015, the group net financial debt stood at EUR 145.3 million, implying a leverage of 0.8x. The net debt at year end 2014 amounted to EUR 57.1 million, while the notional net debt amounted to EUR 155.3 million. At December 31, 2014, an amount of EUR 98.2 million was received in cash under various non-recourse factoring and securitization agreements. During 2015, the non-recourse securitization program was stopped, while the non-recourse factoring program was suspended.

Non-current and current loans and borrowings

(Million EUR)	2015	2014
Non-current loans and borrowings		
Lease payables	0.1	0.1
Bonds (maturity date in 2022 and 2025)	223.6	-
Credit institutions	3.0	4.3
Transaction costs related to loans and borrowings	-	-0.5
Total	**226.7**	**3.9**
Current loans and borrowings		
Current portion long term loans and borrowings	0.0	165.5
Lease payable within 1 year	0.0	0.1
Credit institutions and commercial paper	48.3	45.8
Transaction costs related to loans and borrowings	-	-1.7
Total	**48.3**	**209.7**

On January 2, 2015, the Brazilian subsidiary PB Brasil early reimbursed the FCO loan (Fundos Constitucionais de Financiamento, a state fund which was granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA in 2010) for an amount of EUR 14.9 million.

On July 15, 2015, Tessenderlo Chemie NV issued two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"), both with a fixed rate of 2.875% and 3.375% respectively. The bonds were accepted for trading on Euronext Brussels. The total issue amount was EUR 250.0 million, of which EUR 192.0 million for the 2022 bonds and EUR 58.0 million for the 2025 bonds. Térélux SA, a 100% subsidiary operating in the re-insurance market, has subscribed for an amount of EUR 26.4 million in line with its investment policy. Part of the proceeds of this bond issue was used to reimburse the EUR 150.0 million private placement which matured in October 2015.

In December 2015, the amended syndicated credit facility was cancelled and replaced by 5 year committed bi-lateral agreements for a total amount of EUR 142.5 million (of which part can be drawn in USD) with four banks. These new facilities have no financial covenants and ensure maximum flexibility for the different activities. The transaction costs related the 5 year committed bi-lateral agreements are nihil. No drawdown on these facilities took place as per year end 2015.
The remaining transaction costs relating to the syndicated credit facility and private placement were completely amortized in 2015 and were recognized in finance costs.

The group has access to a Belgian commercial paper program of EUR 200.0 million of which EUR 43.0 million was used at the end of December 2015 and is included in current loans and borrowings (December 31, 2014: EUR 41.2 million). These are issued by Tessenderlo Chemie NV, the parent company.

As per year end 2015, there are no significant pledges securing the loans and borrowings, nor covenants to be complied with.

Non-current and current loans and borrowings by currency

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2015):

(Million EUR)	EUR	BRL	CNY	Other	Total
Current loans and borrowings	43.6	-	-	4.7	**48.3**
Non-current loans and borrowings	226.6	-	-	0.1	**226.7**
Total loans and borrowings	**270.2**	**0.0**	**0.0**	**4.8**	**275.0**
In percentage of total loans and borrowings	**98.24%**	**0.00%**	**0.00%**	**1.76%**	**100.00%**

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2014):

(Million EUR)	EUR	BRL	CNY	Other	Total
Current loans and borrowings[1]	190.2	14.9	0.7	3.9	**209.7**
Non-current loans and borrowings	3.1	-	0.7	0.1	**3.9**
Total loans and borrowings	**193.3**	**14.9**	**1.3**	**4.0**	**213.6**
In percentage of total loans and borrowings	**90.52%**	**6.98%**	**0.62%**	**1.88%**	**100.00%**

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

Finance leasing

There are no individual significant finance lease contracts for 2015 and 2014.

25. Employee benefits

The provisions for employee benefits recognized in the balance sheet as of December, 31 are as follows:

	2015				2014			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-Current	7.8	38.0	2.4	48.3	5.1	46.8	1.3	53.3
Current	1.6	-	0.2	1.7	1.2	-	0.2	1.5
Total	**9.4**	**38.0**	**2.6**	**50.0**	**6.4**	**46.8**	**1.6**	**54.7**

(Million EUR)	2015 Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2015	**6.4**	**46.8**	**1.6**	**54.7**
Additions	0.3	0.5	1.3	2.1
Use of provision	-1.3	-0.8	-0.3	-2.3
Reversal of provisions	0.0	-8.6	0.0	-8.7
Transfers	4.1	-	-	4.1
Translation differences	-	0.1	0.0	0.1
Balance at December 31, 2015	**9.4**	**38.0**	**2.6**	**50.0**

The early retirement provision amounts to EUR 9.4 million as per December 31, 2015, of which EUR 6.2 million relates to the closure of the phosphate production in 2013 (recognized in accordance with the guidance in IAS 19 for termination benefits).

The provisions for other employee benefits include long-service benefits (e.g. medal of honor of labor, jubilee premiums, …).

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 Kingdom and Germany.

Defined contribution pension plans

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 plan. 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 7 - Payroll and related benefits.

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.

The defined benefit pension plans in Belgium are all final salary pension plans which provide benefits to members in the form of a guaranteed pension capital (payable either as capital or pension for life). These plans are covered by a trustee administered pension fund and group insurance contracts. The level of benefits provided depends on members' length of service and the average salary in the final 3 years leading up to retirement, or the average salary of the best 3 consecutive years, if higher.

The defined contribution plans in Belgium are legally subject to a minimum guaranteed return (the legal minimum guaranteed return as from January 1, 2016 is 1.75%, while before it was 3.25% for employer contributions). 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 the related service is provided. The Belgian defined contribution pension plans are to be treated as defined benefit pension plans under IAS 19 as they do not meet the criteria to be accounted for as pure defined contribution pension plans under IFRS. The group follows the prescribed methodology for measurement and accounting for defined benefit pension plans in line with IAS 19 § 57.(a), meaning the projected unit credit method. In the context of a defined contribution pension plan with guaranteed return, this means that the defined benefit obligation is the present value of the projected total expected benefit (ultimate cost) for a full career using accumulated rights at date of calculation and adding expected future contributions (projected using salary increase assumption) which relates to the service rendered at the date of calculation and reporting. The future contributions are accumulated with the legal minimum return. The group recognizes the difference between the defined benefit obligation and the fair value of plan assets (IAS 19 § 57.(a) (iii)) on the balance sheet.

