TESSENDERLO GROUP

ANNUAL BROCHURE 2014

EVERY
MOLECULE
COUNTS

Table of Contents

Activity Report 2014 **2**

Who we Are 3
2014 Highlights 4
Message from the co-CEO's and Chairman to the stakeholders 7
Tessenderlo Key Group Figures at a Glance 11
Tessenderlo Group: 3 Specialty Businesses: Agro - Bio-Valorization – Industrial Solutions 16
Information for our Shareholders 33

Management Report 2014 **35**

Business Progress 36
Human Resources 37
Innovation and R&D 39
Safety, Health, Environment and Quality 39
Risk Analysis 42
Corporate Governance Statement 47
- Transparent Management 47
- Capital & shares 47
- Shareholders & shareholders structure 49
- Board of Directors 50
- Group Management Committee (GMC) 56
- Remuneration Report 58
- Main features of the company's Internal Control & Risk Management Framework 67
- Policy on inside information and market manipulation 69
- External Audit 69
- Subsequent Events 70
- Application of art. 523 of the companies code 70
- Information required by art. 34 of the Royal Decree of November 14, 2007 77
- Dividend Policy 78
- Information required by art. 96, §2, 2° Companies Code 79

Financial Report 2014 **81**

Consolidated financial statements 83
Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report 177
Auditor's report 178
Statutory financial Report 180
Financial glossary 183

TESSENDERLO GROUP

ACTIVITY REPORT 2014

EVERY
MOLECULE
COUNTS

Who We Are

Tessenderlo Group is an international specialty group with a global presence providing solutions for food, agriculture, water management and 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 constantly strives to find more sustainable solutions. It thereby aims to minimise 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.

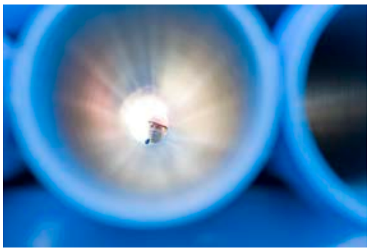
The Group's activities are subdivided into three operating segments: Agro, Bio-Valorization and Industrial Solutions.

- **Agro** - This segment is active in the production and marketing of crop nutrients (liquid crop fertilizers and Sulfate of Potash) and crop protection products.

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

- **Industrial Solutions -** This segment is comprised of activities offering products and solutions to industrial end-markets. It includes in essence the production and sales of plastic pipes systems (PPS), water treatment chemicals and other industrial activities, such as production and sales of mining & industrial chemicals, and the delivery of services for the treatment and disposal of fracking water (ECS) and services that provide onsite optimization of environmental control systems (MPR).

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



2014 Highlights

Capital Increase

In the course of Q4 2014 Tessenderlo Group presented to its shareholders a capital increase to up to EUR 174.8 million. An extraordinary general shareholders meeting voted in favor of this increase on November 18, 2014. After the publication of the prospectus on November 26, followed by an Investors Day a day later, the transaction was successfully concluded on December 19, 2014. That day, 10,592,265 new shares for a total value of EUR 174.8 million were quoted on the Brussels Stock Exchange.

Return to profitability

After a couple of loss-making years, Tessenderlo Group returned to profitability in 2014. Main contributors to this turnaround are the profitability within the operating segment "Agro", as well as the impact of cost management initiatives.

Transformation process

Early in 2014, Tessenderlo finalized the last divestment as part of the group's multi-year transformation process, with the sale of the Aliphos feed phosphate business. Tessenderlo group today operates in three business segments: Agro – Bio-Valorization – Industrial Solutions. Each business segment has a clear focus and strategy, contributing to the company results.

Innovation

Innovation, technology and ongoing R&D efforts remain crucial to the international success of Tessenderlo Group. Together with the Group Development Centre that is leading our R&D efforts, all our BU's constantly strive to improve existing processes and products, or to develop new ones that offer an extra value for our customers.

Sustainability

Tessenderlo Group systematically takes account of the environment in its operating processes, and tries to minimize the impact of its activities on the environment by always putting the environment first in its operating processes and endeavors to constantly find ways to reduce energy consumption and improve waste management.

Cost reduction program

In 2014, the group has put a lot of focus on the implementation of commercial and operational improvement programs, including cost reduction programs on corporate level as well as in the business units.

Agro Segment

Tessenderlo Kerley Inc. Burley OSHA Award

The Occupational Safety and Health Administration (OSHA) division of the U.S. Department of Labor has recognized the Tessenderlo Kerley Inc. plant in Burley with a VPP Star status for continued excellence at the highest level of employee safety and health. It's now 13 years of continuous leadership in safety performance for the soil fumigant production plant in Burley.

Announcement East Dubuque

On 29 October Tessenderlo Kerley, Inc. (TKI), signed a long-term agreement with Rentech Nitrogen Partners, L.P. to lease property in East Dubuque, Illinois for the purpose of building a new plant to manufacture the TKI liquid fertilizer Thio-Sul®.

Improvement plan Inorganics

Following the closing of the phosphates plant in Ham at the end of 2013, the improvement program, aiming at securing the competitive position of our potassium sulfate business (SOP) in a sustainable manner, has been high on the agenda of the business unit Inorganics. This program is delivering the first results, and laying the basis for further sales and operational excellence initiatives in 2015.

New Calcium Chloride Plant in Ham

On 23 September, Tessenderlo Group announced that it will build a new calcium chloride production plant on its site in Ham, Belgium. The construction of this plant will allow us to strengthen our position as a global leader in potassium sulfate.

Bio-Valorization segment

BU Gelatins on the right path to a stronger position

Although in the lower part of its life cycle, the Gelatins BU is confident that thanks to the efforts on Operational Excellence and the restructuring plan from the beginning of 2014, it is on the right path to strengthening its powerful worldwide position.

Launch of an innovative entity for the treatment of feathers at SOLEVAL

In June 2014, Akiolis inaugurated a new entity for the treatment of feathers at the SOLEVAL site in Viriat (Ain region / France). This workshop makes it possible to produce proteins of a higher nutritional quality than those that are produced by means of a traditional process. These proteins are destined for the pet food and aquaculture markets.

Industrial Solutions Segment

Barrick Gold

At the end of September 2014, our new THIO-GOLD®-300 production facility at Barrick's Goldstrike site, Nevada (US), a leading player in the gold mining industry, was commissioned. The new plant supplies chemicals for the gold leaching process.

JDP again shows best result ever

As was the case in 2013 and thanks to its relentless customer focus, John Davidson Pipes Ltd. achieved the best result in its history, despite the tough conditions in the European construction market.

PPS to launch Vision 20/20 strategy

During their PPS Summit in October, our colleagues of Plastic Pipe Systems launched their Vision 20/20 strategy. This renewed strategy should allow them to organically grow the business, with solid margins.

Message from the Co-CEO's and the Chairman to the stakeholders

After a busy year full of change for Tessenderlo Group, Co-CEO's Mel de Vogue and Luc Tack, together with Stefaan Haspeslagh, the President of our Board of Directors, look back on the highlights of 2014, and share their first views on the plans and ambitions for 2015.

Taking the next step in strategy execution

Concluding the portfolio transformation

With the sale of the Aliphos business in February 2014, Tessenderlo Group finalized the transformation process of the company. This major strategic repositioning was started in 2010, at a moment when Tessenderlo Group was a diversified international chemicals group, active in a wide variety of businesses, and was exposed to cyclical commodity end-markets.

Over the 2010 – 2014 timeframe Tessenderlo Group completed 12 divestments and redeployed its resources in three segments. Today the group has reached its envisaged form and is ready to embark on the second phase of its repositioning. This allowed us to concentrate our 2014 efforts on organizing the Group in three clearly defined segments (Agro – Bio-Valorization – Industrial Solutions) which we will all further develop in the years to come.

The end of the transformation process also resulted in a change in the Chairman of our Board of Directors. We extend our gratitude to Mr. Gérard Marchand, who successfully guided the group through the transformation years. As of June 4, Mr. Marchand was replaced by Mr. Haspeslagh as the President of our Board of Directors, who will take Tessenderlo Group to the next level.

Keeping Strategy Execution on track

Major progress was made on Hanford California, where an investment in storage and production capacity was announced in 2013. In 2014 we put the new storage facility in place, allowing us to better serve the demand. The production plant will be ready to be commissioned in the course of 2015.

The improvement plan for our Inorganics Business Unit, aiming to ensure the future of the business was continued in 2014. A separation package was established for people leaving the company and initiatives were undertaken to restore the competitive position of our potassium sulfate business.

On September 23, we announced to build a new plant for Calcium Chloride in Ham (Belgium), creating an extra HCL outlet for our Inorganics site. Within the Industrial Solutions segment, the THIO-GOLD®-300 plant at Barrick's Goldstrike site (Nevada) was commissioned at the end of September 2014 to supply chemicals for Barrick Gold's gold leaching process.

In October 2014, we announced an investment in East Dubuque, Illinois (US), where Tessenderlo Kerley Inc. will build a new ammonium thiosulfates plant (Thio-Sul®). This new plant will allow the company to maintain its market position in Thio-Sul® in the US and is expected to become operational in the second half of 2016.

Throughout the different segments and business units, a lot of efforts were made to further improve our operational and commercial excellence. This implied boosting the output, but also addressing costs.

Solidifying the financial position

A Stronger Balance sheet

Another import milestone of 2014 was the strengthening of the Group's balance sheet, allowing us to be ready to invest in the future. In the previous years, when the company was actively working on the transformation process, the company equity had been negatively impacted.

The capital increase of €174.8 million that was announced on September 17 and successfully concluded on December 19 will allow Tessenderlo Group to:

- Fund announced or identified investments and historical non-recurring cash outs
- Second, the Group faces operational investments and investments linked to compliance with new regulation, such as the intended electrolysis conversion in Loos (France) Finally, the net proceeds may be used to fund certain historical non-recurring cash-outs in regard to existing restructuring and environmental requirements, which are currently provided for in the balance sheet (for example the employee restructuring plan in Ham (Belgium) following the closure of the phosphates division).

A Return to Profitability

After three consecutive years of losses, Tessenderlo Group returned to profit generation in 2014, with a net result of over € 50 million. This result was largely supported by our Agro segment, which benefited from favorable market conditions in 2014.

Our Bio-Valorization segment continues to be confronted with challenges. Throughout the year, there has been pressure on the market price for gelatin, resulting in a slight decrease in price due to increased competition in some geographies. This increased competition also affects the raw materials supply side. It also creates price pressure.

In our Industrial Solutions segment, all businesses contributed to a profitability improvement, supported by solid margins and cost management.

Clear Priorities for the Years to Come

At this time, each of the current segments has well-defined priorities, based on its current market position and the nature of its activities. The Group's key strategies on an individual segment basis for the years to come, are:

- For Agro, first, to maintain its market position in its liquid crop nutrients portfolio through selective investments in North-America and internationally (such as storage, infrastructure and production facilities). Second, to serve the growing demand for water soluble SOP, through selective investments in existing facilities (including the new calcium chloride production plant in Ham (Belgium) and the development of large and flexible HCl outlets. And third, to grow the crop protection business, the Group plans to continue to acquire new product lines which fit the existing portfolio.

- In the Bio-Valorization segment, the Group aims to secure and strengthen its current position. Although turbulent regional market conditions (i.e. pressure on volumes and margins) limit visibility for the foreseeable future, the Group targets to restore profitability, by executing a set of operational and commercial improvement programs, cost reduction measures and targeted investments in process innovation and product valorization.

- Within the Industrial Solutions segment,

    - PPS is positioning itself to optimally benefit from any future recovery of the Western-European construction markets.

    - Water Treatment continues to develop its current position in the Western-European ferric coagulant market. In 2015, 2016 and 2017, the Group will make the previously announced investments in the conversion from mercury-based electrolysis in Loos (France) into membrane based electrolysis, as required by European regulation. The studies on the conversion project are ongoing; and

    - The Mining & Industrial activity, MPR and ECS continue to look for further opportunities to market existing technologies.

To conclude: we are confident that 2014 was a year of major progress for Tessenderlo Group. We succeeded in making Tessenderlo a financially sound and profitable group, with a clear set of priorities going forward.

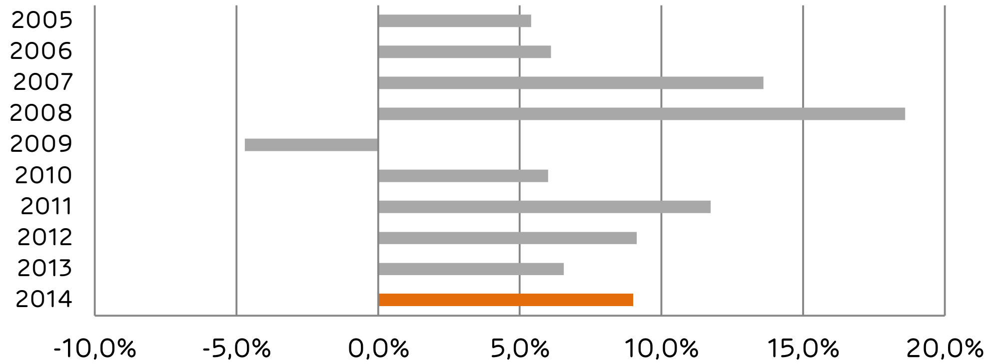
Finally we would like to thank all of our employees for their contribution throughout the year.

Sincerely,

Mel de Vogue	Luc Tack	Stefaan Haspeslagh
Co-CEO & CFO	Co-CEO	President of the Board of Directors

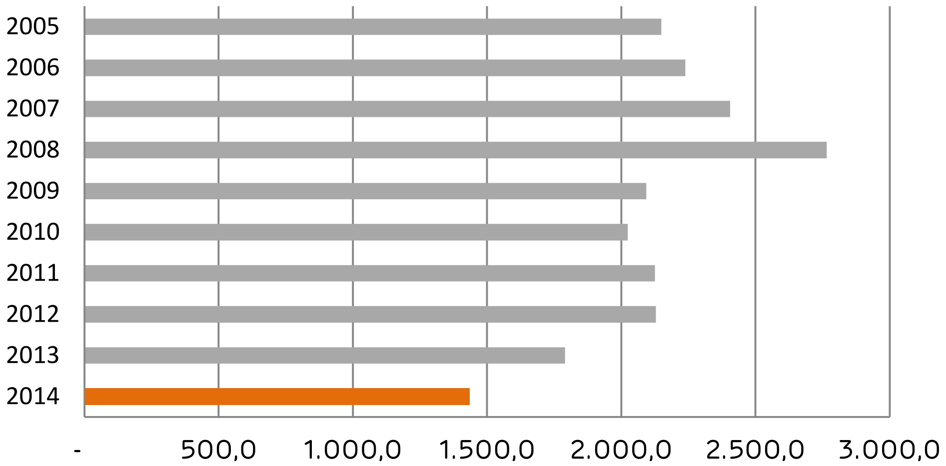
Tessenderlo Key Group Figures at a Glance

Roce (%)



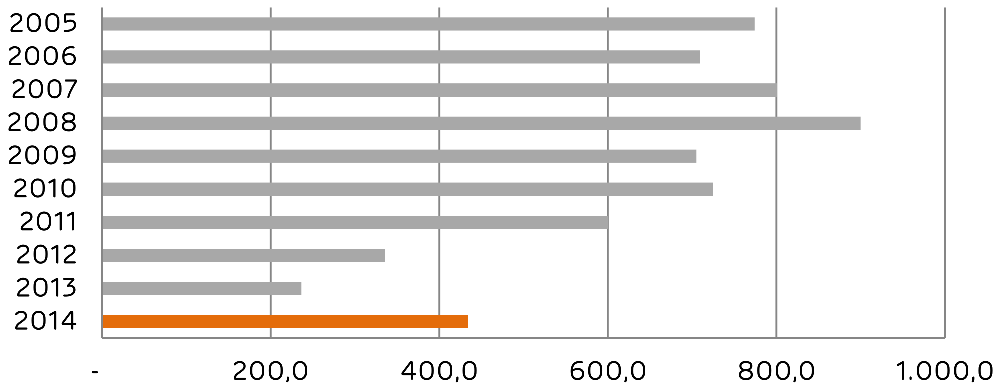
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Roce	9,0%	6,5%	9,1%	11,7%	6,0%	-4,7%	18,6%	13,6%	6,1%	5,4%

Revenue **(in million EUR)**



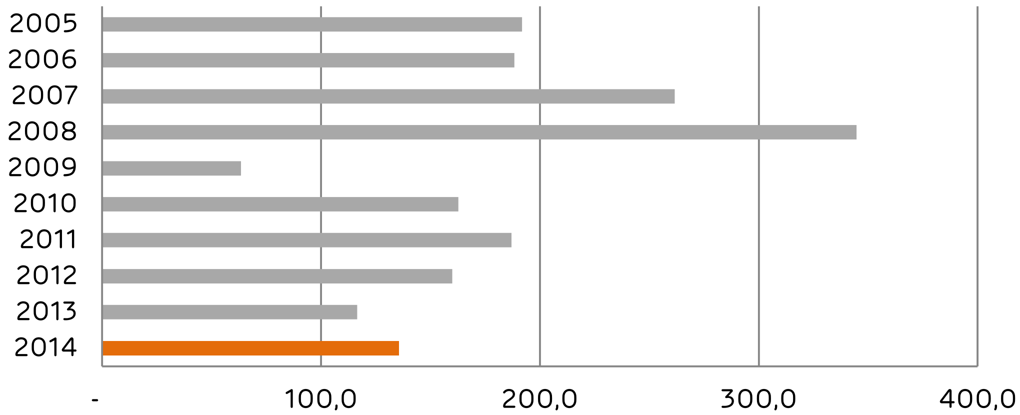
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	1.434	1.790	2.129	2.126	2.024	2.093	2.765	2.405	2.238	2.149

Equity attributable to equity shareholders of the group (in million EUR)



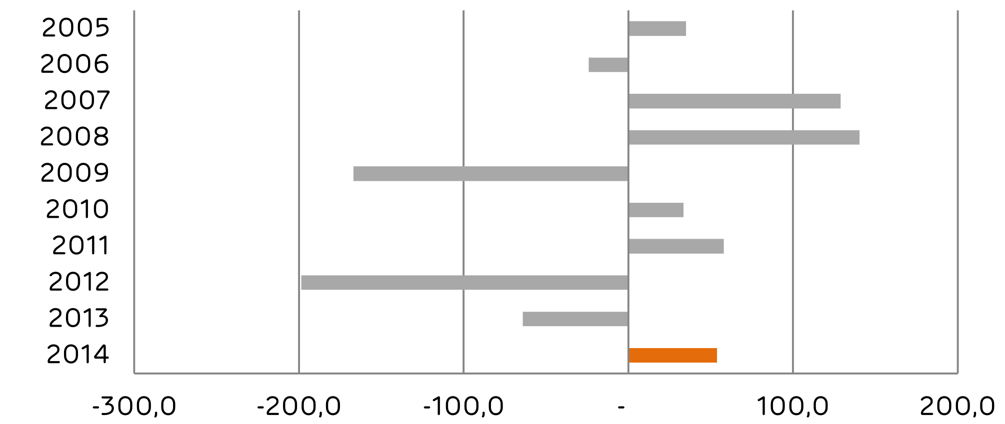
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Equity attributable to equity shareholders of the group	433,5	236,6	335,5	600,3	724,8	705,2	900,0	800,2	709,5	774,3

REBITDA (in million EUR)



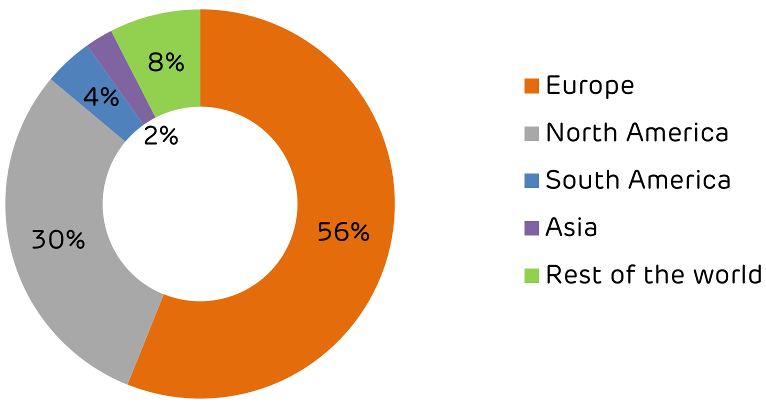
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Rebitda	135,6	116,6	160,0	187,0	162,8	63,4	344,7	261,6	188,4	191,8

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

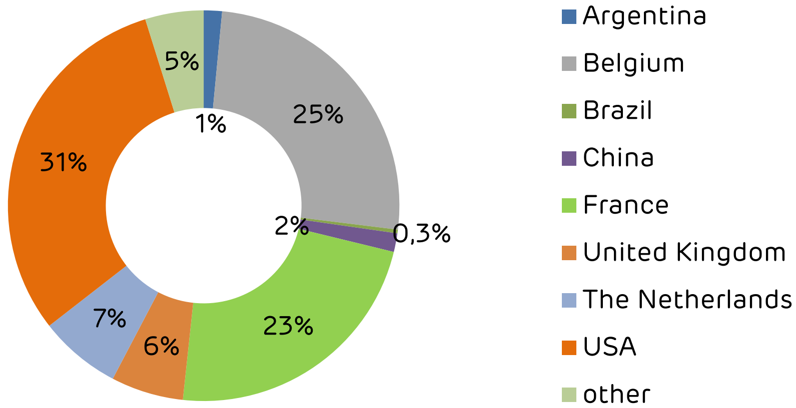


	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Profit (+) / loss (-)	53,7	-64,0	-198,7	58,0	33,5	-167,0	140,5	129,0	-24,0	35,0

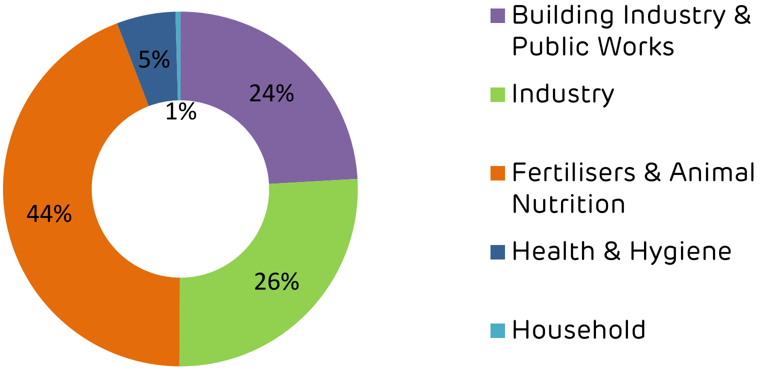
Revenue per geography



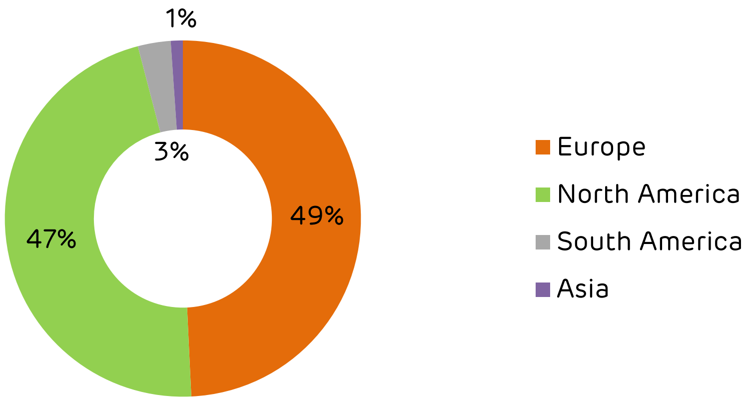
Revenue per country of production



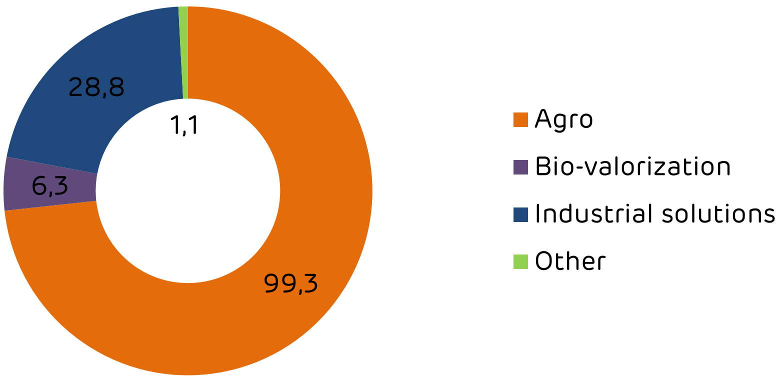
Revenue per end market



Distribution of the Capex

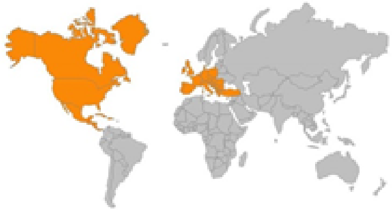
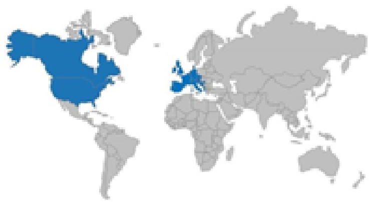
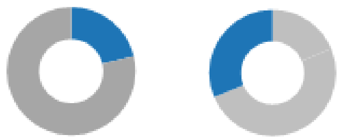


REBITDA per segment (in million EUR)



Our Worldwide Reach

OUR WORLDWIDE REACH

	AGRO	BIO-VALORIZATION	INDUSTRIAL SOLUTIONS
PRODUCTION LOCATIONS			
	9 manufacturing plants and 65 terminals in North America. 2 Production sites in Belgium and 1 in Turkey	* Gelatin: 3 plants in Europe, 2 in China and 3 in South America * Akiolis: 15 production plants , 50 collection centers in France	* PPS: 7 production sites and 71 branches * Plants in the US, France, Belgium, Switzerland
CORE MARKETS	Agriculture	Food, Medical, Pharma, Pet Food, Agriculture	Refinery & Mining Services, Water Treatment, Industrial Process Chemicals Services, Construction & Public Works
AREA OF ACTIVITY	Agriculture, Industry	Bio-Resources, Agriculture	Industry, Municipal
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 & environmental footprint - Global warming - Water management
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 and add value to crop protection product portfolio • 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 // Limited geographical development // Strenghten position in Drainage&Sewage and Soil&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 // Expand geographical presence in Europe • Mining/MPR/ECS: Expand mining and industrial pillar // Provide a full service water treatment and recycle model // New markets and segments
ACHIEVEMENTS 2014	Storage Capacity in Hanford completed // Strong results CropVitality // Social plan Ham Plant validated and in execution // New plants in East Dubuque and Ham announced // Sale of Aliphos feed fosfates concluded // Strong results Sulfates	Implementation of three Excellence Programs for Gelatins: Operational, Sales & Purchasing excellence // Difficult market circumstances worldwide //	Barrick Goldstrike Plant commissioned // Water Treatment Loos: continued focus on turnaround project // Result PPS improved despite difficult market conditions in most markets // ECS and MPR successfully implementing their business plans
KEY FIGURES	Share of Rebitda · Headcount  73,2% · 862	Share of Rebitda · Headcount  4,6% · 2342	Share of Rebitda · Headcount  21,2% · 1472

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

Our Agro Segment

The companies and business units that are part of the Agro segment are active in the production and marketing of crop nutrients (liquid crop fertilizers and SOP) and crop protection products.

The Group's main product lines are:

Product	***Type***
Thio-Sul®	Crop nutrient
KTS®	Crop nutrient
CaTs®	Crop nutrient
SOP	Crop nutrient
Sectagon 42®	Crop protection
Sectagon K54®	Crop protection
Linuron®	Crop protection
Sevin®	Crop protection

Our companies operating within the Agro segment are:

Tessenderlo Kerley Inc.

- Who We Are

  The core business of Tessenderlo Kerley is supplying specialty liquid fertilizers to support growers in efficient agriculture. We do this through reliably removing sulfur and other by-products from petroleum and gas refineries, and transforming them into liquid fertilizers, which improve the production of corn, wheat, vegetables, cotton and hay.

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

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 service, excellence and value.

- Business in 2014

The overall market for Crop Vitality was strong, despite weak cereal prices in the Midwest region and drought in California.

In the course of the year, all our Tessenderlo Kerley products where brought together under the new Crop Vitality branding: a full line of Crop Vitality products that enhance crop yields more efficiently and economically.

Furthermore, we continued to work on our infrastructure, to further improve our storage and transportation capabilities. And we continue to work on innovative uses of our product lines, based upon successful field trials.

The Occupational Safety and Health Administration (OSHA) division of the U.S. Department of Labor recognized the plant in Burley, Idaho for continued excellence at the highest level of employee safety and health.

- Looking ahead

We continue to invest in the growth of Tessenderlo Kerley. The extra KTS® storage capacity in Hanford California that was announced in 2013 was operational in time for the 2014 season.

The extra production capacity, also planned for Hanford, will be on line in the course of 2015. These two investments are placing us geographically in the midst of our clients, in order to better serve them.

Furthermore, on October 29, 2014 we also signed a long-term agreement with Rentech Nitrogen Partners, L.P. to lease property in East Dubuque, Illinois for the purpose of building a new plant to manufacture the liquid fertilizer Thio-Sul®. This new plant is expected to become operational in the second half of 2016.

In 2015, we also want to further strengthen the relationships with our customers.

Tessenderlo Kerley International

- Who We Are

Kerley International is a dedicated growth unit that was created in 2012 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 regions, including Europe, Middle East and North Africa, Central and Latin America.

- Business in 2014

In 2014, Kerley International focused on further strengthening its foundations for growth. Recruiting commercial talent, securing necessary permits and registrations are some examples of these foundations. The Business Unit has made sizeable progress in driving topline growth, and it continues to execute the longer-term strategy defined in 2013.

- 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 plant capacity located outside the US, and in in infrastructure to support customers' expectations for a more efficient supply.

The company is contemplating the construction of a new Thio-Sul® production facility in Europe, possibly complemented by logistics and distribution facilities, in order to expand the Kerley business internationally.

BU Inorganics

- Who We Are

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

The Group's soluble potassium sulfate product SoluPotasse® is the undisputed number one soluble potassium sulfate worldwide. This premium product has an excellent reputation with regards to quality and brand recognition. SoluPotasse® enables a more precise application of nutrients, reducing both the volume of fertilizer and water required, with minimal environmental impact.

SOP is a versatile fertilizer, specially suitable for use in arid and semi-arid climates. The combination of potassium and sulfur delivers a high concentration of nutrients that is readily available to plants. It has a very low salinity index making 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. Also, potassium sulfate both improves the crop's nutritional value, taste and appearance, and enhances its resistance to deterioration during transport and storage, and suitability for bulk processing.

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

- Business in 2014

2014 showed high demand for our product due to SOP product market shortage. Also Tessenderlo Group had to reduce production in 2014 in line with the temporarily reduced hydrochloric acid (HCl) absorption capacity, due to the closing of the phosphates product line at the end of 2013.

2014 was a year of transition for the Inorganics BU, because of this closure (phosphates production was traditionally an important outlet for HCl), along with the August 2014 announcement of the construction of a new calcium chloride plant in Ham (new HCl outlet as of HY2 2015),.

In 2014 we continued the implementation of the reorganization plan for the Ham site that was launched in 2013. The social plan relating to this plan received final ministerial approval in December 2014, being an important milestone in our work towards rebuilding a competitive plant at Ham that supports our leading position in the SOP market.

The BU reported strong demand for potassium sulfate, and successfully achieved its first objectives in the fulfillment of our sales and operational excellence program and our further growth in SoluPotasse®, our class leading water soluble SOP product line. Additionally, significant progress was made with the further development of K-Leaf ®, our new foliar grade SOP.

- Looking Ahead

We expect to see continued strong demand in the market for potassium sulfate. While we will only be able to benefit for part of 2015 from the extra production volumes thanks to the calcium chloride plant in Ham (Belgium), we will continue to look for opportunities to increase production volumes with a particular focus on stepping up SoluPotasse® capacity and increased technical support for SoluPotasse® and K-Leaf® development.

Tessenderlo Group has a clear strategy to stay at the forefront of the SOP market for many years to come. We will continue to consistently deliver high quality products, while improving our attention to customer service and exploiting the group's considerable experience in the SOP industry.

NovaSource

- Who We Are

NovaSource, the crop protection operation of Tessenderlo Group, acquires, develops, registers, and markets crop protection products globally. The focus for NovaSource is on increasing the quality and productivity of specialty food crops such as potatoes, fruit, nuts and vegetables.

- Business in 2014

NovaSource, whose products are today being sold in 46 countries, had another good year in 2014. Specialty crops (fruits, nuts, vegetables), where NovaSource products are primarily sold, did not experience the downward pricing pressures that some commodity food staples experienced. These conditions created a favorable market for NovaSource products in 2014.

For the most part, with some exceptions, specialty crop farmers are enjoying an upward economic trend for their crops, and this benefits companies that provide crop inputs to this sector, including NovaSource.

- Looking Ahead

NovaSource will continue to develop its current business, including continued efforts to acquire niche product lines from multinational companies that are divesting smaller product lines as they focus on their R&D products and their 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 sales 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 and nutrition, and technical applications from our eight production sites located in Asia, Europe, and North and South America. We are the number three player in the world.

The gelatin process includes raw materials(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 hydrolysates.

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

The Group produces gelatin based on pigskin, beef hide, pig bone and beef bone. Raw materials are sourced regionally. 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 price and availability. Securing sufficient raw material volumes is key to the business.

- Business in 2014

In 2014 we experienced a difficult market because of different reasons: the market in China still suffered from some recent scandals (not related to our activities). Furthermore, there was lower demand from some markets, combined with an increased competition in Europe between Gelatin producers.

To limit the impact of the difficult market, we have worked hard to further improve our business, through three excellence programs:

- An operational excellence program, along with other programs leading to a strengthened organization, improved safety and lower costs.
- A Sales Excellence program, aiming at further strengthening the close partnership with our customers.
- A Purchasing Excellence program, aiming at securing the best raw material to meet the increasing requirements of our customers.

Thanks to these programs we managed to keep the impact of the difficult market circumstances to a minimum on our sales and margins.

- Looking Ahead

The difficult market conditions we experienced in 2014 are expected to continue into 2015. However, with the fulfillment of our three excellence programs, and the ramp-up of our factories in China and Brazil, we expect to exit from the current crisis in a stronger position, to seize the unique opportunities offered by the collagen protein markets.

In the 2nd half of 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. We are currently negotiating with the government, and looking at production alternatives.

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

Akiolis

- Who We Are

  Akiolis specializes in the valorization of organic by-products, mainly animal by-products from the meat processing chain and transformation of these raw materials into value added products for 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 bio-fuels and are used as an alternative to fossil fuels to generate energy.

- Business in 2014

  The tough market conditions with which Akiolis was confronted in 2013, continued in 2014. A difficult market with decreasing volumes and a heavy competition continues to put pressure on the prices on both sides of the value chain: both in 'Amont' (the collection of the organic material) as in 'Aval' (sale of finished product), price pressure remains strong.

  In order to secure our market position, Akiolis has reoriented its focus on key activities, i.e. the collection and valorization of organic by-products. This has led to a series of divestments of non-strategic assets in 2014: sale of the collection of bio-waste, sale of Oleovia, etc.

To further secure our position, we have launched improvement programs allowing us to make progress on an operational, sales and cost level. The positive results of these programs have significantly helped us through a difficult year. Furthermore, we were able to win 10 extra regions throughout France where we are allowed to collect the dead animals from those farms in 2014 and 2015.

In June 2014, we inaugurated a new SOLEVAL plant for the treatment of feathers, allowing us to create a much higher food quality end product with (for pet food, aquaculture) than a traditional product. Furthermore we have broadened the product scope to be able to better respond to the customer specifications. And we have also opened a new ATEMAX plant for the treatment of the C2 product category and the production of meal for the fertilizer industry.

- Looking Ahead

For Akiolis, 2015 will be a year of recovery with a clear focus on strengthening our positions in the sectors where we have a competitive advantage. To do this, we will act on three levels: the cost of our operations – the relationships with our "Amont" partners – the valorization of our end products on the "Aval" market all in order to maximize the value of every ton of raw material we collect. Quality will be a key pillar in all of these three domains.

In other words: we want to do better at what we do well, and we want to do more of what we do well. This is how we will remain a key player in our business.

Our Industrial Solutions Segment

The Industrial Solutions section consists of activities offering products and solutions to industrial end-markets. The segment includes the production and sales of plastic pipes systems, water treatment chemicals and other industrial activities, such as 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 companies operating within the Industrial Solutions segment are:

Plastic Pipe Systems

- Who We Are

  Plastic Pipe Systems (PPS) provides high quality solutions in plastic pipe systems for water management (water supply and drainage), and pipe systems for gas, telecommunications and other applications.

  Our business unit focuses on customer intimacy by offering pre-assembled prefab kits, project calculations for sewage and rainwater management systems, and syphonic roof drainage systems via a network including 71 of our own branches and 2,400 points of sale.

  Too much clean water goes to waste. Even in the developed world, poor quality pipe work results in one-third of the water in supply systems being lost through leakage. We supply high performance, long life plastic pipe systems that reduce water loss in the pressure supply network.

  Our plastic pipe systems increasingly incorporate recycled material, giving new value to leftover materials and reducing demands on finite resources. While maintaining high quality levels, our products replace piping made from less reliable or more resource-intensive materials, such as concrete, metal and pottery.

- Business in 2014

  Overall, our PPS markets showed significant differences. Our JDP distribution entity in the UK realized another good year.

In all of our markets, a mild winter in the first quarter of 2014 determined to a large extend the volumes. All players benefited from this phenomenon. In the 2nd half of the year, the Netherlands started showing a small increase in the Building & Installation (B&I) market. France, as expected, showed a decline in both the Civil & Infrastructure (C&I) and B&I market in the 2nd half of 2014. In Central & Eastern Europe the construction markets showed a large dependency on the European subsidies.

In 2014, DYKA Netherlands was awarded the Business Success Award. This awards companies for their entrepreneurial spirit and their successful business approach.

At the end of 2014, our latest innovation, Rainbox 3S was presented at the trade fair in Lyon. Rainbox 3S is an innovative solution to capture rain water in a controlled way, under the ground. This to prevent flooding and to allow water to trickle back into the ground.

Throughout 2014, we used a significant and growing amount of external recycled material as raw material. This means a significant effort in terms of sustainability and allows us to contribute to the improvement of our carbon footprint.

- Looking ahead

With the current growth in the UK and the predicted growth in the Netherlands, (products in the portfolio that have a competitive edge), Plastic Pipe Systems should be able to grow in 2015.

An important focus will remain on customer intimacy. Customers will benefit from a better demand planning, and we will also be working on an upgrade of our online ordering platform in 2015.

Water Treatment

- Who We Are

Our Water Treatment business supplies industrial and municipal markets with coagulants and other chemicals to treat their waste water or 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 and Brussels. This geographical proximity to our customers allows us to minimize the logistical environmental footprint required to serve their needs.

- Business in 2014

  In 2014 we continued the transformation and operational excellence program in our Loos site, which was initiated in 2013. Loos is the largest production plant of ferric chloride in Europe. This process resulted in more rigorous safety management procedures, reduced waste production, a shift towards preventive maintenance and a general cultural make-over towards continuous improvement across the site, along with other improvements.

  Apart from this, the Water Treatment Business Unit successfully re-entered the zinc chloride business in 2014, and the City of Paris awarded the site a multi-year contract renewal for the supply of coagulants for their water treatment units.

  Throughout 2014, 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 are offset by ongoing optimizations in existing treatment plants.

  As a result of the closure of the phosphates plant in Ham at the end of 2013, the water treatment chemicals production units in Tessenderlo and Loos became much more critical partners in the integrated handling of captive hydrochloric acid streams.

- Looking Ahead

  The new membrane-based electrolysis plant building project in Loos is on track and a significant milestone was reached by obtaining an operating permit for a new membrane technology plant. The aim is to have the new plant operational by the end of 2017. The construction of this new membrane based electrolysis plant in Loos represents a major commitment toward the long term service of our customers' needs for clean water supply.

  The market for iron coagulants in Western Europe is expected to remain stable. Tessenderlo's entry into the zinc chloride business in the course of 2014 has been well received by the market and will be developed further.

Mining & Industrial

- Who We Are

  Mining & Industrial Chemicals (M&I) is a recent growth unit that was established in 2012. The business creates value for customers operating in the mining industry by globally providing competitively priced specialty chemicals and technical services, which assist in customers' ability to more effectively use existing technology and to utilize alternate technologies.

- Business in 2014

  In 2014, M&I has performed well as a 'startup' growth unit and continues its growth track in line with its strategy for re-entering the mining and industrial markets. M&I continues its market penetration with several products in various applications for base/precious metal separation.

  The market was mostly stable in 2014 regarding our product volumes and pricing. Base metals have been on a steady decline.

  M&I successfully completed construction and commissioning of a 'first of its kind' Barrick Goldstrike THIO-GOLD®-300 plant with production going online in October 2014. THIO-GOLD®-300 is used in a new gold leaching process at the Goldstrike location, replacing cyanide as the leaching agent for various ore types where cyanide is ineffective.

- Looking ahead

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

  Moving ahead, our approach is to provide customers with competitive pricing, coupled with technical support and solutions that will help make their existing applications more effective. As a growth unit, we are forward-looking and adjusting our market entry strategy in step with the global trends.

MPR

- Who We Are

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

- Business in 2014

  2014 was a solid year for MPR. Both our onsite Mobile Services and Cyntrol sales exceeded expectations. Throughout the year, we were able to prove that MPR provides a superior service, using technology that was designed by refiners for use in refineries. When combined with a strong safety health and environmental reputation, years of "knowhow" and our outstanding laboratory , we clearly offer world-class service.

This is evidenced by the fact that during this year, the MPR Mobile Division accumulated a total of just over 17,000 man-hours in the field.

- Looking ahead

Groundwork that was laid in 2014 will allow us to place some extra permanent units in refineries in 2015. Some of these units will join the nine permanent units which remain under long term lease. Despite carrying a full slate of onsite Mobile Services opportunities into Q1 of 2015, we believe that the uncertainty of, and continuing glut in the crude oil markets could potentially have a slightly negative influence on the 2015 results for MPR.

ECS

- Who We Are

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

- Business in 2014

ECS made significant improvements in 2014, becoming one of the biggest salt water disposal facilities within a 15 mile radius of Alexander, North Dakota.

ECS continued to expand its knowledge base and service offering by collaborating with several membrane manufacturers. These joint efforts to expand our capabilities improved our produced water treatment technologies, including both lab scale and in-field testing. All the tests were performed both in our Myton, Utah water treatment plant located in the Uinta Basin, and at our Bakken I disposal facility in North Dakota.

- Looking ahead

  We believe that the uncertainty of, and a continuing glut in, the crude oil markets might have a negative influence on the 2015 results for ECS.

  We will continue to live the standards we originally set for ourselves, with appropriate focus on ROI and cash flow.

Information for our Shareholders

Investor Relations

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

Analyst Coverage

At the end of 2014, Tessenderlo Chemie NV was covered by 6 sell-side analysts (http://www.tessenderlo.com/investors/share_information/analyst_coverage). At the end of the year, 4 analysts had a neutral rating, 2 analysts had a positive rating and no analysts had a negative rating.

Shareholder structure

On December 31, 2014, the shareholder structure of the group was as follows:

	# of shares	% of total
Verbrugge NV (controlled by Picanol NV)	12.802.812	30,2%
Symphony Mills NV	630.458	1,5%
Not negotiable shares (held by personnel or former personnel)	187.037	0,4%
Free float	28.776.256	67,9%
	42.396.563	**100,0%**

On December 31, 2014, there were in total 870,073 warrants 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 42,396,563, entitling the shareholders to 1 vote per share.

Tessenderlo Chemie NV Share

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

Share Price Performance[1]

Tessenderlo Chemie NV share price increased 17.4% in 2014, over performing the BEL 20 index (12.4% increase) and the European Chemicals index SX4P (3.8% increase). The share reached its year-high closing price of 22.31 EUR on May 8, 2014. The year-low closing price of 16.91 EUR was reached on January 14, 2014. The share closed at 20.94 EUR on the last trading day of the year.

Dividend Policy

Following the capital increase which was completed in the fourth quarter of 2014, the Board of Directors proposes to the Shareholder's meeting to not attribute any dividends over the year 2014.

Financial Calendar

Financial year 2014	Results announcement	March 11, 2015
	General meeting	June 2, 2015
First Quarter 2015	Results announcement	April 24, 2015
First half year 2015	Results announcement	August 26, 2015
Third Quarter 2015	Results announcement	October 27, 2015

Full financial and non-financial information about Tessenderlo 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 on this website: 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.

Contact for Investor Relations

Kurt DEJONCKHEERE
Investor Relations
Tel: +32 2 639 1841
E-mail: kurt.dejonckheere@tessenderlo.com

[1] Tessenderlo Group does take into account the impact of the detachment of coupon no 77 related to the 2014 capital increase.

TESSENDERLO GROUP

MANAGEMENT REPORT 2014

EVERY
MOLECULE
COUNTS

This document contains (i) the full consolidated Annual Report for the financial year ending December 31, 2014, 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, 2014, prepared in accordance with art. 96 of the Belgian Companies Code, which is of particular interest to the holders of securities and the public in general. Both the consolidated Annual Report and the statutory Annual Report have been approved by the Board of Directors on March 9, 2015. A copy of the full statutory Annual Report can be obtained at no cost upon request to the company, or can be downloaded from the company website.

This document, together with the financial report, constitutes the "annual financial report" in the meaning of art. 12 of the Royal Decree of 14 November 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 which have been sold or ended from January 2013 onwards.

Group performance

FY14 revenue moved 0.6% lower compared to 2013 to 1.4 billion EUR (or -0.1% when excluding the foreign exchange effect). Agro revenue increased by 5.6% (same percentage when excluding the foreign exchange effect), Industrial solutions revenue remained stable, while the revenue of Bio-valorization decreased by 7.5% (or by 5.6% when excluding the foreign exchange effect).

The 2014 REBITDA of 134.4 million EUR represented an increase of 32.6% year on year (or 34.4% when excluding the foreign exchange effect). Agro and Industrial solutions REBITDA increased strongly, while Bio-valorization REBITDA dropped strongly in 2014.

Cash flow from operating activities was 91.8 million EUR for the full year 2014 (FY13: 109.8 million EUR). Trade working capital was 22.3% of revenue at the end of December 2014 (end December 2013: 16.9%).

As per year-end 2014, group net financial debt stood at 57.1 million EUR, versus 258.9 million EUR at the end of December 2013. The main driver of this reduction is the capital increase which was completed at the end of 4Q14, as well as the higher operational results.

Notional net debt was 155.3 million EUR at the end of December 2014, versus 340.8 million EUR at the end of December 2013.

At the end of December 2014, leverage was 0.4x (2.2x based on notional net debt).

Reported operating segment performance

Segment revenue for Agro in 2014 of 524.0 million EUR represented growth of 5.6% (same growth when excluding the exchange rate effect), driven by higher sales of fertilizers. Segment REBITDA was 99.3 million EUR, 65.2% higher (or 65.3% when excluding the foreign exchange effect) than FY13, primarily due to volumes and margins of fertilizers ending up higher than in 2013.

Bio-valorization segment revenue for FY14 of 476.0 million EUR was 7.5% below 2013 (or -5.6% when excluding the foreign exchange effect), which can be mainly attributed to the negative margin evolution in the segment. FY14 REBITDA for the segment amounted to 6.3 million EUR, which represents a drop of 72.5% compared to a year ago (or -63.8% when excluding the foreign exchange effect), largely reflecting market conditions.

Important programs are ongoing to reduce operating costs and better valorize the products in the segment. However, the margin pressure was still more impactful in 2014, leading to the lower segment profitability in 2014.

Segment revenue for Industrial solutions increased by 0.6% in 2014 compared to 2013 (or decreased by 0.2% when excluding the foreign exchange effect). The higher sales in the Plastic Pipes business in the first half of 2014, as result of the milder winter conditions during the first months of the year, were offset by lower sales in the second half of 2014 due to the continuing difficult market circumstances in continental Europe. The REBITDA of Industrial solutions increased from 18.2 million EUR in 2013 to 28.8 million EUR in 2014. All business units contributed to the strong profitability improvement in 2014. Solid margins and cost management supported this REBITDA evolution.

The Other segment had a revenue of 34.7 million EUR in 2014, compared to 381.9 million EUR in 2013. The remaining REBITDA amounted to 1.1 million EUR (15.2 million EUR in 2013). The most important contributor in 2014 was the phosphates activity before the sale of this business was completed on February 28, 2014. For 2013, "Other" also still included, apart from phosphates, the Compounds activities and the UK Profiles activities as main contributors. These businesses were sold in the second and the third quarter of 2013 respectively.

Human Resources

The Group relies on a team of experienced professionals who contribute to realizing the business and strategic objectives in all areas. As of December 31, 2014 the total number of employees of the Group amounted to approximately 4,800 of which approximately 900 employees were involved in the Agro business, approximately 2,400 employees were involved in the Bio-valorization business and approximately 1,500 employees were involved in the Industrial Solutions' business. 72% of the Group's total personnel is employed in Europe, 19% in the Americas and 9% in Asia.