The plan assets of the Belgian defined contribution plans are included in the Belgian pension fund "OFP Pensioenfonds" or are insured externally through insurance contracts. For the plans financed with insurance contracts, several rates are guaranteed on the reserves and on different levels of the premiums depending on the levels reached at certain dates:

- For the contributions paid until January 1, 2001, the guaranteed interest rate equals 4.75%;
- For the contributions paid during the period from January 1, 2001 until January 1, 2013, the guaranteed interest rate equals 3.25%;
- For the contributions paid as from January 1, 2013 until April 1, 2015, the guaranteed interest rate equals 1.75%;
- For the contributions paid during the period from April 1, 2015 until October 1, 2015, the guaranteed interest rate equals 0.75%;
- For the contributions paid as from October 1, 2015, the guaranteed interest rate equals 0.50%;

The UK and German pension plans are final salary pension plans providing a guaranteed pension payable for life. The UK plan is covered by a trustee administered pension fund and the German plan is covered by recognized provisions in the consolidated statement of financial position.

For the UK and Belgian plans covered by trustee administered pension funds, the board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees.

Through its defined benefit pension plans, the group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The group performs on a regular basis asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds, which include quoted equity shares, and are thus exposed to equity market risks.

- Inflation, interest rate and life expectancy: The pensions in most of the plans are linked to inflation, therefore the pension plans are exposed to risks linked to inflation, interest rate and life expectancy of pensioners.

The group considers all defined benefit pension plans as having similar characteristics and risks.

Defined benefit pension plans

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

(Million EUR)	note	2015	2014
Present value of wholly funded obligations		-47.3	-46.2
Present value of partially funded obligations		-79.5	-90.7
Present value of wholly unfunded obligations		-21.8	-24.6
Total present value of obligations		**-148.6**	**-161.5**
Fair value of plan assets		**115.1**	**117.1**
Net defined benefit (liability)/asset		**-33.6**	**-44.4**
Amounts in the statement of financial position:			
Liabilities		-38.0	-46.8
Assets	17	4.4	2.4
Net defined benefit (liability)/asset		**-33.6**	**-44.4**

The following table shows a reconciliation of the net defined benefit (liability)/asset and its components.

	2015			2014		
(Million EUR)	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset
Balance at January 1	**-161.5**	**117.1**	**-44.4**	**-231.5**	**204.0**	**-27.6**
Included in profit or loss						
Current service cost	-5.8	-	-5.8	-4.1	-	-4.1
Current service cost - Employee contribution	-	0.4	0.4	-	0.4	0.4
Interest (cost) / income	-3.6	3.0	-0.6	-4.4	3.7	-0.7
Curtailment (cost)/benefit	0.1	-	0.1	-0.5	-	-0.5
Administrative expenses	-	-0.4	-0.4	-	-0.3	-0.3
Total included in profit or loss	**-9.3**	**3.1**	**-6.3**	**-9.0**	**3.9**	**-5.2**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	-	-	-	-1.0	-	-1.0
- Gain/(loss) from change in financial assumptions	8.2	-	8.2	-22.3	-	-22.3
- Experience gains/(losses)	2.7	1.8	4.5	6.9	5.9	12.8
- Integration Belgian defined contribution plan obligation in net defined benefit (liability)/asset	-	-	-	-13.8	9.6	-4.2
Total included in other comprehensive income	**10.9**	**1.8**	**12.7**	**-30.1**	**15.5**	**-14.6**
Other						
Exchange differences on foreign plans	-3.3	3.3	0.0	-2.9	3.4	0.5
Contributions by employer	-	4.4	4.4	-	2.6	2.6

Benefits paid	14.6	-14.6	0.0	7.6	-7.6	0.0
Impact transfer Dutch pension plans to sector fund	-	-	-	104.8	-104.8	0.0
Total other	**11.3**	**-6.9**	**4.4**	**109.5**	**-106.3**	**3.2**
Balance at December 31	**-148.6**	**115.1**	**-33.6**	**-161.5**	**117.1**	**-44.4**

The 2015 gain resulting from the change in financial assumptions, included in other comprehensive income, is mainly the result of:

- the increase of the discount rate used to calculate the present value of the defined benefit obligations in 2015 (weighted average of 2.5%), compared to the rate used in 2014 (weighted average of 2.2%);
- the decrease of the legally required guaranteed return for employer contributions within Belgian defined contribution pension plans (which are treated as defined benefit pension plans) from 3.25% to 1.75%; and
- lower salary increase assumptions which were used within certain pension plans based on past experience.

The 2014 loss resulting from the change in financial assumptions, included in other comprehensive income, can mainly be explained by the strong decrease of the discount rate used to calculate the present value of the defined benefit obligations in 2014 (weighted average of 2.2%) compared to the rate used in 2013 (weighted average of 3.5%).

The net periodic pension cost is included in the following line items of the income statement:

(Million EUR)	2015	2014
Cost of sales	-0.7	-0.7
Distribution expenses	-0.1	-0.1
Sales and marketing expenses	-0.3	-0.3
Administrative expenses	-3.4	-2.0
Other operating income and expenses	-1.1	-1.0
Finance costs - net	-0.6	-0.7
Non-recurring and non-operating income/(expense) items	0.0	-0.5
Total	**-6.3**	**-5.2**

The actual return on plan assets in 2015 was EUR 4.8 million (2014: EUR 9.7 million).

The group expects to contribute EUR 2.7 million to its defined benefit pension plans in 2016.

The fair value of the major categories of plan assets is as follows:

	2015				2014			
(Million EUR)	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4,0	4,0	3,5%	-	4,1	4,1	3,5%
Qualifying insurance policies	-	17,9	17,9	15,6%	-	19,4	19,4	16,6%
Cash and cash equivalents	-	4,9	4,9	4,3%	-	2,2	2,2	1,9%
Investment funds	86,1	-	86,1	74,9%	91,4	-	91,4	78,1%
Tessenderlo Chemie bond with maturity date July 15, 2022	2,0	-	2,0	1,8%	-	-	-	-
Total	**88,2**	**26,9**	**115,1**	**100,0%**	**91,4**	**25,7**	**117,1**	**100,0%**

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

The investment funds consist of a portfolio of investments in equity, fixed interest investments and other financial assets. This diversification reduces the portfolio risk to a minimum.