It is essential for the Group to attract, retain and incentivize our employees and to build motivated teams to realize the objectives of the Group.

A challenging business environment

2014 was a year of great challenges at an HR level. At the end of a major strategic transformation, the group had to rationalize several of its operational and supporting services across different regions. These rationalizations were required to increase efficiency and to restore the profitability of the group after several years of negative bottom line results. Intensive negotiations with personnel led to agreements which sometimes resulted in a decrease in employees but also in a more targeted and appropriate organizational structure.

At the same time, cost reduction programs are also being implemented at all levels of the company to bring down fixed costs in the short term and to make the group more agile in the long run. On an organizational level this means, for instance, creating shorter decision lines and implementing a flatter corporate structure. In all, the focus remains on the customer.

Coping with change

This period of important and numerous changes requires a great deal from our people. A central role in this transformation process is attributed to our managers and supervisors at all levels. They are in fact, the first line HR function: a permanent point of contact for employees and ears and eyes on the work floor. To build efficient and performing teams, they must guide and coach their teams through this entire change process.

The managers also work closely with the social partners in a transparent and open dialog and consider them to be valuable and important.

Effective Deployment of our talents

To achieve results, supervisors and managers can rely on the support of the HR group. This is initially done by nurturing talent in the organization and giving it all opportunities to develop. We strongly believe that people are our greatest asset.

We build on one another's strengths and deploy them in a complementary way. In a business where knowledge and expertise are essential, we build on our experienced and motivated employees who thoroughly know the company and its products.

Tessenderlo Group strongly believes in a permanent feedback culture where employees have at all times a clear view of their contributions as individuals and as team members to the achievement of the company's objectives. HR guides the company through the changes necessary to 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

Tessenderlo's Research and Development aims at improving product and process technologies in its existing businesses. New applications for existing products are explored in the market. Special attention goes to innovative sustainable solutions allowing for reduction in energy and materials consumption along the value chain.

A new technology and innovation center was completed in Phoenix (Arizona, USA). This center supports the agro and industrial segments and BU's.

Tessenderlo is recognized and chosen by customers for their needs in new process and product development. This latter approach leads to close collaboration, novel product and process technology for the customer and Tessenderlo.

Safety, Health, Environment and Quality (SHEQ)

Care for Safety, Health, Environment and Quality has always been an high priority for Tessenderlo Group and its subsidiaries. In 2014, in order to further improve our SHEQ performance, we continued to launch initiatives and undertake actions 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 2014, the number of Lost Time Incidents (LTI) has decreased in most of our businesses. The severity rate remained stable throughout the year.

As safety is key for Tessenderlo Group, all business units need to maintain health & safety as the number one priority on their agenda for 2015, since ensuring everyone's safety at work is a joint responsibility for the company and all of its employees.

SHEQ Achievements

Agro

Due to a consistent emphasis on safety, **Tessenderlo Kerley** (including NovaSource and Tessenderlo Kerley International) again achieved top safety figures for 2014. The Tessenderlo Kerley Safety Department tracks mishap data for more than 20 entities, including contractor operations at all locations. Several entities have been working without any lost time incident for over 10 or even 20 years. Entities that have been in operation for fewer years also realize an excellent safety performance.

The Occupational Safety and Health Administration (OSHA) division of the U.S. Department of Labor in 2014 recognized the Tessenderlo Kerley Inc. plant in Burley, Idaho for continued excellence at the highest level of employee safety and health.

In October, OSHA formally renewed the plant's Star level of participation in its Voluntary Protection Programs (VPP) for another five years, extending participation through 2019. The TKI plant was first recognized with VPP Star status in 2006, with the initial designation being renewed for five years in 2009.

The Burley plant is one of only 16 facilities in Idaho recognized as an OSHA VPP location.

In 2014, the **Inorganics business** continued with the implementation of the holistic safety program named ZERO17. This initiative, initiated in 2012, aims to implement a proactive safety culture and targets zero accidents resulting in lost work time by 2017. Several areas that need improvement to achieve higher safety levels were defined and a multi-year action plan is in execution.

The interruption of the feed phosphate production, based on phosphate rock in Ham (Belgium) at the end of December 2013, sharply reduced the salt water discharge into the local rivers, as stipulated by the 2008 environmental license. In 2014 the modified wastewater treatment was able to bring all discharges in compliance with the strengthened requirements.

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 is prepared in order to build a containment area for wastes from other remediation works.

Bio-Valorization

In our **Gelatin** business, great effort is being made to improve the safety performance. As a result of the implementation of safety action plans in all sites, the number of lost time incidents decreased in 2014.

Since safety is our primary concern, the bolstering of our safety action plans started in 2014, will be continued, including the implementation of the safety pillar of our SPIRIT program in all our plants.

From a sustainability perspective, the Gelatin BU has made great effort on further reducing the impact of our footprint on the environment. An example of this is the certification of our wastewater plant in our Nehe factory in China. We also work collaboratively with the authorities to ensure the compliance of our plants and processes with all new regulations.

At **Akiolis**, risk prevention and work related accidents reduction was on top of the agenda in 2014. In this context, every incident is thoroughly analyzed, and we continually involve line management to cascade prevention reflexes and safety attitudes down throughout the organization.

For instance, risk prevention has been integrated in all operational meetings and supervisors regularly meet with their teams to pass on safety instructions and to collect feedback. These efforts are paying off: in 2014 the number of Lost Time Incidents within Akiolis decreased further . The objective for 2015 is again to significantly lower the number of LTI's.

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. For example: in 2014 all of our collecting agents received training on eco-driving. This decreased the use of fuel and of our CO^2-emissions. This program will be continued in 2015.

Industrial Solutions

Within our business unit **PPS (Plastic Pipe Systems)**, our 2014 safety performance was similar with that of 2013. Some additional programs were launched in 2014 that further build on the initiatives that were already in place in 2013.

Looking forward, we will select those elements per site that need to be built into our Safety Excellence Programs, to further improve our safety statistics. In order to accomplish this, we have adopted a Safety Excellence pyramid that we will start implementing as of 2015.

With regard to sustainability, we are proud to announce that PPS is making good progress in the use of recycled materials. At this moment PPS is using an increasing amount of external PPS recycled materials as raw material, which contributes to the improvement of PPS' carbon footprint.

In **Water Treatment**, PC Loos achieved an all-time record on safety performance in 2014 Although there is still room for improvement, this result is an encouragement for the cultural change efforts underway.

As part of our Operational Excellence project in Loos, special focus was established in 2014 on waste reduction measured by the Waste Water Treatment plant performance in Loos.

ECS celebrated three years without any recordable OSHA incidents at the Myton, Utah water treatment plant in 2014, and ECS continues to focus on a culture of safety.

MPR continues to build on the safety culture of Tessenderlo Kerley. By the end of 2014 it has logged 64 months without a Recordable OSHA incident.

Plans to extend this remarkable record through 2015 and beyond include adding further elements to the culture of safety. These elements are designed to bring heightened awareness which will permeate all MPR does from the bottom up.

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.

Every year, all Business units were requested to identify and evaluate their major risks.

This risk analysis review was updated in 2014 and in October 2014, a comprehensive risk report was presented to the Audit Committee.

The risk section in the prospectus, dated November 25, 2014 issued in the context of capital increase, contained a more detailed description of the greatest risks. The results were also presented to the Board of Directors and the Audit Committee.

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, knowhow 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 various 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.
- The Group entered into contracts subject to change of control clauses.
- The Group is exposed 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[2]

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. Part 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 348.7 million as of December 31, 2014. This amount consists of current and non-current trade and other receivables (EUR 189.4 million), derivative financial instruments (EUR 2.3 million) and cash and cash equivalents (EUR 157.0 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.

[2] For a more detailed overview of the financial risks relating to the situation in 2014, and the Tessenderlo Group policy regarding to the management of such risks, please see the Financial Instruments section in the Financial Report (note 28 - Financial instruments).

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

- set up of a factoring program at the end of 2009 and a securitization program in 2013[3].
- the launch of a private placement with a 5 years maturity in October 2010 (EUR 150.0 million).
- the set-up of a 12 year Brazilian loan for BRL 55.8 million in October 2010[4], (of which 14.9 million EUR remains outstanding as per December 31, 2014).
- amendment in April 2011 of the syndicated credit facility (signed in 2010) in order to increase the facility maturity from 3 to 5 years, with more flexibility for the businesses (total amount of EUR 400.0 million[5]).
- capital increase of EUR 174.8 million on December 19, 2014.

In addition, the group uses a commercial paper program of maximum EUR 100.0 million.

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

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 particularly, the Group incurs foreign currency risks on sales, purchases, investments and credit in addition to other risks arising from 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, operation results or financial condition.

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

The main management tools are the spot purchases and sales of currencies followed by currency swaps. Group borrowings are generally carried out by the Group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.

In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by currency swaps against the currency

3 The securitization program will be terminated as of March 2015.
4 This Brazilian loan was fully reimbursed on January 2, 2015
5 The original amount of the credit facility amounted to EUR 450.0 million, but this amount was decreased by EUR 50 million in September 2014 and by another EUR 100 million in February 2015. Total remaining amount of the credit facility amounts to EUR 300.0 million.

held by the Company. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these currency swaps is included in the finance costs.

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

Interest rate 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.

The Group uses different interest rate hedging instruments after Board of Directors approval:

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

The interest rate of the EUR 150.0 million bond, which matures in October 2015, is fixed at 5.25%.

An increase (decrease) of 100 basis points in interest rates would have a negative (positive) impact on profit and loss of EUR 1.0 million (2013: EUR 1.2 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.

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

(Million EUR)	2014	2013
Fixed rate instruments		
Financial assets	80.3	0.2
Loans and borrowings	169.4	173.0
Variable rate instruments		
Financial assets	76.8	48.7
Loans and borrowings	46.9	139.0

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: http://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. The Charter is available on the Tessenderlo Group website: http://www.tessenderlo.com/tessenderlo_group/governance/corporate_governance_charter/.

Capital & shares

Capital

The capital of Tessenderlo Chemie NV at December 31, 2014 amounts to EUR 212,431,751.

The increase in capital from EUR 159,200,000 on December 31, 2013 to the abovementioned amount on December 31, 2014 is mainly due to a rights offering with subsequent scrips private placement which operation was completed at the end of December 2014.

By decision of the Extraordinary General Assembly 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), exclusively for:

(i) capital increases reserved for company personnel or its affiliates,

(ii) capital increases in the context of the issue of warrants in favor of certain members of the company personnel or its affiliates and, possibly, in favor of certain persons who are not part of the personnel of the company or of its affiliates,

(iii) capital increases in the context 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 for 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 a convenient rounded amount.

Shares

The share capital is represented by 42,396,563 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.

Warrants

As of December 31, 2014, there were in total 870.073 warrants (for which the acceptance period had lapsed) 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 is as follows:

Tranche	**Exercise period**	**Number of warrants**	**Exercise price**
Tranche 2 (2003)*	2007-2015	8,600	EUR 24,84
Tranche 3 (2004)*	2008-2016	27,800	EUR 29,77
Tranche 4 (2005)*	2009-2017	25,400	EUR 25,46
Tranche 5 (2006)*	2010-2018	43,680	EUR 28,20
Tranche 1 (2007)*	2011-2017	78,075	EUR 40,48
Tranche 4 (2010)	2014-2015	198.785	EUR 22,55[6]
Tranche 2011	2015-2016	337,733	EUR 20,40[7]
Tranche 2012	2016-2019	150,000	EUR 20,76[8]
TOTAL		870.073	
* 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 870.073.

6 EUR 23,22 for US residents
7 EUR 20,94 for US residents
8 EUR 20,95 for US residents

Shareholders & shareholders structure

Further to the completion of the Capital Increase of EUR 174,772,372.50 (and exercise of warrants), the Company announced on December 19, 2014, that 10,619,767 new shares were issued on December 19, 2014.

As a result:
Tessenderlo's share capital has been increased by EUR 53,205,032.67 to bring it from EUR 159,226,718.33 to EUR 212,431,751; and the number of shares representing Tessenderlo's share capital has been increased by 10,619,767 shares to bring it from 31,776,796 to 42,396,563 shares.

On December 25, 2014, Tessenderlo has been notified by Verbrugge NV, Artela NV, Mr Luc Tack and Picanol NV, in accordance with the transparency legislation, that on December 19, 2014, Verbrugge NV held 12,802,812 shares (30,20%) and Symphony Mills NV held 630,458 shares (1,49%) in Tessenderlo.

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.

On the basis of this information, the distribution of the shares at December 31, 2014 in Tessenderlo Chemie NV is as follows:

Shareholder	Number of Shares	%
Verbrugge NV	12,802,812	30.2%
Symphony Mills NV	630,458	1.5%
Blocked shares (shares held by personnel or former personnel)	187,037	0.4%
Free float[9]	28,776,256	67.9%
Total	42.396.563	100%

Shareholders' Agreements

At the date of this report, the Company has no knowledge of any agreements made between the Shareholders.

[9] Individual Shareholders holding less than 5% of the Company's Shares.

Board of Directors

Composition

At December 31, 2014, the composition of the Board of Directors of Tessenderlo Chemie NV was as follows[10]:

Non-Executive Directors	Start of initial term	End of term[11]
Antoine Gendry	02/06/2009	June 2017
Independent Non-Executive Directors[12]		
Véronique Bolland (Ms)	04/06/2013	June 2017
Philippe Coens	07/06/2011	June 2015
Dominique Zakovitch-Damon (Ms)	07/06/2011	June 2015
Baudouin Michiels	17/03/2005	June 2015
Karel Vinck	17/03/2005	June 2015
Executive Directors		
Luc Tack[13] - Co-Chief Executive Officer	13/11/2013	June 2015
Melchior de Vogüé[14] - Co-Chief Executive officer	18/12/2013	June 2017
Stefaan Haspeslagh[15] – Chairman	13/11/2013	June 2018

Almost all Board of Directors meetings were attended by the Director Group Controlling, Consolidation & Accounting 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 fulfils the objective of assembling complementary skills in terms of competencies, experience and business knowledge.

[10] During the year 2014, the following changes have occurred:
- Gérard Marchand has stopped being Chairman and member of the Board of Directors as from June 3, 2014.
- Alain Siaens has stopped being member of the Board of Directors as from June 3, 2014.
- Thierry Piessevaux, a non-executive director, resigned as member of the Board of Directors on November 5, 2014.

[11] The term of the mandates of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

[12] Pursuant to paragraph 3.10 of the Charter, a Director is considered to be independent if he or she at a minimum 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 aforesaid independence criteria. No exceptions were reported to the Board.

[13] On November 13, 2013 Luc Tack was co-opted as director of Tessenderlo Chemie NV, replacing Didier Trutt who had resigned. The mandate of Luc Tack was confirmed by the General Shareholders' Meeting of June 3, 2014 and will expire at the General Shareholders' Meeting of June 2015. Luc Tack has been appointed Co-Chief Executive Officer on December 18, 2013.

[14] On December 18, 2013, Melchior de Vogüé was co-opted as director of Tessenderlo Chemie NV, replacing Frank Coenen who had resigned on that date. The mandate of Melchior de Vogüé was confirmed by the General Shareholders' Meeting of June 3, 2014 and will expire at the General Shareholders' Meeting of June 2017. Melchior de Vogüé has been appointed Co-Chief Executive Officer on December 18, 2013.

[15] On November 13, 2013, Stefaan Haspeslagh was co-opted as director of Tessenderlo Chemie NV, replacing Michel Nicolas who had resigned. At the General Shareholders' Meeting of June 3 2014, the mandate of Stefaan Haspeslagh as director was confirmed and during the meeting of June 3 2014 the Board of Directors agreed with unanimous consent to appoint Stefaan Haspeslagh as new chairman of the Board for the duration of his mandate as director to replace Gérard Marchand retiring.

Activities

The Board of Directors met in accordance with a previously determined schedule. The Board of Directors physically met nine times during 2014. In addition one deliberation of the board has taken place by written consent.

During 2014, the Board's main areas of discussion, review and decision were:

- the Group's long-term strategy and 2014budget;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- a number of investment projects;
- proposals to the Shareholders' Meetings;
- appointment of the new Chairman and appointment of an Honorary Chairman;
- the changes to the composition of the Group Management Committees;
- the remuneration policies for the directors, co-CEO's and Group Management Committee members;
- the financial communication and segment reporting;
- the evaluation of the Board of Directors and of the Appointment and Remuneration Committee;
- the amendment of the Corporate Governance Charter;
- convocation and determination of the agenda of the extraordinary Shareholders' Meeting regarding the Offering, to decide on the approval of the Share Capital increase for a maximum amount of EUR 200 million
- deliberation and decision to amend the terms and conditions of the currently outstanding warrants under 2002-2006Plan, 2007-2011Plan, 2011 Plan and 2012 Plan regarding the anti-dilution protection;
- further formalization of the five year extension of the exercise period of the warrants, that were issued within the framework of (i) 2002-2006 Plan, i.e. more specifically the warrants issued under Allotment 2003, 2004, 2005 and 2006; and (ii) 2007-2011Plan, i.e. more specifically the warrants issued under Allotment 2007 (implementation of the Board of Directors' decision dd. April 23, 2009);
- appointment of an Ad Hoc Committee, as a subcommittee within the Board of Directors to provide guidance on the capital increase;
- appointment of new members for the Appointment and Remuneration Committee and for the Audit Committee;
- the approval of the Prospectus;
- investment in the ammonium thiosulfates production facility (Thio-Sul®) in East-Dubuque (Illinois, USA);
- approval of the commercial agreement with TETRA Chemicals for the marketing and commercialization of calcium chloride;
- the intended acquisition of a portfolio of crop protection products;
- the contemplated construction of a new Thio-Sul® production facility in Europe, possibly complemented with logistics and distribution facilities.

No application has been made of the rules of the corporate governance charter regarding conflicts of interest between Tessenderlo Group companies and a member of the Board which are not covered by the legal rules on conflicts of interest.

The Board acknowledges the Law of July 28, 2011 requiring that as of January 1, 2017, one third of its members to be of the opposite gender. In the Board selection process, the necessary attention will further be given to the implementation of this rule.

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 and the committees, the interactions between board members, the conduct of the meetings and evaluation of the training and resources used by the board and/or the committees.

Where appropriate, the individual board members also share their view on how the board and the committees could improve their operation. The Chairman and the secretary of the board share the results of the evaluation with the board members and formulate initiatives for improvement.

Board Committees

General

At December 31, 2014, the following Committees are active within the Board of Tessenderlo Chemie NV:

The Appointment 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/

The temporary "Operational Excellence Committee" (OEC), created on November 13, 2013 and composed of four Directors Luc Tack, Stefaan Haspeslagh, Philippe Coens and Véronique Bolland, has met one time in 2014. The latter committee has been operational until the end of February 2014.

During the year 2014, the group has reviewed its governance and has decided that the Group's strategy will be discussed in the regular Board meetings as well as during a strategy seminar which will be held for the first time in 2015. Following that decision, The Strategy Committee has been abolished by decision of the Board on November 17 2014.

Ad Hoc Committee

In view of the preparation of the transactions relating to the Capital increase, the Board of September 17, 2014 has confirmed the creation of a subcommittee of the Board consisting of Mr Karel Vinck, Mrs Véronique Bolland and Mr Philippe Coens. The scope of work of the ad hoc committee, acting as a subcommittee of the board of directors, was to assist and advise the board of directors regarding the rights issue / capital increase.

Appointment and Remuneration Committee

At December 31, 2014, the Appointment and Remuneration Committee was constituted as follows[16]:

Karel Vinck (Chairman) (Independent)
Philippe Coens (Independent)
Dominique Zakovitch-Damon (Ms, Independent)

A majority of the members of the Appointment 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 Appointment and Remuneration Committee met three times during 2014.

[16] On January 14, 2014, Stefaan Haspeslagh resigned as member of the Appointment and Remuneration Committee following the conclusion by Tessenderlo Chemie NV of a consultancy agreement with Findar BVBA, a company in which Stefaan Haspeslagh is Managing Director.

On June 3, 2014, Alain Siaens stopped being member of the Appointment and Remuneration Committee, following the end of his mandate as director of Tessenderlo Chemie NV and he has been replaced by a new member, Ms Dominique Zakovitch-Damon on August 25, 2014.

On October 6, 2014, Thierry Piessevaux resigned as member of the Appointment and Remuneration Committee

The Chairman of the Board of Directors attended, with an advisory vote, the meeting dealing with the remuneration, objectives and performance review of the co-CEO's. The co-CEO's attended, with an advisory vote, the meeting dealing with the remuneration and objectives of the GMC members, other than for themselves. The Group HR Manager attended the meetings dealing with remuneration issues.

Activities of the Appointment and Remuneration Committee

In 2014, the Appointment and Remuneration Committee discussed and made recommendations regarding the Group Management Committee remuneration package, including the co- Chief Executive Officers. The committee made recommendations for the appointment and co-optation of new Board members and changes in the committees. The Appointment and Remuneration Committee also prepared the remuneration report, as included in the 2013 annual report.

In compliance with the Charter, the majority of members of the Appointment and Remuneration Committee are independent.

Evaluation of the Appointment and Remuneration Committee

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

Audit Committee

(including justification required by art. 119, 6 ° Belgian Companies Code)

At December 31, 2014 the Audit Committee was constituted as follows[17]:

Baudouin Michiels (Chairman) (Independent)
Véronique Bolland (Ms) (Independent)
Philippe Coens (Independent)

The Audit Committee met according to a previously determined schedule.

[17] Stefaan Haspeslagh resigned as a member of the Audit Committee on January 14, 2014 following the conclusion of a consultancy agreement with Findar BVBA, a company in which Stefaan Haspeslagh is Managing Director.

Thierry Piessevaux resigned as a member of the Audit Committee on October 2, 2014.

On June 3, 2014, Alain Siaens stopped being member of the Audit Committee, following the end of his mandate as director of Tessenderlo Chemie NV.

On August 25, 2014, Mr Philippe Coens was appointed as new member of the Audit Committee.

The Audit Committee met five times during 2014.

The co-CEO, the Director Group Controlling, Consolidation & Accounting as well as the statutory auditor attended the meetings of the Audit Committee. The Group internal audit director attended the meetings dealing with internal audit, the head of internal control attended the meetings dealing with internal control matters and the group risk manager attended the meetings dealing with risk management.

The company fulfils the legal requirement that its Audit Committee has at least one independent Director with the necessary accounting and audit expertise.

The members of the Audit Committee fulfill the criterion of competence by their own training and by the experience gathered during their previous functions (various members of the Audit Committee are or have been also 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, the Audit Committee heard reports from the external auditors regarding the internal control system, including the IT controls and the valuation and accounting treatment of certain exceptional items.

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 2014, 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.

Further, the Audit Committee reviewed the status of the Enterprise Risk Management, risk reporting, prioritization of risk and mitigation actions as well as the litigation report. The Audit Committee also heard reports from the director of internal control. In addition, special reviews were conducted on the third quarter results in the framework of the Rights Offering transaction, on the new segmentation rules for the activities and on the working capital of the company.

Other activities of the Audit Committee include the review of the financing of the group, the terms of reference of the Audit Committee, and its functioning through the use of a self-assessment questionnaire.

Attendance rate to the Board of Directors meetings and the special committees meetings in 2014:

	Board of Directors	**Audit Committee**	**Appointment & Remuneration Committee**
Number of meetings in 2014	9	5	3
Gérard Marchand[18]	4/9		
Véronique Bolland	8/9	5/5	
Philippe Coens	8/9	1/5	3/3
Dominique Zakovitch-Damon	9/9		
Melchior de Vogüé	9/9		
Stefaan Haspeslagh	9/9		
Antoine Gendry	8/9		
Baudouin Michiels	9/9	5/5	
Luc Tack	8/9		
Thierry Piessevaux[19]	7/9	4/5	3/3
Alain Siaens[20]	4/9	3/5	2/3
Karel Vinck	9/9		3/3

Group Management Committee (GMC)

Roles and responsibilities

Composition

As per December 31, 2014, the GMC of Tessenderlo Chemie NV was constituted as follows:

18 Mandate until June 3, 2014 (General Shareholder's Meeting)

19 Resignation as member of the Audit Committee on October 2, 2014, resignation as member of the Appointment and Remuneration Committee on October 6, 2014 and resignation as Director on November 5, 2014

20 Mandate until June 3, 2014 (General Shareholder's Meeting)

Luc Tack	Co-Chief Executive Officer and CEO Tessenderlo Kerley
Melchior de Vogüé	Co-Chief Executive Officer and Chief Financial Officer
Jordan Burns	President Tessenderlo Kerley and Business Development Leader
Pol Deturck	Executive VP and BU Director Akiolis
Jan Vandendriessche	Chief Growth Officer
FINDAR BVBA permanently represented by Stefaan Haspeslagh	Executive VP Transformation and Development

Mr. Rudi Nerinckx, former Chief HR Officer, left the company on January 16, 2014.

Evaluation of the GMC

At least once a year, the co-CEOs carry out a review of the GMC function and the contribution of its members and, where applicable, propose amendments to its internal regulations to the Board of Directors.

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

Activities of the GMC

The Board of Directors has appointed a group management committee (the "**Group Management Committee**" or the "**GMC**"). The GMC provides assistance to the co-CEOs. The GMC generally meets once a month. In addition the GMC meets whenever circumstances require this. The GMC periodically reports to the Board of Directors on the execution of its duties.

The GMC meetings were also attended by the Strategic Planner, secretary to the GMC. Members of the group support services were invited to present various topics. Representatives of the Business Units present an operational update and strategic initiatives to the GMC on a regular basis.

The GMC deliberation is only valid if at least half of its members are present or duly represented.

Decisions of the GMC are taken by unanimity, but in absence thereof the co-CEOs will decide.

The GMC convened 9 times during 2014. The attendance rate was 100%.

No application has been made of the rules of the corporate governance charter with respect to conflicts of interest between a member of the GMC on the one hand, and the Company or any affiliated company of the Company on the other hand, with respect to matters falling within the competence of the GMC and on which the GMC must decide.

Remuneration Report

Directors (including executive directors for their remuneration as director)

Remuneration policy

It is the responsibility of the Board of Directors of the company to make proposals to the shareholders with regard to the remuneration awarded to the members of the Board of Directors.

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

- the remuneration for participating in the Board and the Board 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 Appointment and Remuneration Committee. The co-CEO, Executive Director, receives the same remuneration as the Non-Executive Directors for his role of Director. 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.

In view of the financial situation and the new size of the group, it has been proposed by the March 26, 2014 Board to the June 2014 General Assembly of shareholders to reduce the board 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 Appointment and Remuneration Committee, the Strategy Committee[21] as well as for any special committee established by the Board of Directors are included in the annual fixed fee except for the Audit Committee members where the annual fixed fee is increased with EUR 5,000 (EUR 25,000). As from 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.

[21] The Company's Strategy Committee was abolished by a decision of the Board of Directors of November 17, 2014.

Remuneration Procedures Applied during 2014

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

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 in the next 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 and of a cell phone.

The members of the Ad Hoc Committee will receive in 2015 a fixed remuneration of EUR 4,000 for the preparation of the transaction of the rights offering / capital increase.

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

Member	2014	Earned Fees (in EUR)	Remarks
de Vogüé Melchior Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee **Total remuneration**	20.000,00 **20.000,00**	
Haspeslagh Stefaan Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee **Total remuneration**	35.000,00 **35.000,00**	Chairman as of 03/06/14
Tack Luc Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee **Total remuneration**	20.000,00 **20.000,00**	
Marchand Gérard *(Chairman until 03/06/14)* Non-executive director	Fixed annual fee (1) Audit Ctee. - attendance fee Travel fee	25,000.00	End Mandate 03/06/14

	Total remuneration	**25,000.00**	
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**	20,000.00 1,250.00 **21,250.00**	
Zakovitch-Damon Dominique Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	20,000.00 4,500.00 **24,500.00**	
Gendry Antoine Non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	20,000.00 4,000.00 **24,000.00**	
Michiels Baudouin Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	20,000.00 5,000.00 **25,000.00**	
Piessevaux Thierry Non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	16,666.00 3,750.00 **20,416.00**	End Mandate 05/11/2014
Siaens Alain Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	10,000.00 2,500.00 **12,500.00**	End Mandate 03/06/14
Vinck Karel Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee **Total remuneration**	20,000.00 **20,000.00**	
TOTAL (including executive and non-executive directors		**272,666.00**	

excluding company car and mobile phone

Group Management Committee (GMC)

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 Appointment and Remuneration Committee defines the remuneration policy principles of the GMC 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 landscape is changing fast. In order 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 groups 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 is 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 Appointment and Remuneration Committee considers the appropriate compensation to be offered for the GMC. 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 GMC's total cash compensation against a defined peer group of companies of similar size with the same type of activities of Tessenderlo Group. Non-Belgian GMC members are benchmarked with reference to their local market. 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 GMC members is reviewed on an annual basis by the Appointment and Remuneration Committee on the recommendation of the CEOs, while compensation of the CEOs is reviewed on the recommendation of the Chairman of the Board of Directors.

Compensation package

The GMC compensation package consists of the following items:

Base salary
Variable salary (including short and long-term incentive plans)
Other compensation items

Details on the contents of each of these items are provided hereafter.

Base salary

The base salary compensates individual members as per market reference towards a peer group 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 of the members of the Group Management Committee is set at 35% (50% for non-Belgian GMC member) of the overall yearly base salary based upon yearly objectives entirely linked to Group results. As such, the variable compensation of the GMC members is considered through the obligation set forward in the Company Code (article 520ter). The General Shareholder meeting of June 3, 2014 has approved an exception to the principle in article 520ter and allowed performance criteria for the GMC 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 GMC members are compensated according to the overall performance of Tessenderlo Group.

The short term incentive for the co-CEOs varies between 0% and 70% of the base salary. The objectives measured over the calendar year are set for 100% of the group financial objectives with a modifier for individual performance, established by the Appointment and Remuneration Committee.

For 2014, the financial objectives of the group were set at ROCE and EBIT. The personal modifier is linked to progress in strategy execution and business transformation within the group. The evaluations of the co-CEOs target objectives against the realizations are performed by the Appointment and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors.

For the European GMC members, the target short term incentive varies, between 0% and 70% of the base salary. The US GMC member has a target short term incentive varying between 0% and 100% of the base salary. The performance objectives for all the GMC members are for 100% linked to the financial objectives of the group (ROCE, and EBIT) including a personal modifier linked to progress in strategy execution and business transformation within the group. The GMC target objectives are evaluated on a calendar year basis; the evaluations are done after the end of the financial year by the Co- CEOs and submitted for approval to the Appointment and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

The Board of Directors decided not to allocate share options (warrants) for 2014 nor any other long term incentive.

In 2012 a long term cash plan was developed next to the share option plan for both GMC members as all other Leadership Team members. The long term cash plan is a one-time individual selective grant of a deferred cash bonus covering a four year period (2012-2015). Pay-out 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 2014.

Other compensation items

Members of the GMC (including the co-CEOs Mel De Vogue and Luc Tack) are eligible to participate in the extra-legal pension plan, a hospitalization plan, a life insurance plan, etc., which are also available to the members of the Leadership Team. Since the GMC has members of different nationalities, plans may vary according to the local legal and competitive environment.

GMC members also benefit from certain other benefits such as a company car and representation allowance.

The co-CEOs, Mel De Vogue and Luc Tack, and GMC members participate in either a "defined benefit" plan or a "defined contribution" plan. The "defined contribution" plan applies to GMC members that have a Belgian employment contract or management agreement which took effect on or after January 1, 2008. All GMC members that have a Belgian employment contract in effect prior to December 31, 2007, remain affiliated with the "defined benefit" plan. All these compensation elements are included in the tables below ("Remuneration earned in 2014"). The US GMC member participates in a 401K plan in the United States.

As of April 1, co-CEO Mel De Vogue, has been allocated an individual pension promise, in view of his change from employee to self-employed status (cf. Infra) with the intention of providing a similar type of pension arrangement as under the employee status.

Changes in reward policy

As of April 1, 2014 Mel De Vogue, co-CEO is transferred from an employee status to an Executive self-employed Director of Tessenderlo Group, resulting in the termination of his employee status. This aligns with the second co-CEO, Luc Tack, who already had the capacity of Executive self-employed Director as from his nomination towards co-CEO on December 18, 2013. Luc Tack only became a remunerated self-employed Director of Tessenderlo as from January 1, 2014.

The company is investigating if a new Long Term Incentive plan will be established for (some) key personnel from end 2015/start 2016, which is the moment the old Long Term Performance Cash plan (2012-2015) will end. A discussion will be held with the Appointment & Remuneration Committee on this subject during 2015.

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

Remuneration earned in 2014

Co-CEO's – Mel De Vogue and Luc Tack

Annual gross compensation earned by the Co-CEOs in 2014 is detailed below:

Component	Amount Mel De Vogue	Amount Luc Tack
Fixed compensation (excluding Director fees)[1]	EUR 345,300	EUR 231,350
Variable compensation[1/8]	EUR 177,608	EUR 120,568
TOTAL (in cash)	**EUR 522,907**	**EUR 351,918**
Pension[2]	EUR 51,667	EUR 20,139
Other benefits[3]	EUR 61,403	EUR 25,435

GMC (excluding Co-CEO's) gross compensation earned in 2014 [5/7]

Component	Amount
Fixed compensation[1/4]	EUR 1,226,529
Variable compensation[1/4/6/8]	EUR 784,554
TOTAL	**EUR 2,011,083**
Pension[2]	EUR 157,239
Other benefits[3]	EUR 127,720

(1) Excluding social security contributions.
(2) Defined Benefit Plan: annual service cost for 2014, as calculated by an actuary.
(3) Other benefits include coverage for death, disability, work accident insurance, taxes (4,40%) on an additional contribution pension plan, 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 : 1 USD = 0,8075 EUR (for all conversions related to the US package for Jordan Burns).
(5) Excluding the fees paid to MAS BVBA, a company controlled by Mr. Stefaan Haspeslagh, for various consulting services performed during the period November 2013 – January 2014 period, and paid in March 2014, at a sum of EUR 100,716.
(6) Some of the GMC members convert variable compensation in options resulting in a deferral of payment.
(7) Rudi Nerinckx left the company on 16/1/2014. His remuneration, excluding termination, is included in this overview.
(8) Subject to final approval of the Board of April 23, 2015 – maximum.

Stock options (warrants) granted to GMC members[22]

During 2014, no stock options are awarded to GMC members. The following table shows the respective number of options that were lost during 2014 (as the term for exercise elapsed) and the number of stock options exercised during 2014:

Name	2014 grant	Options time period elapsed in 2014	Options exercised in 2014
Pol Deturck	0	0	9,333
Jan Vandendriessche	0	0	9,333
Jordan Burns	0	9,333	0
Mel de Vogue	0	0	0

Agreements on severance pay

It should be noted that the Board of Directors decided on 14 January 2015, to replace the Current Group Management Committee by an ExCom, consisting of the CO-CEO's (Luc Tack/Mel De Vogue), the Executive Directors (currently Findar BVBA through Stefaan Haspeslagh) as well as any other member appointed by the Board (no one at this stage).

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 Co-CEO's to a maximum of twelve months as of 2021.

The other employment contracts of the previous Group Management Committee entered into on or after May 3, 2010 are compliant with art. 554, §4 CC. Any agreements entered into prior to such date, have been entered into in compliance with the then applicable legislation.

Furthermore, employment contracts of those members of the GMC may contain provisions recognizing part of the seniority build up with previous employers for purposes of calculating any termination indemnity and severance pay may therefore be in excess of twelve months pay. The employment contract of the American member of the GMC contains a termination indemnity equal to 1 ½ year's salary, in line with usual practice for this level of function.

[22] Findar BVBA, represented by Stefaan Haspeslagh and Luc Tack have never received options of Tessenderlo.

Rudi Nerinckx, chief human resources officer, left the company at January 16, 2014. The total departure indemnity for Rudi Nerinckx equalled EUR 246,882 (excluding employer social security contributions).

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 GMC.

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 TG Headquarter 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 2014

The Internal Control department continued reviews of certain processes on both entity and group level with special attention to entities that recently completed IT systems conversions. On group level focus was on authorization matrixes and the development of a revised set of key management processes that will be rolled out in 2015.

The identification and implementation of IT General Control systems continued with particular emphasis on the US operations. This project should be completed by the end of 2015.

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 a 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 important and inherent aspect of conducting business. The group has developed a number of 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 GMC 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

Chapter 7 of the Charter sets out the corporate policy with regard to inside information and market manipulation.

The Compliance Officer is responsible for supervising compliance with the policy that the company has laid out concerning inside information and market manipulation. He/she is also the point of contact for questions about the application of the policy.

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)	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**

(Million EUR)	2013			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.1	0.3
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.1**	**0.9**

Subsequent Events

No significant subsequent events occurred after the balance sheet date.

Application of art. 523 of the companies code

The Remuneration of the co-CEO's for their Performance in 2014

Excerpt from the minutes of the Board of Directors held on February 24, 2014

[…]

Prior to deliberating and adopting the resolution on the salary package of the GMC and on the service fee with Findar BVBA the Co-CEOs Mr Luc Tack and Mr 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 2013 and 2014 (Luc Tack and Mel de Vogüé) and remuneration and/or service fee with Findar BVBA, a company in which Stefaan Haspeslagh is also Managing Director.

The co-CEOs and executive director Stefaan Haspeslagh declare 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.

After hearing the proposal and recommendation of the proposal by Mr Karel Vinck, chairman of the Appointment and Remuneration committee, the Board unanimously decides to attribute the following remuneration package to the Co-CEOs Luc Tack and Mel de Vogue and to approve the following service fee for the services rendered by Findar BVBA, represented by Stefaan Haspeslagh:

Co-CEO Luc Tack

- To fix the base salary for the year 2014 at EUR 231,350 (excluding the board fee of EUR 20,000)
- To fix the termination package at 8 months' notice until 12 years of service with Tessenderlo Group.

For Luc Tack, who is estimated to grant 66% of its time to the Co-CEO role, the other conditions of the contract are summarized below:

- The Tessenderlo Group Defined Contribution plan.
- The company car policy.

- The fixed monthly net cost allowance amounting to EUR 340 /month.
- The Medical insurance plan.
- The continuation of the current termination protection amounting to 8 months of break-up fee until twelve months of service with the company. After twelve years of service the termination allowance will be capped at 12 months. This fee is to be calculated based on total remuneration, including variable pay of the last 12 months and valuation of all benefits.
- Additional director fee of EUR 20,000 will be granted and is not included in above package.
- Implementation date 1/1/2014.

CEO Mel de Vogüé

- To fix the base salary for the year 2014 at EUR 340,800 (excluding the board fee of EUR 20,000)
- To fix the termination package at 8 months' notice until 12 years of service with Tessenderlo Group.

For Mel de Vogüé, Co-CEO the main conditions of the contract are summarized below. For social security purposes, Mel de Vogüé will have the status as independent and will further be granted the following advantages:

- The Tessenderlo Group Defined Contribution plan.
- The company car policy.
- The fixed monthly net cost allowance amounting to EUR 340 /month.
- The Medical insurance plan.
- The continuation of the current termination protection amounting to 8 months of break-up fee up to twelve months of service with the company. After twelve years of service the termination allowance will be capped at 12 months. This fee is to be calculated based on total remuneration, including variable pay of the last 12 months and valuation of all benefits.
- Additional director fee of EUR 20,000 will be granted and is not included in above package.
- An additional complementary pension plan with AG with an estimated yearly fee of EUR 8,300.
- Implementation date 1/4/2014, where at the same date Mr. de Vogüé his employment contract will be ended in mutual agreement without termination fees.

In view of the 2013 results of the Company, no 2013 related bonus has been attributed on the variable part (35%) of the base salary of Mr de Vogüé.

The Company Findar BVBA, represented by Stefaan Haspeslagh will receive a service fee equal to EUR 302,150 (VAT not included) for services rendered as member of the Group Management committee.

For the year 2014, the variable part of the fixed salary is fixed at 35% for both Mel de Vogüé and Luc Tack.

The Board agrees that the fixed and variable parts of the salary of the Co-CEOs as well as the terms of conditions of the service agreement are -although below the market- taken into the interest of the company. The cost of the remuneration will be reflected in the accounts of the company.

Full details on the remuneration package as well as on the terms and conditions are included in the minutes (and attachments) of the Appointment and Remuneration Committee of February 24, 2014.

[…]

Amendment of the terms and conditions of the warrants

Excerpt from the minutes of the Board of Directors held on September 17, 2014

[…]

Prior statements of the directors in accordance with article 523 of the Belgian Companies Code are made :

Melchior de Vogüé states that:
He has a conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is a beneficiary under said Plans and currently holds 62,000 warrants under Plan 2010, 2011 and 2012 (he also holds a limited amount of shares in the Company);

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the Belgian Companies Code (BCC) before the deliberation and vote in respect to agenda item V and will re-join the meeting for the deliberation of the remaining agenda items.

Luc Tack states that:
He has an indirect conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is the ultimate beneficial owner of the shareholding of Verbrugge NV in the Company and the contemplated amendment may have a dilutory effect on the existing shareholding of Verbrugge NV in the Company;

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the BCC before the deliberation and vote in respect to agenda item V and will re-join the meeting for the deliberation of the remaining agenda items.

The chairman asks if other members of the board have a conflict of interest in the sense of article 523 of the BCC.

At the meeting
Thierry Piessevaux states that :

He has an indirect conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is a member of a family which is the ultimate owner of an important shareholding into the Company and the contemplated amendment may have a dilutory effect on his/their existing shareholding in the Company;

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the BCC before the deliberation and vote in respect to agenda item V and will re-join the meeting for the deliberation of the remaining agenda items.

The other directors of the Company who are present or validly represented state that they do not have a direct nor indirect conflict of financial interest with the decisions to be taken in accordance with article 523 BCC.

The chairman deals with the first point on the agenda:

....

Before starting the deliberation on agenda item V, Melchior de Vogüé, Luc Tack and Thierry Piessevaux step out of the meeting.

5. Deliberation and decision on the amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection

The chairman refers to the warrants currently issued by the Company and states that in general, at the time warrants are issued, it is not uncommon to include some sort of anti-dilution protection in their terms and conditions, in order to manage certain restrictions on future transactions by the Company arising out of article 501, §1 of the Belgian Companies Code. However, it is unclear whether the warrant holders would have a legal entitlement to an adjustment of the exercise price in the specific case at hand.

Mr Karel Vinck says that the matter has been discussed in the meetings of the ad hoc committees and that after seeking the advice of our legal advisor Stibbe, it has been agreed upon by the ad hoc committee members that the adjustment of the exercise price of the warrants is the best approach from a risk management perspective. Following a question of Mr Baudouin Michiels, the board members discuss the potential tax impact of the adjusted exercise price.

The management says that they are currently reviewing the tax aspects of the transaction and that some fee quotes for introduction of a tax ruling have been asked to our tax advisors. The chairman of the ad hoc committee also informs that the formula for the adjustment has been discussed in the ad hoc committee and that in order to determine the price adjustment proper advice has been taken with KBC.

The adjustment of the exercise price is inspired by the ratio-method which is a commonly accepted technique used for compensation of warrant holders for the dilution impact due to a major change in the capital structure of a company.

The board of directors discusses and, in order to limit as much as possible any potential litigation threat from warrant holders, unanimously decides, subject to the rights issue being effectively launched following its approval by the extraordinary general meeting, to adjust the exercise price of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 in accordance with the right provided thereto in the terms and conditions under which such warrants were issued and, whereby the exercise price of the existing warrants shall then be adjusted according to the following formula:

Whereas[1]

X = Closing share price before start of subscription period
Y = Rights value
Z = Issue Price
R (adjustment factor) = (X-Y) / X

Whereby

- Y = (TERP – Z) * Ratio; and
- $\text{TERP} = \dfrac{(\text{number of outstanding shares} * X) + (\text{numbers of shares issued} * Z)}{\text{total number of shares after the offering}}$

So that the existing strike price of the warrants will be multiplied by R

[1]*This formula disregards any (interim) dividend payments*

Excerpt from the minutes of the Board of Directors held on 27 October, 2014

[....]

-*Preliminary statement*-

The Chairman gives the following statement :

1. Agenda.
   Following agenda item is discussed in presence of the notary :
   II. Further formalization of the extension with five (5) years of the exercise period of certain warrants that were issued within the framework of (i) 2002-2006 Plan and (ii) 2007-2011Plan.

2. Convocations.
   The convocations with mention of the agenda were forwarded to the directors on October 17, 2014.

3. Quorum
   The Chairman states that, as the majority of the board members is present or validly represented, the board can validly deliberate on the agenda items.

-*Article 523*-

The Chairman sets forth to the board that the following directors have informed that they have a conflict of financial interest with the execution of the decision referred to in agenda item II, whereby the board of directors is to discuss and decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection (hereafter the "Extension") :

(i) Mr Melchior de Vogüé states that he has a conflict of financial interest with the Extension as he is beneficiary under said Plans and currently holds 62,000 warrants under Plan 2010, 2011 and 2012 (he also holds a limited amount of shares in the company);

(ii) Mr Luc Tack states that he has an indirect conflict of financial interest with the Extension, as he is the ultimate beneficial owner of the shareholding of Verbrugge NV in the company and the contemplated amendment may have a dilutory effect on the existing shareholding of Verbrugge NV in the company;

(iii) Mr Thierry Piessevaux states that he has an indirect conflict of financial interest with the Extension, as he is a member of a family which is the ultimate owner of an important shareholding in the company and the contemplated amendment may have a dilutory effect on his/their existing shareholding in the company.

They have requested that the auditor is informed on this conflict of interest.
In accordance with article 523 BCC these directors refrain from taking part at the deliberations of the board of directors on this decision and from taking part at the vote. The other directors of the company who are present or validly represented state that they do not have a direct or indirect conflict of financial interest with the above-mentioned decision.

-"Resolution"*-

Taking into account the above-mentioned statement, the board of directors unanimously decide to take the following resolution.

RESOLUTION
The chairman reminds the board of directors of the fact that during its meeting of April 23, 2009, within the framework of the Economic Recovery Law of March 27, 2009 the board decided to extend the exercise period of the following warrants with five (5) years :

- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 6, 2003;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 9, 2004;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Thierry Van Halteren, in Brussels, on November 10, 2005;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 9, 2006;
- the warrant issued under the five-year warrants issue plan 2007-2011 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 8, 2007.

The board of directors decide to establish a special report that will implement this contractually valid granted extension and request the notary, where applicable, also to execute this extension by notary deed. A copy of this report will remain annexed to this document. The auditor also establishes a dated special report.
Following the extension and taking into account the warrants already exercised, the remaining outstanding warrants currently amount to 1,094,461.

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

Art. 34 of the Royal Decree of November 14, 2007 requires Tessenderlo Chemie NV to disclose in the management report a list of, and explanations of certain items listed in said Royal Decree, to the extent these items have consequences in the event of a public takeover bid. Said information is disclosed hereunder.

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.

The Board of Directors has been authorized to proceed to capital increases in the context of the authorized capital within the framework of an optional dividend; 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 done during a public takeover bid and have an impact thereon.

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 Facilities Agreement executed on February 26, 2010 (as amended on December 20, 2010 and amended and restated on April 28, 2011) for a maximum amount of EUR 300 million[23] between, among others, Tessenderlo Chemie NV as company, guarantor and borrower, Tessenderlo NL Holding BV as guarantor and borrower, certain subsidiaries of Tessenderlo Chemie NV as guarantors, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank SA, Fortis Bank NV/SA, ING Bank NV and KBC Bank NV as mandated lead arrangers, ING Bank NV as facility agent and swingline agent and KBC Bank NV as issuing bank (the "Facilities Agreement"): according to the terms of this agreement, a change of "control" over Tessenderlo Chemie NV can lead to partial or full cancellation of the facilities and hence, the obligation for Tessenderlo Chemie NV to repay part or all monies lent under the facility agreement and to provide full cash cover for part or all letters of credit which are at that time outstanding under the Facilities Agreement; for purposes of the Facilities Agreement, "control" of Tessenderlo Chemie NV means either the direct or indirect ownership of more than 50 percent of the voting rights in the company. The change of control clause described above has been approved by the General Assembly of shareholders of Tessenderlo Chemie NV on June 1, 2010 and again on June 7, 2011 (due to the amendment and restatement of the Facilities Agreement) and a copy of these resolutions have been filed at the registry of the Court of Commerce promptly thereafter;

[23] The original amount of the credit facility amounted to EUR 450.0 million, but this amount was decreased by EUR 50 million in August 2014 and by another EUR 100 million in January 2015.