The principal actuarial assumptions used in determining pension benefit obligations for the group's plans at the balance sheet date (expressed as weighted averages) are:

	2015	2014
Discount rate at 31 December	2.5%	2.2%
Future salary increases	1.0%	1.1%
Inflation	2.3%	2.4%

Assumptions regarding future mortality are based on published statistics and mortality tables, and are the following:

	Mortality table
Belgium	MR/FR - 3
United Kingdom	Non Pensioners: S1PXA CMI 2013 1.25% M/1.00% F trend from 2003. Pensioners: 90% S1PMA/80% S1PFA CMI 2013 1.25% M/1.00% F trend from 2008
Germany	© RICHTTAFELN 2005 G von Klaus Heubeck - Lizenz Heubeck-Richttafeln-GmbH, Köln

For the UK and Belgian plans covered by trustee administered pension funds, an asset-liability matching exercise is performed at least every 3 years, in line with the Statements of Investment Principles (SIP) of the funds. The trustees ensure that the investment strategy as outlined in the SIP is in line with the assets and liabilities management (ALM) strategy and is closely followed by the investment managers.

For the UK plan the next triennial funding valuation will be completed as at January 1, 2017. For the Belgian plan a funding valuation is completed every year. The group doesn't expect the regular contributions to increase significantly.

The weighted average duration of the defined benefit obligation is 12.1 years for the pension plans in the euro zone. The duration of the UK pension plan is 20.7 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2015, is:

	Change in assumption	Impact on defined benefit obligation	Change in assumption	Impact on defined benefit obligation
Discount rate	+0.5%	-7.7%	-0.5%	8.1%
Salary growth rate	+0.5%	3.5%	-0.5%	-1.0%
Pension growth/inflation rate	+0.5%	5.2%	-0.5%	-4.7%
Life expectancy	+ 1 year	1.7%	- 1 year	-1.5%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Share-based payments

In the past warrant plans were created in order to increase the loyalty and motivation of the group's senior management. The plans gave senior management the opportunity to accept warrants which gave them the right to subscribe to shares. The Board of Directors determined annually the list of beneficiaries. There existed no conditions on the number of years of service, however the beneficiaries could not have resigned or been dismissed (and were serving their notice). The Appointment and Remuneration Committee allocated the warrants granted to the beneficiaries based on performance.

The exercise price of the warrant equaled 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 equaled 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, 2015.

Allocation date	Last exercise date	Average exercise price	Number of outstanding warrants
November '04	July '16	29.77	8,600
November '05	July '17	25.46	9,600
November '06	July '18	28.20	24,240
January '08	December '17	40.48	76,325
December '11	December '16	20.66	69,833
January '13	December '19	20.79	150,000
Total			**338,598**

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. No new offering of warrants to the group's senior management took place in 2014 and 2015.

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

	2015		2014	
	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants
Outstanding at the beginning of the period	23.69	870,073	24.89	1,156,516
Forfeited during the period	23.44	25,316	22.36	253,608
Exercised during the period	22.10	506,159	20.85	32,835
Granted during the period	-	-	-	-
Outstanding at the end of the period	26.09	338,598	23.69	870,073
Exercisable at the end of the period	30.31	188,598	27.69	382,340

As per year end 2015, 188,598 warrants are exercisable at an average exercise price of EUR 30.31 (the actual exercise price being between EUR 20.40 and EUR 40.48). As per year end 2014, 382,340 warrants were exercisable at an average exercise price of EUR 27.69 (the actual exercise price being between EUR 22.66 and EUR 40.48).

The weighted average remaining contractual life of the warrants outstanding as per December 31, 2015 is 2.6 years (2014: 2.4 years).

26. Provisions

	2015			2014		
(Million EUR)	Current	Non-Current	Total	Current	Non-Current	Total
Environment	7.1	104.9	111.9	5.5	110.3	115.8
Dismantlement	-	19.5	19.5	-	20.0	20.0
Restructuring	2.5	2.6	5.1	6.3	9.1	15.4
Other	6.7	8.0	14.8	5.7	10.4	16.1
Total	**16.3**	**135.0**	**151.3**	**17.5**	**149.8**	**167.3**

	Environment	Dismantlement	Restructuring	Other	**Total**
Balance at January 1, 2015	**115.8**	**20.0**	**15.4**	**16.1**	**167.3**
Additions	-	0.4	3.9	6.3	10.5
Use of provisions	-5.3	-0.2	-8.1	-5.8	-19.4
Reversal of provisions	-	-0.9	-2.0	-1.9	-4.7
Effect of discounting	1.5	-	-	-	1.5
Translation differences	-	0.1	0.0	0.0	0.1
Transfers	-	-	-4.2	0.1	-4.1
Balance at December 31, 2015	**111.9**	**19.5**	**5.1**	**14.8**	**151.3**

The environmental provisions amount to EUR 111.9 million and mainly relate to environmental provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Ham (Belgium), Tessenderlo (Belgium), Vilvoorde (Belgium) and Loos (France). A reliable estimate of the amount of outflow of resources to settle this obligation was made and there were no significant changes in assumptions in 2015. The outstanding environmental provisions reflect the discounted value of the expected future cash out, spread over the period 2016-2053. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 0% and 2%.
The use of environmental provisions amounts to EUR -5.3 million in 2015 (2014: -EUR 3.4 million). The effect of unwinding the discount amounts to EUR -1.1 million in 2015 (2014: EUR -1.7 million) and is recognized in the net finance costs. The impact of the actualization of the discount rate at year end amounts to EUR -0.4 million (2014: EUR -22.1 million) and was recognized in non-recurring and non-operating income/(expenses).
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 EUR 17.4 million as per December 31, 2015 (2014: EUR 18.0 million). 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 restructuring provisions for an amount of EUR 5.1 million mainly relate to a restructuring program within Akiolis (operating segment Bio-valorization) following the closure of a C1 by-product processing plant in the Lyon region (France) and the, in 2013 announced, restructuring of the site in Ham (Belgium) (operating segment Agro).
The decrease of the restructuring provision is mainly explained by the execution of the different restructuring programs. An amount of EUR 4.1 million was transferred from restructuring provision to early retirement provision (for employees who could leave under the pre-pension regime following the restructuring of the site in Ham), while the amount provided for was calculated in accordance with the guidance in IAS 19 for termination benefits.
The recognized restructuring provisions reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

The other provisions include provisions for onerous lease contracts, tax contingencies, pending commercial disputes and product liability claims, and several, individually less significant amounts.