- the prospectus dated October 25, 2010 of Tessenderlo Chemie NV regarding the issue of senior unsecured bonds, due October 27, 2015, for an amount of 150 million EUR: according to the terms and conditions of these bonds, a "change of control" over Tessenderlo Chemie NV will entitle each bondholder to require Tessenderlo Chemie NV to redeem their bonds by submitting a change of control put exercise notice. If as a result thereof, bondholders submit change of control put exercise notices in respect of at least 85 percent of the aggregate principal amount of the bonds for the time being outstanding, Tessenderlo Chemie NV may redeem all of the bonds then outstanding. For purposes of the change of control clause described above, a "change of control" shall occur if an offer is made by any person to all such shareholders of Tessenderlo Chemie NV other than the offerer and/or any parties acting in concert, to acquire all or a majority of the issued ordinary share capital of Tessenderlo Chemie NV and the offerer has acquired or, following the publication of the results of such offer by the offerer, is entitled to acquire as a result of such offer, post completion thereof, ordinary shares or voting rights of Tessenderlo Chemie NV so that it has either the direct or indirect ownership of more than 50 percent of the voting rights in Tessenderlo Chemie NV. The change of control clause described above has been approved by the General Assembly of shareholders of Tessenderlo Chemie NV on June 7, 2011 and a copy of this resolution has been filed at the registry of the court of commerce promptly thereafter;

- terms and conditions of the bond loan with warrants issued under the 2002-2006Plan, and terms and conditions of the warrants issued under the 2007-2011Plan, 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, 2014, 870,073 warrants were outstanding. The clauses described above have been approved by the General Assembly of shareholders 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 in respect of the financial year ending on December 31, 2014. 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.

The Company does not currently plan to implement a distribution pay-out policy in the near future.

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

Provision 2.1 of the Corporate Governance Code

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of skills, experience and business knowledge. However, in light of the mandates currently in effect, the composition does not fully comply with the provision of the code with respect to gender diversity (deviation from 2.1 Corporate Governance Code). At the shareholders meeting of June 7, 2011, a step was taken towards gender diversity by the appointment as independent Director of Ms Dominique Zakovitch-Damon. The above efforts have been continued and at the shareholder's meeting of June 4, 2013, Ms Véronique Bolland has been appointed independent director.

Provision 4.7 of the Corporate Governance Code
The current Chairman of the Company previously was appointed as an executive director. The Company has carefully considered the positive and negative aspects in favour 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.

Provision 4.13 of the Corporate Governance Code
Currently, no formal evaluation procedure exists with respect to 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 up 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.

Brussels – March 9, 2015

The Board of directors

Melchior de Vogüé	Luc Tack	Stefaan Haspeslagh
Director and co-CEO	Director and co-CEO	President Board of Directors

TESSENDERLO GROUP

FINANCIAL REPORT 2014

EVERY
MOLECULE
COUNTS

Content

Consolidated financial statements **83**

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report **177**

Auditor's report **178**

Statutory financial Report **180**

Financial glossary **183**

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(Million EUR)	note	For the year ended December 31 2014	2013
Revenue		1,434.2	1,790.1
Cost of sales		-1,108.2	-1,430.8
Gross profit		**326.0**	**359.3**
Distribution expenses		-84.0	-91.4
Sales and marketing expenses		-48.3	-69.0
Administrative expenses		-109.6	-134.0
Other operating income and expenses	5	-17.1	-19.1
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**66.9**	**45.8**
Gains and losses on disposals	6	0.0	4.9
Restructuring	6	3.7	-37.6
Losses on disposal groups classified as held for sale	6	0.6	-15.8
Impairment losses	6	-1.6	-5.6
Provisions and claims	6	-12.7	5.7
Other income and expenses	6	-5.8	-16.1
Profit (+) / loss (-) from operations (EBIT)		**51.2**	**-18.7**
Finance costs		-75.9	-62.9
Finance income		72.9	35.7
Finance costs - net	9	**-3.0**	**-27.3**
Share of result of equity accounted investees, net of income tax		3.0	4.2
Profit (+) / loss (-) before tax		**51.2**	**-41.7**
Income tax expense	10	1.6	-23.4
Profit (+) / loss (-) for the period		**52.8**	**-65.1**
Attributable to:			
- Equity holders of the company		**53.7**	**-64.0**
- Non-controlling interest		**-0.9**	**-1.1**
Basic earnings per share (EUR)	22	1.67	-2.02
Diluted earnings per share (EUR)	22	1.67	-2.02

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 2014	2013
Profit (+) / loss (-) for the period		**52.8**	**-65.1**
Translation differences		-13.5	-15.8
Net change in fair value of derivative financial instruments, before tax	28	-3.7	0.7
Other movements		-0.1	-0.1
Income tax on other comprehensive income		1.3	-0.2
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-16.0**	**-15.4**
Remeasurements of the net defined benefit liability		-14.6	-0.3
Income tax on other comprehensive income		1.5	0.8
Other comprehensive income not being classified to profit or loss in subsequent periods		**-13.1**	**0.5**
Other comprehensive income for the period, net of income tax		**-29.1**	**-15.0**
Total comprehensive income for the period		**23.7**	**-80.0**
Attributable to:			
- Equity holders of the company		24.4	-78.8
- Non-controlling interest		-0.7	-1.3

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 2014	2013
Assets			
Total non-current assets		**596.3**	**595.0**
Property, plant and equipment	11	462.6	436.7
Goodwill	12	38.8	37.1
Other intangible assets	13	45.2	49.9
Investments accounted for using the equity method	14	18.6	24.0
Other investments	15	2.5	4.3
Deferred tax assets	16	18.6	5.1
Trade and other receivables	17	9.2	34.2
Derivative financial instruments	28	0.8	3.7
Total current assets		**586.9**	**486.2**
Inventories	18	248.2	255.7
Trade and other receivables	17	180.2	177.0
Derivative financial instruments	28	1.5	4.6
Cash and cash equivalents	19/24	157.0	48.9
Non-current assets classified as held for sale	20	**2.3**	**8.8**
Total assets		**1,185.4**	**1,089.9**
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		**433.5**	**236.6**
Issued capital		212.4	159.2
Share premium		224.2	102.0
Reserves and retained earnings		-3.1	-24.6
Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale		-	0.0
Non-controlling interest		**3.4**	**3.3**
Total equity		**436.9**	**239.9**
Liabilities			
Total non-current liabilities		**260.8**	**432.4**
Loans and borrowings	24	3.9	199.8
Employee benefits	25	53.3	41.6
Provisions	26	149.8	147.1
Trade and other payables	27	4.1	0.5
Derivative financial instruments	28	11.9	10.9
Deferred tax liabilities	16	37.8	32.4
Total current liabilities		**487.7**	**409.4**
Bank overdrafts	19/24	0.6	4.1
Loans and borrowings	24	209.7	103.8
Trade and other payables	27	230.1	257.3
Derivative financial instruments	28	27.1	7.6
Current tax liabilities		1.3	8.9
Employee benefits	25	1.5	1.4
Provisions	26	17.5	26.2
Liabilities associated with assets classified as held for sale	20	**-**	**8.3**
Total liabilities		**748.5**	**850.0**
Total equity and liabilities		**1,185.4**	**1,089.9**

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	Treasury shares	Remeasure-ments of the net defined benefit liability	Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2013		**153.7**	**88.0**	**14.8**	**-26.9**	**-5.3**	**-0.6**	**-43.2**	**0.6**	**154.3**	**335.5**	**4.5**	**340.1**
Profit (+) / loss (-) for the period		-	-	-	-	-	-	-	-	-64.0	-64.0	-1.1	-65.1
Other comprehensive income for the period													
- Translation differences		-	-	-	-15.1	-	-	-	-0.6	-	-15.7	0.0	-15.8
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	-	0.5	-		0.5	-	0.5
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	0.5	-	-	-	-	0.5	-	0.5
- Change in consolidation scope		-	-	-	-	-	-	0.0	-	-	0.0	-	0.0
- Other movements		-	-	-	-	-	-	19.8	-	-19.8	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-15.1**	**0.5**	**0.0**	**20.3**	**-0.6**	**-83.8**	**-78.8**	**-1.3**	**-80.0**
Transactions with owners, recorded directly in equity													
- Shares issued	21	0.3	0.4	-	-	-	-	-	-	-	0.7	-	0.7
- Shares issued (stock dividend)	21	5.2	13.5	-	-	-	-	-	-	-	18.7	-	18.7
- Dividends paid to shareholders	21	-	-	-	-	-	-	-	-	-40.9	-40.9	-	-40.9
- Warrants and capital increase		-	-	-	-	-	-	-	-	0.8	0.8	-	0.8
- Treasury shares		-	-	-	-	-	0.5		-	-	0.5	-	0.5
Total contributions by and distributions to owners		**5.5**	**13.9**	**0.0**	**0.0**	**0.0**	**0.5**	**0.0**	**0.0**	**-40.1**	**-20.2**	**0.0**	**-20.2**
Other movements		**-**	**-**	**-**	**0.0**	**-**	**0.2**	**-**	**0.0**	**-0.2**	**0.0**	**-**	**0.0**
Balance at December 31, 2013		**159.2**	**102.0**	**14.8**	**-41.9**	**-4.8**	**-**	**-22.9**	**0.0**	**30.2**	**236.6**	**3.3**	**239.9**

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	Treasury shares	Remeasurements of the net defined benefit liability	Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2014		**159.2**	**102.0**	**14.8**	**-41.9**	**-4.8**	**-**	**-22.9**	**0.0**	**30.2**	**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**	**0.0**	**-13.1**	**0.0**	**53.7**	**24.4**	**-0.7**	**23.7**
Transactions with owners, recorded directly in equity													
- Shares issued	21	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**	**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**	**0.0**	**-36.0**	**0.0**	**80.0**	**433.5**	**3.4**	**436.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Million EUR)	note	For the year ended December 31 2014	2013
Operating activities			
Profit (+) / loss (-) for the period		52.8	-65.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets		68.7	76.5
Impairment losses on other investments		0.8	-
Impairment losses on disposal groups		0.5	13.2
Changes in provisions		-4.7	4.5
Finance costs	9	75.9	62.9
Finance income	9	-72.9	-35.7
Loss / (profit) on sale of non-current assets		-2.0	-2.7
Impact capital increase expense and warrant plan		-	0.8
Share of result of equity accounted investees, net of income tax		-3.0	-4.2
Income tax expense	10	-1.6	23.4
Other non-cash items		-0.9	-1.2
Changes in inventories		14.8	16.1
Changes in trade and other receivables		18.2	8.2
Changes in trade and other payables		-30.2	15.9
Cash generated from operations		**116.4**	**112.6**
Income tax paid		-29.0	-8.1
Dividends received	32	4.5	5.3
Cash flow from operating activities		**91.8**	**109.8**
Investing activities			
Acquisition of property, plant and equipment	11	-66.2	-94.8
Acquisition of other intangible assets	13	-1.8	-4.4
Subsequent consideration paid - acquisition		-0.7	-
Acquisition of investments, net of cash acquired		0.2	-0.5
Proceeds from sale of property, plant and equipment		1.7	8.2
Proceeds from sale of other intangible assets		0.3	0.3
Proceeds from sale of subsidiaries, net of cash disposed of		14.4	80.7
Capital decrease from other investments		0.7	-
Capital decrease from investments accounted for using the equity method		3.6	-
Cash flow from investing activities		**-47.9**	**-10.5**
Financing activities			
Increase of issued capital - new shares issued	21	174.8	0.7
Increase of issued capital - conversion of warrants	21	0.7	-
Costs capital increase		-2.1	-
Own shares		-	0.5
Capital increase from non-controlling interests		0.8	-
Proceeds from new borrowings		1.3	46.5
Reimbursement of borrowings		-94.0	-84.1
Interest paid		-11.7	-13.6
Interest received		1.3	0.4
Other finance costs paid		-6.5	-8.5
(Increase) of long term receivables		-0.5	-1.7
Decrease of long term receivables		2.5	0.3
Dividends paid to shareholders	21	-	-22.2
Cash flow from financing activities		**66.4**	**-81.8**
Net increase / (decrease) in cash and cash equivalents		**110.4**	**17.4**
Effect of exchange rate differences		1.3	-2.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	19/24	44.8	29.5
Cash and cash equivalents less bank overdrafts at the end of the period	19/24	156.5	44.8

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Page
1	Summary of significant accounting policies	90
2	Determination of fair values	115
3	Segment reporting	117
4	Acquisitions and disposals	120
5	Other operating income and expenses	122
6	Non-recurring income/(expense) items	122
7	Payroll and related benefits	123
8	Additional information on operating expenses by nature	124
9	Finance costs and income	125
10	Income tax expense	126
11	Property, plant and equipment	127
12	Goodwill	129
13	Other intangible assets	132
14	Investments accounted for using the equity method	133
15	Other investments	135
16	Deferred tax assets and liabilities	136
17	Trade and other receivables	137
18	Inventories	138
19	Cash and cash equivalents	139
20	Non-current assets classified as held for sale	139
21	Equity	140
22	Earnings per share	142
23	Non-controlling interest	144
24	Loans and borrowings	144
25	Employee benefits	146
26	Provisions	154
27	Trade and other payables	157
28	Financial instruments	157
29	Operating leases	167
30	Guarantees and commitments	168
31	Contingencies	169
32	Related parties	170
33	Auditor's fees	172
34	Subsequent events	172
35	Group companies	173
36	Critical accounting estimates and judgments	175

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, 2014 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 9, 2015.

(A) Statement of compliance

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

(B) Basis of preparation

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

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

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

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

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

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

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

(C) Principles of consolidation

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 :	2014	2013	2014	2013
Argentine peso	10.2400	8.9791	10.7729	7.2794
Brazilian real	3.2207	3.2576	3.1211	2.8687
Chinese yuan	7.5358	8.3491	8.1857	8.1646
Czech crown	27.7350	27.4270	27.5359	25.9797
Hungarian forint	315.5400	296.9100	308.7061	296.8730
Polish zloty	4.2732	4.1543	4.1843	4.1975
Pound sterling	0.7789	0.8337	0.8061	0.8493
Swiss franc	1.2024	1.2276	1.2146	1.2311
US dollar	1.2141	1.3791	1.3285	1.3281

(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).

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	0 to 20 years

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

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

(F) Goodwill

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
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement after reassessment of the fair values.

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 not insignificant, are reassessed annually and adjusted if appropriate.

Government grants

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

Grants that compensate the group for expenses incurred are recognized as 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.

Reversal of impairment

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

An impairment loss in respect of goodwill cannot be reversed.

Financial assets

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

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

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

(K) Inventories

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

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

(L) Trade and other receivables

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

(M) Cash and cash equivalents

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

(N) Issued capital

Ordinary shares

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

Repurchase of issued capital

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

Dividends

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

(O) Financial liabilities

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

(P) Provisions

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

Restructuring

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

Environmental obligations and dismantlement obligations

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

Onerous contracts

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

(Q) Employee benefits

Post-employment benefits

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

- Defined contribution plans:

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 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

A warrant plan allows senior management to acquire shares of the company. The warrant's exercise price equals the lowest of the average market price of the underlying shares in the 30 trading days preceding the offer date or the market price on the last day preceding the offer date. These share-based payments are recognized in the financial statements based on the fair value of the awards measured at grant date, as an expense spread over the vesting period with a corresponding increase in equity. When the warrants are exercised, equity is increased by the amounts of the proceeds received.

Short-term benefits

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

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

(R) Income tax

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

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

Deferred tax is provided using the balance sheet liability method, for temporary differences arising between the carrying values of assets and liabilities for financial reporting purposes and the basis used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that 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 borrowings, unwinding of the discount on provisions, foreign exchange losses and losses on derivative financial instruments. Interest expense is recognized in the income statement as it accrues, taking into account the effective interest rate.
The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

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

(V) Derivative financial instruments

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

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

Cash flow hedges

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

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

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

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

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

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

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

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

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 coordinated single plan to dispose of a separate line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

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

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

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

(X) Earnings per share

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

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

(Y) Segment reporting

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

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

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

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

(Z) Changes in accounting policy and disclosures

New and amended standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2014:

IAS 27 Revised *Separate financial statements*, effective for annual periods beginning on or after January 1, 2014. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 Revised *Investments in associates and joint ventures*, effective for annual periods beginning on or after January 1, 2014. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IFRS 10 ***Consolidated financial statements***, effective for annual periods beginning on or after January 1, 2014. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.

IFRS 11 ***Joint arrangements***, effective for annual periods beginning on or after January 1, 2014. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.

IFRS 12 ***Disclosure of interests in other entities***, effective for annual periods beginning on or after January 1, 2014. This is a new standard on disclosure requirements for all forms of interests in other entities.

Amendments to IFRS 10 ***Consolidated financial statements*****, IFRS 11** ***Joint arrangements*** **and IFRS 12** ***Disclosure of interests in other entities***. The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (for example by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unconsolidated structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). These amendments will be effective for annual periods beginning on or after January 1, 2014 which is aligned with the effective date of IFRS 10, 11 and 12.

Amendments to IAS 32 ***Offsetting financial assets and financial liabilities***, effective for annual periods beginning on or after January 1, 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

Amendments to IAS 36 ***Impairment of assets*****,** effective for annual periods beginning on or after January 1, 2014. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

Amendments to IAS 39 ***Financial instruments: Recognition and measurement***, effective for annual periods beginning on or after January 1, 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 *Financial instruments*.

Amendments to IFRS 10 ***Consolidated financial statements*****, IFRS 12** ***Disclosure of interests in other entities*** **and IAS 27** ***Separate financial statements*** **for investment entities**. Effective for annual periods beginning on or after January 1, 2014. The amendments give an exemption to entities that meet an 'investment entity' definition and which display certain characteristics to account for its subsidiaries at fair value.

New standards and interpretations issued but not yet adopted

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

The following new interpretation and 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, 2014:

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. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.
The group has identified several levies, mainly property taxes, which in accordance with this new standard are to be recognized in full as from the beginning of the calendar year. While there is no impact of IFRIC 21 from a financial year perspective, the REBIT of the first half of 2014 will be negatively impacted by -2.5 million EUR (mainly in the line items cost of sales and administrative expenses).

'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 capitalized', IAS 16/IAS 38 'Revaluation method-proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.
This new standard is not expected to have a significant impact on the consolidated financial statements of the group.

'**Annual improvements (2011-2013 cycle)'** in response to four issues addressed during the 2011-2013 cycle, effective for annual periods beginning on or after January 1, 2015. The amendments include IFRS 1 'Meaning of effective IFRSs', IFRS 3 'Scope exceptions for joint ventures', IFRS 13 'Scope of paragraph 52 (portfolio exception)' and IAS 40 'Clarifying the interrelationship of IFRS 3 *Business Combinations* and IAS 40 *Investment Property* when classifying property as investment property or owner-occupied property'.
This new standard is not expected to have a significant impact on the consolidated financial statements of the group.

Amendment to IAS 19 *Defined benefit plans*, 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.

This new standard is not expected to have a significant impact on the consolidated financial statements of the group.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2014 and have not been endorsed by the European Union:

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.

'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 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.

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 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 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.

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.

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, 2017, subject to EU endorsement.

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.

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*, 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.

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.

The group has not applied these new or amended standards in preparing the 2014 consolidated financial statements. The group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15. All other new or amended standards are not expected to have a significant impact on the group's consolidated financial statements.

2. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the 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 favorable contracts or be required to pay to terminate unfavorable 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

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.

3. Segment reporting

Following the finalization of the first phase of the transformation process of the group, which included the divestment of multiple businesses and simplified the business unit structure of the group, the segment reporting was re-assessed. As of 2014, 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 Sulfates).
- "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).

4 operating segments do not fulfill these quantitative thresholds to be considered a reporting segment (because those activities have been sold or stopped since January 2013) and are grouped in "Other":

- "Organic Chlorine Derivatives" - includes manufacturing and distribution of Organic Chlorine Derivatives (OCD).
- "Compounds" - includes manufacturing and distribution of compounds.
- "Profiles" - includes manufacturing and distribution of PVC profiles.
- "Phosphates" - includes manufacturing and distribution of animal feed phosphates.

The reconciliation of the 2013 revenue between the 2013 and the 2014 segmentation is provided in the table below:

(Million EUR)	Tessenderlo Kerley	Gelatin and Akiolis	Inorganics	Plastic Pipe Systems and Profiles	Other Businesses	Non-allocated	Tessenderlo Group
2013 Revenue (2013 segmentation)	**332.2**	**514.6**	**370.2**	**413.2**	**154.2**	**5.6**	**1,790.1**
Phosphates			-		+		
Sulfates	+		-				
Profiles				-	+		
Mining	-			+			
MPR/ECS	-			+			
Water Treatment				+	-		
Sulfur Derivatives				+	-		
Tessenderlo Trading (Shanghai) Co. Ltd[24]					+	-	
2013 Revenue (2014 segmentation)	**496.4**	**514.6**	**-**	**397.3**	**381.9**	**-**	**1,790.1**
	Agro	Bio-valorization		Industrial solutions	Other	Non-allocated	Tessenderlo Group

The comparative figures per segment have been restated throughout the financial report according to this new segmentation.

The Group Management 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.

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

The costs related to the corporate activities, which were previously reported separately under "Non-allocated", are now allocated to the different operating segments they support. The remaining non-allocated assets and liabilities which are not allocated are still reported under "Non-allocated".

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. Comparable figures are provided according to the new segmentation.

[24] The subsidiary Tessenderlo Trading (Shanghai) Co. Ltd continues to perform some trading activities for several disposed groups ("Organic Chlorine Derivatives", "Pharmaceutical Intermediates" and "Compounds").

(Million EUR)	note	Agro		Bio-valorization		Industrial solutions		Other		Non-allocated		Tessenderlo Group	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue (internal and external)		524.5	496.4	476.0	514.6	399.8	397.3	34.7	381.9	-	-	1,435.0	1,790.3
Revenue (internal)		0.5	0.1	0.0	-	0.3	0.0	-	0.0	-	-	0.8	0.2
Revenue		**524.0**	**496.4**	**476.0**	**514.6**	**399.5**	**397.3**	**34.7**	**381.9**	**-**	**-**	**1,434.2**	**1,790.1**
REBIT		**80.6**	**43.6**	**-22.7**	**-6.7**	**7.9**	**-0.6**	**1.1**	**9.5**	**-**	**-**	**66.9**	**45.8**
REBITDA		**99.3**	**60.1**	**6.3**	**23.0**	**28.8**	**18.2**	**1.1**	**15.2**	**-**	**-**	**135.6**	**116.6**
Return on revenue (REBITDA/revenue)		**19.0%**	**12.1%**	**1.3%**	**4.5%**	**7.2%**	**4.6%**	**3.2%**	**4.0%**	**-**	**-**	**9.5%**	**6.5%**
Segment assets		343.0	309.3	373.3	384.3	202.3	208.4	2.3	34.8	67.9	70.9	988.8	1,007.7
Investments accounted for using the equity method	14	8.7	7.4	3.4	4.1	-	-	-	-	6.5	12.4	18.6	24.0
Other investments	15	-	-	-	-	-	-	-	-	2.5	4.3	2.5	4.3
Deferred tax assets	16	-	-	-	-	-	-	-	-	18.6	5.1	18.6	5.1
Cash and cash equivalents	19	-	-	-	-	-	-	-	-	157.0	48.9	157.0	48.9
Total assets		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,185.4**	**1,089.9**
Segment liabilities		84.5	78.6	129.9	128.8	61.9	75.6	1.5	24.4	218.7	202.3	496.6	509.8
Loans and borrowings	24	-	-	-	-	-	-	-	-	213.6	303.7	213.6	303.7
Bank overdrafts	19/24	-	-	-	-	-	-	-	-	0.6	4.1	0.6	4.1
Deferred tax liabilities	16	-	-	-	-	-	-	-	-	37.8	32.4	37.8	32.4
Total equity		-	-	-	-	-	-	-	-	436.9	239.9	436.9	239.9
Total Equity and Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,185.4**	**1,089.9**
Capital expenditures: property, plant and equipment and other intangible assets	11/13	28.7	33.9	12.0	23.0	22.8	32.5	0.9	5.9	3.5	3.9	68.0	99.2
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	8	-19.0	-17.1	-28.3	-29.6	-21.1	-21.7	-0.3	-8.0	-	-0.1	-68.7	-76.5
Impairment losses on disposal groups		-	-	-	-	-	-	-0.5	-13.2	-	-	-0.5	-13.2

Comment:

- The environmental provisions recognized for the Ham, Tessenderlo and Loos site have been fully re-allocated to Non-allocated in 2014 (previously partially included within Industrial solutions, Agro and Other). The 2013 segment liabilities have also been represented.
- The restructuring provision, recognized following the closure of the phosphate production in Ham and the project for fundamental improvements in efficiency in the potassium sulfate fertilizer unit, was completely re-allocated to the operating segment Agro in 2014 (previously partially included within Other and Non-allocated). The 2013 segment liabilities have also been represented.

The reconciliation of the profit before tax is as follows:

(Million EUR)	2014	2013
REBITDA of reportable segments	134.4	101.4
REBITDA of Other segment	1.1	15.2
REBITDA	**135.6**	**116.6**
Depreciation, amortization and provisions	-68.6	-70.8
Non-recurring income/(expense) items	-15.7	-64.4
Finance costs - net	-3.0	-27.3
Share of result of equity accounted investees, net of income tax	3.0	4.2
Profit (+) / loss (-) before tax	**51.2**	**-41.7**

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)	2014	2013	2014	2013
Belgium	95.9	144.0	104.8	102.1
The Netherlands	141.1	148.4	28.3	31.1
France	261.2	317.4	127.8	137.0
Germany	47.3	83.6	11.0	11.2
Spain	62.4	70.9	-	-
United Kingdom	82.9	219.5	11.2	9.9
Other European countries	113.5	171.2	12.5	12.4
USA	396.1	388.3	190.9	157.9
Rest of the world	233.7	246.7	60.0	62.2
Tessenderlo Group	**1,434.2**	**1,790.1**	**546.6**	**523.7**

4. Acquisitions and disposals

Acquisitions – Activities / Subsidiaries

On July 18, 2014, Akiolis Group SAS, a French subsidiary within the operating segment "Bio-valorization", has acquired the remaining 50% stake in Siram SARL. The group owns 100% of the shares and voting rights of Siram SARL after this acquisition. The consideration paid includes a cash payment of 0.6 million EUR, while the transaction costs were negligible. The total acquisition cost could be attributed completely to the acquired assets and liabilities and consequently this purchase did not result in the recognition of goodwill. The impact of the acquisition on the financial position of the group, the contribution to the revenue and result of the group is considered insignificant.

Disposals – Activities / Subsidiaries

During 2014 the group entered 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*.

On February 28, 2014, the group completed the sale of the Aliphos phosphates activity. The transaction resulted in the sale of 100% of the shares of Tessenderlo Chemie Rotterdam BV (The Netherlands), Tessenderlo Polska Sp.zo.o. (Poland), Tessenderlo Chemie España TCE sa (Spain) and HGS Handelsgesellschaft für Spezialfuttermittel GmbH (Germany). A non-recurring loss of -0.7 million EUR was recognized in 2014. A non-recurring loss of -13.1 million EUR was recognized in 2013 (which included impairment charges for 11.3 million EUR and costs to sell and other provisions for 1.9 million EUR). The Aliphos phosphates activity, including the Belgian production which was stopped at the end of December 2013, has contributed 29.2 million EUR to the group's 2014 revenue (2013: 179.6 million EUR), and 0.1 million EUR to the group's 2014 recurring result (2013: 5.5 million EUR).

The table below shows the major classes of disposed assets and liabilities of the subsidiaries at disposal date (at the closing rate of that date, if applicable):

(Million EUR)	Aliphos
ASSETS	**16.1**
Non-current assets	**0.5**
Property, plant and equipment	0.5
Current assets	**15.6**
Inventories	11.3
Trade and other receivables	4.3
LIABILITIES	**10.5**
Non-current liabilities	**1.0**
Deferred tax liabilities	1.0
Current liabilities	**9.6**
Trade and other payables	9.6

On July 1, 2014, the group completed the sale of the trademark and customer lists of the activity which collects used cooking oils (operating segment "Bio-valorization"). The contribution of this activity and the result on the sale did not have a significant impact on the financial statements.

5. Other operating income and expenses

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

(Million EUR)	2014	2013
Additions to provisions	-0.5	0.7
Research and development cost	-11.1	-13.2
Grants	0.1	0.1
Depreciation	-0.2	-0.3
Gains on disposal of property, plant and equipment and other intangible assets	0.0	0.3
Impairment losses on trade receivables	-0.4	-2.4
Other	-5.0	-4.3
Total	**-17.1**	**-19.1**

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 6.7 million EUR (2013: 8.3 million EUR) and depreciation charges for an amount of 0.9 million EUR (2013: 0.3 million EUR). In 2014 and 2013, no significant development costs were capitalized. We refer to note 13 - Other intangible assets.

The other operating income and expenses (-5.0 million EUR) can be mainly explained by the tax charges other than income taxes, such as withholding taxes and regional taxes, for an amount of -3.9 million EUR (2013: -4.6 million EUR) and several, individually insignificant items within several subsidiaries of the group.

6. Non-recurring income/(expense) items

The non-recurring items for 2014 show a net loss of -15.7 million EUR (2013: -64.4 million EUR).

(Million EUR)	2014	2013
Gains and losses on disposals	0.0	4.9
Restructuring	3.7	-37.6
Losses on disposal groups classified as held for sale	0.6	-15.8
Impairment losses	-1.6	-5.6
Provisions and claims	-12.7	5.7
Other income and expenses	-5.8	-16.1
Total	**-15.7**	**-64.4**

Gains and losses on disposals were insignificant in 2014.

A non-recurring income related to restructuring was recognized for an amount of 3.7 million. Expenses and provisions for a restructuring within the Gelatin activities worldwide (operating segment "Bio-valorization") and within the headquarters, could be more than offset by a partial reversal of the provision for the restructuring of the site in Ham within the operating segment "Agro" and a partial reversal of a restructuring provision within the operating segment "Industrial solutions" (note 26 - Provisions). The latter provision was partially reversed following the decision to continue a business which was anticipated to be stopped at the end of 2014. This decision also triggered the reversal of the impairment (recorded in 2013) on assets used within this business.

The 0.6 million EUR income on disposal groups mainly relates to the further settlement and subsequent expenditures following the divestitures of 2013 and the sale of the Aliphos phosphates activity in 2014 (note 4 - Acquisitions and disposals).

Impairment losses were recognized on assets which will no longer be used in the operating segment "Agro" and "Industrial solutions", as well as on Other investments within the operating segment "Bio-valorization". The carrying amount of these assets and investments exceeded the recoverable amount. These impairment losses were partially compensated by the above mentioned reversal, resulting in a net impairment loss of -1.6 million EUR.

The charges for provisions and claims recognized amount to -12.7 million EUR and mainly relate to an increase of the environmental provisions due to a decrease of the discount rates used, partially compensated by a revised phasing of the cash outflows. The original provision, recognized in previous accounting periods, was also included within non-recurring expense items.

Other income and expenses (-5.8 million EUR) mainly relate to the impact of an electricity purchase agreement for which the own-use exemption under IAS 39 is not applicable anymore.

7. Payroll and related benefits

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

(Million EUR)	note	2014	2013
Wages and salaries		-203.0	-246.6
Employer's social security contributions		-54.1	-62.3
Other personnel costs		-13.8	-14.6
Contributions to defined contribution plans		-5.3	-3.9
Expenses related to defined benefit plans	25	-5.2	2.3
Total		**-281.4**	**-325.1**

The decrease in cost of payroll and related benefits is mainly explained by subsidiaries which the group divested in 2013 and 2014. These divested subsidiaries contributed 38.7 million EUR to the 2013 payroll costs, while only 0.4 million EUR in 2014. In addition, several restructuring plans were executed throughout the group in 2014, which also led to a decrease of the payroll expenses.

The increase of the contributions made for defined contribution plans can be mainly explained by the transfer of the Dutch defined benefit pension plans (DYKA BV and Nyloplast Europe BV) to a sector pension fund as of January 1, 2014. Since this date, these plans are accounted for as defined contribution plans.

The average number of FTEs for 2014 is 4 789 (2013: 5 774).

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	
		2014	2013	2014	2013	2014	2013
Cost of sales		-50.6	-53.2	-3.1	-3.1	**-53.7**	**-56.3**
Administrative expenses		-4.5	-5.8	-2.7	-2.4	**-7.2**	**-8.2**
Sales and marketing expenses		-0.1	-0.1	-5.3	-6.0	**-5.4**	**-6.1**
Other operating income and expenses		-1.1	-0.6	-	-	**-1.1**	**-0.6**
Total	11/13	**-56.2**	**-59.7**	**-11.2**	**-11.5**	**-67.4**	**-71.2**

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		Total	
		2014	2013	2014	2013	2014	2013
Impairment losses on disposal groups		-0.5	-11.1	-	-0.7	**-0.5**	**-11.8**
Impairment losses		-1.2	-5.1	-	-	**-1.2**	**-5.1**
Total	11/13	**-1.7**	**-16.2**	**0.0**	**-0.7**	**-1.7**	**-16.9**

Total depreciation, amortization and impairment losses in 2014 amount to 69.2 million EUR (2013: 88.2 million EUR), of which 0.5 million EUR (2013: 0.9 million EUR) relates to additional impairment losses on assets which were already presented in 2013 as non-current assets classified as held for sale (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Other intangible assets).

9. Finance costs and income

Net finance costs and income amount to -3.0 million EUR as per December 31, 2014, compared to -27.3 million EUR as per December 31, 2013.

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

(Million EUR)	2014			2013		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-11.6	-	-11.6	-13.2	-	-13.2
Amortization charges of transaction costs related to loans and borrowings	-2.1	-	-2.1	-1.9	-	-1.9
Commitment fee on unused portion of the syndicated credit facility	-2.2	-	-2.2	-2.1	-	-2.1
Factoring expense	-2.5	-	-2.5	-2.4	-	-2.4
Total borrowing costs	**-18.5**	**-**	**-18.5**	**-19.6**	**-**	**-19.6**
Dividend income from other investments	-	0.1	0.1	-	0.7	0.7
Interest income from cash and cash equivalents	-	1.1	1.1	-	0.4	0.4
Total income from investments and cash and cash equivalents	**-**	**1.2**	**1.2**	**-**	**1.0**	**1.0**
Expense for the unwinding of discounted provisions	-1.7	-	-1.7	-2.0	-	-2.0
Net interest (expense)/income on pension asset/(liability)	-1.1	0.4	-0.7	-1.3	0.3	-1.1
Net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments)	-53.4	71.1	17.7	-37.4	34.1	-3.2
Net other finance (costs) / income	-1.3	0.2	-1.1	-2.6	0.2	-2.4
Total	**-75.9**	**72.9**	**-3.0**	**-62.9**	**35.7**	**-27.3**

The interest expense on loans and borrowings mainly includes the interest expense of the private placement for 7.9 million EUR (2013: 7.9 million EUR) and of the FCO Loan of Banco Do Brasil SA for 1.4 million EUR (2013: 1.7 million EUR) (note 24 - Loans and borrowings). The decrease of the interest expense can be explained by the lower amounts drawn from the syndicated credit facility during 2014 compared to 2013.

The increase of the net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments) to 17.7 million EUR as per December 31, 2014 compared to -3.2 million EUR last year can mainly be explained by the foreign exchange gain on an intercompany loan of 200.0 million USD, which is 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.

The decrease of the net other finance costs in 2014 (-1.1 million EUR) compared to 2013 (-2.4 million EUR) can mainly be explained by the one-off expenses following the start of a securitization program in the United States of America and in France (-0.7 million EUR) in 2013.

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)	2014	2013
Recognized in the income statement		
Current tax expense	-16.9	-18.6
Adjustment current tax expense previous periods	9.5	0.2
Deferred tax (expense) on adjustment current tax expense previous periods	-2.8	-
Deferred tax income / (expense)	11.8	-5.0
Total income tax expense in the income statement	**1.6**	**-23.4**
Profit (+) / loss (-) before tax	51.2	-41.7
Less share of result of equity accounted investees, net of income tax	3.0	4.2
Profit (+) / loss (-) before tax and before result from equity accounted investees	**48.2**	**-45.9**
Effective tax rate	**N/A**	**N/A**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**48.2**	**-45.9**
Theoretical tax rate[1]	44.6%	24.9%
Expected income tax at the theoretical tax rate	**-21.5**	**11.4**
Difference between theoretical and effective tax expenses	**23.1**	**-34.8**
Adjustment on deferred taxes	**-2.6**	**-0.6**
Change in tax rates	-0.1	0.3
Recognition (+) / derecognition (-) of previously recognized tax losses	-2.5	-0.9
Adjustment on tax expenses	**25.7**	**-34.2**
Non-deductible expenses	-2.3	-7.9
Special tax regimes	3.5	-1.8
Use or recognition of tax losses / tax credits not previously recognized	28.4	0.2
Tax losses / temporary differences for which no deferred tax asset has been recorded	-14.4	-22.7
Adjustment current tax expense previous periods	6.7	0.2
Other	3.8	-2.3

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

The non-deductible expenses in 2014 include all expenses which are non-deductible under local tax laws (e.g. car expenses and meal vouchers). The 2013 non-deductible expenses mainly related to losses recognized as a consequence of the different divestments (-3.8 million EUR), mainly the loss on the entities included in the Aliphos phosphates disposal group, as well as to other expenses which are non-deductible under local tax laws (-4.1 million EUR).

The special tax regimes include, amongst others, 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 impact is partially compensated by the partial taxation of dividend received in Belgium. In 2013, the impact of the dividend taxation exceeded the benefits received from special tax regimes.

The use or recognition of tax losses / tax credits not previously recognized in 2014 mainly relates to the recognition of a deferred tax asset on Belgian tax losses/credits carried forward for an amount of 15.1 million EUR and to the use of Belgian tax losses/credits not previously recognized for an amount of 13.3 million EUR.

The tax losses and temporary differences for which no deferred tax asset was recognized in 2014 mainly relate to tax losses in the French activities. In 2013, these mainly related to tax losses in the Belgian and 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 (6.7 million EUR).

The other adjustment on tax expenses mainly includes tax incentives in several subsidiaries of the group which are not taxable.

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, 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**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2013	**368.5**	**1,061.9**	**100.7**	**63.0**	**1,594.0**
- change in consolidation scope (disposal groups)	-21.7	-78.8	-5.2	-2.3	-108.1
- dismantlement provision	0.1	1.0	-	-	1.1
- capital expenditure	3.4	28.9	1.1	60.2	93.6
- sales and disposals	-0.4	-4.4	-3.6	-0.1	-8.5
- transfers	12.6	36.3	0.9	-47.6	2.2
- transfers to non-current assets classified as held for sale	-10.2	-19.4	-0.5	-1.2	-31.3
- translation differences	-6.5	-20.5	-0.7	-2.1	-29.9
At December 31, 2013	**345.8**	**1,004.9**	**92.6**	**69.9**	**1,513.2**
Depreciation and impairment losses					
At January 1, 2013	**-189.6**	**-844.3**	**-88.2**	**0.0**	**-1,122.2**
- change in consolidation scope (disposal groups)	4.9	63.6	4.4	-	72.9
- depreciation	-12.0	-42.3	-5.4	-	-59.7
- impairment losses	-5.6	-8.7	-0.1	-1.2	-15.6
- sales and disposals	0.2	4.2	3.4	-	7.8
- transfers	-2.0	-1.5	0.0	-	-3.5
- transfers to non-current assets classified as held for sale	9.6	19.3	0.5	1.2	30.6
- translation differences	1.6	11.1	0.6	-	13.3
At December 31, 2013	**-192.9**	**-798.6**	**-84.9**	**0.0**	**-1,076.4**
Carrying amounts					
At January 1, 2013	**178.9**	**217.5**	**12.4**	**63.0**	**471.8**
At December 31, 2013	**152.9**	**206.3**	**7.7**	**69.9**	**436.7**

The capital expenditure on property, plant and equipment amounts to 65.3 million EUR (2013: 93.6 million EUR[25]) 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 were recognized in 2014 on assets which will no longer be used in the operating segment "Agro" and "Industrial solutions". The carrying amount of these assets has been fully impaired. The impairment losses have been partially compensated by a reversal of an impairment loss on assets within the operating segment "Industrial solutions", following the decision to continue a business which was anticipated to be stopped at the end of 2014. The reversal of the impairment loss has been based on the recoverable amount of these assets.
The impairment losses and reversal have been recorded as a non-recurring expense item in the income statement (see note 6 - Non-recurring income/(expense) items).

No amounts of borrowing costs were capitalized in 2014 and 2013.

Following the amended credit facility agreement (note 24 - Loans and borrowings), 12 subsidiaries are acting as guarantor and ensure the fulfillment of the obligors'

[25] The capital expenditures amounted to 66.2 million EUR (2013: 94.8 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.

payment obligations (these are as well borrowers as guarantors) in accordance with the credit facility agreement. The total property, plant and equipment of the guarantors, during the entire term of the credit agreement, should amount to a minimum of 60% of the property, plant and equipment at group level, if not, additional subsidiaries of the group will have to act as guarantor to the credit facility agreement. As per year-end 2014, the property, plant and equipment of the guarantors amounts to 79.1% (2013: 77.3%) of the total property, plant and equipment of the group.
In addition, the property, plant and equipment of the gelatin plant in Brazil is serving as guarantee for the loan with Banco Do Brasil SA (note 24 - Loans and borrowings).

The group leases property, plant and equipment under a number of finance lease agreements. At the end of each of the leases, the group has the option to purchase the equipment at a beneficial price. The net carrying amount of leased property, plant and equipment is not significant.

12. Goodwill

Goodwill accounts for approximately 3.3% of the group's total assets as per December 31, 2014 or 38.8 million EUR (2013: 3.4% or 37.1 million EUR).

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

	2014			2013		
(Million EUR)	Cost	Impairment/ Amortization*	Carrying amounts	Cost	Impairment/ Amortization*	Carrying amounts
Agro	**4.4**	**-3.8**	**0.6**	**3.9**	**-3.4**	**0.5**
Bio-valorization	**31.7**	**-1.9**	**29.8**	**30.4**	**-1.8**	**28.6**
Group Akiolis	21.8	-1.4	20.5	21.9	-1.4	20.6
Gelatin America	9.9	-0.5	9.4	8.4	-0.4	8.0
Industrial solutions	**10.5**	**-2.1**	**8.4**	**9.9**	**-1.9**	**8.0**
John Davidson Pipes	3.7	-1.2	2.5	3.5	-1.1	2.4
Plastic Pipe Systems Benelux	3.0	-	3.0	3.0	-	3.0
Group BT Bautechnik	0.7	-	0.7	0.7	-	0.7
MPR	3.0	-0.9	2.1	2.7	-0.8	1.9
Total	**46.6**	**-7.8**	**38.8**	**44.2**	**-7.1**	**37.1**

* 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”); 20.5 million EUR (2013: 20.6 million EUR).
- Gelatin America (part of the operating segment “Bio-valorization”); 9.4 million EUR (2013: 8.0 million EUR).

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

(Million EUR)	2014	2013
Cost		
At January 1	**44.2**	**68.2**
- change in consolidation scope (disposal groups)	-	-22.2
- sales and disposals	-0.1	-0.6
- translation differences	2.6	-1.3
At December 31	**46.6**	**44.2**
Impairment losses		
At January 1	**-7.1**	**-31.0**
- change in consolidation scope (disposal groups)	-	22.2
- sales and disposals	-	0.6
- translation differences	-0.7	1.1
At December 31	**-7.8**	**-7.1**
Carrying amounts		
At January 1	**37.1**	**37.2**
At December 31	**38.8**	**37.1**

There were no events in 2014 and 2013 which resulted in the recognition of goodwill.

In July 2014, the group completed the sale of the trademark and customer lists of the activity which collects used cooking oils (operating segment "Bio-valorization"). The sale resulted in the derecognition of the goodwill of 0.1 million EUR.

During the fourth quarter of 2014, the group completed its annual impairment test for goodwill. No impairment charges were deemed necessary.

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 (2015). 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 6.4% and 9.7%. 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 6.4% (2013: 7.1%) and 9.0% (2013: 7.4%).
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	Finite – Software	Finite – Customer lists	Finite – Other intangible assets	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**

(Million EUR)	Useful life: Finite – Concessions, patents, licenses	Finite – Software	Finite – Customer lists	Finite – Other intangible assets	Indefinite – Other intangible assets	Total
Cost						
At January 1, 2013	**52.3**	**16.0**	**40.4**	**17.0**	**2.0**	**127.7**
- change in consolidation scope (disposal groups)	-0.1	-4.3	-6.6	-	-	-11.0
- capital expenditure	1.8	1.7	0.0	0.7	-	4.3
- sales and disposals	-0.7	-0.3	-	-	-	-0.9
- transfers	-0.4	0.8	0.0	0.0	0.9	1.3
- transfers to non-current assets classified as held for sale	-	-	-	-0.4	-	-0.4
- translation differences	-1.3	-0.7	-0.8	-0.7	-0.1	-3.7
At December 31, 2013	**51.7**	**13.2**	**33.0**	**16.7**	**2.8**	**117.3**
Amortization and impairment losses						
At January 1, 2013	**-29.3**	**-9.1**	**-20.6**	**-8.7**	**0.0**	**-67.7**
- change in consolidation scope (disposal groups)	0.1	4.0	5.4	-	-	9.4
- amortization	-4.5	-1.7	-4.0	-1.3	-	-11.5
- impairment losses	0.0	0.0	-	-0.4	-	-0.4
- sales and disposals	0.2	0.3	-	-	-	0.5
- transfers	0.0	0.0	0.0	0.0	-	0.0
- transfers to non-current assets classified as held for sale	-	-	-	0.4	-	0.4
- translation differences	0.6	0.4	0.5	0.4	0.0	1.9
At December 31, 2013	**-33.0**	**-6.2**	**-18.6**	**-9.7**	**0.0**	**-67.5**
Carrying amounts						
At January 1, 2013	**22.9**	**6.9**	**19.8**	**8.3**	**2.0**	**60.0**
At December 31, 2013	**18.7**	**7.0**	**14.4**	**7.0**	**2.8**	**49.9**

The capital expenditure on other intangible assets amounts 1.8 million EUR (2013: to 4.3 million EUR[26]) and is presented per operating segment in note 3 - Segment reporting.

The sales and disposals mainly relate to the sale of the trademark and customer lists of the activity which collects used cooking oils (operating segment "Bio-valorization") (note 4 - Acquisitions and disposals).

No borrowing costs were capitalized during 2014 and 2013.

No impairment loss was recognized on other intangible assets in 2014.

The "other" intangible assets with finite useful lives consist mainly of non-compete agreements, know-how, product labels and land-use rights. The non-compete agreements, the product labels and the know-how are amortized on a straight-line basis over 5 to 15 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 other intangible assets with indefinite life relate to trademarks which are considered to have an indefinite life unless plans would exist to discontinue the related activity (within cash generating units Tessenderlo Kerley and Gelatin America). The other intangible assets with indefinite useful life have been tested for impairment and no impairment charge was deemed necessary.

No intangible assets are pledged as security for liabilities.

14. Investments accounted for using the equity method

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

[26] The capital expenditures in 2013 amounted to 4.4 million EUR when including the capital expenditure of the disposal groups which were already recognized as assets classified as held for sale as per year end 2012.

The joint ventures of the group are:

	Country	Ownership 2014	Ownership 2013
MPR Middle East WLL	Bahrain	50%	50%
Apeval SAS	France	50%	50%
Établissements Michel SAS	France	50%	50%
Établissements Violleau SAS	France	50%	50%
Siram SARL	France	-	50%
Jupiter Sulphur LLC	USA	50%	50%

On July 18, 2014, the group acquired the remaining 50% stake in Siram SARL, which is accounted for by the full consolidation method as from that date as the company is now fully owned and controlled by the group (note 4 -Acquisitions and disposals).

The associates of the group are:

	Country	Ownership 2014	Ownership 2013
T-Power SA	Belgium	20.00%	20.00%
Meta Bio Energies SAS	France	20.46%	20.46%
Wolf Mountain Products LLC	USA	45.00%	45.00%

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

(Million EUR)	2014	2013
Établissements Violleau SAS	2.0	2.0
Jupiter Sulphur LLC	8.9	7.5
T-Power SA	6.5	12.4
Other equity investments	1.2	2.0
Total	**18.6**	**24.0**

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

The decrease of the carrying amount of the investment in T-Power SA is mainly explained by a capital decrease of 17.9 million EUR and the distribution of dividends of 8.0 million EUR by the associate, of which the share of the group amounted to 3.6 million EUR and 1.6 million EUR respectively.

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

(Million EUR)	2014	2013
Non-current assets	404.5	415.9
Current assets	75.0	83.1
Total assets	**479.4**	**499.0**
Equity	57.5	86.3
Non-current liabilities	389.0	379.6
Current liabilities	32.9	33.2
Total equity and liabilities	**479.4**	**499.0**
Revenue	124.6	129.7
Cost of sales	-47.2	-50.3
Gross profit	77.3	79.4
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	38.8	40.4
Profit (+) / loss (-) from operations (EBIT)	38.8	40.4
Finance costs - net	-17.6	-18.3
Profit (+) / loss (-) before tax	21.1	22.1
Profit (+) / loss (-) for the period	12.6	14.6

15. Other investments

(Million EUR)	2014	2013
Investments in equity securities	2.0	3.9
Cash guarantees / deposits / others	0.5	0.3
Total	**2.5**	**4.3**

Investments in equity securities (Million EUR)	2014	2013
Exeltium SAS, France	0.7	0.7
GLOBE International SA, Belgium	-	0.5
Indaver SA, Belgium	0.6	0.6
Tessenderlo Schweiz AG, Switzerland	0.3	0.8
AD Biodiesel SAS, France	-	0.5
Other	0.4	0.8
Total	**2.0**	**3.9**

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

The decrease of the investments in equity securities is mainly explained by the dissolution of GLOBE International SA and the sale of the investment in AD Biodiesel SAS. The non-recurring result realized on both transactions was insignificant. The carrying amount of the investment in Tessenderlo Schweiz AG has decreased following a reimbursement of capital.