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)	2015	2014
Non-current trade and other payables		
Accrued charges and deferred income	3.7	4.0
Other amounts payable	0.6	0.1
Total	**4.3**	**4.1**
Current trade and other payables		
Trade payables	161.1	146.2
Remuneration and social security	56.3	51.2
VAT and other taxes	10.9	16.8
Accrued charges and deferred income	6.9	5.8
Trade and other payables from related parties	1.9	1.4
Other amounts payable	6.3	8.7
Total	**243.4**	**230.1**

28. Financial instruments

Foreign currency risk

The group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the group's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), PLN (Polish zloty), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the group's business, results of operation or financial condition.

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. As from March 2015, the group no longer uses currency swaps to hedge intragroup loans.

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

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)	2015				2014			
	EUR	CNY	USD	GBP	EUR	CNY	USD	GBP
Assets	8.4	253.1	547.5	27.3	9.9	187.3	538.0	23.2
Liabilities	-11.3	-	-36.5	-0.6	-13.0	-	-55.5	-1.4
Gross exposure	**-2.8**	**253.1**	**511.0**	**26.8**	**-3.1**	**187.3**	**482.5**	**21.8**
Foreign currency swaps	-0.8	-	-	-6.9	-1.1	-181.5	-296.4	-20.0
Net exposure	**-3.7**	**253.1**	**511.0**	**19.8**	**-4.1**	**5.8**	**186.1**	**1.8**
Net exposure (in EUR)	**-3.7**	**35.8**	**469.4**	**27.0**	**-4.1**	**0.8**	**153.3**	**2.3**

The USD, CNY and GBP exposure is mainly due to intragroup loans which are no longer hedged as from March 2015. As the USD equity exposure is negative, foreign exchange gains or losses in the income statement will be partially compensated by an opposite movement in equity through a change in the translation reserves.

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, 2015			
USD	+10%	-45.9	-35.3
	-10%	56.1	43.1
GBP	+10%	-1.9	-2.1
	-10%	2.3	2.5
At December 31, 2014			
USD	+10%	-18.9	-5.5
	-10%	23.1	6.7
GBP	+10%	-0.3	-0.6
	-10%	0.3	0.7

The potential impact on equity and post-tax profit as a consequence of a change in USD or GBP exchange rate increased as per year end 2015 compared to prior year since intragroup loans are no longer hedged as from March 2015.

Credit risk

The group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payment in a timely manner or at all. A large majority of the receivables is covered under a group credit insurance program. The group is confident that the current level of credit insurance coverage can be sustained in the future.

The group has no significant concentration of credit risk. However, there can be no assurance that the group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at the end of the year are deposited for very short term at highly rated international banks.

The maximum exposure to credit risk amounts to EUR 399.3 million as per December 31, 2015 (2014: EUR 348.7 million). This amount consists of current and non-current trade and other receivables (EUR 268.1 million, note 17 - Trade and other receivables), current derivative financial instruments (EUR 1.0 million) and cash and cash equivalents (EUR 130.2 million, note 19 - Cash and cash equivalents).

The maximum exposure to credit risk for trade receivables at the reporting date by operating segment was (see also note 17 - Trade and other receivables):

(Million EUR)	2015	2014
Agro	82.4	37.8
Bio-valorization	69.4	48.4
Industrial solutions	62.6	29.6
Other	-	0.7
Non-allocated	1.4	4.4
Total	**215.8**	**120.8**

At December 31, 2014, an amount of EUR 98.2 million was received in cash under various non-recourse factoring and securitization agreements (note 17 - Trade and other receivables).

The ageing of trade receivables at the reporting date was:

(Million EUR)	2015		2014	
	Gross	Amounts written off	Gross	Amounts written off
Not past due	185.2	-0.4	78.9	-0.6
Past due 0-30 days	26.0	-0.0	27.8	-0.2
Past due 31-120 days	4.0	-0.1	6.6	0.0
Past due 121-365 days	0.7	-0.2	3.3	-1.3
More than one year	8.1	-7.5	12.5	-6.1
Total	**224.0**	**-8.1**	**129.1**	**-8.2**

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.

As per December 31, 2014 the overdue trade receivables for more than one year included a receivable towards ATM Eleveurs de Ruminants (Federation of cattle breeders) for an amount of EUR 4.6 million and was collected in 2015.

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

(Million EUR)	note	2015	2014
Balance at January 1		**-8.2**	**-8.3**
Use of impairment loss		1.4	-
Impairment loss recognized		-1.1	-0.4

Other movements		-0.2	0.5
Balance at December 31	17	**-8.1**	**-8.2**

Interest risk

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

At the end of 2015, the financial debt position was mainly funded by fixed interest rate instruments, i.e. issued bonds.

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

(Million EUR)	note	2015	2014
Fixed rate instruments			
Financial assets	19	80.0	80.3
Loans and borrowings	24	227.2	169.4
Variable rate instruments			
Financial assets	19	50.2	76.8
Loans and borrowings	24	48.3	46.9

An increase (decrease) of 100 basis points in interest rates in 2015 would have a negative (positive) impact on profit and loss of EUR 0.5 million (2014: EUR 1.0 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. As such, movements in interest rates could have material adverse effects on the group's cash flows or financial condition.

Liquidity Risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

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

- the set-up of a factoring program at the end of 2009, which was put on hold during 2015.
- a capital increase of EUR 174.8 million in December 2014.
- the issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was EUR 250.0 million, of which EUR 192.0 million for the 2022 bonds and EUR 58.0 million for the 2025 bonds.
- the replacement of the syndicated facility agreement (terminated in December 2015) by 5 year committed bi-lateral agreements for a total amount of EUR 142.5 million (of which part can be drawn in USD) with four banks. These facilities have no financial covenants and ensure maximum flexibility for the different activities.

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

The group regularly projects short and long-term forecasts in order 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)	2015				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings					
Bond with maturity date July 15, 2022	165.6	196.8	4.8	19.0	173.0
Bond with maturity date July 15, 2025	58.0	76.7	2.0	7.8	66.9
Credit institutions (commercial paper)	43.0	43.1	43.1	-	-
Credit institutions	8.2	8.8	5.5	3.3	-
Bank overdrafts	0.5	0.5	0.5	-	-
Finance lease liabilities	0.2	0.2	0.0	0.1	-
Total	**275.5**	**326.0**	**55.8**	**30.3**	**239.9**
Derivatives					
Foreign currency swaps	0.0				
Inflow		10.3	-	-	-
Outflow		-10.3	-	-	-
Total	**0.0**	**0.0**	**0.0**	**-**	**-**

(Million EUR)	2014				
	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	157.9	157.9	-	-
Non amortized cost (private placement)	-0.6	-	-	-	-
Non amortized cost (syndicated loan)	-1.6	-	-	-	-
Credit institutions (commercial paper)	41.2	41.2	41.2	-	-
Credit institutions (Banco Do Brasil SA)	14.9	15.1	15.1	-	-
Credit institutions	9.5	10.4	6.5	3.9	-
Bank overdrafts	0.6	0.6	0.6	-	-
Finance lease liabilities	0.1	0.1	0.1	0.1	-
Total	**214.1**	**225.2**	**221.3**	**3.9**	**-**
Derivatives					
Foreign currency swaps	-6.3				
Inflow		162.4	162.4	-	-
Outflow		-168.9	-168.9	-	-
Interest rate swaps	-0.2				
Inflow		0.0	0.0	-	-
Outflow		-0.2	-0.2	-	-
Cross currency interest rate swaps	-15.0				
Inflow		114.4	114.4	-	-
Outflow		-129.9	-129.9	-	-
Total	**-21.5**	**-22.1**	**-22.1**	**-**	**-**

Estimation of fair value of financial assets and liabilities

The fair value of non-derivative loans and borrowings is calculated based on the net present value of future principal and interest cash flows discounted at market rate. These are based on market inputs from reliable financial information providers. Therefore, the fair value of the fixed interest-bearing loans and borrowings is within level 2 of the fair value hierarchy.

The fair value of the non-current loans and borrowings measured at amortized cost in the statement of financial position as per December, 31 is presented below:

(Million EUR)	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings				
Leasing payables	-0,1	-0,1	-0,1	-0,1
Credit institutions	-3,0	-3,2	-4,3	-4,4
Bonds (maturity date in 2022 and 2025)	-223,6	-227,7	-	-
Current loans and borrowings				
Current portion long term loans and borrowings	-	-	-165,5	-169,3

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:

	2015	2014
Loans and borrowings	2.62% to 8.5%	3.25% to 8.5%

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other investments
- Cash and cash equivalents
- Current loans and borrowings; except for the current portion of long term loans and borrowings
- Transaction costs related to loans and borrowings
- Trade and other payables
- Assets within "Non-current assets classified as held for sale"

Fair value of derivative financial instruments

The following table shows the carrying amounts of derivative financial instruments measured at fair value in the statement of financial position including their levels in the fair value hierarchy:

(Million EUR)	2015							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.0	-	-	-	-	0.0	-	0.0
Electricity forward contracts	1.0	-	-6.3	-11.1	-	-	-16.5	-16.5
Total	**1.0**	**0.0**	**-6.3**	**-11.1**	**-**	**0.0**	**-16.5**	**-16.5**

(Million EUR)	2014							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	-	-	-6.3	-	-	-6.3	-	-6.3
Cross currency interest rate swaps	-	-	-15.0	-	-	-15.0	-	-15.0
Interest rate swaps	-	-	-	-0.2	-	-0.2	-	-0.2
Electricity forward contracts	1.5	0.8	-5.8	-11.7	-	-	-15.2	-15.2
Total	**1.5**	**0.8**	**-27.1**	**-11.9**	**-**	**-21.5**	**-15.2**	**-36.7**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
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 taking into account the current unrealized gains or losses on open contracts.

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

(Million EUR)	2015		2014	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	10.3	0.0	162.4	-6.3
Cross currency interest rate swaps	-	-	110.8	-15.0
Interest rate swaps	-	-	61.8	-0.2
Electricity forward contracts	N/A	-16.5	N/A	-15.2
Total	**10.3**	**-16.5**	**334.9**	**-36.7**

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 total fair value of the derivative financial instruments at December 31, 2015 amounts to EUR -16.5 million (2014: EUR -36.7 million) and consists of electricity forward contracts and foreign currency swaps, the latter with maturity date during the first quarter of 2016. As from March 2015, intragroup loans, other than in EUR, are no longer hedged, which explains the decrease in contractual amounts compared to 2014.

The net change of the amount of derivative financial instruments before tax, as included in the other comprehensive income, amounts to EUR 0.0 million, and can be explained as follows:

- the change in fair value of the cross currency interest rate swaps in the period amounts to EUR -1.7 million. The EUR/USD cross currency interest rate swaps, contracted in order to hedge the foreign exchange risk from intercompany loans between group entities with a different functional currency, which were designated as hedging instrument in a cash flow relationship in 2014, have been reversed in 2015 since the group no longer hedges intragroup loans.
- the group's part of the change in fair value of the interest rate swaps in the associate T-Power SA for EUR 1.7 million, recorded in equity in accordance with the accounting policy related to cash flow hedging.

The table below indicates the underlying contractual amount of the outstanding contracts per currency at year end (selling of foreign currencies):

(Million)	2015		2014	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	6.9	9.4	20.0	25.2
USD	-	-	296.4	225.2
CNY	-	-	181.5	21.7
Other		0.8		1.1
Total	**6.9**	**10.3**		**273.2**

Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of an electricity purchase agreement ('PPA' – Purchase Power Agreement), for which the own-use exemption under IAS 39 is not applicable anymore. The value of the contract is depending on the future difference between market electricity prices and the generation cost based on market gas prices (the "spark spread"), and on the effect of the hourly pricing optimization as foreseen in the contract. Forward prices are only available for a 3-year period and for a base load product. The uncertainty beyond that period is high on different important parameters (including also the regulatory environment), however based on more favourable market and regulatory condition assumptions, the fair value of the PPA contract is set to zero beyond the initial 3 years. The used base load future prices are calculated based on the 2015 average daily Zeebrugge Gas Yearly forward prices and on the 2015 average daily Endex Yearly forward electricity prices for Belgium. The future hourly optimization effect is calculated as an extrapolation of the trend since the start of the contract.

The 2011 Share Purchase Agreement for the sale of the PVC/Chlor-Alkali activity also includes clauses regarding allocation between the seller and the buyer of contributions linked to the running regime of T-Power, applicable till June 2016.