16. Deferred tax assets and liabilities

(Million EUR)	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	0.7	1.0	-35.3	-25.7	-34.6	-24.7
Other intangible assets	6.0	4.8	-6.9	-7.9	-0.8	-3.1
Inventories	3.0	0.8	-0.8	-0.9	2.2	-0.1
Employee benefits	3.6	4.9	-2.6	-4.9	1.0	0.0
Provisions	24.6	8.5	-27.3	-16.9	-2.8	-8.4
Other items	5.0	6.3	-5.8	-4.2	-0.8	2.1
Losses carried forward	16.6	6.9	-	-	16.6	6.9
Gross deferred tax assets / (liabilities)	**59.5**	**33.1**	**-78.8**	**-60.4**	**-19.2**	**-27.4**
Set-off of tax	**-41.0**	**-28.0**	**41.0**	**28.0**		
Net deferred tax assets / (liabilities)	**18.6**	**5.1**	**-37.8**	**-32.4**	**-19.2**	**-27.4**

The Belgian parent company, Tessenderlo Chemie NV, has recognized a deferred tax asset on tax losses carried forward for an amount of 16.6 million EUR, an increase of 15.1 million EUR compared to 2013. The increase of the deferred tax asset can be mainly explained by the improvement of expected operating results of the Belgian activities within the operating segments Agro and Industrial solutions, a reduction of the non-allocated costs following the 2014 cost management initiatives at group level and the expected increase of finance results following the capital increase of December 19, 2014.

On December 31, 2014, a deferred tax liability of 4.1 million EUR (2013: 5.1 million EUR) relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not be incurred in the foreseeable future.

Tax losses and tax credits carried forward, including notional interest deduction, on which no deferred tax asset is recognized amount to 335.7 million EUR (2013: 398.8 million EUR). 21.4 million EUR of these tax credits have a finite life (they expire in the period 2015-2019). 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:

(Million EUR)	Balance at January 1, 2014	Recognized in the income statement	Recognized in other comprehensive income	Translation differences	Balance at December 31, 2014
Property, plant and equipment	-24.7	-7.9	-	-2.0	-34.6
Other intangible assets	-3.1	2.3	-	0.0	-0.8
Inventories	-0.1	2.3	-	0.0	2.2
Employee benefits	0.0	-0.4	1.5	0.0	1.0
Provisions	-8.4	5.6	-	0.0	-2.8
Other items	2.1	-2.7	-0.2	0.0	-0.8
Losses carried forward	6.9	9.8	-	0.0	16.6
Total	**-27.4**	**9.0**	**1.2**	**-2.0**	**-19.2**

17. Trade and other receivables

(Million EUR)	2014	2013
Non-current trade and other receivables		
Trade receivables	0.4	0.6
Gross trade receivables	0.4	0.6
Amounts written off	-	0.0
Other receivables	6.5	25.5
Assets related to employee benefit schemes	2.4	8.1
Total	**9.2**	**34.2**

(Million EUR)	2014	2013
Current trade and other receivables		
Trade receivables	120.5	141.4
Gross trade receivables	128.7	149.7
Amounts written off	-8.2	-8.3
Other receivables	58.1	34.3
Prepayments	0.9	0.6
Receivables from related parties	0.7	0.6
Total	**180.2**	**177.0**

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

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

The non-current other receivables mainly relate to an income tax receivable of 5.3 million EUR (2013: 14.5 million EUR), due to losses carried forward in France, which can be claimed on expiration date after 5 years. Part of this tax receivable was transferred from non-current to current other receivables in 2014 (11.1 million EUR), explaining the decrease. In 2013, a deferred payment was recognized after the sale of the UK Profiles activities for a total amount of 9.9 million EUR. Although the sales agreement stated that 2.7 million EUR was due in 2014 and 7.2 million EUR was due in 2015-2016, the deferred payment was already fully settled in the fourth quarter of 2014.

The decrease of the assets related to employee benefit schemes is explained by the lower net pension assets of the UK pension fund. The decrease of the rate used to discount the obligations resulted in a higher pension liability, which could only be partially offset by the return on the plan assets.

The increase of the current other receivables mainly relates to the transfer of the income tax receivable (11.1 million EUR) from non-current to current other receivables as explained above. 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 98.2 million EUR (2013: 81.9 million EUR) has been received in cash under various non-recourse factoring and securitization agreements, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk is not significant. The net amount of the sold trade receivables is derecognized from the balance sheet.

18. Inventories

(Million EUR)	2014	2013
Consumables	55.6	49.7
Work in progress	14.9	14.9
Finished goods	150.4	159.6
Goods purchased for resale	27.3	31.6
Total	**248.2**	**255.7**

There are no inventories pledged as security.

The cost of inventories recognized as cost of sales in 2014 amounts to 649.7 million EUR (2013: 930.1 million EUR). The divested subsidiaries contributed 301.9 million EUR in 2013, while only 2.5 million EUR in 2014.

The carrying amount of inventory, which was set at net realizable value as per year-end 2014 amounts to 24.3 million EUR (2013: 18.3 million EUR). An amount of 5.7 million EUR was expensed in 2014 (2013: 5.0 million EUR).

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

19. Cash and cash equivalents

(Million EUR)	2014	2013
Term accounts	50.3	0.2
Current accounts	106.8	48.7
Cash and cash equivalents	**157.0**	**48.9**
Bank overdrafts	-0.6	-4.1
Cash and cash equivalents in the statement of cash flows	**156.5**	**44.8**

The balance of cash and cash equivalents as per year-end 2014 is impacted by the net amount of the capital increase (172.7 million EUR) of December 19, 2014.

The term accounts have a maximum maturity of 1 month.

20. Non-current assets classified as held for sale

(Million EUR)	2014	2013
Non-current assets classified as held for sale	2.3	8.8
Liabilities associated with assets classified as held for sale	-	8.3

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

(Million EUR)	2014	2013
Assets	**2.3**	**8.8**
Total non-current assets	**2.3**	**2.0**
Property, plant and equipment	2.2	2.0
Other investments	0.2	-
Total current assets	**0.0**	**6.7**
Inventories	-	5.7
Trade and other receivables	-	1.0
Liabilities	**0.0**	**8.3**
Total non-current liabilities	**0.0**	**1.0**
Deferred tax liabilities	-	1.0
Total current liabilities	**0.0**	**7.3**
Trade and other payables	-	6.5
Current tax liabilities	-	0.8

The assets held for sale as per December 31, 2014 include some non-strategic assets, mainly land, buildings and plant machinery and equipment, for a carrying amount of 2.2 million EUR.

As per December 31, 2013, the assets held for sale mainly included the disposal group of the Aliphos phosphates activity (operating segment “Phosphates” within “Other”). The sale has been completed on February 28, 2014 (note 4 - Acquisitions and disposals).

21. Equity

Issued capital and share premium

	Ordinary shares	
	2014	2013
On issue at January 1	31.771.463	30.662.300
Adjustment following reconciliation difference as published (Belgisch Staatsblad/Moniteur Belge) on March 14, 2013	-	25.566
Payment of stock dividend 2012 at July 16, 2013	-	1.040.386
Issued for cash at August 23, 2013	-	43.211
Issued for cash at October 14, 2014	5.333	-
Issued for cash at December 19, 2014	10.619.767	-
On issue at December 31 – fully paid	**42.396.563**	**31.771.463**

The number of shares comprised 12 202 446 registered shares (2013: 9 285 570) and 30 194 117 ordinary shares (2013: 22 485 893). 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.

On October 14, 2014, 5 333 ordinary shares were included for trading on Eurolist on NYSE Euronext Brussels following the conversion of warrants. The transaction led to an increase of issued capital and share premium by 0.1 million EUR.

On November 26, Tessenderlo Chemie NV announced a rights offering, which was approved by the extraordinary shareholders’ meeting of November 18, 2014, for a maximum amount of 174.8 million EUR. The maximum amount of the rights offering corresponded to a maximum of 10 592 265 new shares at a subscription price of EUR 16.50 per new share, with preferential subscription rights for existing shareholders at a ratio of 1 new share for 3 preferential rights. The subscription period started on November 28, 2014 and ended on December 12, 2014. On December 15, 2014, Tessenderlo Chemie NV announced that 92.1% of the total number of new shares was subscribed through the exercise of preferential rights. The preferential rights that were not exercised at the end of the subscription period were automatically converted into scrips and sold through a scrips private placement. After the scrips private placement, 100% of the offering was committed to be subscribed, which led to the issuance of 10 592 265 ordinary shares and to an increase of issued capital and share premium by 174.8 million EUR. The shares were included for trading on Eurolist on NYSE Euronext Brussels on December 19, 2014.

On December 19, 2014, 27 502 ordinary shares were included for trading on Eurolist on NYSE Euronext Brussels following the conversion of warrants. The transaction led to an increase of issued capital and share premium by 0.5 million EUR.

On the annual shareholders' meeting of Tessenderlo Chemie NV on June 3, 2014, the shareholders of Tessenderlo Chemie NV approved the proposal of the Board of Directors not to pay out a dividend for the 2013 financial year.

No new offering of shares to be subscribed by staff took place in 2014.

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 40.0 million EUR, exclusively within the frame of (i) capital increases reserved for the personnel of the company or of its affiliates, (ii) capital increases within the frame of the issue of warrants in favor of certain members of the personnel of the company or of its affiliates and, possibly, in favor 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 authorized capital at the balance date amounts to 22.9 million EUR.

Legal reserves

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 15.9 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

The amount of dividends payable to Tessenderlo Chemie NV by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Dividends paid to the company by certain of its subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does not exceed 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 2, 2015, not to pay out a dividend for the 2014 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 higher levels of borrowings and the advantages and security afforded by a strong capital position. The gearing ratio (net financial debt divided by net financial debt and equity attributable to the equity holders of the company) at the end of 2014 is 11.6%, impacted by the net capital increase of 172.7 million EUR in the fourth quarter of 2014 (2013: 52.3%).

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:

	2014	2013
Number of ordinary shares at January 1	31,771,463	30,662,300
Adjustment following reconciliation difference as published (Belgisch Staatsblad/Moniteur Belge) on March 14, 2013	-	25,566
Payment of stock dividend 2012 at July 16, 2013	-	1,040,386
Adjusted number of ordinary shares at January 1	**31,771,463**	**31,728,252**
Effect of shares issued[1]	379,393	15,509
Effect of own shares	-	-36,074
Adjusted weighted average number of ordinary shares at December 31	**32,150,856**	**31,707,687**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	53.7	-64.0
Basic earnings per share (in EUR)	**1.67**	**-2.02**

[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:

	2014	2013
Adjusted weighted average number of ordinary shares at December 31	32,150,856	31,707,687
Effect of warrants issued[1]	-	-
Diluted weighted average number of ordinary shares at December 31	**32,150,856**	**31,707,687**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	53.7	-64.0
Diluted earnings per share (in EUR)	**1.67**	**-2.02**

[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, 2014 a total of 870 073 warrants were outstanding that were granted to senior management. These warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

23. Non-controlling interest

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

	Country	Non-controlling interest percentage 2014	2013
Environmentally Clean Systems LLC	USA	35.00%	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%

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

(Million EUR)	2014	2013
Non-current assets	39.9	40.2
Current assets	21.7	19.4
Total assets	**61.6**	**59.7**
Equity	16.3	18.7
Non-current liabilities	11.8	13.8
Current liabilities	33.6	27.1
Total equity and liabilities	**61.6**	**59.7**
Revenue	20.0	23.4
Cost of sales	-22.2	-22.5
Gross profit	-2.2	0.9
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	-5.9	-3.8
Profit (+) / loss (-) from operations (EBIT)	-3.8	-4.4
Finance costs - net	-2.5	-1.8
Profit (+) / loss (-) before tax	-6.3	-6.2
Profit (+) / loss (-) for the period	-6.0	-5.9

24. Loans and borrowings

(Million EUR)	2014	2013
Non-current loans and borrowings	3.9	199.8
Current loans and borrowings	209.7	103.8
Total loans and borrowings	**213.6**	**303.7**
Cash and cash equivalents	-157.0	-48.9
Bank overdrafts	0.6	4.1
Net loans and borrowings	**57.1**	**258.9**

The loans and borrowings decreased by 201.8 million EUR to 57.1 million EUR which is mainly explained by the proceeds received from the capital increase for a net amount of 172.7 million EUR in December 2014.

Non-current and current loans and borrowings

(Million EUR)	2014	2013
Non-current loans and borrowings		
Lease payables	0.1	0.1
Credit institutions	4.3	204.0
Transaction costs related to loans and borrowings	-0.5	-4.3
Total	**3.9**	**199.8**
Current loans and borrowings		
Current portion long term loans and borrowings	165.5	2.9
Lease payable within 1 year	0.1	0.5
Credit institutions and commercial paper	45.8	100.4
Transaction costs related to loans and borrowings	-1.7	-
Total	**209.7**	**103.8**

The non-current loans and borrowings decreased in 2014 compared to 2013 due to the transfer of the carrying amount of the private placement (150.0 million EUR, due in October 2015) and the FCO loan in Brazil (14.9 million EUR, fully reimbursed in January 2015) from non-current to current loans and borrowings.
As per December 31, 2014, there was no drawdown of the amended syndicated credit facility[27], which matures in April 2016.

The remaining transaction costs relate to the syndicated credit facility (1.6 million EUR) and the private placement (0.6 million EUR) and are recorded as a reduction of the non-current and current amount of loans and borrowings. The transaction costs are amortized using the effective interest method and the amortization of the period is reported in the finance costs.

In 2010, a FCO loan (Fundos Constitucionais de Financiamento, a state fund) was granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA for the construction of a gelatin factory in Mato Grosso, Brazil. The total amount of the credit equaled 55.8 million BRL, which was drawn completely. An interest rate of 8.5%, which was linked to the longer duration of the loan, was due on this credit. Repayments on this credit were due as from October 2013 onwards until September 2022. As per December 31, 2014, an amount of 14.9 million EUR was outstanding on the FCO loan. An early reimbursement of this loan took place on January 2, 2015.

The group has access to a Belgian commercial paper program of 100.0 million EUR of which 41.2 million EUR was used at the end of December 2014 and is included in current loans and borrowings (December 31, 2013: 77.3 million EUR on a commercial paper program of maximum 200.0 million EUR). These are issued by Tessenderlo Chemie NV, the parent company.

[27] The original amount of the credit facility amounted to 450.0 million EUR, but this amount was decreased by 50.0 million EUR in September 2014 and by another 100.0 million EUR in the first quarter of 2015. Total remaining amount of credit facility is 300.0 million EUR at the end of the first quarter 2015.

Non-current and current loans and borrowings by currency

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 are denominated in EUR and afterwards swapped in USD (see also note 28 - Financial instruments). The original loan remains in EUR.

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2013):

(Million EUR)	EUR	BRL	CNY	Other	Total
Current loans and borrowings[1]	79.1	1.9	17.7	5.1	**103.8**
Non-current loans and borrowings	185.1	14.7	-	0.1	**199.8**
Total loans and borrowings	**264.2**	**16.6**	**17.7**	**5.2**	**303.7**
In percentage of total loans and borrowings	**87.01%**	**5.46%**	**5.82%**	**1.71%**	**100.00%**

[1] Part of these loans are 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 2013 and 2014.

25. Employee benefits

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

	2014				2013			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-Current	5.1	46.8	1.3	53.3	4.7	35.7	1.2	41.6
Current	1.2	-	0.2	1.5	1.4	-	0.0	1.4
Total	**6.4**	**46.8**	**1.6**	**54.7**	**6.2**	**35.7**	**1.2**	**43.1**

(Million EUR)	2014			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2014	**6.2**	**35.7**	**1.2**	**43.1**
Additions	0.1	12.2	0.5	12.8
Use of provision	-1.5	-1.0	-0.1	-2.7
Transfers	1.6	-	-	1.6
Balance at December 31, 2014	**6.4**	**46.8**	**1.6**	**54.7**

Following the approval by the Belgian Ministry of Labor to allow employees to leave under the pre pension regime (related to the restructuring of the site in Ham (Belgium)), a provision of 1.6 million EUR was transferred from restructuring provision to early retirement provision.

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. 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 among others 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 returns. The group recognized the difference between the defined benefit obligation and the fair value of plan assets (IAS 19 § 57.(a) (iii)) on the balance sheet in 2014, which had become more significant during the year due to the strong decrease of the discount rate. The impact on prior periods was considered as not significant and therefore no restatements have been made to the comparative figures.

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 01/01/2001, the guaranteed interest rate equals 4.75%;
- For the contributions paid during the period from 01/01/2001 until 01/01/2013, the guaranteed interest rate equals 3.25%;
- For the contributions paid as from 01/01/2013, the guaranteed interest rate equals 1.75%.

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	2014	2013
Present value of wholly funded obligations		-46.2	-139.1
Present value of partially funded obligations		-90.7	-74.6
Present value of wholly unfunded obligations		-24.6	-17.8
Total present value of obligations		**-161.5**	**-231.5**
Fair value of plan assets		**117.1**	**204.0**
Net defined benefit (liability)/asset		**-44.4**	**-27.6**
Amounts in the statement of financial position:			
Liabilities		-46.8	-35.7
Assets	17	2.4	8.1
Net defined benefit (liability)/asset		**-44.4**	**-27.6**

As from January 1, 2014 the defined benefit pension plans in the Netherlands (subsidiaries Dyka BV, Nyloplast Europe BV and Tessenderlo Chemie Rotterdam BV, the latter sold in the first quarter of 2014) form part of a sector pension fund and are, as a consequence thereof, accounted for as defined contribution pension plans. The past obligation of these plans is fully financed and therefore the net liability was set equal to zero as from December 31, 2013. The assets and liabilities of these plans are no longer included in the pension obligation and plan assets as per December 31, 2014.

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

(Million EUR)	2014 Present value of obligations	2014 Fair value of plan assets	2014 Net defined benefit (liability)/asset	2013 Present value of obligations	2013 Fair value of plan assets	2013 Net defined benefit (liability)/asset
Balance at January 1	**-231.5**	**204.0**	**-27.6**	**-236.2**	**197.4**	**-38.8**
Included in profit or loss						
Current service cost	-4.1	-	-4.1	-8.2	-	-8.2
Current service cost - Employee contribution	-	0.4	0.4	-	1.0	1.0
Interest (cost) / income	-4.4	3.7	-0.7	-8.2	7.1	-1.1
Curtailment (cost)/benefit	-0.5	-	-0.5	0.3	-	0.3
Administrative expenses	-	-0.3	-0.3	-	-0.5	-0.5
Impact transfer Dutch pension plans to sector fund	-	-	-	10.8	-	10.8
Total included in profit or loss	**-9.0**	**3.9**	**-5.2**	**-5.3**	**7.6**	**2.3**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	-1.0	-	-1.0	-0.8	-	-0.8
- Gain/(loss) from change in financial assumptions	-22.3	-	-22.3	-2.8	-	-2.8
- Experience gains/(losses)	6.9	5.9	12.8	3.2	0.2	3.4
- Integration Belgian defined contribution plan obligation in net defined benefit (liability)/asset	-13.8	9.6	-4.2	-	-	-
Total included in other comprehensive income	**-30.1**	**15.5**	**-14.6**	**-0.5**	**0.2**	**-0.3**
Other						
Exchange differences on foreign plans	-2.9	3.4	0.5	0.8	-0.9	-0.1
Contributions by employer	-	2.6	2.6	-	6.7	6.7
Benefits paid	7.6	-7.6	0.0	7.0	-7.0	0.0
Change in consolidation scope	-	-	-	2.6	-	2.6
Impact transfer Dutch pension plans to sector fund	104.8	-104.8	-	-	-	-
Total other	**109.5**	**-106.3**	**3.2**	**10.5**	**-1.3**	**9.2**
Balance at December 31	**-161.5**	**117.1**	**-44.4**	**-231.5**	**204.0**	**-27.6**

The curtailment cost of 2014 (-0.5 million EUR) relates to the cost following the restructuring in Ham. The curtailment benefit of 2013 related to the gain following the restructuring within PC Loos (0.3 million EUR).

The increase of the 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 increase of the experience gains, also included in other comprehensive income, can mainly be explained by the lower than estimated salary increase and by a reduction of the number of plan participants in 2014 following cost management initiatives.

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

(Million EUR)	2014	2013
Cost of sales	-0.7	-3.2
Distribution expenses	-0.1	-0.9
Sales and marketing expenses	-0.3	-0.7
Administrative expenses	-2.0	-1.9
Other operating income/(expenses)	-1.0	-1.0
Finance costs - net	-0.7	-1.1
Non-recurring income/(expense) items	-0.5	11.1
Total	**-5.2**	**2.3**

The non-recurring income/(expense) item in 2014 includes the curtailment cost (-0.5 million EUR) following the restructuring of the site in Ham. The non-recurring income/(expense) items in 2013 included a curtailment benefit (0.3 million EUR) and the impact of the transfer of the Dutch pension plans to a sector fund (10.8 million EUR).

The actual return on plan assets in 2014 was 9.7 million EUR (2013: 7.3 million EUR).

The group expects to contribute 4.7 million EUR to its defined benefit pension plans in 2015.

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

	2014				2013			
(Million EUR)	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4.1	4.1	3.5%	-	4.1	4.1	2.0%
Qualifying insurance policies	-	19.4	19.4	16.6%	-	113.9	113.9	55.8%
Cash and cash equivalents	-	2.2	2.2	1.9%	-	4.5	4.5	2.2%
Investment funds	91.4	-	91.4	78.1%	81.5	-	81.5	39.9%
Total	**91.4**	**25.7**	**117.1**	**100.0%**	**81.5**	**122.5**	**204.0**	**100.0%**

The plan assets include no property occupied by the group and no shares of the parent company nor of subsidiaries. The decrease of the fair value of qualifying insurance policies is mainly explained by the fact that the plan assets of the defined benefit pension plans in the Netherlands, which are accounted for as defined contribution plans as of January 1, 2014, are no longer included.

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 data (expressed as weighted averages) are:

	2014	2013
Discount rate at 31 December	2.2%	3.5%
Future salary increases	1.1%	2.0%
Inflation	2.4%	2.2%

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 12.7 years for the pension plans in the euro zone. The duration of the UK pension plan is 20.0 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2014, is:

	Change in assumption	Impact on defined benefit obligation	Change in assumption	Impact on defined benefit obligation
Discount rate	+0.5%	-7.6%	-0.5%	8.1%
Salary growth rate	+0.5%	4.3%	-0.5%	-1.3%
Pension growth/inflation rate	+0.5%	4.8%	-0.5%	-4.6%
Life expectancy	+ 1 year	1.7%	- 1 year	-1.7%

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, 2014.

Allocation date	Last exercise date	Average exercise price	Number of outstanding warrants
November '03	July '15	24.84	8,600
November '04	July '16	29.77	27,800
November '05	July '17	25.46	25,400
November '06	July '18	28.20	43,680
January '08	December '17	40.48	78,075
December '10	December '15	22.66	198,785
December '11	December '16	20.46	337,733
January '13	December '19	20.79	150,000
Total			**870,073**

The average exercise price of the outstanding warrants has been adjusted following the capital increase announced on November 26, 2014 (see also note 21 - Equity).

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 2013 and 2014.

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

	2014		2013	
	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants
Outstanding at the beginning of the period	24.89	1,156,516	25.02	1,143,469
Forfeited during the period	22.36	253,608	22.93	136,953
Exercised during the period	20.85	32,835	-	-
Granted during the period	-	-	22.13	150,000
Outstanding at the end of the period	23.69	870,073	24.89	1,156,516
Exercisable at the end of the period	27.69	382,340	29.24	389,284

As per year-end 2014, 382 340 warrants are exercisable at an average exercise price of 27.69 EUR (the actual exercise price being between 22.66 EUR and 40.48 EUR). As per year-end 2013, 389 284 warrants were exercisable at an average exercise price of 29.24 EUR (the actual exercise price being between 22.47 EUR and 43.10 EUR).

The weighted average remaining contractual life of the warrants outstanding as per December 31, 2014 is 2.4 years (2013: 3.0 years).