As per December 31, 2015 the above inputs lead to a net fair value of EUR -16.5 million compared to a net fair value of EUR -15.2 million as per December 31, 2014. The change in net fair value for an amount of EUR -1.3 million has been recognized as a non-recurring expense item (note 6 - Non-recurring and non-operating income/(expense) items).

The key assumptions used in the valuation as per December 31, 2015 are:

		2016	2017	2018
Gas forward price	EUR/MWh	16.4	16.9	16.0
Electricity forward price	EUR/MWh	35.1	34.8	34.6
Discount rate	5.5%			

The key assumptions used in the valuation as per December 31, 2014 are:

		2015	2016	2017
Gas forward price	EUR/MWh	23.7	24.1	23.9
Electricity forward price	EUR/MWh	48.9	45.5	44.7
Discount rate	5.5%			

The sensitivity of the valuation to changes in the principal assumptions is the following:

Change in assumption		Impact fair value (Million EUR)	
		2015	2014
Gas price	+1 EUR/MWh	-2.3	-2.3
Electricity price	+1 EUR/MWh	1.2	1.2
Spark spread optimization	+1 EUR/MWh	1.2	1.2
Discount rate	+1%	0.3	0.3
Running hours T-Power	+10%	0.0	-0.2

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

29. Operating leases

Leases as lessee

The non-cancellable operating leases are payable as follows:

(Million EUR)	2015	2014
Less than one year	26.5	25.8
Between 1 and 5 years	69.7	72.5
More than 5 years	16.2	17.2
Total	**112.4**	**115.5**

During the current year, EUR 31.8 million was recognized as an expense in the income statement in respect of operating leases as lessee (2014: EUR 29.9 million). Certain leases provide for additional payments that are contingent on volume. Contingent rents recognized in the income statement under operating leases amount to EUR 3.6 million (2014: EUR 3.0 million).

The non-cancellable operating leases mainly consist of land and buildings (EUR 27.6 million), plant, machinery and equipment (EUR 31.7 million) and furniture and vehicles (EUR 53.0 million).

There are no significant leased properties which have been sublet by the group.

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

Leases as lessor

There are no significant assets leased out under operating leases.

30. Guarantees and commitments

(Million EUR)	2015	2014
Guarantees given by third parties on behalf of the group	26.8	28.3
Guarantees given on behalf of third parties	1.7	1.7
Guarantees received from third parties	0.3	0.9
Commitments related to capital expenditures	32.9	4.5

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for EUR 19.1 million (2014: EUR 19.1 million). The remaining balance consists of numerous other guarantees to secure financing, custom and other obligations.

Guarantees given on behalf of third parties mainly relate to guarantees given for the fulfillment of lease obligations.

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

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounts to EUR 32.9 million (2014: EUR 4.5 million). The increase is mainly due to capital expenditure projects within the operating segment "Agro"; including the construction of a Thio-Sul® production plant in Rouen, France and the construction of a new membrane technology based production plant in Loos, France, within the operating segment "Industrial solutions".

The shares of T-Power SA are pledged in first degree to guarantee the liabilities in respect of a "facility agreement" of EUR 440.0 million 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 111.9 million EUR at December 31, 2015 (December 31, 2014: 115.8 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, 2016 until May 15, 2016. The exercise price is determined by a formula, which takes into account the financial figures of Établissements Violleau SAS.

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 has been allocated emission allowances for the period 2013-2020, that are yearly granted free of charge to cover operational emissions for products exposed to carbon leakage. Management estimates that any surplus or deficit of emission allowances over the next years will not significantly impact the group's consolidated financial statements.

In the third quarter of 2014 the group was informed by the local Chinese authorities of their intention to expropriate the gelatin plant in the Zhejiang Province in order to build a new public infrastructure. The group will enter into negotiations with the government for obtaining compensation for such expropriation. Management estimates to recover the carrying amount of the assets involved and therefore no impairment loss has been recognized in 2015.

32. Related parties

The company has a related party relationship with its subsidiaries, associates, joint ventures and with its main shareholder, directors and its Executive 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, 2015, Verbrugge NV, controlled by Picanol NV, is holding 13,482,812 shares (31.42% of the company). Its affiliated company Symphony Mills NV holds 1 291,076 shares (3.01%). Picanol Group is a listed Belgian industrial company and a worldwide supplier of total solutions for the textile industry and other industries. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (Managing Director Picanol Group).

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (note 14 - 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 EUR 2.6 million were paid to the Belgian pension fund, "OFP Pensioenfonds" (2014: EUR 1.4 million). Liabilities related to employee benefit schemes as per December 31, 2015 include EUR 6.9 million related to the "OFP Pensioenfonds" (2014: EUR 12.4 million).

Transactions with joint ventures:

(Million EUR)	2015	2014
Revenue	13.2	9.6
Cost of sales	-30.8	-22.5
Current assets	1.1	0.7
Current liabilities	1.9	1.4

Transactions with associates:

(Million EUR)	2015	2014
Other operating income	0.1	0.1

Dividends were received from joint ventures and associates for an amount of EUR 1.8 million (2014: EUR 4.4 million), while dividends received from other investments amounted to EUR 0.1 million (2014: EUR 0.1 million).

Transactions with the members of the Group Management Committee/Executive Committee:

(Million EUR)	2015	2014
Short-term employee benefits	1.4	3.5
Post-employment benefits	0.0	0.2
Share-based payments	-	-
Termination benefits	0.1	-
Total	**1.5**	**3.7**

Short-term employee benefits include salaries and accrued bonuses over 2015 (including social security contributions), car leases and other allowances where applicable.

The short term employee benefits include EUR 0.7 million fix and EUR 0.6 million variable employee benefits (2014: EUR 2.3 million and EUR 1.2 million respectively).

The employee benefits of the Group Management Committee are included until January 14, 2015. The Board of Directors decided on January 14, 2015 to replace the Group Management Committee by an Executive Committee, which was composed by the co-CEO's (Luc Tack/Mel de Vogüé), the Executive Directors (currently Findar BVBA, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage). On April 30, 2015 Melchior de Vogüé left the group.

There was no new emission of warrants in 2015 and no warrants were exercised by members of the current Executive Committee during 2015.

33. Auditor's fees

PwC Bedrijfsrevisoren bcvba (PwC), represented by Peter Van den Eynde BVBA, represented by its fixed representative Peter Van den Eynde, was appointed as group statutory auditor by the shareholders meeting of the company on June 4, 2013, following an audit tender.

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

(Million EUR)	2015			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**-**	**0.3**	**1.1**

(Million EUR)	2014			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.3**	**1.1**

34. Subsequent events

On December 16, 2015 Tessenderlo Group and Picanol Group (Picanol NV, Euronext: PIC) announced their plans to combine the industrial activities of both companies into one larger industrial group, Picanol Tessenderlo Group NV. The deal involved the transfer of the current industrial activities of Picanol into Tessenderlo. At an extraordinary shareholders meeting on January 29, 2016, the Board of Directors of Tessenderlo would call on shareholders to issue 25,765,286 new Tessenderlo shares at EUR 31.5, to compensate for the planned transaction to Picanol NV.

Following the announcement by Tessenderlo Group and Picanol Group on January 25, 2016, that there was no certainty that the proposal would be approved by the extraordinary general meeting of Tessenderlo Chemie NV, the Board of Directors of Tessenderlo Group cancelled the meeting of January 29, 2016, whereas the extraordinary shareholders meeting of February 23, 2016, was not called. In parallel, the Boards of Directors of Picanol Group (and subsidiary Verbrugge NV) and Tessenderlo Group entered into discussions to determine whether and how, also taking into account the comments formulated by shareholders, the terms and conditions of the proposed transaction could be adapted with a view to the approval by the extraordinary shareholders meeting of Tessenderlo Chemie NV.

Taking into account the market feedback, both companies have, with the assistance of their respective advisers and in consultation with each other, analyzed whether the terms and conditions of the proposed transaction could be amended to accommodate and reconcile the different views expressed. After proper consideration, the Board of Directors of Picanol NV (and its subsidiary Verbrugge NV) concluded that there was insufficient market support at terms reasonable for Picanol NV and its shareholders to complete the transaction successfully. Hence, the Board of Directors of Picanol NV decided not to endorse any changes to the terms of the transaction.

On March 7, 2016, Tessenderlo Group and Picanol Group announced that on this basis, the Boards of Directors of both companies each decided to terminate their negotiations and to withdraw the proposal to combine. Both Picanol Group and Tessenderlo Group have the means and will continue to focus on an enhanced value creation in each of its businesses. Although Picanol Group regrets that the proposed transaction cannot be concluded, it intends to continue to support Tessenderlo Group as a long term shareholder.

35. Group companies

Listed below are all the group companies.

The total number of consolidated companies is 61.

List of the consolidated companies on December 31, 2015 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	1050 Brussels	0415296392	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%
Czech Republic	Dyka s.r.o.	27361 Velka Dobra		100%
France	Akiolis Group SAS	72000 Le Mans		100%
France	Atemax France SASU	72000 Le Mans		100%
France	Établissements Charvet Père et Fils SASU	91490 Milly-La-Forêt		100%
France	Produits Chimiques de Loos SAS	59120 Loos		100%
France	Tessenderlo Kerley France SAS	59120 Loos		100%
France	Siram SARL	50390 Saint-Sauveur-le-Vicomte		100%
France	Société Azuréenne de Récupération SAR	06670 Castagniers		100%
France	Soleval France SAS	72000 Le Mans		100%
France	Sotra-Seperef SAS	62140 Sainte Austreberthe		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessenderlo Services SARL	59120 Loos		100%
Germany	BT Bautechnik Impex GmbH & Co. Kg	86551 Aichach		100%
Germany	Dyka GmbH	86551 Aichach		100%
Germany	Impex Wimmer GmbH	86551 Aichach		100%
Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BTH Fitting Kft	3636 Vadna		100%
Italy	Tessenderlo Cologna Veneta S.R.L.	20122 Milano		100%
Luxembourg	Térélux SA	2163 Luxembourg		100%
Poland	Dyka Polska Sp.zo.o.	55-221 Jelcz-Laskowice		100%
Romania	Dyka Plastic Pipe Systems s.r.l.	76100 Bucarest, sector 1		100%
Slovakia	Dyka SK s.r.o.	82109 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 NL Holding BV	4825 AV Breda	100%
United Kingdom	Dyka UK Ltd	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	John Davidson Holdings Ltd	Edinburgh EH3 8UL	100%
United Kingdom	John Davidson Pipes Ltd	Edinburgh EH3 8UL	100%
United Kingdom	PB Gelatins UK Ltd	Pontypridd CF 375 SQ	100%
United Kingdom	Tessenderlo Holding UK Ltd	Pontypridd CF 375 SQ	100%

USA			
USA	Environmentally Clean Systems LLC	Dover, Delaware 19904	69.01%
USA	ECS Myton, LLC	Dover, Delaware 19904	51.00%
USA	Kerley Trading Inc.	Dover, Delaware 19904	100%
USA	MPR Services Inc.	Dover, Delaware 19904	100%
USA	PB Leiner USA	Davenport, Iowa 52806	100%
USA	Tessenderlo Kerley Inc.	Dover, Delaware 19904	100%
USA	Tessenderlo Kerley Services Inc.	New Mexico - 88220 Carlsbad	100%
USA	Tessenderlo U.S.A. Inc.	Dover, Delaware 19904	100%

Rest of the world			
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	Kerley Latino Americana SA	9358 Santiago	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	TKI Japan KK	Tokyo - Chiyoda-ku	100%
Mexico	Tessenderlo Kerley Mexico SA de CV	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, 2015 accounted for by the equity method:

Europe				
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%

Rest of the world			
Bahrain	MPR Middle East WLL	20563 Manama	50.00%
USA	Jupiter Sulphur LLC	Dover, Delaware 19904	50.00%
USA	Wolf Mountain Products LLC	Lindon - Utah 84042	45.00%

List of the non-consolidated companies on December 31, 2015 due to their insignificant impact on the consolidated figures:

Europe				
Belgium	Plastival Benelux NV	3900 Overpelt	0450918950	100%
Switzerland	Tessenderlo Schweiz AG	5333 Rekingen		100%
The Netherlands	De Hoeve Kunststofrecycling BV	7772 BC Hardenberg		50.00%
United Kingdom	Britphos Ltd	Pontypridd CF 375 SQ		100%
United Kingdom	LVM UK Ltd	Pontypridd CF 375 SQ		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.