26. Provisions

	2014			2013		
(Million EUR)	Current	Non-Current	Total	Current	Non-Current	Total
Environment	5.5	110.3	115.8	5.1	100.9	106.0
Dismantlement	-	20.0	20.0	-	18.9	18.9
Restructuring	6.3	9.1	15.4	14.2	17.7	31.8
Other	5.7	10.4	16.1	6.9	9.6	16.5
Total	**17.5**	**149.8**	**167.3**	**26.2**	**147.1**	**173.3**

	Environment	Dismantlement	Restructuring	Other	**Total**
Balance at January 1, 2014	**106.0**	**18.9**	**31.8**	**16.5**	**173.3**
Additions	-	1.0	0.8	5.7	7.4
Use of provisions	-3.4	0.0	-6.5	-2.2	-12.2
Reversal of provisions	-10.6	-	-9.1	-4.1	-23.7
Effect of discounting	23.8	-	-	-	23.8
Translation differences	-	0.1	0.0	0.2	0.3
Transfers	-	-	-1.6	-	-1.6
Balance at December 31, 2014	**115.8**	**20.0**	**15.4**	**16.1**	**167.3**

The environmental provisions for an amount of 115.8 million EUR, 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), Loos (France), Tessenderlo (Belgium) and Vilvoorde (Belgium).

- The group has a multi-year environmental improvement plan to manage the historical soil pollution at the Loos site in France. A reliable estimate of the outflow of resources to settle this constructive obligation was made and there were no significant changes in assumptions in 2014. A detailed re-assessment of the environmental provision in 2014 resulted into a revised phasing of the future cash outs. This revised phasing, partially compensated by the decrease of rates used to discount the provision, led to a decrease of the provision to 17.1 million EUR as per December 31, 2014 (2013: 23.0 million EUR). This amount reflects the discounted value of the expected future cash out of the remediation plan spread over the period 2015-2052. The discount rate, derived from the yield curve of French government bonds at year end, varied between 0.00% and 1.86% (2013: between 0.20% and 2.10%).

- Tessenderlo Chemie NV and OVAM (Openbare Vlaamse afvalstoffenmaatschappij; Public Waste Agency of Flanders) agreed to elaborate soil investigations and remediation for the Belgian sites in Ham, Tessenderlo and Vilvoorde. The objective of this agreement was to determine a timing for the execution of descriptive soil investigations and to create a framework to prioritize and to monitor the execution of the needed soil remediation. Based on continued analysis and progressing knowledge on the potential exposure of the company, a reliable estimate of the amount of outflow of resources to settle this obligation was made and there were no significant changes in assumptions in 2014. The total environmental provision recognized by Tessenderlo Chemie NV amounts to 98.5 million EUR as per December 31, 2014 (2013: 82.8 million EUR). This amount reflects the discounted value of the expected future cash out of the remediation plans spread over the period 2015-2053. The significant increase of the provision in 2014 can be explained by the decrease of the discount rate, derived from the yield curve of Belgian government bonds at year end, which varied between 0.00% and 1.90% (2013: between 0.19% and 3.52%).

The use of environmental provisions amounts to -3.4 million EUR in 2014 (2013: -2.7 million EUR). The effect of unwinding the discount amounts to -1.7 million EUR in 2014 (2013: -2.0 million EUR) and is recognized in the net finance costs. The decrease of the discount rate resulted in a non-recurring loss of -22.1 million EUR (2013: an income of 1.5 million EUR). As per December 31, 2014 a further decrease of the discount rate with 10 basis points would increase the environmental provisions by 1.7 million EUR.

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 18.0 million EUR as per December 31, 2014 (2013: 17.7 million EUR). The amounts recognized are based on an internal assessment and on the gross book value of the related assets. They reflect management’s best estimate of the expected expenditures. The expected timing of the cash outflow is not yet known. However, no cash outflow is expected to take place within the foreseeable future.

The restructuring provisions for an amount of 15.4 million EUR, relate to the restructuring of the site in Ham (Belgium) (operating segment "Agro") and several, individually less significant provisions within several subsidiaries of the group.
The phosphate production in Ham was closed at the end of 2013, mainly for environmental reasons. In addition, fundamental improvements in efficiency were required in the potassium sulfate fertilizer unit. A restructuring provision was recognized in 2013 to cover the costs associated with the closure, including also employee termination benefits, which were based on the terms of the relevant contracts. The provision was adjusted in 2014 for 3.4 million EUR taking into consideration the collective labor agreement and the pre-pension arrangement which were approved in the fourth quarter of 2014 by the Belgian Ministry of Labor. The timing of the estimated cash outflows is mainly expected in 2015 and 2016.
A restructuring provision which was recognized in 2013 (operating segment "Industrial solutions") following the termination of an operating agreement was reversed in 2014. Further analysis was done in 2014 and management concluded to reverse the decision to stop this operating agreement. The group agreed with the counterparty to continue operations, and the provision, which was recognized in accordance with the termination clauses of the agreement, was reversed as a consequence thereof (4.5 million EUR).

The use of the restructuring provisions (6.5 million EUR) in 2014 mainly relates to:

- the closure of production units at the Loos site in France (operating segment "Industrial solutions", announced 2012);
- the restructuring within Akiolis in France (operating segment "Bio-valorization", announced in 2013);
- the restructuring of the site in Ham, Belgium (operating segment "Agro", announced in 2013);
- the reorganization within Dyka BV, a Dutch manufacturer of Plastic Pipe Systems (operating segment "Industrial solutions", announced in 2013).

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, estimated future costs and indemnities related to sold subsidiaries 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)	2014	2013
Non-current trade and other payables		
Accrued charges and deferred income	4.0	-
Other amounts payable	0.1	0.5
Total	**4.1**	**0.5**
Current trade and other payables		
Trade payables	146.2	173.1
Remuneration and social security	51.2	49.6
VAT and other taxes	16.8	13.3
Accrued charges and deferred income	5.8	6.6
Trade and other payables from related parties	1.4	1.7
Other amounts payable	8.7	13.1
Total	**230.1**	**257.3**

The group commissioned a new thiosulfates production facility at Barrick's Goldstrike site, Nevada (US) in 2014. An advance payment of 4.8 million EUR was recognized as deferred income as per year-end 2014. This revenue will be recognized when the related services are rendered.

28. Financial instruments

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

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, this local currency being obtained, where appropriate, by currency swaps against the currency held by Tessenderlo Chemie NV. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these currency swaps is included in the finance costs.

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, 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)	2014				2013		
	EUR	CNY	USD	GBP	EUR	USD	GBP
Assets	9.9	187.3	538.0	23.2	10.3	559.3	6.2
Liabilities	-13.0	-	-55.5	-1.4	-27.7	-45.7	-3.0
Gross exposure	**-3.1**	**187.3**	**482.5**	**21.8**	**-17.4**	**513.5**	**3.2**
Foreign currency swaps	-1.1	-181.5	-296.4	-20.0	3.5	-318.0	-3.0
Net exposure	**-4.1**	**5.8**	**186.1**	**1.8**	**-13.9**	**195.5**	**0.2**
Net exposure (in EUR)	**-4.1**	**0.8**	**153.3**	**2.3**	**-13.9**	**141.8**	**0.2**

The remaining USD net exposure is mainly due to an intercompany loan of 200.0 million USD, which was not hedged. Since 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.

In 2014, the loans granted by credit institutions to finance the Chinese activities were reimbursed and replaced by an intragroup loan in CNY, which was hedged afterwards.

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

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 (only taking into account subsidiaries having a functional currency other than EUR) 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, 2014			
USD	+10%	-18.9	-5.5
	-10%	23.1	6.7
GBP	+10%	-0.3	-0.6
	-10%	0.3	0.7
At December 31, 2013			
USD	+10%	-3.9	12.1
	-10%	4.7	-14.7
GBP	+10%	1.1	-3.3
	-10%	-1.3	4.0

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. Part 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 at very short term at highly rated international banks.

The maximum exposure to credit risk amounts to 348.7 million EUR as per December 31, 2014 (2013: 268.3 million EUR). This amount consists of current and non-current trade and other receivables (189.4 million EUR, note 17 - Trade and other receivables), current and non-current derivative financial instruments (2.3 million EUR) and cash and cash equivalents (157.0 million EUR, 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)	2014	2013
Agro	37.8	35.7
Bio-valorization	48.4	53.3
Industrial solutions	29.6	39.6
Other	0.7	9.7
Non-allocated	4.4	3.8
Total	**120.8**	**142.0**

The ageing of trade receivables at the reporting date was:

(Million EUR)	2014		2013	
	Gross	Amounts written off	Gross	Amounts written off
Not past due	78.9	-0.6	95.2	-0.8
Past due 0-30 days	27.8	-0.2	37.4	-0.1
Past due 31-120 days	6.6	0.0	7.1	0.0
Past due 121-365 days	3.3	-1.3	4.6	-1.8
More than one year	12.5	-6.1	6.0	-5.5
Total	**129.1**	**-8.2**	**150.3**	**-8.3**

The group estimates that the unimpaired amounts that are past due are still collectible, based on historic payment behavior 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 include a receivable towards ATM Eleveurs de Ruminants (Federation of cattle breeders) for an amount of 4.6 million EUR. Management estimates that this amount is fully collectible and no impairment allowance was recorded.

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

(Million EUR)	note	2014	2013
Balance at January 1		**-8.3**	**-9.0**
Change in consolidation scope		-	1.9
Impairment loss recognized		-0.4	-1.9
Other movements		0.5	0.7
Balance at December 31	17	**-8.2**	**-8.3**

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

(Million EUR)	note	2014	2013
Fixed rate instruments			
Financial assets	19	80.3	0.2
Loans and borrowings	24	169.4	173.0
Variable rate instruments			
Financial assets	19	76.8	48.7
Loans and borrowings	24	46.9	139.0

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

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

An increase (decrease) of 100 basis points in interest rates in 2014 would have a negative (positive) impact on profit and loss of 1.0 million EUR (2013: 1.2 million EUR). 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 the risk that a company has insufficient resources to fulfil 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:

- set up of a factoring program at the end of 2009 and a securitization program in 2013;
- the launch of a private placement with a maturity of 5 years in October 2010 (150.0 million EUR);
- the setup of a Brazilian loan with a duration of 12 years for 55.8 million BRL in October 2010[28] (of which 14.9 million EUR remains outstanding as per December 31, 2014);
- amendment in April 2011 of the syndicated credit facility (signed in 2010) in order to increase the maturity of the facility from 3 to 5 years, with more flexibility for the businesses (total amount of 400.0 million EUR[29]);
- capital increase of 174.8 million EUR on December 19, 2014.

In addition, the group uses a commercial paper program of maximum 100.0 million EUR.

[28] The Brazilian loan was fully reimbursed on January 2, 2015.

[29] The original amount of the credit facility amounted to 450.0 million EUR, but this amount was decreased by 50.0 million EUR in September 2014 and by another 100.0 million EUR in the first quarter of 2015. Total remaining amount of credit facility is 300.0 million EUR at the end of the first quarter of 2015.

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

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

(Million EUR)	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**	**-**	**-**

(Million EUR)	2013				
	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	165.8	7.9	157.9	-
Non amortized cost (private placement)	-1.2	-	-	-	-
Credit institutions (syndicated loan)	35.0	35.0	35.0	-	-
Non amortized cost (syndicated loan)	-3.1	-	-	-	-
Credit institutions (commercial paper)	77.3	77.3	77.3	-	-
Credit institutions (Banco Do Brasil SA)	16.6	23.5	3.3	14.1	6.1
Credit institutions	28.5	31.1	25.6	5.5	-
Bank overdrafts	4.1	4.1	4.1	-	-
Finance lease liabilities	0.6	0.6	0.5	0.1	-
Total	**307.8**	**337.4**	**153.8**	**177.6**	**6.1**
Derivatives					
Foreign currency swaps	2.3				
Inflow		171.1	171.1	-	-
Outflow		-168.8	-168.8	-	-
Interest rate swaps	-0.2				
Inflow		0.0	0.0	-	-
Outflow		-0.2	-0.2	-	-
Cross currency interest rate swaps	0.8				
Inflow		76.0	3.7	72.4	-
Outflow		-75.8	-3.4	-72.3	-
Total	**2.9**	**2.3**	**2.3**	**0.1**	**-**

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)	note	2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Leasing payables	24	-0.1	-0.1	-0.1	-0.1
Credit institutions	24	-4.3	-4.4	-204.0	-211.5
Current loans and borrowings					
Current portion long term loans and borrowings	24	-165.5	-169.3	-2.9	-2.9

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 financial assets and liabilities

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)	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**

(Million EUR)	2013							
	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	2.3	-	-	-	-	2.3	-	2.3
Cross currency interest rate swaps	-	0.8	-	-	-	0.8	-	0.8
Interest rate swaps	-	-	-	-0.2	-	-0.2	-	-0.2
Electricity forward contracts	2.3	2.9	-7.6	-10.7	-	-	-13.2	-13.2
Total	**4.6**	**3.7**	**-7.6**	**-10.9**	**-**	**2.9**	**-13.2**	**-10.3**

Derivative financial instruments

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 favorable contracts or be required to pay to terminate unfavorable contracts at the reporting date, and thereby takes into account the current unrealized gains or losses on open contracts.

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

(Million EUR)	2014		2013	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	162.4	-6.3	171.1	2.3
Cross currency interest rate swaps	110.8	-15.0	68.7	0.8
Interest rate swaps	61.8	-0.2	54.4	-0.2
Total	**334.9**	**-21.5**	**294.2**	**2.9**

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, 2014 amounts to -21.5 million EUR and consists of the following financial instruments:

- the value of foreign currency swaps, which mature during the first quarter of 2015, for -6.3 million EUR. The fair value is mainly affected by the strengthening of the USD and the CNY against the EUR.
- EUR/USD cross currency interest rate swaps for -15.0 million EUR, contracted in order to hedge the foreign exchange risk from intercompany loans between group entities with a different functional currency. As per December 31, 2014, the contractual amount of these transactions amounted to 153.0 million USD, of which 95.0 million USD has been designated as hedging instrument in a cash flow relationship. The fair value of these cross currency interest rate swaps amounts to -9.3 million EUR (0.8 million EUR in 2013). These are the only instruments within the group for which hedge accounting has been applied. The hedged risk is the variability of the principal amount of the intercompany loans due to movements of the EUR/USD FX rates and the hedged items are the intercompany loans in USD. The effective portion of the change in fair value is recognized in the cash flow hedge reserve, while the ineffective portion is immediately reflected in the income statement. The fair value of the cross currency interest rate swaps not designated as hedging instruments in a hedging relationship amounts to -5.8 million EUR.
- the value of the interest rate swaps entered into in order to cover the interest rate risk on the foreign currency swaps in USD. The interest rate swaps are revalued at fair value in the income statement as per December 31, 2014, and amount to -0.2 million EUR (-0.2 million EUR in 2013).

The net change of the amount of derivative financial instruments before tax, as included in the other comprehensive income, amounts to -3.7 million EUR, and can be explained as follows:

- the change in fair value of the cross currency interest rate swaps in the period amounts to 0.7 million EUR.
- the group's part of the change in fair value of the interest rate swaps in the associate T-Power SA for -4.4 million EUR, recorded in equity in accordance with the accounting policy related to cash flow hedging.

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

Million)	2014		2013	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	20.0	25.2	3.0	3.6
USD	296.4	225.2	318.0	232.8
CNY	181.5	21.7	-	-
Other		1.1		3.5
Total		**273.2**		**239.8**

Other financial instruments (Electricity forward contracts)

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 2014 average daily Zeebrugge Gas Yearly forward prices and on the 2014 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, 2014 the above inputs lead to a net fair value of -15.2 million EUR compared to a net fair value of -13.2 million EUR as per December 31, 2013. The change in net fair value for an amount of -2.0 million EUR has been recognized as a non-recurring expense item (note 6 - Non-recurring income/(expense) items).

The key assumptions used in the valuation 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)
Gas price	+1 EUR/MWh	-2.3
Electricity price	+1 EUR/MWh	1.2
Spark spread optimization	+1 EUR/MWh	1.2
Discount rate	+1%	0.3
Running hours T-Power	+10%	-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.

Interest-bearing loans and borrowings

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

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

	2014	2013
Loans and borrowings	3.25% to 8.5%	3.0% to 8.5%

Trade and other receivables/payables

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

29. Operating leases

Leases as lessee

The non-cancellable operating leases are payable as follows:

(Million EUR)	2014	2013
Less than one year	25.8	23.1
Between 1 and 5 years	72.5	58.8
More than 5 years	17.2	20.4
Total	**115.5**	**102.3**

During the current year, 29.9 million EUR was recognized as an expense in the income statement in respect of operating leases as lessee (2013: 33.1 million EUR). Certain leases provide for additional payments that are contingent on volume. Contingent rents recognized in the income statement under operating leases amount to 3.0 million EUR (2013: 3.4 million EUR).

The non-cancellable operating leases mainly consist of land and buildings (26.3 million EUR), plant, machinery and equipment (31.2 million EUR) and furniture and vehicles (56.8 million EUR).

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)	2014	2013
Guarantees given by third parties on behalf of the group	28.3	36.1
Guarantees given on behalf of third parties	1.7	1.9
Guarantees received from third parties	0.9	1.1
Commitments related to capital expenditures	4.5	36.8

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for 19.1 million EUR (2013: 18.9 million EUR). 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 4.5 million EUR (2013: 36.8 million EUR). The decrease is mainly due to the completion of capital expenditure projects within the operating segment "Agro".

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

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

31. Contingencies

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

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

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

As stated in note 26 - Provisions, the environmental provisions in accordance with the above policies aggregated to 115.8 million EUR at December 31, 2014 (December 31, 2013: 106.0 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.

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

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

The group 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 2014.

32. Related parties

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

As per 31 December 2014, Verbrugge NV, controlled by Picanol NV, is holding 12 802 812 shares (30.20 % of the company). Its affiliated company Symphony Mills NV holds 630 458 shares (1.49 %). 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 1.4 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds" (2013: 2.0 million EUR). Liabilities related to employee benefit schemes as per December 31, 2014 include 12.4 million EUR related to the "OFP Pensioenfonds" (2013: 11.4 million EUR).

Transactions with joint ventures:

(Million EUR)	2014	2013
Revenue	9.6	10.3
Cost of sales	-22.5	-23.7
Current assets	0.7	0.6
Current liabilities	1.4	1.7

Transactions with associates:

(Million EUR)	2014	2013
Other operating income	0.1	0.1

Dividends were received from joint ventures and associates for an amount of 4.4 million EUR (2013: 4.6 million EUR), while dividends received from other investments amounted to 0.1 million EUR (2013: 0.7 million EUR).

Transactions with the members of the Group Management Committee:

(Million EUR)	2014	2013
Short-term employee benefits	3.5	3.9
Post-employment benefits	0.2	0.4
Share-based payments	-	0.7
Termination benefits	-	2.8
Total	**3.7**	**7.7**

Short-term employee benefits include salaries and accrued bonuses over 2014 (including social security contributions), car leases and other allowances where applicable. The bonuses over 2014 are still subject to approval by the Board of Directors.

The short term employee benefits include 2.3 million EUR fix and 1.2 million EUR variable employee benefits (2013: 3.7 million EUR and 0.2 million EUR respectively).

In 2014, no new offering of warrants to the group's senior management took place, hence no cost related to the share-based payment was recognized. In 2013, an amount of 0.7 million EUR related to the share-based payment was recognized. 18 666 warrants were exercised by members of the GMC in 2014 (note 25 - Employee benefits).

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)	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**

(Million EUR)	2013			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.1	0.3
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.1**	**0.9**

34. Subsequent events

No significant subsequent events occurred after the balance sheet date.

35. Group companies

Listed below are all the group companies. The total number of consolidated companies is 63.

List of the consolidated companies on December 31, 2014 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 Nederland BV	4854 MT Bavel		100%
The Netherlands	Tessenderlo NL Holding BV	4825 AV Breda		100%
United Kingdom	Dyka UK Ltd	Longtown-Carlisle Cumbria CA6 5LY		100%
United Kingdom	John Davidson Holdings	Edinburgh EH3 9AG		100%

	Ltd			
United Kingdom	John Davidson Pipes Ltd	Edinburgh EH3 9AG		100%
United Kingdom	PB Gelatins UK Ltd	Pontypridd CF 375 SQ		100%
United Kingdom	Tessenderlo Holding UK Ltd	Mid Glamorgan CF 37 5SU		100%
USA				
USA	Environmentally Clean Systems LLC	Dover, Delaware 19904		65.00%
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, 2014 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%
France	Meta Bio Energies SAS	49520 Combrée		20.46%

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, 2014 due to their insignificant impact on the consolidated figures:

Europe				
Belgium	Plastival Benelux NV	3900 Overpelt	0450918950	100%
Germany	LVM Kunststoffe GmbH	31582 Nienburg		100%

Switzerland	Tessenderlo Schweiz AG	5330 Bad Zurzach	100%
The Netherlands	De Hoeve Kunststofrecycling BV	7772 BC Hardenberg	50.00%
United Kingdom	Britphos Ltd	Leek, Stafforshire ST13 8LD	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 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).
- 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 (co-CEO) and Mel de Vogue (co-CEO and 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 2014

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 1.185,4 million and the consolidated statement of comprehensive income shows a profit for the year of EUR 52,8 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 2014 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, 9 March 2015

The Statutory Auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde*
Partner

*Peter Van den Eynde BVBA
Board Member, represented by its fixed representative,
Peter Van den Eynde

Statutory financial report

Balance sheet of Tessenderlo Chemie NV

(Million EUR)	2014	2013
Total assets		
Non-current assets	**731.7**	**790.5**
Other intangible assets	5.4	4.0
Property, plant and equipment	91.7	89.0
Financial assets	634.6	697.5
Current assets	**521.9**	**329.8**
Non-current trade and other receivables	1.5	3.9
Inventories	51.4	73.2
Current trade and other receivables	339.4	240.3
Other investments	50.0	-
Cash and cash equivalents	61.4	6.5
Prepaid expenses and accrued income	18.2	5.8
Total assets	**1,253.6**	**1,120.3**
Total liabilities		
Shareholders' equity	**731.3**	**507.3**
Issued capital	212.4	159.2
Share premium	224.2	102.0
Reserves	23.3	21.0
Retained earnings	271.4	225.0
Capital grants	0.0	0.0
Provisions and deferred taxes	**150.3**	**170.1**
Provisions	149.2	168.9
Deferred taxes	1.0	1.1
Liabilities	**372.0**	**442.9**
Liabilities due in more than one year	11.9	196.4
Liabilities due within one year	355.8	240.9
Accrued expenses and deferred income	4.3	5.6
Total liabilities	**1,253.6**	**1,120.3**

Profit and loss statement of Tessenderlo Chemie NV

(Million EUR)	2014	2013
Total operating income	**405.5**	**544.7**
Sales	373.7	497.8
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	-21.8	-16.1
Production capitalized	3.6	4.2
Other operating income	50.0	58.8
Total operating charges	**-387.3**	**-603.8**
Raw materials and goods purchased for resale	-196.0	-321.1
Services and other goods	-125.5	-165.3
Wages, salaries, social charges and pensions	-71.8	-81.7
Depreciations and amortizations on formation expenses, tangible and intangible assets	-11.3	-10.7
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	1.7	-0.5
Provision for liabilities and charges (utilisations and write-backs less charges)	19.5	-19.6
Other operating charges	-4.1	-4.9
Operating result	**18.2**	**-59.1**
Finance income	142.3	253.9
Finance costs	-65.3	-48.1
Ordinary profit (+) / losses (-) before taxes	**95.3**	**146.8**
Extraordinary income	4.6	36.8
Extraordinary charges	-51.3	-113.7
Profit before taxes	**48.5**	**69.9**
Income taxes	-	-
Deferred taxes	0.1	0.1
Profit (+) / losses (-)	**48.6**	**70.0**
Untaxed reserves	0.2	0.2
Profit (+) / losses (-) for the year to be allocated	**48.8**	**70.2**

Allocations and distributions

(Million EUR)	2014	2013
The Tessenderlo Chemie NV Board of Directors propose to allocate the		
- Profits, being	48.8	70.2
- Increased by prior years' retained earnings	225.0	155.2
Totalling:	**273.8**	**225.5**
In the following manner:		
- Reserves	2.4	0.4
- Retained earnings	271.4	225.0
Totalling:	273.8	225.5

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

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

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

Since Tessenderlo Chemie NV is essentially a holding company, which 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, 2014.

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, 2014 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 income/(expense) items

Items related to restructuring, impairment losses, claims and other income or expenses, which do not occur regularly 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 income/(expense) items).

REBITDA

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

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.