The judgments, estimates and assumptions used in preparing the consolidated financial statements as per December 31, 2015 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2014 except for management estimates concerning inventory and spare parts obsolescence. In 2015 management revised its estimates concerning inventory obsolescence based on experience and the assessment of current market circumstances. Actual results could differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- 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 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Other intangible assets).
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined based on experience and the assessment of market circumstances (note 18 - Inventories).
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation and through the use of a discount rate (note 25 - Employee benefits).
- Deferred 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 (note 16 - Deferred taxes).

- 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 treatment of the polluted site or other factors of a similar nature (note 26 - Provisions).
- Financial instruments (note 28 - Financial instruments). These 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) or
    - inputs for the asset or liability that are not based on observable market data.

STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Luc Tack (CEO) and Stefaan Haspeslagh (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.

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts for the year ended 31 December 2015

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements - Unqualified opinion

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. The total of the consolidated statement of financial position amounts to EUR 1.303,6 million and the consolidated statement of comprehensive income shows a profit for the year of EUR 81,9 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 (ISAs). 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. 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 board of directors and the company's officials 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 opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2015 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 directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

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

Antwerp, 10 March 2016

The Statutory Auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde
Partner

Statutory financial report

Balance sheet of Tessenderlo Chemie NV

(Million EUR)	2015	2014
Total assets		
Non-current assets	**911.7**	**731.7**
Other intangible assets	5.2	5.4
Property, plant and equipment	91.7	91.7
Financial assets	814.9	634.6
Current assets	**470.1**	**521.9**
Non-current trade and other receivables	0.7	1.5
Inventories	65.2	51.4
Current trade and other receivables	295.3	339.4
Other investments	80.0	50.0
Cash and cash equivalents	18.6	61.4
Prepaid expenses and accrued income	10.2	18.2
Total assets	**1,381.8**	**1,253.6**

Total liabilities		
Shareholders' equity	**721.9**	**731.3**
Issued capital	215.0	212.4
Share premium	232.9	224.2
Reserves	23.1	23.3
Retained earnings	250.9	271.4
Capital grants	0.2	0.0
Provisions and deferred taxes	**141.2**	**150.3**
Provisions	140.1	149.2
Deferred taxes	1.0	1.0
Liabilities	**518.7**	**372.0**
Liabilities due in more than one year	261.2	11.9
Liabilities due within one year	251.4	355.8
Accrued expenses and deferred income	6.1	4.3
Total liabilities	**1,381.8**	**1,253.6**

Profit and loss statement of Tessenderlo Chemie NV

(Million EUR)	2015	2014
Total operating income	**455.9**	**405.5**
Sales	398.8	373.7
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	7.7	-21.8
Production capitalized	4.1	3.6
Other operating income	45.3	50.0
Total operating charges	**-427.3**	**-387.3**
Raw materials and goods purchased for resale	-217.2	-196.0
Services and other goods	-141.4	-125.5
Wages, salaries, social charges and pensions	-67.0	-71.8
Depreciations and amortizations on formation expenses, tangible and intangible assets	-12.5	-11.3
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	0.4	1.7
Provision for liabilities and charges (utilisations and write-backs less charges)	13.6	19.5
Other operating charges	-3.2	-4.1
Operating result	**28.6**	**18.2**
Finance income	95.7	142.3
Finance costs	-38.5	-65.3
Ordinary profit (+) / losses (-) before taxes	**85.8**	**95.3**
Extraordinary income	8.4	4.6
Extraordinary charges	-115.0	-51.3
Profit before taxes	**-20.8**	**48.5**
Income taxes	-	-
Deferred taxes	0.0	0.1
Profit (+) / losses (-)	**-20.7**	**48.6**
Untaxed reserves	0.2	0.2
Profit (+) / losses (-) for the year to be allocated	**-20.5**	**48.8**

Allocations and distributions

(Million EUR)	2015	2014
The Tessenderlo Chemie NV Board of Directors propose to allocate the		
- Profits, being	-20.5	48.8
- Increased by prior years' retained earnings	271.4	225.0
Totaling:	**250.9**	**273.8**
In the following manner:		
- Reserves	-	2.4
- Dividends	-	-
- Retained earnings	250.9	271.4
Totaling:	250.9	273.8

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

The preceding 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 recognizes 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, 2015.

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, 2015 give a true and fair view of the financial position and results of Tessenderlo Chemie NV in accordance with all legal and regulatory dispositions.

Financial glossary

Basic earnings per share (Basic EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital employed (CE)
The carrying amount of property, plant and equipment (PP&E), other intangible assets and goodwill together with working capital.

Capital expenditure
Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and other intangible assets.

Dividend per share (gross)
Total amount paid as dividend divided by the number of shares issued at closing date.

Diluted earnings per share (Diluted EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT
Earnings before interests and taxes (Profit (+)/loss (-) from operations).

EBITDA
Earnings before interests, taxes, depreciation, amortization, impairment losses and provisions.

Gearing
Net financial debt divided by the sum of net financial debt and equity attributable to equity holders of the company.

Interest coverage
Profit (+)/loss (-) for the period plus income tax expense and interest expense, divided by the interest expense.

Market capitalization
Number of shares issued (at the end of the period) multiplied by the market price per share (at the end of the period).

Net cash flow
Profit (+)/loss (-) for the period added with all non cash flow items included in the income statement (provisions, amortizations, depreciation and impairment losses).

Net financial debt
Non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

Non-recurring and non-operating income/(expense) items

Items related to restructuring, impairment losses, claims and other income or expenses, which do not occur regularly or do not occur as part of the normal activities of the company and for which separate disclosure is needed to assist users in understanding the financial performance achieved and in making projections of future financial performance.

Payout ratio

Gross dividend divided by profit for the period attributable to equity holders of the company.

REBIT

Recurring earnings before interests and taxes (Profit (+)/loss (-) from operations before non-recurring and non-operating income/(expense) items).

REBITDA

Recurring earnings before interests, taxes, depreciation, amortization, provisions and other non-operating items (Profit (+)/loss (-) from recurring operations plus depreciation, amortization, provisions and other non-operating items).

Return on capital employed (ROCE)

REBIT divided by capital employed.

Return on equity (ROE)

Profit (+)/loss (-) for the period divided by average equity attributable to equity holders of the company.

Theoretical aggregated weighted tax rate

Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the group.

Weighted average number of ordinary shares

Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

Working capital

The sum of inventories, trade and other receivables minus trade and other payables.